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- PRINT ON ONE SIDE ONLY

FORM AR21

To be used for reporting years starting on or after 6 April 2015

Trade Union and Labour Relations (Consolidation) Act 1992

ANNUAL RETURN FOR A TRADE UNION

Name of Trade Union:

Royal College of Nursing

Year ended:

31 December 2016

List no:

528T

Head or Main Office:

20 Cavendish Square
London
W1G 0RN

Website address (if available)

www.rcn.org.uk

Has the address changed during the year to which the return relates?

Yes No (Click the appropriate box)

General Secretary:

Janet Davies

Telephone Number:

+442076473963

Contact name for queries regarding

Marika Ruddick

Telephone Number:

+442076473509

E-mail:

marika.ruddick@rcn.org.uk

PLEASE FOLLOW THE GUIDANCE NOTES IN THE COMPLETION OF THIS RETURN.

Any difficulties or problems in the completion of this return should be directed to the Certification Officer as below or by telephone to: 020 7210 3734

The address to which returns and other documents should be sent are:

For Unions based in England and Wales:

Certification Office for Trade Unions and Employers' Associations
22nd Floor, Euston Tower, 286 Euston Road, London NW1 3JJ

For Unions based in Scotland:

Certification Office for Trade Unions and Employers' Associations
Melrose House, 69a George Street, Edinburgh EH2 2JG



(Revised February 2017)

OFFICERS IN POST 1/1/2016 – 31/12/2016

RCN Council (31 members)

Michael Brown – Chair of RCN Council (Scotland)
Lors Allford – Vice Chair of RCN Council (South West)

Cecilia Anim – President
Professor Rod Thomson FRCN – Deputy President

Carol Evans - Eastern
Trevor Allen - Eastern

Gill Cort – East Midlands
David Miller – East Midlands

Gordon Lees - Northern
Trevor Peel – Northern

Siobhan Donald – Northern Ireland
Fiona Devlin – Northern Ireland

Dave Dawes – North West – Honorary Treasurer
Janet Marsden FRCN – North West

Cynthia Davies – London
Matthew Hodson MBE - London

Elsbeth Caithness – Scotland

Maria Nicholson – South East
Sylvia Simmons – South East

Vicky Brotherton – South West

Gaynor Jones – Wales
Richard Jones MBE –Wales

Tracey Budding – West Midlands
Sue Warner – West Midlands

– Yorkshire & Humber

Anne Kennedy – Yorkshire & Humber
David Cardwell – Health Practitioner
Brenda McDonald – Health Practitioner (until 21 July 2016)
Brian Murphy – Health Practitioner (from 1 August 2016)

Sylvia Duval – Student member
Kathryn Davies – Student member
Stuart McKenzie – Chair of Congress (non-voting)



RCN Executive team

Janet Davies FRCN, Chief Executive & General Secretary
Dame Donna Kinnair, Director of Nursing Policy and Practice
Tim Golbourn, Director of Finance and Business Enablement
Chris Cox, Director of Member Relations
David Cooper, Director of Organisational Capability and Change
Theresa Fyffe, Director RCN Scotland
Tom Sandford FRCN, Director RCN England
Janice Smyth, Director RCN Northern Ireland
Tina Donnelly CBE, Director RCN Wales

RETURN OF CHANGE OF OFFICERS

Title of Office	Name of Officer ceasing to hold office	Name of Officer appointed	Date
RCN Council Member (Health Practitioner)	Brenda McDonald	Brian Murphy	Ceased 21/7/16 Appointed 1/8/16

RETURN OF MEMBERS

(see notes 10 and 11)

	NUMBER OF MEMBERS AT THE END OF THE YEAR				
	Great Britain	Northern Ireland	Irish Republic	Elsewhere Abroad (including Channel Islands)	TOTALS
MALE	44,290	1,004	65	254	45,613
FEMALE	391,171	13,374	440	2,071	407,056
TOTAL	435,461	14,378	505	2,325	A 452,669

Number of members included in totals box 'A' above for whom no home or authorised address is held:

5,405

Number of members at end of year contributing to the General Fund

452,271

OFFICERS IN POST

(see note 12)

Please attach as an annexe to this form a complete list of all officers in post at the end of the year to which this form relates, with the title of each persons office.

RETURN OF CHANGE OF OFFICERS

Please complete the following to record any changes of officers during the twelve months covered by this return.

Title of Office	Name of Officer ceasing to hold office	Name of Officer Appointed	Date
n/a			

State whether the union is:

a. A branch of another trade union?

Yes

No

If yes, state the name of that other union:

b. A federation of trade unions?

Yes

No

If yes, state the number of affiliated unions:

and names:

GENERAL FUND

(see notes 13 to 18)

	£'000	£'000
INCOME		
From Members: Contributions and Subscriptions		47,869
From Members: Other income from members (specify)		
 Total other income from members		0
Total of all income from members		47,869
Investment income (as at page 12)		757
Other Income		
Income from Federations and other bodies (as at page 4)		
Income from any other sources (as at page 4)	2,705	
Total of other income (as at page 4)		2,705
	TOTAL INCOME	51,331
EXPENDITURE		
Benefits to members (as at page 5)		26,224
Administrative expenses (as at page 10)		17,949
Federation and other bodies (specify)		
 Total expenditure Federation and other bodies		0
Taxation		0
	TOTAL EXPENDITURE	44,173
Surplus (deficit) for year		7,158
Amount of general fund at beginning of year		25,821
Amount of general fund at end of year		32,979

ANALYSIS OF INCOME FROM FEDERATION AND OTHER BODIES AND OTHER INCOME

(see notes 19 and 20)

DESCRIPTION	£'000	£'000
Federation and other bodies		
TOTAL FEDERATION AND OTHER BODIES		
Other income		
Conference Income	643	
Commission Income	164	
Grant Income	246	
Sponsorship Income	373	
Conference Services	428	
Other Income	851	
TOTAL OTHER INCOME		2,705
TOTAL OF ALL OTHER INCOME		2,705

ANALYSIS OF BENEFIT EXPENDITURE SHOWN AT GENERAL FUND

(see notes 21 to 23)

	£'000		£'000
Representation – Employment Related Issues	22,581	brought forward	24,714
		Education and Training services	1,510
Representation – Non Employment Related Issues		Negotiated Discount Services	
Communications	17	Salary Costs	
Advisory Services	2,116	Other Benefits and Grants (specify)	
Dispute Benefits			
Other Cash Payments			
carried forward	24,714	Total (should agree with figure in General Fund)	26,224

(See notes 24 and 25)

FUND 2		Fund Account	
Name:		£'000	£'000
Income	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	Total other income as specified		
	Total Income		
Expenditure	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
		Total Expenditure	
		Surplus (Deficit) for the year	
		Amount of fund at beginning of year	
		Amount of fund at the end of year (as Balance Sheet)	
		Number of members contributing at end of year	

FUND 3		Fund Account	
Name:		£'000	£'000
Income	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	Total other income as specified		
	Total Income		
Expenditure	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
		Total Expenditure	
		Surplus (Deficit) for the year	
		Amount of fund at beginning of year	
		Amount of fund at the end of year (as Balance Sheet)	
		Number of members contributing at end of year	

(See notes 24 and 25)

FUND 4		Fund Account		
Name:		£'000	£'000	
Income	From members			
	Investment income (as at page 12)			
	Other income (specify)			
	Total other income as specified			
	Total Income			
Expenditure	Benefits to members			
	Administrative expenses and other expenditure (as at page 10)			
		Total Expenditure		
		Surplus (Deficit) for the year		
	Amount of fund at beginning of year			
	Amount of fund at the end of year (as Balance Sheet)			
	Number of members contributing at end of year			

FUND 5		Fund Account		
Name:		£'000	£'000	
Income	From members			
	Investment income (as at page 12)			
	Other income (specify)			
	Total other income as specified			
	Total Income			
Expenditure	Benefits to members			
	Administrative expenses and other expenditure (as at page 10)			
		Total Expenditure		
		Surplus (Deficit) for the year		
	Amount of fund at beginning of year			
	Amount of fund at the end of year (as Balance Sheet)			
	Number of members contributing at end of year			

(See notes 24 and 25)

FUND 6		Fund Account	
Name:		£'000	£'000
Income	From members		
	Investment income (as at page 12)		
	Other income (specify)		
		Total other income as specified	
		Total Income	
Expenditure	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
		Total Expenditure	
		Surplus (Deficit) for the year	
		Amount of fund at beginning of year	
		Amount of fund at the end of year (as Balance Sheet)	
		Number of members contributing at end of year	

FUND 7		Fund Account	
Name:		£'000	£'000
Income	From members		
	Investment income (as at page 12)		
	Other income (specify)		
		Total other income as specified	
		Total Income	
Expenditure	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
		Total Expenditure	
		Surplus (Deficit) for the year	
		Amount of fund at beginning of year	
		Amount of fund at the end of year (as Balance Sheet)	
		Number of members contributing at end of year	

(see notes 26 to 31)

POLITICAL FUND ACCOUNT 1		To be completed by trade unions which maintain their own fund	
		£'000	£'000
Income	Members contributions and levies		
	Investment income (as at page 12)		
	Other income (specify)		
		Total other income as specified	
		Total income	
Expenditure	Expenditure under section 82 of the Trade Union and Labour Relations (Consolidation) Act 1992 (specify)		
	Administration expenses in connection with political objects (specify)		
	Non-political expenditure		
			Total expenditure
		Surplus (deficit) for year	
		Amount of political fund at beginning of year	
		Amount of political fund at the end of year (as Balance Sheet)	
		Number of members at end of year contributing to the political fund	
		Number of members at end of the year not contributing to the political fund	
		Number of members at end of year who have completed an exemption notice and do not therefore contribute to the political fund	

POLITICAL FUND ACCOUNT 2		To be completed by trade unions which act as components of a central trade union	
		£	£
Income	Contributions and levies collected from members on behalf of central political fund		
	Funds received back from central political fund		
	Other income (specify)		
		Total other income as specified	
		Total income	
Expenditure	Expenditure under section 82 of the Trade Union and Labour Relations (Consolidation) Act 1992 (specify)		
	Administration expenses in connection with political objects (specify)		
	Non-political expenditure		
			Total expenditure
		Surplus (deficit) for year	
		Amount held on behalf of trade union political fund at beginning of year	
		Amount remitted to central political fund	
		Amount held on behalf of central political fund at end of year	
		Number of members at end of year contributing to the political fund	
		Number of members at end of the year not contributing to the political fund	
		Number of members at end of year who have completed an exemption notice and do not therefore contribute to the political fund	

ANALYSIS OF ADMINISTRATIVE EXPENSES AND OTHER OUTGOINGS EXCLUDING AMOUNTS CHARGED TO POLITICAL FUND ACCOUNTS

(see notes 32 and 33)

		£'000
Administrative Expenses		
Remuneration and expenses of staff		8,152
Salaries and Wages included in above	£7,681	
Auditors' fees		63
Legal and Professional fees		1,401
Occupancy costs		3,728
Stationery, printing, postage, telephone, etc.		528
Expenses of Executive Committee (Head Office)		1,540
Expenses of conferences		338
Other administrative expenses (specify)		
 Other Outgoings		
Interest payable:		
Bank loans (including overdrafts)		72
Mortgages		
Other loans		
Depreciation		1,514
Taxation		
Outgoings on land and buildings (specify)		
Insurance		394
Other outgoings (specify)		
Public Relations & Marketing		219
	Total	17,949
Charged to:	General Fund (Page 3)	17,949
	Fund (Account)	
	Fund (Account)	
	Fund (Account)	
	Fund (Account)	
	Total	17,949

ANALYSIS OF OFFICIALS SALARIES AND BENEFITS

(see notes 34 to 44 below)

Office held	Gross Salary £	Employers N.I. contributions £	Benefits			Total £
			Pension Contributions £	Other Benefits		
				Description	Value £	
General Secretary (TU part only)	104,113	11,653	11,973			127,739

ANALYSIS OF INVESTMENT INCOME

(see notes 45 and 46)

	Political Fund £'000		Other Fund(s) £'000
Rent from land and buildings			
Dividends (gross) from:			
Equities (e.g. shares)			548
Interest (gross) from:			
Government securities (Gilts)			205
Mortgages			
Local Authority Bonds			
Bank and Building Societies			4
Other investment income (specify)			
		Total investment income	757
		Credited to:	
		General Fund (Page 3)	757
		Fund (Account)	
		Fund (Account)	
		Fund (Account)	
		Fund (Account)	
		Fund (Account)	
		Political Fund	
		Total Investment Income	757

BALANCE SHEET as at 31 December 2016

(see notes 47 to 50)

Previous Year		£'000	£'000
	Fixed Assets (at page 14)		
	Investments (as per analysis on page 15)		
27,306	Quoted (Market value £)	31,164	
	Unquoted		
27,306	Total Investments		31,164
	Other Assets		
	Loans to other trade unions		
1,622	Sundry debtors		1,327
6,564	Cash at bank and in hand		10,970
	Income tax to be recovered		
	Stocks of goods		
	Others (specify)		
8,186	Total of other assets		12,297
35,492	TOTAL ASSETS		43,461
	Fund (Account)		
	Fund (Account)		
	Superannuation Fund (Account)		
	Political Fund (Account)		
	Revaluation Reserve		
	LIABILITIES		
	Amount held on behalf of central trade union political fund		
	Loans: From other trade unions		
	Loans: Other		
(37)	Bank overdraft		(104)
	Tax payable		
(2,470)	Sundry creditors		(2,426)
(314)	Accrued expenses		(3,363)
(6,850)	Provisions		(4,589)
	Other liabilities		
(9,671)	TOTAL LIABILITIES		(10,482)
25,821	TOTAL ASSETS		32,979

FIXED ASSETS ACCOUNT

(see notes 51 to 55)

	Land and Buildings		Furniture and Equipment £	Motor Vehicles £	Not used for union business £	Total £
	Freehold old £	Leasehold £				
Cost or Valuation						
At start of year	Trade	Union	has no	fixed	assets	
Additions						
Disposals						
Revaluation/Transfers						
At end of year						
Accumulated Depreciation						
At start of year						
Charges for year						
Disposals						
Revaluation/Transfers						
At end of year						
Net book value at end of year						
Net book value at end of previous year						

ANALYSIS OF INVESTMENTS

(see notes 56 and 57)

QUOTED	All Funds Except Political Funds £'000	Political Fund £'000
Equities (e.g. Shares)		
UK Equities	8,671	
Global Equities	8,174	
Government Securities (Gilts)		
Fixed Interest	9,477	
Property Funds	328	
Other quoted securities (to be specified)		
Alternative Assets	3,972	
Liquid Assets	542	
TOTAL QUOTED (as Balance Sheet)	31,164	
Market Value of Quoted Investment	31,164	
UNQUOTED		
Equities		
Government Securities (Gilts)		
Mortgages		
Bank and Building Societies		
Other unquoted investments (to be specified)		
TOTAL UNQUOTED (as Balance Sheet)		
Market Value of Unquoted Investments		

ANALYSIS OF INVESTMENT INCOME

(CONTROLLING INTERESTS)

(see notes 58 and 59)

Does the union, or any constituent part of the union, have a controlling interest in any limited company?		YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
If YES name the relevant companies:			
COMPANY NAME	COMPANY REGISTRATION NUMBER (if not registered in England & Wales, state where registered)		
Are the shares which are controlled by the union registered in the names of the union's trustees?		YES <input type="checkbox"/>	NO <input type="checkbox"/>
If NO, state the names of the persons in whom the shares controlled by the union are registered.			
COMPANY NAME	NAMES OF SHAREHOLDERS		

SUMMARY SHEET

(see notes 60 to 71)

	All funds except Political Funds £'000	Political Funds £'000	Total Funds £'000
INCOME			
From Members	47,869		
From Investments	757		
Other Income (including increases by revaluation of assets)	2,705		
Total Income	51,331		
EXPENDITURE (including decreases by revaluation of assets)	44,173		
Total Expenditure	44,173		
Funds at beginning of year (including reserves)	25,821		
Funds at end of year (including reserves)	32,979		
ASSETS			
Fixed Assets			Nil
Investment Assets			31,164
Other Assets			12,297
		Total Assets	43,461
LIABILITIES		Total Liabilities	(10,482)
NET ASSETS (Total Assets less Total Liabilities)			32,979

NOTES TO THE ACCOUNTS

(see notes 72 and 73)

All notes to the accounts must be entered on or attached to this part of the return.

See statutory accounts

ACCOUNTING POLICIES

(see notes 74 and 75)

See statutory accounts

SIGNATURES TO THE ANNUAL RETURN

(see notes 76 and 77)

including the accounts and balance sheet contained in the return.

Secretary's Signature: <u><i>Janet Davies</i></u> Name: <u>Janet Davies</u> Date: <u>4/4/2017</u>	Chairman's Signature: <u><i>Michael Brown</i></u> (or other official whose position should be stated) Name: <u>Michael Brown</u> Date: <u>4/4/2017</u>
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CHECK LIST

(see notes 78 to 80)

(please tick as appropriate)

IS THE RETURN OF OFFICERS ATTACHED? (see Page 2 and Note 12)	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
HAS THE RETURN OF CHANGE OF OFFICERS BEEN COMPLETED? (see Page 2 and Note 12)	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
HAS THE RETURN BEEN SIGNED? (see Pages 19 and 21 and Notes 76 and 77)	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
HAS THE AUDITOR'S REPORT BEEN COMPLETED? (see Pages 20 and 21 and Notes 2 and 77)	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
IS A RULE BOOK ENCLOSED? (see Notes 8 and 78)	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
A MEMBER'S STATEMENT IS: (see Note 80)	ENCLOSED	<input checked="" type="checkbox"/>	TO FOLLOW	<input type="checkbox"/>
HAS THE SUMMARY SHEET BEEN COMPLETED (see Page 17 and Notes 7 and 59)	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
IS A MEMBERSHIP AUDIT CERTIFICATE PROVIDED (See Pages 23 and 24 and Notes 88 to 94)	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>

AUDITOR'S REPORT

(see notes 81 to 86)

made in accordance with section 36 of the Trade Union and Labour Relations (Consolidation) Act 1992.

1. In the opinion of the auditors or auditor do the accounts they have audited and which are contained in this return give a true and fair view of the matters to which they relate?
(See section 36(1) and (2) of the 1992 Act and notes 83 and 84)

YES/NO

If "No" please explain below.

See below

2. Have the auditors or auditor carried out such investigations in the preparation of their audit report as will enable them to form an opinion as to:
- (a) whether the trade union has kept proper accounting records in accordance with section 28 of the 1992 Act;
 - (b) whether it has maintained a satisfactory system of control over its transactions in accordance with the requirements of that section; and
 - (c) whether the accounts to which the report relates agree with the accounting records?
- (See section 36(3) of the 1992 Act, set out in note 83)

YES/NO

If "No" please explain below.

See below

3. Are the auditors or auditor of the opinion that the union has complied with section 28 of the 1992 Act and has:
- (a) kept proper accounting records with respect to its transactions and its assets and liabilities; and
 - (b) established and maintained a satisfactory system of control of its accounting records, its cash holding and all its receipts and remittances.
- (See section 36(4) of the 1992 Act set out in rule 83)

YES/NO

If "No" please explain below.

See below

4. Please set out a copy of the report made by the auditors or auditor to the union on the accounts to which this AR21 relates. The report is to set out the basis upon which the audit has been conducted and/or such other statement as the auditor considers appropriate. Such a statement may be provided as a separate document.
(See note 85)

See attached combined RCN Group annual report and consolidated financial statements for the year ended 31 December 2016

AUDITOR'S REPORT (section one)

The above responses merely reference matters set out in our attached independent auditor's report to The Royal College of Nursing of the United Kingdom on the financial statements of The Royal College of Nursing of the United Kingdom for the year ended 31 December 2016 dated 4 April 2017 (the "annual financial statements auditors' report"). This report is not a substitute for reading the "annual financial statements auditors' report and the financial statements to which they relate. We have not performed any additional procedures in giving this report except for agreeing that the amounts and disclosures in the return are accurately extracted from the attached annual financial statements.

The above responses and the annual financial statements auditors' report, including the opinion, are made solely to the College's members, as a body, in accordance with section 36 of the Trade Union and Labour Relations (Consolidation) Act 1992 and section 17 of the Royal College of Nursing Royal Charter. Our audit work has been undertaken so that we might state to the 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 College and the College's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signature(s) of auditor or auditors:	<u>See attached audit opinion.</u>	
Name(s):	Reza Motazedi	
Profession(s) or Calling(s):	Chartered Accountant	
Address(es):	Deloitte LLP 2 New Street Square London. EC4A 3BZ United Kingdom	
Date:	4/4/2017	
Contact name and telephone number:	Reza Motazedi 020 7007 7646	

N.B. When notes to the accounts are referred to in the auditor's report a copy of those notes must accompany this return.

MEMBERSHIP AUDIT CERTIFICATE

(see notes 88 to 94)

made in accordance with section 24ZD of the
Trade Union and Labour Relations (Consolidation) Act 1992.

At the end of the reporting period preceding the one to which this audit relates was the total membership of the trade union greater than 10,000?

YES

If "YES" please complete SECTION ONE below or provide the equivalent information on a separate document to be submitted with the completed AR21.

If "NO" please complete SECTION TWO below or provide the equivalent information on a separate document to be submitted with the completed AR21.

MEMBERSHIP AUDIT CERTIFICATE SECTION ONE

*For a trade union with more than 10,000 members, required by section 24ZB of the 1992 Act to
appoint an independent assurer*

1. In the opinion of the assurer appointed by the trade union was the union's system for compiling and maintaining its register of the names and addresses of its members satisfactory to secure, so far as is reasonably practicable, that the entries in its register were accurate and up-to-date throughout the reporting period?

YES


2. In the opinion of the assurer has he/she obtained the information and explanations necessary for the performance of his/her functions?

YES

If the answer to **either** questions 5 or 6 is "NO" the assurer must:

- (a) set out below the assurer's reasons for stating that
- (b) provide a description of the information or explanation requested or required which has not been obtained
- (c) state whether the assurer required that information or those explanations from the union's officers, or officers of any of its branches or sections under section 24ZE of the 1992 Act
- (d) **send a copy of this certificate to the Certification Officer as soon as is reasonably practicable after it is provided to the union.**

MEMBERSHIP AUDIT CERTIFICATE (continued)

Signature of assurer	
Name	Ian Robinson
Address	Electoral Reform Services Ltd The Election Centre 33 Clarendon Road London N8 0NW
Date	14.02.17
Contact name and telephone number	Ian Robinson, Director and Head of Quality Control 020 8365 8909

Independent auditor's report to the members of the Royal College of Nursing of the United Kingdom

We have audited the financial statements of the Royal College of Nursing for the year ended 31 December 2016 which comprise the Group and College Statement of Comprehensive Income, the Group and College Statement of Changes in Equity, the Group and College Statement of Financial Position, the Group Statement of Cash Flows and the related notes 1 to 24. 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 UK and Republic of Ireland".

This report is made solely to the College's members, as a body, in accordance with Section 36 of the Trade Union and Labour Relations (Consolidation) Act 1992 and Section 17 of the Royal College of Nursing Royal Charter. Our audit work has been undertaken so that we might state to the 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 College and the College's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor
As explained more fully in the Statement of Council members' responsibilities, the Council members are 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 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 group's and the College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council members; and the overall presentation of the financial statements. In addition, we

read all the financial and non-financial information in the annual report 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 misstatements or 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 group's and of the College's affairs as at 31 December 2016 and of the group and College's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Trade Union and Labour Relations (Consolidation) Act 1992 and Section 25 of the Royal College of Nursing Standing Orders.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Trade Union and Labour Relations (Consolidation) Act 1992 requires us to report to you if, in our opinion:

- proper accounting records have not been kept with respect to the College's transactions and its assets and liabilities; or
- the College has not established and maintained a satisfactory system of control over its accounting records, cash holdings and all receipts and remittances; or
- the financial statements do not agree with the accounting records; or
- we have not received all the information and explanations we require for our audit.



Reza Motazed (Senior statutory auditor)

for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
Date: 4 April 2017

Statement of comprehensive income for the year ended 31 December 2016

	Note	RCN UK 31 December 2016 £'000	RCN UK 31 December 2015 £'000	RCN Group 31 December 2016 £'000	RCN Group 31 December 2015 £'000
Income					
Membership income	3	73,440	71,818	73,440	71,818
Trading income		–	–	14,243	13,906
Other income	3	4,150	3,908	4,157	3,653
Total income		77,590	75,726	91,840	89,377
Expenditure					
Staff costs	8	44,336	43,770	50,242	49,610
Premises and estate costs		9,063	7,660	9,471	9,400
Travel and accommodation		2,812	2,863	2,827	3,012
Other service delivery costs		11,565	12,202	19,575	18,499
Total expenditure	9	67,776	66,495	82,115	80,521
Operating surplus		9,814	9,231	9,725	8,856
Investment income	4	1,398	1,181	2,399	2,171
Net realised gains on investments	11	1,402	1,002	1,965	1,621
Dividends received from subsidiary	5.1.b	356	611	–	–
Foreign exchange (losses)/gains on investments		(3,138)	91	(3,831)	206
Surplus on ordinary activities before taxation	2	9,832	12,116	10,258	12,854
Taxation	7	–	–	(67)	(61)
Surplus on ordinary activities after taxation and surplus for the financial period		9,832	12,116	10,191	12,793
Actuarial gains on defined pension scheme	15.2	23,949	8,598	23,949	8,598
Revaluation reserve adjustment	19	(63)	(64)	(63)	(64)
Net unrealised gains/(losses) on fixed asset investment	11	5,721	(544)	7,884	(1,273)
Total comprehensive income for the period		39,439	20,106	41,961	20,054
Reserves brought forward		32,321	12,215	65,776	45,722
Reserves carried forward		71,760	32,321	107,737	65,776

All the above results derive from continuing operations. There is no difference between the surplus on ordinary activities before tax for the periods stated above and the historical cost equivalent.

Notes on pages 29 to 53 form part of these financial statements.

Statement of changes in equity for the year ended 31 December 2016 | RCN UK

	Revaluation reserve £'000	Accumulated funds £'000	Pension reserve £'000	Total funds £'000
Accumulated funds at 1 January 2016	2,181	70,507	(40,367)	32,321
Surplus in period	–	7,999	1,833	9,832
Other comprehensive income	(63)	5,721	23,949	29,607
Accumulated funds at 31 December 2016	2,118	84,227	(14,585)	71,760

Statement of changes in equity for the year ended 31 December 2016 | RCN Group

	Reserves for charitable purposes £'000	Revaluation reserve £'000	Accumulated funds £'000	Pension reserve £'000	Total funds £'000
Accumulated funds at 1 January 2016	29,228	2,181	74,734	(40,367)	65,776
Surplus in period	153	–	8,205	1,833	10,191
Other comprehensive surplus in period	–	–	5,686	–	5,686
Other comprehensive income	2,198	(63)	–	23,949	26,084
Accumulated funds at 31 December 2016	31,579	2,118	88,625	(14,585)	107,737

Statement of financial position as at 31 December 2016

	Note	RCN UK 31 December 2016 £'000	RCN UK 31 December 2015 £'000	RCN Group 31 December 2016 £'000	RCN Group 31 December 2015 £'000
Fixed assets					
Property, plant and equipment	10	22,903	22,573	23,306	22,940
Intangible assets	10.3	–	–	8	–
Long term financial assets	11.1	57,521	50,525	87,295	78,225
Investment in joint venture	5.2	–	–	(35)	–
Total		80,424	73,098	110,574	101,165
Current assets					
Inventory		37	16	37	16
Debtors and prepayments	12	2,035	2,445	3,045	3,989
Short term financial assets	11.2	–	3,004	1,000	4,006
Short-term deposits	17	17,735	9,777	22,017	13,003
Cash at bank and in hand	17	92	124	1,311	1,138
Total		19,899	15,366	27,410	22,152
Creditors — amounts falling due within one year					
Creditors and accrued charges	13.1	(9,133)	(8,773)	(10,712)	(10,114)
Net current assets		10,766	6,593	16,698	12,038
Total assets less current liabilities		91,190	79,691	127,272	113,203
Provisions for liabilities and charges	13.2	(4,845)	(7,003)	(4,950)	(7,060)
Net assets (excluding pension scheme liability)		86,345	72,688	122,322	106,143
Defined benefit pension scheme liability	15.2	(14,585)	(40,367)	(14,585)	(40,367)
Net assets (including pension scheme liability)		71,760	32,321	107,737	65,776
Represented by:					
Revaluation reserve	19	2,118	2,181	2,118	2,181
Accumulated funds	19	84,227	70,507	88,625	74,734
Reserves excluding reserves for charitable purposes and pension liability		86,345	72,688	90,743	76,915
Pension reserve	15.2	(14,585)	(40,367)	(14,585)	(40,367)
Total reserves excluding reserves for charitable purposes		71,760	32,321	76,158	36,548
Reserves for charitable purposes	6.2	–	–	31,579	29,228
Total reserves		71,760	32,321	107,737	65,776

Notes on pages 29 to 53 form part of these financial statements.

The financial statements were approved by Council on 4 April 2017.



Michael Brown
Chair of Council



David Dawes
Honorary Treasurer



Janet Davies
Chief Executive & General Secretary

RCN Group statement of cash flows for the year ended 31 December 2016

	Note	31 December 2016 £'000	31 December 2015 £'000
Surplus from operating activities		9,725	8,854
Depreciation		2,649	2,499
Write off property, plant and equipment		–	(4)
Net realised investment gains		(1,866)	(1,825)
Taxation		(67)	(61)
Total pension contributions less current service and finance costs		(1,833)	(5,493)
Revaluation reserve adjustment		(63)	(64)
Increase in inventories		(21)	(7)
Decrease/(increase) in debtors		944	228
(Decrease)/increase in creditors		598	744
Decrease in provisions		(2,110)	(2,229)
Net cash generated from operating activities	18	7,956	2,642
Investing activities			
Interest received	4	2,399	2,171
Purchase of property, plant and equipment and intangible assets		(5,823)	(3,228)
Acquisition of financial assets		(31,167)	(46,589)
Disposal of financial assets		34,573	37,496
Decrease in financial asset cash		1,249	1,009
Net cash inflow/(outflow)		9,187	(6,499)
Management of liquid resources		(9,014)	6,700
Decrease in cash		(173)	(201)
Cash and cash equivalents at beginning of year		14,141	20,639
Cash and cash equivalents at end of year		23,328	14,141
Components of cash and cash equivalents			
Cash		1,311	1,138
Cash equivalents		22,017	13,003
Total		23,328	14,141

Notes to the financial statements

1. Accounting policies and assessment of going concern

The consolidated financial statements presented show the consolidated statement of comprehensive income, statement of changes in equity, statement of financial position and the statement of cash flows of the RCN Group for the year ended 31 December 2016.

The RCN Group financial statements consolidate the accounts of the RCN UK, RCN Foundation and RCN UK's wholly owned trading subsidiary RCNi. The transactions of the RCN UK include amounts relating to activities as a Trade Union registered under the Trade Union and Labour Relations (Consolidated) Act 1992 as reported in these financial statements. RCN UK represents the combined Trade Union (representation) and professional college (other college) activities of the RCN UK.

These accounts are prepared on the going concern basis. The Council considers that there are no material uncertainties about the Royal College of Nursing's ability to continue as a going concern and the Council members have a reasonable expectation that the RCN Group has adequate resources in operational existence to meet obligations as they fall due for at least 12 months from the date of signing and beyond. The most significant areas of adjustment and key assumptions that affect items in the accounts are to do with financial asset investments and pensions. With respect to the next reporting period 2017, the most significant area of uncertainty that affect the carrying values of assets held by the Royal College of Nursing are external economic factors.

a. Accounting convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments at market value, and are in accordance with the Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. There were no material departures from that standard. The financial statements are prepared in Sterling and rounded to the nearest £'000.

The financial statements have been prepared in accordance with the accounting policies set out below, all of which have been applied consistently.

b. Income

Income is accounted for on an accruals basis. Any tax credit arising on income received net of tax is accrued as part of the income arising. Membership and other income is apportioned between representation activities and other college activities in line with expenditure.

Revenue grants for specific purposes in the Foundation are recognised when measured reliably and on receipt as restricted income. Legacy income is accrued when the amount can be measured reliably, the receipt of the funds is probable and entitlement becomes known.

c. Deferred income

Subscription and membership income relating to the current year is recognised on receipt, and any portion relating to future periods is deferred. Commission received in advance is recognised as income when it is earned. Government grants are recognised as income when any specific conditions are met.

d. Accrued income

Incoming resources are accrued and included in the income and expenditure accounts when there is a probably future economic benefit that can be reliably measured.

e. Basis of consolidation

The RCN Group financial statements consolidate the accounts of the RCN UK, RCN Foundation, RCN Holdco Limited and RCNi on a line-by-line basis.

f. Expenditure

Expenditure is recognised on an accruals basis. Expenditure reported in the income and expenditure statement is analysed under the following headings:

Staff costs

All payroll related costs including basic pay, employer's contributions to National Insurance and pensions cost incurred by the RCN of running the staff pension schemes. Other costs included in this category include the cost of temporary agency staff and staff seconded to the RCN UK from external organisations.

Premises and estate costs

This includes all premises maintenance and running costs including rent, rates, general maintenance, stationery, telephony, IT revenue costs and depreciation.

Travel and accommodation

This includes all travel and accommodation costs incurred by staff, Council, other office holders, activists and other members when carrying out their duties on behalf of the RCN UK and other RCN Group entities.

1. Accounting policies and assessment of going concern (continued)

f. Expenditure (continued)

Other service delivery costs

This includes legal representation costs, the cost of the member indemnity scheme, campaigns and communications, member newsletters and publications and the cost of delivering RCN UK events and conferences including Congress.

g. Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial performance date and the amounts reported for income and expenditure during the year. However, the nature of the estimates means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on the amounts recognised in the financial statements.

Pensions

The RCN UK operates defined benefit and defined contribution schemes.

Defined benefit pension schemes

Pension asset and liabilities are recorded in line with FRS 102, with scheme valuations undertaken by independent actuaries. FRS 102 measures the value of pension assets and liabilities at the statement of financial performance date and determines the benefits accrued for the year and the interest on assets and liabilities.

Since 1 June 2007, the RCN UK offered its employees a defined benefit career average pension scheme, relating to salary and service. This scheme was closed to new entrants on 31 October 2013. Existing active members can continue to contribute to the scheme, albeit with reduced benefit accruals going forward. Prior to June 2007 the scheme offered was a defined benefit final salary scheme.

For defined benefit schemes, the amount charged to the statement of comprehensive income in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the period, adjusted to reflect variations from that cost. Current and past service costs and net interest are included within expenditure, allocated on the same basis as the staff costs of the scheme members. Gains

arising on a curtailment not allowed for in the actuarial assumptions are recognised in the statement of comprehensive income under incoming resources.

Actuarial gains and losses arising from new valuations and from updating valuations to the statement of financial position date are recognised in the statement of comprehensive income under the heading of actuarial gains and losses on defined benefit pension scheme. Defined benefit schemes are funded, with the assets held separately from the group in separate trustee administered funds.

Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and the data used is updated to reflect current conditions at each statement of financial position date. The pension scheme assets are measured at bid value. The costs, assets and liabilities of the defined benefit schemes operating by the Group are determined using methods relying on actuarial estimates and assumptions. Details of the key assumptions are set out in note 15. The resulting pension scheme deficit is included on the statement of financial position. A pension scheme asset is recognised on the statement of financial position only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the statement of financial position date.

Defined contribution pension scheme

Since 1 November 2013 the RCN UK offers its employees a defined contribution pension scheme. The scheme has three levels of employee and employer contribution. This scheme is used to fulfil the auto enrolment obligations. All new employees and those not in the deferred benefit scheme are automatically enrolled into the lowest contribution level. Once in the scheme employees can opt to move to a higher level of contribution. Please see note 15.1 for more information. All employer contributions made to the scheme are charged to the statement of comprehensive income as incurred.

Legal provision

The Group reviews outstanding legal cases following developments in the legal proceedings and at each reporting date, in order to assess the need for provisions and disclosures in its financial statements. However, legal indemnity fluctuates with changes in the status of legal cases that can be unforeseen, giving rise to estimation uncertainty. The uncertainty is linked to the progress of cases and the percentage likelihood of success.

1. Accounting policies and assessment of going concern (continued)

Reorganisation

The provision for restructuring has a lower degree of uncertainty and is likely to be realised within three months of signing the accounts.

Dilapidations

Similarly the provision for dilapidations has a lower degree of uncertainty but amounts are subject to changes in wear and tear of leasehold properties and negotiations with landlords.

h. Irrecoverable Value Added Tax

Irrecoverable Value Added Tax is expensed in the related income and expenditure accounts.

i. Direct tax

Current tax is provided at amounts expected to be paid or recovered using tax rates and laws that have been enacted or substantially enacted by the statement of financial position date.

j. Deferred tax

Deferred taxation is recognised in respect of all timing differences that have originated, but not reversed at the statement of financial position 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 statement of financial position date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion for gains and losses in tax assessments in periods difference from those in which they are recognised in the financial statements.

k. Property, plant, equipment and intangible assets

Property, plant and equipment are included at cost except the long leasehold building of 20 Cavendish Square, which is held at the revalued amount. The re-valued book amounts have not been updated as the RCN UK has adopted the transitional arrangement under FRS 102, and continues to take the existing revaluation as the deemed cost. The long leasehold property of UK headquarters was revalued on 31 March 1997 on an open market basis by Drivas Jonas, Chartered Surveyors.

Expenditure in the RCN UK of a capital nature over £1,000 is capitalised as Property, plant and equipment. Expenditure in RCNi of a capital nature over £500 is capitalised as Property, plant and equipment. Minor items of furniture and equipment below £1,000 (£500 for RCNi) are charged to the income and expenditure account in the year of purchase.

l. Depreciation

Depreciation is provided on a straight-line basis at rates calculated to write off the cost or valuation of the assets less any residual value over their estimated useful lives.

Freehold buildings	50 years
Leasehold improvements	50 years or based on expected economic life of works done, or the period of the lease if less
Components:	
– Equipment	5 years
– External works	20 years
– Library works	20 years
– Other works including electrical and mechanical works	10 years
Computer software	5 years
Computer equipment	3 years (included in furniture and equipment in note 10)
Furniture and other equipment	5 years

m. Impairment of Property, plant and equipment

The need for any fixed asset impairment write down is assessed by comparison of the carrying value of the asset against the higher of realisable value and value in use when there is an indication of a reduction in the carrying value. Any impairment is recognised in the income and expenditure account in the year in which it occurs.

n. Financial assets

Financial assets are stated at market valuation, where market value represents the mid market price on the last trading day of the year. Unlisted securities are stated at original cost. Financial assets purchased as part of treasury management, which are intended to be held for less than one year are shown as short term deposits; financial assets held to generate longer term income and capital growth are shown within property, plant and equipment. Realised gains and losses are charged to the income and expenditure account; unrealised gains and losses are charged to other comprehensive income. Foreign currency transactions within the investment portfolio are recorded at the exchange rate ruling on the date of transaction. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the Income and Expenditure account.

Investments in subsidiaries are stated at cost less provision for any impairment. Impairments are charged to the income and expenditure account. The investment in RCN Holdco Limited is valued at its original cost, adjusted at the reporting date for the RCN Group's share of the loss recognised by RCN Law LLP. This has been treated as an unrealised loss on the investment, as a profit is expected in 2017.

1. Accounting policies and assessment of going concern (continued)

o. Leasing

Assets held under leasing arrangements which transfer substantially all the risks and rewards of ownership to the RCN Group are capitalised as fixed assets at the fair value of the leased asset. The capital element of the related rental obligations is included in creditors. The interest element of the rental obligations is charged to the income and expenditure account so as to produce a constant periodic rate of charge. Rentals for other leased assets, held under the terms of operating leases are charged directly to the income and expenditure account on a straight-line basis over the term of the lease.

p. Liquid resources

Liquid resources are defined as being cash balances held on deposit that are readily available (they usually require less than 24 hours notice in order to be accessed).

q. Provisions

Provisions for future liabilities are recognised when there is a legal or constructive financial obligation that can be reliably estimated and for which there is an expectation that payment will be made.

Costs arising from the provision of legal services to members are charged to the income and expenditure account in the accounting period in which they are incurred under representation activities. Because of the prolonged nature of litigation, and the uncertainty of the outcome of any particular case, no attempt is made to estimate future legal costs, or recoveries of legal costs, for ongoing cases. In cases where there is litigation which falls within the professional indemnity, RCN UK includes a provision within the financial statements to cover the RCN UK's proportion of the potential liability. Information received after the statement of financial performance date is considered when measuring provisions and where new information is material, provisions are re-measured.

r. Financial Instruments

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

2. Surplus on ordinary activities

Surplus on ordinary activities is stated after charging:

	RCN UK 31 December 2016 £'000	RCN UK 31 December 2015 £'000	RCN Group 31 December 2016 £'000	RCN Group 31 December 2015 £'000
Depreciation	2,444	2,390	2,649	2,499
Operating leases:				
Land and buildings	1,036	919	1,201	1,110
Other leased assets	182	179	188	193
Auditors' remuneration:				
Audit services	102	97	114	105

3. Income – RCN UK

	Representation activities £'000	Other college activities £'000	Total 31 December 2016 £'000	Total 31 December 2015 £'000
Membership income	47,869	25,571	73,440	71,818
Other income	2,705	1,445	4,150	3,908
Total	50,574	27,016	77,590	75,726

Representation is defined as relating to Trade Union activities.

Membership and other income is split – 65.18% representation and 34.82% other college activities in line with expenditure. See note 9 for basis of allocation.

3.1. Group results less charitable activities

Total RCN Group results less RCN Foundation charitable activities before taxation were equal to £10.4m (31 December 2015: £13m).

4. Investment income

	RCN UK 31 December 2016 £'000	RCN UK 31 December 2015 £'000	RCN Group 31 December 2016 £'000	RCN Group 31 December 2015 £'000
UK equities	283	261	748	1,182
Overseas equities	730	510	995	571
UK fixed interest	378	398	646	398
Bank interest	7	12	10	20
Total	1,398	1,181	2,399	2,171

Investment income is split – 54% representation (£757,000) and 46% other college activities (£641,000) in line with investment holdings. See note 18 for allocation of investment assets.

5. RCN UK trading subsidiary undertakings

5.1.a Trading results (RCNi)

RCNi is a publisher of nursing journals. RCNi is incorporated in the United Kingdom and wholly owned by the Royal College of Nursing of the United Kingdom. Details of the trading activities are set out below.

	RCNi 31 December 2016 £'000	RCNi 31 December 2015 £'000
Income	14,870	14,472
Costs	(14,225)	(13,617)
Profit	645	855
Taxation	(67)	(61)
Profit after tax	578	794

5.1.b Summarised statement of financial position RCNi

	RCNi 31 December 2016 £'000	RCNi 31 December 2015 £'000
Property, plant and equipment and intangible assets	363	318
Current assets	5,640	5,364
Creditors: falling due within one year		
Creditors and accrued charges	(1,820)	(1,737)
Provisions for liabilities and charges	(101)	(85)
Total net assets	4,082	3,860
Capital and reserves	4,082	3,860
Ordinary share capital held by the RCN UK (£) is:	500,000	500,000

During the year a dividend was paid from RCNi of £356,000 (31 December 2015: £611,000).

5.2. RCN Holdco Limited

RCN Holdco Limited does not trade directly but is a member of a jointly-controlled entity, RCN Law LLP, which provides legal services to members of the Royal College of Nursing.

	RCN Holdco Limited 31 December 2016 £'000	RCN Holdco Limited 31 December 2015 £'000
Investment in joint venture	(35)	—
Total net liabilities	(35)	—
Capital and reserves	(35)	—

The trading subsidiary RCN Holdco Limited reported in the table above is wholly owned by shareholders on trust for the Royal College of Nursing of the United Kingdom.

6. RCN Foundation

RCN UK is the sole member of the RCN Foundation. RCN Foundation is a charitable company providing grants that supports nursing to improve health and well-being of the public.

6.1. Summarised statement of financial activities

Details of the charitable activities of the RCN Foundation are set out below.

	RCN Foundation 31 December 2016 £'000	RCN Foundation 31 December 2015 £'000
Income and endowments	1,524	1,192
Expenditure	(1,241)	(1,337)
Net gains on investment	2,068	4
Net movement in funds	2,351	(141)

6.2. Summarised balance sheet of RCN Foundation

	RCN Foundation 31 December 2016 £'000	RCN Foundation 31 December 2015 £'000
Tangible property, plant and equipment	48	48
Investments	29,773	27,700
Current assets	2,190	1,916
Creditors: falling due within one year		
Creditors and accrued charges	(372)	(436)
Total assets less current liabilities	31,639	29,228
Creditors due after more than one year	(60)	–
Total net assets	31,579	29,228
Revaluation reserve	3,665	1,471
Other funds	27,914	27,757
Reserves	31,579	29,228

7. Taxation note

Taxation on surplus on ordinary activities

	RCN UK 31 December 2016 £'000	RCN UK 31 December 2015 £'000	RCN Group 31 December 2016 £'000	RCN Group 31 December 2015 £'000
UK corporation tax				
Current tax on surplus for the period	–	–	61	–
Adjustments in respect of prior years	–	–	–	(20)
Total current tax	–	–	61	(20)
Deferred tax				
Movement in period	–	–	5	81
Taxation on surplus on ordinary activities	–	–	66	61

The tax assessed for the period is higher (31 December 2015: higher) than the main rate of corporation tax in the UK.

7. Taxation note (continued)

The differences are explained below:

	RCN UK 31 December 2016 £'000	RCN UK 31 December 2015 £'000	RCN Group 31 December 2016 £'000	RCN Group 31 December 2015 £'000
Surplus on ordinary activities before tax	9,765	12,116	10,197	12,852
Surplus on ordinary activities at the main rate of corporation tax in the UK of 20% (December 2015: 20.25%)	1,953	2,454	2,033	2,602
Sundry timing differences	247	231	247	231
Expenses not deductible for tax purposes	13,316	12,253	13,366	12,391
Group relief (claimed)/ surrendered	58	97	–	–
Adjustments in respect of prior periods	(560)	(461)	(560)	(461)
Deferred tax not recognised	(170)	130	(170)	130
Change in tax rates	–	56	(3)	52
Group income	(71)	(124)	(71)	(124)
Non-taxable income	(14,773)	(14,636)	(14,773)	(14,740)
Adjustments to tax charge in respect of previous periods	–	–	(3)	(20)
Income covered by tax exemptions	–	–	–	–
Current tax charge	–	–	67	61

Deferred tax asset balance

The RCN Group has a deferred tax asset arising from timing differences as set out below, shown at 17% rate for the current year (31 December 2015: 18%).

	31 December 2016 £'000	31 December 2015 £'000
Analysis of deferred tax asset		
Excess of capital allowances over depreciation	(44)	(37)
Short-term timing differences	11	12
Pension provision	–	–
Carried forward as at period end	(33)	(25)

There are also unrecognised deferred tax assets totalling £394,000 in respect of tax losses, fixed asset timing differences and other short term timing differences in relation to the Royal College of Nursing. RCN Holdco Limited has an unrecognised deferred tax asset of £4,000 in respect of tax losses.

8. Staff costs – RCN Group

	31 December 2016 £'000	31 December 2015 £'000
Wages and salaries	39,356	38,344
Social security costs	3,852	3,277
Other pensions costs	7,034	7,989
Total	50,242	49,610

Of the total staff costs £28,896,000 (31 December 2015: £29,026,000) has been allocated to RCN UK representation activities.

The total pension cost comprises:

	31 December 2016 £'000	31 December 2015 £'000
RCN Defined Benefit scheme (see note 15.2)	6,137	6,930
Expense Charge	(344)	(299)
RCN Defined Contribution scheme (see note 15.1)	1,241	1,358
Total	7,034	7,989

RCN Group staffing numbers

Representation and other college activities: full time equivalent

	2016 Average FTE	2015 Average FTE
Representation activities	551	557
Other college activities	264	260
RCNi	98	82
Total	913	899

Total staff numbers: average headcount

	2016 Average	2015 Average
RCN UK (including staff that support the RCN Foundation)	901	895
RCNi	102	101
Total	1,003	996

Total emoluments for the Chief Executive & General Secretary, members of the Executive Team and RCNi Directors

	31 December 2016 £'000	31 December 2015 £'000
RCN Chief Executive & General Secretary	178	164
RCN Executive Team	997	1,038
RCNi Directors	410	478
Total	1,585	1,680

The above table incorporates basic pay London Weighting where applicable and pension costs.

RCN UK staff costs in the year include £275,077 (31 December 2015: £229,035) in respect of compensation for loss of office due to restructuring and redundancies arising from changes following reviews of some of the RCN UK's operations.

RCNi staff costs in the year include £131,143 (31 December 2015: £575,495) in respect of compensation for loss of office due to restructuring and redundancies arising from continued changes to RCNi operations.

The RCN Foundation does not employ any staff. A service level agreement is in place between RCN UK and RCN Foundation for the provision of services to RCN Foundation.

The number of staff whose annual gross pay within the RCN Group is over £60,000 is reported below:

	31 December 2016	31 December 2015
£60,000–£70,000	58	56
£70,000–£80,000	18	23
£80,000–£90,000	8	11
£90,000–£100,000	–	4
£100,000–£110,000	5	6
£110,000–£120,000	2	2
£120,000–£130,000	3	–
£130,000–£140,000	2	1
£140,000–£150,000	1	–
£150,000–£160,000	2	–
£170,000–£180,000	–	1
Total	98	104

9. Breakdown of RCN UK expenditure

Products and services — split by representation and other college activities 2016

	2016 Representation activities £'000	2016 Other college activities £'000	Total 31 December 2016 £'000
Representation and Member support	37,917	–	37,917
Partnership working and collective representation	5,993	–	5,993
Clinical negligence Indemnity	263	–	263
Education	–	6,461	6,461
Professional advice, practice and support	–	10,261	10,261
Shaping policy	–	5,344	5,344
Research	–	1,537	1,537
Total expenditure	44,173	23,603	67,776

Products and services — split by representation and other college activities 2015

	2015 Representation activities £'000	2015 Other college activities £'000	Total 31 December 2015 £'000
Representation and Member support	34,574	—	34,574
Partnership working and collective representation	4,620	—	4,620
Clinical Negligence Indemnity	4,904	—	4,904
Education	—	6,411	6,411
Professional advice, practice and support	—	9,524	9,524
Shaping Policy	—	4,955	4,955
Research	—	1,507	1,507
Total expenditure	44,098	22,397	66,495

It is felt these categories best represent the broad categories of the products and services the RCN provides to its members' and other stakeholders in its roles as a Royal College and a special registered Trade Union.

Further analysis of RCN UK expenditure

	Representation activities £'000	Other college activities £'000	Total 31 December 2016 £'000	Total 31 December 2015 £'000
Staff costs	28,896	15,440	44,336	43,770
Premise and estate costs	5,907	3,156	9,063	7,660
Travel and accommodation	1,833	979	2,812	2,863
Other service delivery costs	7,537	4,028	11,565	12,202
Total expenditure	44,173	23,603	67,776	66,495

Representation is defined as relating to trade union activities.

Direct costs are allocated to the relevant products and services categories. Infrastructure and support costs have been apportioned over products and services as a percentage of their total spend.

10. Property, plant, equipment and intangible assets

10.1. Property, plant and equipment – RCN UK

	Freehold land and buildings £'000	Leasehold improvements £'000	Furniture and equipment £'000	Computer software £'000	Assets under construction £'000	Total £'000
Cost or valuation						
Balance at 1 January 2016	3,432	27,655	4,458	4,252	1,672	41,469
Additions	–	1,059	114	–	1,721	2,894
Disposals	–	(356)	(378)	–	–	(734)
Transfer of assets under construction	–	6	72	(12)	(66)	–
Balance at 31 December 2016	3,432	28,364	4,266	4,240	3,327	43,629
Accumulated depreciation						
Balance at 1 January 2016	1,779	11,460	3,645	2,012	–	18,896
Charge for year	120	1,358	533	553	–	2,564
Disposals	–	(356)	(378)	–	–	(734)
Balance at 31 December 2016	1,899	12,462	3,800	2,565	–	20,726
Net book value at 31 December 2016	1,533	15,902	466	1,675	3,327	22,903
Net book value at 31 December 2015	1,655	16,194	811	2,240	1,673	22,573

Assets under construction relates to capitalised costs associated with the development of a CRM (customer relationship management) system. This is due to become operational during 2017. The value reflects the costs incurred in building and developing the CRM and at the balance sheet date no impairment to this value has been considered necessary.

The historical cost of the revalued asset is:

	31 December 2016 Leasehold Improvements £'000	31 December 2015 Leasehold improvements £'000
Cost	22,167	22,167
Accumulated depreciation based on historical cost	(8,702)	(8,259)
Historical cost net book value	13,465	13,908

10.2. Property, plant and equipment – RCN Group

	Freehold land and buildings £'000	Leasehold improvements £'000	Furniture and equipment £'000	Computer software £'000	Assets under construction £'000	Total £'000
Cost or valuation						
Balance at 1 January 2016	3,432	28,041	5,345	4,252	1,841	42,911
Additions	–	1,059	285	–	1,746	3,090
Disposals	–	(356)	(477)	–	(1)	(834)
Transfer of assets under construction	–	6	159	(12)	(153)	–
Balance at 31 December 2016	3,432	28,750	5,312	4,240	3,433	45,167
Accumulated depreciation						
Balance at 1 January 2016	1,779	11,846	4,334	2,012	–	19,971
Charge for year	120	1,358	692	553	–	2,723
Disposals	–	(356)	(477)	–	–	(833)
Balance at 31 December 2016	1,899	12,848	4,549	2,565	–	21,861
Net book value at 31 December 2016	1,533	15,902	763	1,675	3,433	23,306
Net book value at 31 December 2015	1,653	16,195	1,011	2,240	1,841	22,940

10.3. Intangible assets

	RCN UK 31 December 2016 £'000	RCN UK 31 December 2015 £'000	RCN Group 31 December 2016 £'000	RCN Group 31 December 2015 £'000
Cost or valuation				
Cost as at 1 January 2016	–	–	–	–
Additions	–	–	9	–
Balance as at 31 December 2016	–	–	9	–
Depreciation				
Charge for year	–	–	1	–
Net book value at 31 December 2016	–	–	8	–
Net book value at 31 December 2015	–	–	–	–

RCNi has purchased domain names which it is treating as intangible assets, which are being depreciated over three years.

11. Financial assets

11.1. Long-term financial assets

	RCN UK 31 December 2016 £'000	RCN UK 31 December 2015 £'000	RCN Group 31 December 2016 £'000	RCN Group 31 December 2015 £'000
Market value at start of period	49,440	42,501	76,383	69,950
Additions at cost	17,917	21,742	27,156	31,589
Disposals at carrying value	(16,778)	(15,159)	(25,482)	(25,363)
Redemptions	(514)	(102)	(1,245)	(141)
Net realised gains/(losses)	1,402	1,002	1,965	1,621
Net unrealised gains/(losses)	5,721	(544)	7,919	(1,273)
Financial assets at market value at period end	57,188	49,440	86,696	76,383
Cash held for reinvestment	333	1,085	599	1,842
Market value at period end	57,521	50,525	87,295	78,225
Historical cost at period end	49,608	48,166	75,716	74,395

Financial assets at market value comprise:

	RCN UK 31 December 2016 £'000	RCN UK 31 December 2015 £'000	RCN Group 31 December 2016 £'000	RCN Group 31 December 2015 £'000
Listed financial assets				
Fixed interest (Government securities and bonds)	17,492	14,759	22,740	19,326
UK equities	16,004	3,990	26,213	13,296
Global equities	15,088	24,913	25,584	35,325
Alternative assets	7,332	6,101	8,929	7,427
Property	605	–	2,638	1,401
Liquid assets	1,000	761	1,191	1,450
Total	57,521	50,525	87,295	78,225

Holdings over 5%

The following investments represented holdings in excess of 5% of the investment portfolio at 31 December 2016.

	RCN UK 31 December 2016	RCN UK 31 December 2015	RCN Group 31 December 2016	RCN Group 31 December 2015
Treasury 1.25%	6.2%	7.6%	6.2%	7.6%
Treasury 3.25%	5.6%	–	5.6%	–
Blackrock	–	5.6%	–	5.6%

11.2. Short-term financial assets

	RCN UK 31 December 2016 £'000	RCN UK 31 December 2015 £'000	RCN Group 31 December 2016 £'000	RCN Group 31 December 2015 £'000
Market value at start of period	3,000	–	4,000	1,000
Additions at cost	–	3,000	4,000	3,000
Redemptions	(3,005)	–	(7,005)	–
(Losses)/gains on short-term investments	5	–	5	–
Financial assets at market value at period end	–	3,000	1,000	4,000
Cash held for reinvestment	–	4	–	6
Market value at period end	–	3,004	1,000	4,006
Historical cost at period end	–	3,004	1,000	4,006

11.3. Investment in joint venture

	RCN UK 31 December 2016 £'000	RCN UK 31 December 2015 £'000	RCN Group 31 December 2016 £'000	RCN Group 31 December 2015 £'000
Investment in RCN Law LLP	–	–	(35)	–
Total	–	–	(35)	–

12. Debtors

	RCN UK 31 December 2016 £'000	RCN UK 31 December 2015 £'000	RCN Group 31 December 2016 £'000	RCN Group 31 December 2015 £'000
Trade debtors	139	90	863	1,149
Amount due from subsidiaries and associated undertakings	89	–	–	–
Other debtors	226	278	378	514
Taxation	148	264	148	264
Prepayments and accrued income	1,433	1,813	1,656	2,062
Total	2,035	2,445	3,045	3,989

All amounts included in debtors are receivable within one year except deferred tax of £(33,000) included within RCN Group taxation (31 December 2015 deferred tax of £(25,000) included within RCN Group taxation).

13. Creditors and accrued charges

13.1. Amounts falling due within 1 year

	RCN UK 31 December 2016 £'000	RCN UK 31 December 2015 £'000	RCN Group 31 December 2016 £'000	RCN Group 31 December 2015 £'000
Bank overdrafts and loans	160	58	160	58
Trade creditors	892	1,413	1,044	2,421
Amount due to subsidiaries and associated undertakings	14	488	–	–
Pension contribution	556	751	620	743
PAYE, social security and taxation	969	894	1,138	844
Other creditors	1,362	371	1,921	976
Accruals and deferred income	5,180	4,798	5,829	5,072
Total	9,133	8,773	10,712	10,114

13.2. Provision for liabilities and charges

	RCN UK 31 December 2016 £'000	RCN UK 31 December 2015 £'000	RCN Group 31 December 2016 £'000	RCN Group 31 December 2015 £'000
Provision for dilapidations	166	115	234	172
Professional indemnity claims	4,112	6,786	4,112	6,786
Provision for restructuring	–	68	–	68
General provision	151	34	151	34
Provision for holiday pay	416	–	453	–
Total	4,845	7,003	4,950	7,060

RCN UK Movements - provision for liabilities and charges

	31 December 2015 £'000	New provisions £'000	Net adjustments £'000	Utilised £'000	31 December 2016 £'000
Provision for dilapidations	115	51	–	–	166
Professional indemnity claims	6,786	582	(2,234)	(1,022)	4,112
Provision for restructuring	68	–	(55)	(13)	–
General provision	34	151	–	(34)	151
Provision for holiday pay	–	416	–	–	416
Total	7,003	1,200	(2,289)	(1,069)	4,845

RCN Group Movements - provision for liabilities and charges

	31 December 2015 £'000	New provisions £'000	Net adjustments £'000	Utilised £'000	31 December 2016 £'000
Provision for dilapidations	172	62	–	–	234
Professional indemnity claims	6,786	582	(2,234)	(1,022)	4,112
Provision for restructuring	68	–	(55)	(13)	–
General provision	34	151	–	(34)	151
Provision for holiday pay	–	453	–	–	453
Total	7,060	1,248	(2,289)	(1,069)	4,950

Provision for dilapidations relates to the expected cost of alterations, wear and tear on 10 leasehold properties. Amounts are uncertain and are payable at the end of the lease term.

Professional indemnity claims in progress are of uncertain timing and amount until each case is settled.

Provision for restructuring is of uncertain amount as settlement negotiations are ongoing.

General provision for Pension Protection Fund (PPF) and PAYE settlement (PSA).

Provision for holiday pay outstanding as at year ended 31 December 2016.

14. Leasing commitments

14.1 Operating leases – RCN UK

The total future minimum lease payments as at 31 December 2016 under non-cancellable operating leases were:

	Assets 31 December 2016 £'000	Assets 31 December 2015 £'000
Within one year	225	469
Within two to five years	600	671
Over five years	440	1
Total	1,265	1,141

14.2 Operating leases – RCN Group

The total future minimum lease payments as at 31 December 2016 under non-cancellable operating leases were:

	Assets 31 December 2016 £'000	Assets 31 December 2015 £'000
Within one year	225	470
Within two to five years	1,195	1,453
Over five years	440	1
Total	1,860	1,924

15. Pensions

15.1. RCN Group defined contribution pension scheme

From 1 November 2013 all new employees are auto enrolled into a defined contribution scheme. The scheme is a Group Personal Pension plan managed and administered by Standard Life. The scheme has three contribution levels:

	Employee	Employer
Level 1	3%	8%
Level 2	5%	10%
Level 3	7%	12%

All new employees are automatically enrolled into level 1 under auto enrolment regulation. Employees may then choose a higher contribution level.

RCN Group employer contributions paid during the year ended 31 December 2016 were £1,241,000 (year ended 31 December 2015: £906,000). The increase in employer contributions is due to the number of employees enrolled increasing year on year. Contributions outstanding at 31 December 2016 in respect of this scheme amounted to £nil (31 December 2015: £nil).

15.2. RCN Group defined benefit pension scheme

The RCN Group operates a defined benefit pension scheme with the assets of the scheme being held in separate trustee administered funds. This scheme was closed to new members with effect from 1 November 2013. Existing active members as at 31 October 2013 can still contribute to the scheme.

The pension cost is assessed in accordance with FRS 102: Retirement benefits, based on the advice of independent qualified actuaries using the projected unit method.

The pension scheme was subject to an actuarial valuation at 30 September 2013 by a qualified independent actuary. The valuation reported a deficit of £58.5m, compared to a deficit of £19.6m in September 2010. The 30 September 2013 valuation was completed during 2014 and formed the basis for the updated results of the valuation as at 31 December 2014.

The September 2013 valuation has resulted in a revised deficit-funding plan of £3m per annum from 1 April 2015 rising by RPI annually thereafter. Also included in the revised recovery plan was a one-off lump sum payment of £15m. This was made up of £10.1m paid in December 2014 and £4.9m that represented the monies in the

pension escrow account, which was paid to the scheme in March 2015.

The market value of the fund assets as at 31 December 2016, net of additional voluntary contributions was £275,366,000. There was no investment holding greater than 5% of the value of the fund at 31 December 2016.

The next actuarial valuation at 30 September 2016, will be submitted to the pension regulator by the 31 December 2017. A revised schedule of contributions and deficit recovery plan will be effective from 1 April 2018. Following the actuarial valuation at 30 September 2013, revised contribution rates to the scheme were agreed, at the following rates.

Employer

From 1 November 2013, changes to the scheme were implemented resulting in an employer's annual average contribution of 10.5%. Estimated employer contributions to be paid by the RCN UK for the year ending 31 December 2017 are £7,903,000.

The total deficit funding paid in the year ended 31 December 2016 was £3,016,000.

The defined benefit plan contributions paid and received by the scheme were £7,709,000. At the end of the year, £634,000 representing the unpaid contributions for December 2016 were outstanding.

	RCN Group 31 December 2016 £'000
2016 actual Pension contribution payments (excluding accruals)	
Agreed annual deficit payment	3,016
Individual CARE contributions (excluding December 2016)	4,693
Total contribution paid	7,709
Payments in transit	
December 2015 contributions paid in January 2016	(648)
December 2016 contributions paid in January 2017	634
Total contributions	7,695

Contributory employees

From 30 September 2010 until 31 October 2013 5.7% of pensionable salaries (depending on benefit scale) were set out in the schedule of contributions. From 1 November 2013 current members contributions were

set out in the schedule of contributions at 6%, 8% or 13% (depending on employee opted retirement age).

The final salary defined benefit pension scheme was reviewed in 2007 and formal consultation with scheme members and trustees was carried out. From 1 June 2007, benefits are no longer accrued under the final salary defined benefit pension scheme. RCN UK now provides benefits on a Career Average Revalued Earnings (CARE) basis via the occupational pension scheme. All benefits and liabilities accrued as at 1 June 2007 in the final salary defined benefit pension scheme were transferred to the new CARE scheme.

FRS 102 Retirement benefits

The tables below state the FRS 102 actuarial assumptions upon which the valuation of the scheme was based.

Under the provision of FRS 102 the current deficit in the defined benefit scheme of £14,585,000 has been included as a separate liability on the statement of financial position. The valuation used for FRS 102 disclosures has been based on the most recently completed actuarial valuation by a qualified independent actuary at 30 September 2013 to take account of the requirements of FRS 102 in order to assess the liabilities of the scheme at 31 December 2014. The next actuarial valuation by a qualified independent actuary for the period ending 30 September 2016, will be finalised in December 2017.

The principal actuarial assumptions were as follows:

	31 December 2016	31 December 2015	31 December 2014	31 December 2013	31 March 2013
Discount rate	2.7%	3.8%	3.6%	4.6%	4.4%
Inflation assumptions (RPI)	3.2%	3.1%	3.1%	3.5%	3.3%
Inflation assumptions (CPI)	2.2%	2.1%	2.1%	2.6%	2.4%
Allowance for revaluation of deferred and CARE pensions accrued before 1 November 2013 (with LPI of 5%)*	3.2% (RPI)	3.1% (RPI)	3.1% (RPI)	3.5% (RPI)	3.3% (RPI)
Allowance for CARE revaluation of pensions accrued after 1 November 2013 (with LPI cap of 2.5%)*	1.7% (CPI)	1.7% (CPI)	1.7% (CPI)	2.1% (CPI)	–
Allowance for pension payments increases accrued before 1 June 2007 (with LPI cap of 5%)*	3.1% (RPI)	3.0% (RPI)	3.0% (RPI)	3.5% (RPI)	3.3% (RPI)
Allowance for pension payments increases accrued after 1 June 2007 (with LPI cap of 5%)*	2.3% (CPI)	2.1% (CPI)	2.1% (CPI)	2.6% (CPI)	2.4% (CPI)
Allowance for pension payments increases accrued after 1 June 2007 (with LPI cap of 3%)*	1.9% (CPI)	1.9% (CPI)	1.9% (CPI)	2.4% (CPI)	2.2% (CPI)
Allowance for commutation of pension for cash at retirement	100% of Post A Day	No allowance	No allowance	No allowance	No allowance

*where Limited Price Index (LPI) is a measure of Retail Price Inflation (RPI) or Consumer Price Index (CPI) with a cap of 5% per annum and floor of 0% per annum

	31 December 2016 Years	31 December 2015 Years	31 December 2014 Years	31 December 2013 Years	31 March 2013 Years
Life expectancies					
Longevity at age 65 for current pensioners					
– Men	22.2	23.0	23.3	23.0	23.3
– Women	23.9	24.7	24.9	25.0	25.3
Longevity at age 65 for future pensioners					
– Men	23.9	24.7	25.1	25.2	25.5
– Women	25.4	26.2	26.4	26.9	27.2

The analysis of assets in the Pension Fund is as follows:

	31 December 2016 £'000	31 December 2015 £'000	31 December 2014 £'000	31 December 2013 £'000	31 March 2013 £'000
Equities	166,085	137,835	128,120	116,721	110,309
Bonds	93,017	70,152	63,777	51,591	50,205
Property	14,539	13,629	12,355	10,853	10,042
Other	999	1,199	10,312	383	1,847
Insured pensioners	726	788	862	574	1,443
Total market value of assets	275,366	223,603	215,426	180,122	173,846
Actuarial value of liability	(289,951)	(263,970)	(269,884)	(229,799)	(221,945)
Net pension liability	(14,585)	(40,367)	(54,458)	(49,677)	(48,099)

The percentage of assets held in each asset class is as follows:

	31 December 2016 %	31 December 2015 %	31 December 2014 %	31 December 2013 %	31 March 2013 %
Equities	60	62	59	64	64
Bonds	34	31	30	28	28
Property	5	6	6	6	1
Other	1	1	4	1	6
Insured pensioners	—	—	1	1	1
Total market value of assets %	100	100	100	100	100

The above asset values are at bid value, as required under FRS102.

The analysis of amounts charged to income and expenditure is as follows:

	31 December 2016 £'000	31 December 2015 £'000
Current service cost*	4,667	5,103
Interest on obligation	9,990	9,676
Interest on assets	(8,520)	(7,849)
Total	6,137	6,930

* The cost of death in service insurance premiums and PPF levies are paid in addition by the employer. The current service cost includes the cost of administration expenses.

Analysis of amounts charged to Statement of comprehensive income

	31 December 2016 £'000	31 December 2015 £'000
Return on plan assets	41,998	(4,881)
Changes in the demographic and financial assumptions underlying the present value of the scheme liabilities	(18,049)	13,479
Actuarial gains/(losses) charged to other comprehensive income	23,949	8,598

The cumulative amount of actuarial gains and losses recognised in the statement of comprehensive income since adoption of FRS102 is a gain of £18,355,000 (31 December 2015: cumulative loss of £5,594,000).

Change in the present value of the defined benefit obligation

	31 December 2016 £'000	31 December 2015 £'000
Opening defined benefit obligation	263,970	269,884
Service cost	4,667	5,103
Interest cost	9,990	9,676
Contributions by employees	961	1,068
Actuarial (gains)/losses	18,049	(13,479)
Benefits paid	(7,686)	(8,282)
Closing defined benefit obligation	289,951	263,970

Change in the fair value of the scheme assets

	31 December 2016 £'000	31 December 2015 £'000
Opening fair value of the scheme assets	223,603	215,426
Expected return	8,520	7,849
Actuarial gains/(losses)	41,998	(4,881)
Contributions by employer	7,970	12,423
Contributions by employees	961	1,068
Benefits paid	(7,686)	(8,282)
Closing fair value of the scheme assets	275,366	223,603
Actual return on scheme assets	50,518	2,968

The history of experience gains and losses are as follows:

The impact of using a more recent valuation is to introduce gains and losses that arose between 30 September 2010 and 30 September 2013, resulting in the experience loss arising on the liabilities during 2014 in the disclosures, which amounts to around 1.5% of the liabilities.

	31 December 2016 £'000	31 December 2015 £'000	31 December 2014 £'000	31 December 2013 £'000	31 March 2013 £'000
Defined benefit obligation	(289,951)	(263,970)	(269,884)	(229,799)	(221,945)
Scheme assets	275,366	223,603	215,426	180,122	173,846
(Deficit)	(14,585)	(40,367)	(54,458)	(49,677)	(48,099)
Experience gains/(losses) on scheme liabilities:					
Amount	–	–	(4,148)	–	–
Percentage of the present value of scheme liabilities	–	–	1.5%	–	–
Actual return less expected return on scheme assets:					
Amount	(41,998)	(4,881)	14,987	(3,370)	10,785
Percentage of scheme assets	(15.3%)	(2.2%)	5.5%	(1.9%)	6.2%

16. Management of liquid resources

	31 December 2015 £'000	Cash flow £'000	31 December 2016 £'000
Cash invested in UK money market and deposit accounts	13,003	9,014	22,017

17. Analysis of changes in net funds

	31 December 2015 £'000	Cash flow £'000	31 December 2016 £'000
Short-term deposits	13,003	9,014	22,017
Cash at bank and in hand	1,138	173	1,311
Bank overdrafts and loans	(58)	(102)	(160)
Total	14,083	9,085	23,168

18. Allocation of RCN UK balance sheet between representation and other activities

	Representation activities	Other college activities	Total 31 December 2016	Representation activities	Other college activities	Total 31 December 2015
	£'000	£'000	£'000	£'000	£'000	£'000
Property, plant and equipment						
Tangible assets	–	22,903	22,903	–	22,573	22,573
Investments	31,164	26,357	57,521	27,306	26,223	53,529
Total property, plant and equipment	31,164	49,260	80,424	27,306	48,796	76,102
Current assets						
Stock	–	37	37	–	16	16
Trade debtors	143	76	219	60	30	90
Other debtors	250	134	384	360	182	542
Prepayments and accrued income	934	498	1,432	1,202	611	1,813
Cash and short term deposits	10,970	6,856	17,827	6,564	3,337	9,901
Total current assets	12,297	7,601	19,899	8,186	4,176	12,362
Liabilities						
Bank overdraft	(104)	(56)	(160)	(37)	(21)	(58)
Trade creditors	(1,820)	(796)	(2,616)	(909)	(504)	(1,413)
Other creditors	(606)	(571)	(1,177)	(1,561)	(943)	(2,504)
Accruals and deferred income	(3,363)	(1,817)	(5,180)	(314)	(4,484)	(4,798)
Total liabilities	(5,893)	(3,240)	(9,133)	(2,821)	(5,952)	(8,773)
Total assets less current liabilities	37,568	53,621	91,190	32,671	47,020	79,691
Provisions	(4,589)	(256)	(4,845)	(6,850)	(153)	(7,003)
Net assets (excluding pension deficit)	32,979	53,365	86,345	25,821	46,867	72,688

For assets and liabilities in the name of the RCN UK there is no distinction between representation and other college activities.

Current assets and liabilities which can be identified as representation or other college activities are allocated directly to the appropriate activity type. Other current assets and liabilities are apportioned based on direct income/expenditure.

Representation activities are disclosed in the RCN's Annual Return for a Trade Union (AR21).

19. Reserves

19.1. Reserves – RCN UK

	Revaluation reserve £'000	Accumulated funds £'000	Pension reserve £'000	Total £'000
At 1 January 2016	2,181	70,507	(40,367)	32,321
Surplus in period	–	7,643	1,833	9,476
Investment unrealised gains	–	5,721	–	5,721
Revaluation reserve	(63)	–	–	(63)
Dividends	–	356	–	356
Actuarial gain	–	–	23,949	23,949
At 31 December 2016	2,118	84,227	(14,585)	71,760

The pension escrow account is monies to which the Pension Trust have legal claim. It was transferred to the Pension Trust in March 2015 under the revised deficit funding plan agreed because of the September 2013 actuarial valuation. The revaluation reserve relates to the leasehold improvements. See note 10.1 for further detail.

19.2. Reserves – RCN Group

	Reserves for charitable purposes £'000	Revaluation reserve £'000	Accumulated funds £'000	Pension reserve £'000	Total £'000
At 1 January 2016	29,228	2,181	74,734	(40,367)	65,776
Surplus in period	153	–	8,205	1,833	10,191
Investment unrealised gains	2,198	–	5,686	–	7,884
Revaluation reserve	–	(63)	–	–	(63)
Actuarial gain	–	–	–	23,949	23,949
At 31 December 2016	31,579	2,118	88,625	(14,585)	107,737

20. Commitments

20.1. Capital commitments

The value of contracts committed to but not provided for was £429,000 (31 December 2015: £675,000). This figure relates to continued progress on the Membership Information System (CRM) for completion of phase 1 of the project, and the commitment for the digital committee management system (Mod Gov).

20.2. Pension commitments

The pension scheme was subject to an actuarial valuation at 30 September 2013 by a qualified independent actuary. The valuation reported a deficit of £58.5m, compared to a deficit of £19.6m in September 2010. The latest actuarial valuation of the CARE pension scheme has resulted in a revised deficit-funding plan of £3m per annum from 1 April 2015 rising by RPI annually thereafter. Also included in the revised deficit-funding plan was a one-off lump sum payment of £15m, this was made up of £10.1m paid in December 2014 and £4.9m that represented the monies in the pension escrow account, which was transferred to the scheme in March 2015.

The latest actuarial valuation of the defined benefit (CARE) scheme based on 30 September 2016 will be finalised in December 2017. We expect this deficit to increase resulting in a revised RCN Group recovery plan.

21. Contingent liabilities

RCN UK contingent liabilities are estimated at £1,924,000 as at 31 December 2016 (31 December 2015: £820,000). The estimated liability arises from member cases within the professional indemnity scheme that have a lower than 50% chance of success.

22. Trade union and labour relations (consolidation) act 1992

A member who is concerned that some irregularity may be occurring, or have occurred, in the conduct of the financial affairs of the union may take steps with a view to investigating further, obtaining clarification and, if necessary, securing regularisation of that conduct.

The member may raise any such concern with such one or more of the following as it seems appropriate to raise it with: the officials of the union, the auditors of the union, the Certification Officer (who is an independent officer appointed by the Secretary of State) and the police.

Where a member believes that the financial affairs of the union have been or are being conducted in breach of rules of the law or in breach of the union and contemplates bringing civil proceedings against the union or responsible officials, he should consider obtaining independent legal advice.

23. Council expenses and remuneration

23.1. Council expenses

Out of pocket expenses paid to Council members while carrying out their governance duties in the year ended 31 December 2016 amounted to £131,000 (31 December 2015: £137,000). Out of pocket expenses related predominantly to travel expenses incurred while carrying out Council duties. The number of Council members who received reimbursement within the period was 32 (31 December 2015: 30).

23.2. Council remuneration

Council members do not receive remuneration for undertaking the role, however a total of £73,000 was paid to the employers of the current President and Chair of Council as recompense for time spent on services for the RCN UK (31 December 2015: £73,000). Breakdown as follows:

	31 December 2016 £'000	31 December 2015 £'000
Chair of Council (current)	39	39
President	34	34
Total	73	73

24. Related party transactions

The RCN Group has taken the exemption under FRS 102 not to disclose any transactions of balances between wholly-owned subsidiary entities, which have been eliminated on consolidation.