

BRANCH RETURNS

The income and expenditure account include:

- a) The income and expenditure of headquarters
- b) The income and expenditure of 137 (2020: 145) branches
- c) Amounts received at headquarters from the branches that have not submitted accounts

The total cash at bank and in-hand shown in the group balance sheet of £5,357,645 (2020: £4,821,976) includes the £459,798 (2020: £468,361) held by branches.

4. INCOME

	2021	2020
	£	£
Membership subscriptions	9,292,519	9,217,837
Conference income	21,322	49,838
Income raised by branches	15,074	17,583
Donations and legacies	6,787	222,812
Commercial partnership income	239,678	279,750
Project income	475,887	176,003
Other income	39,287	34,014
MIDIRS	354,591	369,897
Journal/website income	89,728	148,957
Consultancy/accreditation	750	3,184
	10,535,623	10,519,875

THE ROYAL COLLEGE OF MIDWIVES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

5. STAFF COSTS AND NUMBERS

	2021 £	2020 £
Wages and salaries	4,426,377	4,170,015
Social security costs	434,690	410,626
Pension costs	1,149,758	883,258
	<u>6,010,825</u>	<u>5,463,899</u>

Full-time equivalent employed at 31 December 2021

Professional	83	81
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The salary cost for the key management personnel during the year was £726,423 (2020: £666,426). The figure is inclusive of pension benefits; no other employee benefits were paid. There were no redundancy payments in the year (2020: £nil).

6. INTEREST RECEIVABLE

	2021 £	2020 £
Bank and building society interest	<u>626</u>	<u>4,926</u>

7. SURPLUS ON ORDINARY ACTIVITIES

	2021 £	2020 £
This is stated after charging		
Auditor's remuneration		
– audit	37,440	36,510
– other services – taxation	10,200	17,162
Operating lease rentals		
– plant and machinery	4,822	13,816
– land and buildings	177,160	181,511
Depreciation	312,315	259,375

THE ROYAL COLLEGE OF MIDWIVES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

8. REMUNERATION OF MEMBERS OF THE RCM BOARD

No member of the RCM Board received any remuneration from the RCM 2021 : nil (2020: nil) except for reimbursement of their travelling expenses totaling £7,463 (2020: £5,261).

9. RESULTS FOR THE FINANCIAL PERIOD

In accordance with the exemptions allowed by Section 408 of the Companies Act 2006, the RCM has not presented its own profit and loss account. The RCM's unconsolidated surplus for the year was £1,168,097 and the total turnover was £10,780,541.

10. TANGIBLE AND INTANGIBLE FIXED ASSETS

	Freehold land – Union and Street building	Leasehold	Furniture and office equipment	Total	Intangibles
	£	£	£	£	£
Cost or valuation					
At 1 January 2021	155,000	852,306	248,131	1,255,437	729,730
Additions	-	10,205	-	10,205	88,683
Disposal	-	-	(7,640)	(7,640)	-
At 31 December 2021	155,000	862,511	240,491	1,258,002	818,413
Depreciation and					
At 1 January 2021	54,363	15,377	180,549	250,289	398,261
Charge for the year	1,923	33,105	14,568	49,596	262,719
Disposal	-	-	(7,640)	(7,640)	-
At 31 December 2021	56,286	48,482	187,477	292,245	660,980
Net book value					
At 31 December 2021	98,714	814,029	53,014	965,757	157,433
<i>At 31 December 2020</i>	<i>100,637</i>	<i>836,929</i>	<i>67,582</i>	<i>1,005,148</i>	<i>331,469</i>

At 31 December 2021, there were capital commitments contracted for of £25,046 (2020: £121,500).

THE ROYAL COLLEGE OF MIDWIVES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

11. FIXED-ASSET INVESTMENTS

	Group	<i>Group</i>	RCM	<i>RCM</i>
	2021	<i>2020</i>	2021	<i>2020</i>
	£	<i>£</i>	£	<i>£</i>
Market value at start of	6,923,790	6,265,875	5,942,402	5,364,812
Additions	1,246,918	2,194,692	1,070,960	1,897,091
Disposals	(1,264,054)	(1,884,770)	(1,088,113)	(1,627,545)
Gains	756,692	347,993	643,871	308,044
Transfer to Cavell	(695,080)	-	-	-
Market value at 31 December 2021	<u>6,968,266</u>	<u>6,923,790</u>	<u>6,569,120</u>	<u>5,942,402</u>
Historical cost at 31 December 2021	<u>5,619,319</u>	<u>6,077,533</u>	<u>5,290,861</u>	<u>5,207,398</u>

Investments are held in a mixture of unit trusts managed by Cazenove Capital.

12. DEBTORS

	Group	<i>Group</i>	RCM	<i>RCM</i>
	2021	<i>2020</i>	2021	<i>2020</i>
	£	<i>£</i>	£	<i>£</i>
Amounts due from RCMT	-	-	291,006	313,017
Other debtors	496,909	392,444	280,119	129,245
Prepayments	178,088	111,390	151,310	109,574
	674,997	<u>503,834</u>	722,435	<u>551,836</u>

THE ROYAL COLLEGE OF MIDWIVES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

13. CREDITORS: Amounts falling due within one year

	Group	<i>Group</i>	RCM	<i>RCM</i>
	2021	<i>2020</i>	2021	<i>2020</i>
	£	<i>£</i>	£	<i>£</i>
Amounts due to RCMT		-	12,045	-
Subscriptions in advance	8,327	<i>7,507</i>	8,327	<i>7,507</i>
Trade creditors	520,696	<i>403,159</i>	458,085	<i>358,981</i>
Other taxation and social	162,027	<i>124,401</i>	163,441	<i>126,754</i>
Accruals	264,826	<i>366,878</i>	240,048	<i>353,189</i>
Deferred income	291,543	<i>307,495</i>	25,603	<i>32,056</i>
	<u>1,247,419</u>	<i><u>1,209,440</u></i>	907,549	<i><u>878,487</u></i>

14. PENSIONS

The RCM operates a defined benefit scheme in the UK. This is a separate trustee-administered fund that holds the pension scheme assets to meet long-term pension liabilities. A full actuarial valuation is being carried out at 31 March 2019 and the preliminary results have been updated to 31 December 2021 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below. Note the surplus for 2021 is not considered a recoverable amount and therefore has not been recognised in the financial statements in accordance with FRS 102. There is a difference between accounting and actuarial valuation.

This most recent actuarial valuation showed a surplus of £976,000. The RCM has agreed with the trustees that it will pay 26.1%% of pensionable pay in respect of the cost of accruing benefits, death in service benefits and expenses. In addition, the RCM will pay any levies to the Pension Protection Fund. Member contributions are payable in addition at the rate of 7% of pensionable pay.

The English High Court ruling in Lloyds Banking Group Pension Trustees Limited v Lloyds Bank plc and others was published on 26 October 2018, and held that UK pension schemes with Guaranteed Minimum Pensions (GMPs) accrued from 17 May 1990 must equalise for the different effects of these GMPs between men and women. The case also gave some guidance on related matters, including the methods for equalisation.

The trustees of the scheme will need to obtain legal advice covering the impact of the ruling on this scheme, before deciding with the employer on the method to adopt. An allowance for the additional liabilities as a result of this ruling is included within the defined benefit obligation.

The defined benefit cost for the fiscal year ending on the 31 December 2021 does not include

THE ROYAL COLLEGE OF MIDWIVES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

any past service cost arising following a High Court case on 20 November 2021 which ruled that transfers out of the Plan, between 17 May 1990 and 28 October 2018, need to be revisited and equalised for GMP (if applicable), given that the impact of this ruling is assumed to be immaterial to the scheme.

Plan Name	The Pension Scheme for the Royal College of Midwives	
	UK	
Country	000s	000s
Financial year ending on	<u>31/12/2021</u>	<u>31/12/2020</u>
Currency information		
Reporting currency	GBP	GBP
A. Change in defined benefit obligation		
1. Defined benefit obligation at end of prior year	38,836	34,571
2. Cost (excluding interest)		
a. Change arising from employee service in reporting period	956	747
b. (Gain) / loss on curtailments / changes / introductions	-	-
c. (Gain) / loss on settlements	-	-
3. Interest expense	543	689
4. Cash flows		
a. Benefit payments from plan assets	(1,258)	(1,231)
b. Benefit payments from employer	-	-
c. Settlement payments from plan assets	-	-
d. Settlement payments from employer	-	-
e. Participant contributions	281	265
f. Administrative expenses included in the DBO	-	-
g. Taxes included in the DBO	-	-
h. Insurance premiums for risk benefits	-	-
5. Other significant events		
a. Increase (decrease) due to effect of any business combinations / divestitures / transfers	-	-
b. Increase (decrease) due to plan combinations	-	-
6. Remeasurements		
a. Effect of changes in assumptions	(10)	3,891
b. Effect of experience adjustments	(485)	(96)
7. Effect of changes in foreign exchange rates	-	-
8. Defined benefit obligation at end of year	38,863	38,836
B. Change in fair value of plan assets		
1. Fair value of plan assets at end of prior year	42,317	38,710
2. Interest income	592	773
3. Cash flows		
a. Total employer contributions		

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NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

(i) Employer contributions	1,050	925
(ii) Employer direct benefit payments	-	-
(iii) Employer direct settlement payments	-	-
b. Participant contributions	281	265
c. Benefit payments from plan assets	(1,258)	(1,231)
d. Benefit payments from employer	-	-
e. Settlement payments from plan assets	-	-
f. Settlement payments from employer	-	-
g. Administrative expenses paid from plan assets	(184)	(120)
h. Taxes paid from plan assets	-	-
i. Insurance premiums for risk benefits	-	-
4. Other significant events		
a. Increase (decrease) due to effect of any business combinations / divestitures / transfers	-	-
b. Increase (decrease) due to plan combinations	-	-
5. Remeasurements		
a. Return on plan assets (excluding interest income)	3,211	2,995
6. Effect of changes in foreign exchange rates	-	-
7. Fair value of plan assets at end of year	46,009	42,317
D. Change in asset ceiling		
1. Asset ceiling at end of prior year	3,481	4,139
2. Interest income	49	84
3. Remeasurements		
a. Changes in asset ceiling (excluding interest income)	3,616	(742)
4. Effect of changes in foreign exchange rates	-	-
5. Asset ceiling at end of year	7,146	3,481
E. Amounts recognized in the statement of financial position		
1. Defined benefit obligation	38,863	38,836
2. Fair value of plan assets	46,009	42,317
3. Funded status	(7,146)	(3,481)
4. Effect of asset ceiling	7,146	3,481
5. Net defined benefit liability (asset)	-	-
F. Cost relating to defined benefit plans		
1. Cost (excluding interest)		
a. Change arising from employee service in reporting period	956	747
b. Change arising from employee service in reporting period to reimbursement rights	-	-
c. (Gain) / loss on curtailments / changes / introductions	-	-
d. (Gain) / loss on settlements	-	-
e. Total cost	956	747
2. Net interest cost		
a. Interest expense on DBO	543	689

THE ROYAL COLLEGE OF MIDWIVES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

	b. Interest (income) on plan assets	(592)	(773)
	c. Interest (income) on reimbursement rights	-	-
	d. Interest expense on effect of (asset ceiling)	<u>49</u>	<u>84</u>
	e. Total net interest cost	-	-
	3. Remeasurements of Other Long Term Benefits	-	-
	4. Administrative expenses and/or taxes (not reserved within DBO)	<u>184</u>	<u>120</u>
	5. Cost relating to defined benefit plans included in P&L	1,140	867
F.6	6. Remeasurements (recognized in other comprehensive income)	-	-
	a. Effect of changes in assumptions	(10)	3,891
	b. Effect of experience adjustments	(485)	(96)
	c. (Return) on plan assets (excluding interest income)	(3,211)	(2,995)
	d. (Return) on reimbursement rights (excluding interest income)	-	-
	e. Changes in asset ceiling (excluding interest income)	<u>3,616</u>	<u>(742)</u>
	f. Total remeasurements included in OCI	(90)	58
	7. Total cost related to defined benefit plans recognized in P&L and OCI	1,050	925
G.	Net defined benefit liability (asset) reconciliation		
	1. Net defined benefit liability (asset)	-	-
	2. Cost relating to defined benefit plans included in P&L	1,140	867
	3. Total remeasurements included in OCI	(90)	58
	4. Other significant events		
	a. Net transfer in/(out) (including the effect of any business combinations/divestitures)	-	-
	b. Amounts recognized due to plan combinations	-	-
	5. Cash flows		
	a. Employer contributions	(1,050)	(925)
	b. Employer direct benefit payments	-	-
	c. Employer direct settlement payments	-	-
	6. Credit to reimbursements	-	-
	6. Effect of changes in foreign exchange rates	-	-
	7. Net defined benefit liability (asset) as of end of year	-	-
H.	Defined benefit obligation		
	1. Defined benefit obligation by participant status		
	a. Actives	8,209	6,998
	b. Vested deferreds	12,368	12,463
	c. Retirees	18,286	19,375
	d. Total	38,863	38,836
I.	Plan assets		
	1. Fair value of plan assets		

THE ROYAL COLLEGE OF MIDWIVES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

a. Cash and cash equivalents	66	32
b. Equity instruments	15,826	14,152
c. Debt instruments	5,741	6,054
d. Real estate	3,129	2,601
e. Other	21,247	19,478
f. Total	<u>46,009</u>	<u>42,317</u>
2. Amount invested in entity's own financial instruments		
a. Equity instruments	-	-
b. Debt instruments	-	-
c. Real estate	-	-
d. Other	-	-
e. Total	<u>-</u>	<u>-</u>
3. Actual return on plan assets	3,803	3,768

J. Significant actuarial assumptions

Weighted-average assumptions to determine defined benefit obligation

Discount rate	1.80%	1.40%
Salary increase rate	3.45%	2.95%
Price inflation rate (RPI)	3.45%	2.95%
Price inflation rate (CPI)	2.95%	2.45%
Post-retirement mortality assumption	102% of the standard tables S3PxA, Year of Birth, no age rating projected using CMI_2020 converging to 1.25% p.a.	102% of the standard tables S3PxA, Year of Birth, no age rating projected using CMI_2019 converging to 1.25% p.a.
Assumed life expectancy on retirement at age 65		
Retiring today (member age 65)	21.9 (M) / 24.2 (F)	21.9 (M) / 24.2 (F)
Retiring in 20 years (member age 45 today)	23.3 (M) / 25.7 (F)	23.3 (M) / 25.7 (F)
Duration (in years)	17	16

Weighted-average assumptions to determine cost relating to defined benefit plans

Discount rate	1.40%	2.00%
Salary increase rate	2.95%	2.85%
Price inflation rate (RPI)	2.95%	2.85%
Price inflation rate (CPI)	2.45%	2.05%
Post-retirement mortality assumption	102% of the standard tables S3PxA, Year of Birth, no age rating projected using CMI_2019 converging to 1.25% p.a.	102% of the standard tables S3PxA, Year of Birth, no age rating projected using CMI_2018 converging to 1.25% p.a.
Assumed life expectancy on retirement at age 65		
Retiring today	21.9 (M) / 24.2 (F)	21.9 (M) / 24.2 (F)

THE ROYAL COLLEGE OF MIDWIVES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Retiring in 20 years

23.3 (M) / 25.7
(F)

23.3 (M) / 25.6 (F)

K. Sensitivity analysis

Present value of defined benefit obligation

Discount rate - 25 basis points	40,507	40,457
Discount rate + 25 basis points	37,309	37,285
Price inflation rate - 25 basis points	37,566	37,619
Price inflation rate + 25 basis points	40,223	40,120
Post-retirement mortality assumption - 1 year age rating	40,562	40,396

THE ROYAL COLLEGE OF MIDWIVES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

15. MOVEMENT ON RESERVES

	1 January 2021 £	Movement in £	Revaluation £	Transfer to Cavell £	31 December £
SPECIFIC FUNDS					
Headquarters specific fund	109,505	(752)	13,961	-	122,714
Headquarters benevolent fund	768,610	(7,939)	72,386	(831,556)	1,501
TOTAL SPECIFIC FUNDS	<u>878,115</u>	(8,691)	86,347	(831,556)	124,215
GENERAL FUNDS					
General funds – HQ	11,031,096	591,910	670,345	-	12,293,351
General funds – branches	467,565	(8,452)	-	-	459,113
	<u>11,498,661</u>	583,458	670,345	-	12,752,464
TOTAL SPECIFIC AND GENERAL	<u>12,376,776</u>	574,767	756,692	(831,556)	12,876,679
Pension fund reserve	-	(90,000)	90,000	-	-
TOTAL FUNDS	<u>12,376,776</u>	484,767	846,692	(831,556)	12,876,679

RCM worked with Cavell Nurses Trust (CNT) since 2018 to improve the efficiency and performance of the Benevolent Fund. CNT administered the fund on behalf of the RCM under a management fee arrangement. In this time a number of improvements were made to the speed of our service, the amount of support we were able (jointly) to give to midwives and MSWs facing financial hardship and the customer service we were able to deliver. Throughout this process RCM and CNT worked to a common objective: to increase the number of midwives and MSWs we were able to support.

In 2020 the Executive proposed that RCM Trust should consider transferring the entire Benevolent Fund to CNT to secure its long term future and its sustainability. The Executive team have used the Charity Commissioner's checklist to work through the strengths, weaknesses, opportunities and threats associated with this proposal. The Executive also explored the legal requirements, reputational risks and benefits to the RCM and its members. The RCM Trust formally agreed to asset transfer and the most of the Benevolent fund assets were transferred to Cavell Nurses Trust on 23 November 2021. As at the end of December 2021, there was £1,501 cash left on the investment bank account to cover for the final Cazanove invoice for fees due. This account was closed in January 2022 and the transfer completed. The funds transferred are ring fenced for the benefit of midwives, students

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NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

midwives and MSWs only. The RCM did not close the Benevolent Fund as a charity and has kept Unity bank accounts with holding of £1. This is to allow RCM to receive any future donations/ legacies made to the RCM BF.

16. FINANCIAL COMMITMENTS

At 31 December 2021, the group and company had the following annual commitments under non-cancellable operating leases expiring as follows:

	Land and building		Furniture and	
	2021	2020	2021	2020
	£	£	£	£
In less than one year	177,160	177,160	4,822	4,822
Within two to five years	878,000	700,840	11,784	11,081
In more than five years	2,068,245	2,206,370	-	-

17. RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2021	2020
	£	£
Operating surplus	394,569	929,809
Depreciation	312,315	259,375
(Increase)/decrease in debtors	(171,164)	120,803
Increase/(decrease) in creditors	37,978	95,813
Charitable grants paid	(18,042)	(24,105)
Pension current costs	1,140,000	867,000
Contribution by employer	(1,050,000)	(925,000)
	<u>645,656</u>	<u>1,323,695</u>

THE ROYAL COLLEGE OF MIDWIVES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

18. ANALYSIS OF BANK BALANCES AND CHANGES IN THE YEAR

	<i>2020</i>	Change in year	2021
	£	£	£
Cash at bank and in hand	<u>4,821,976</u>	535,669	5,357,645

19 SUBSIDIARY UNDERTAKINGS

The RCM is the ultimate parent entity of the RCM Group. At 31 December 2021, the RCMT, RCM Trust Trading Company Limited and RCM Information Services Ltd formed part of the consolidated financial statements. The RCMT is controlled by the same board as the RCM, and the RCMT holds 100% of the share capital of RCM Trust Trading Company Limited and RCM Information Services Ltd. All subsidiaries are registered in the UK and have the same registered office as the RCM.

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NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

SECTION 32A(6)(A) OF THE TRADE UNION AND LABOUR RELATIONS (CONSOLIDATION) ACT 1992 AS AMENDED BY THE EMPLOYMENT RELATIONS ACT 1999

- a) Total income and expenditure of the trade union for the period ended 31 December 2021:

Income £10,780,541
Expenditure £9,612,445

- b) The total income for the union for the period ended 31 December 2021 includes £9,292,519 of payments in respect of membership.
- c) The union has no political fund.
- d) The CEOs (whose role includes that of general secretary) received a gross salary of £138,158 for the 12-month period, which includes benefits of £36,059 consisting of pension contributions.

It should be noted that the CEO's salary is associated with all the activities of the RCM and not just the trade union. No salary or other benefits were received by the president or any members of the RCM Board.

A member who is concerned that some irregularity may be occurring, or may 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 one or more of the following (as appropriate): the officials of the union, the trustees of the property of the union, the auditor or auditors of the union, or the certification officer (who is an independent officer appointed by the secretary of state) or the police.

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

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