

Consolidated annual report and accounts 2008/2009

Royal College of Nursing
of the United Kingdom



Royal College
of Nursing

Registered charity number: 276435





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of the United Kingdom**

31 March 2009

Registered Charity Number: 276435

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Reference and administrative details

Registered Office

The main educational centre, library and central administrative office of the RCN is:

20 Cavendish Square
London W1G 0RN

The RCN also has two offices in Scotland, two in Wales and one in Northern Ireland, as well as 11 regional offices located in England.

Bankers

National Westminster Bank PLC
1 Cavendish Square
London W1A 4NU

Auditors

PricewaterhouseCoopers LLP
80 Strand
London WC2R 0AF

Investments managers

Sarasin & Partners
Juxon House, 100 St Paul's Churchyard
London EC4M 8BU

Lawyers

Bates Wells and Braithwaite
2-6 Cannon Street
London EC4M 6YH

Chief Executive and General Secretary

Professor Peter Carter OBE

Charity registration numbers

Registered corporate charity: "The Charity consisting of the Property and Income of the Royal College of Nursing of the United Kingdom"; 276435

Registered unincorporated charitable trust "The Royal College of Nursing Charitable Trust"; 273463

The John Howard Nurses Homes: 212584

RCN Council has changed the format of its annual report. This document is a summary of our activities and finances set out against our strategic objectives. Further details about the RCN's work across the UK over the past year will be available at the AGM in October 2009. It will also be available to download from the RCN website and printed copies will be made available for those who do not have internet access, as well as for external stakeholders.

Legal structure

The Royal College of Nursing of the United Kingdom (RCN) is a membership organisation set up under Royal Charter. It is also a trade union and is the trustee of three charities.

The RCN was established in 1916 and incorporated by Royal Charter in 1928. Its property and income is registered as a charity (Registration No 276435). In addition, the Royal College of Nursing Charitable Trust (RCNCT) was set up in 1977 and is registered as a charity (Registration No 273463). With the RCN as its corporate trustee, the Royal College of Nursing Charitable Trust has three subsidiaries:

- RCN Membership Services Ltd (RCNMS)
- RCN Publishing Company Ltd (RCNPC)
- RCN Licensing Ltd (RCNL)

The RCN is registered as a trade union under the Trade Union and Labour Relations (Consolidation) Act 1992.

The RCN is also the corporate trustee of The John Howard Nurses Home (JHH) (Registration no 212584).

RCNCT is also registered as a charity in Scotland. The Scottish registration number is SCO39641.

Learning and Development

The RCN is no longer a direct provider of higher education courses. In 2008 we revoked our higher education status following the establishment of strategic alliances with the Open University and the University of Warwick.

The Learning and Development Institute's new purpose is to provide learning and development opportunities, expertise and resources to members, representatives and the wider health and social care community.

Structure, governance and management

In terms of governance we are working to:

- Deliver clear, timely, well-informed decision making
- Ensure that the wider interests of the RCN are taken into account in our decision making
- Be responsive to the views and concerns of our members
- Achieve open, two-way discussion between members, Council members, staff and stakeholders.

Our structure is designed to achieve the optimum balance between the governance of our charitable purposes and the representation of members' interests. We do this through:

Council

A representative Council that is responsible for policy making on behalf of members and overall governance of the RCN. It acts as the organisation's governing board in delivering its statutory and charitable purposes. Council members are the elected representatives of the membership in their country and region. They act as trustees of the RCN property and income charity.

Governance committees

Four governance committees assist Council with particular aspects of its responsibilities. The membership of these committees includes independent external advisors who bring specialist expertise and experience.

Finance and Corporate Services Committee: advises Council on its financial strategy including its investment and reserves policies. It also recommends the annual report and accounts and budget to Council. The committee has two sub-committees on Pensions and Investment.

Audit Committee: obtains assurance, on behalf of Council, of the proper operation of the risk management, control and governance arrangements of the RCN and of the adequacy of arrangements for ensuring economy, efficiency and effectiveness.

Remuneration Committee: agrees the remuneration and terms of employment of the RCN Chief Executive and General Secretary, and members of the UK Executive Team.

Governance Support Committee: supports Council in ensuring the most effective governance arrangements and practices are in place.

Council committees

Three council committees assist Council with policy development and provide a sounding board for staff. The membership of these committees is broader than Council and includes RCN members with specific skills and backgrounds who work alongside Council members. Council committee chairs and vice-chairs are members of Council.

Nursing Development Committee: oversees the RCN's mission to develop the art and science of nursing and nursing policy and build our resources of professional expertise and leadership. The committee takes decisions on behalf of Council on education, research, nursing policy and clinical standards and competencies.

Public Policy Committee: oversees the RCN's campaigns and lobbying activities and works towards the implementation of policy which improves the quality of patient care. The committee takes decisions on behalf of Council on matters relating to health and social care and public policy.

Membership Representation and Diversity Committee: oversees the RCN's work of representing nurses and nursing. This includes protecting terms and conditions of employment and health and safety policies. It also has responsibility for the RCN diversity strategy, defining the membership categories and their rights and membership marketing.

Boards

Twelve country/regional boards provide governance, advice and support to the country and regional Directors in implementing UK wide or devolved policy in each region/country. Board members are elected by the members in the country/region. The Chair of the Board is one of the two members elected to serve on Council. The Chair provides the link between Council and the Board and informs Council of local issues of national significance.

Membership of council, committees and boards

RCN Council Members are the elected representatives of the membership in their country or Region.

Country and regional Board Members are elected by the membership in the country /region.

Our election procedures aim to ensure that the election systems used are accessible to all members. The core principles followed in all elections are that the election is democratic, all members are encouraged to participate in elections, the systems for voting are objective, secure and accurate with provision to vote in a secret postal ballot and the administration of the election is transparent.

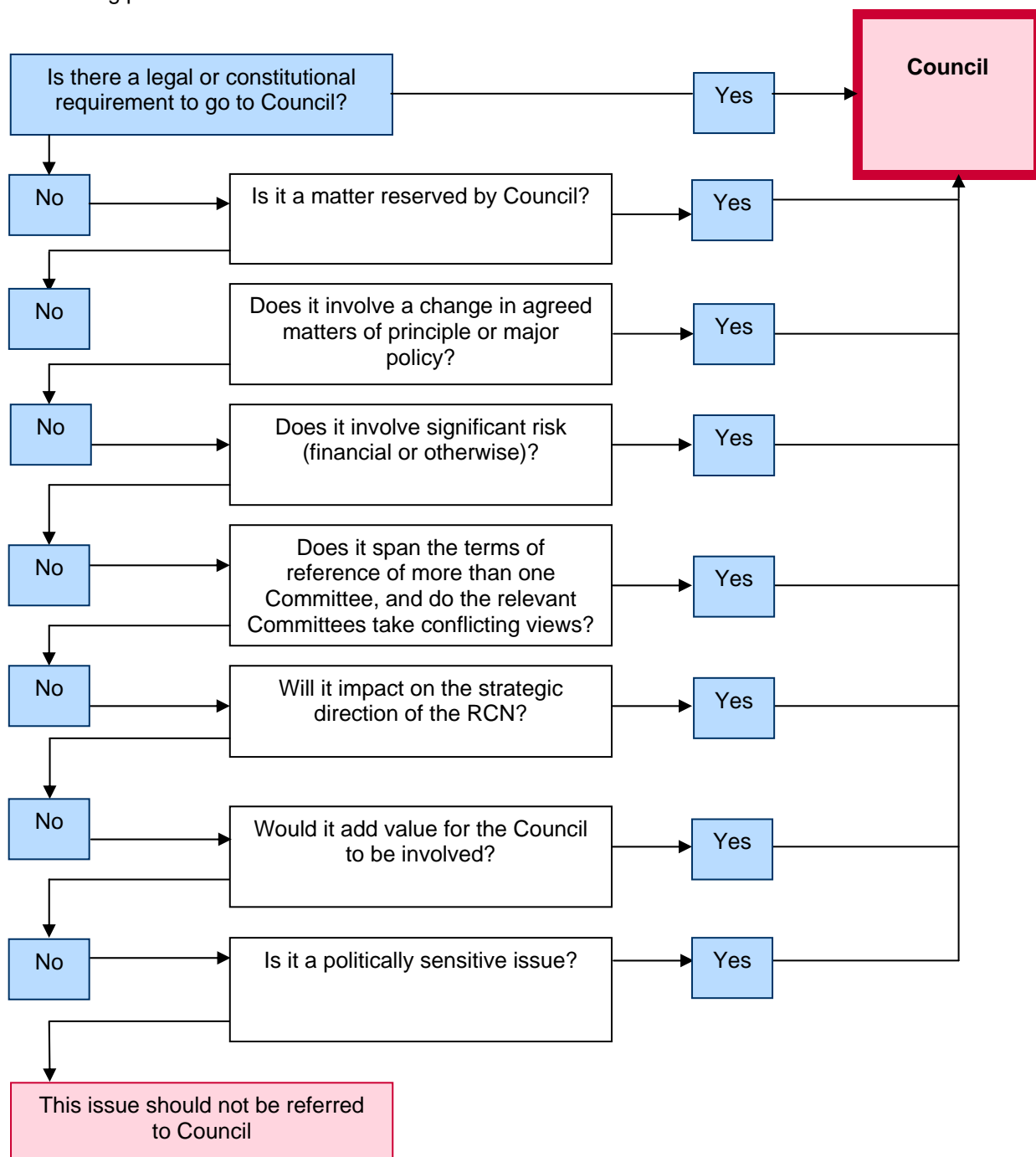
RCN Council has opened up membership of its committees to members and other external advisers. To manage this process Council set up a Nominations Committee. It reviews the balance and effectiveness of the committees, identifies the skills and experience needed to ensure they achieve their objectives and gaps that need filling to complement the qualities of the existing members of the committee. The Nominations Committee recommend all appointments to Council for approval.

Induction and development

The RCN has an induction and development programme for all Council and Board members focused on ensuring that members have ongoing training opportunities to help them develop the skills they require to fulfil their various roles in the RCN.

Decision Making

The following process is used to determine whether an issue should be referred to Council:



Membership and Communications

General meetings

A general meeting of the members of the RCN is held at least once every calendar year and is the main opportunity in the year for an open, two-way discussion between Council and its members. Its business is to receive the annual report and accounts and to discuss matters of professional importance in the interests of the members.

RCN Congress

The RCN Congress meets annually and is the delegate body of the organisation. It is where RCN members meet to learn, develop professionally and share excellent nursing practice. It is also where members inform the RCN's agenda and influence nursing and health policies through debate.

Membership of the Council, governance and council committees country and regional boards

Council

Sandra James - Chair of Council
Robert Sowney - Vice Chair of Council (Northern Ireland)
Maura Buchanan - President from October 2008
Bobbie Chadwick - Deputy President from October 2008
Jane McCready - Honorary Treasurer (Scotland)
Naomi Baker (Student Member)
Gerry Bolger (London)
Jenny Booth (South East)
Jane Bovey (South West)
Tracey Budding (West Midlands)
Gillian Cort (East Midlands)
Yvonne Dyer (London)
Ann Griffiths (Wales)
John Hill (Yorkshire and the Humber)
Stacey Hunter (Yorkshire and the Humber)
Alan Mawbey (South West)
Harvey Morgan - Student Member from October 2008
Ben Mott (Student Member) until October 2008
Professor Kathleen McCourt FRCN (Northern)
Evelyn Nicholls (East Midlands)
Ann Marie O'Neill (Northern Ireland)
Gareth Phillips (Wales)
Jan Rushford (Scotland) until February 2009
Andrea Spyropoulos (North West)
Les Storey FRCN (North West)
Barbara Tassa (West Midlands)
Marcia Turnham (Eastern)
Jason Warriner - Chair of Congress
Cate Woolley-Brown (Northern)
Anne Wells (Eastern)

Governance committees

Finance and Corporate Services Committee

Jane McCready - Chair and Honorary Treasurer
Stacey Hunter - Vice Chair
Maura Buchanan
Anne Griffiths until December 2008
Professor Kathleen McCourt
Evelyn Nicholls
Gareth Phillips
Cate Woolley-Brown

Advisers

Professor Shona Brown
Bernard Crotty
Simon Ellen
Ian Wingfield

Observers

Elizabeth Butler, Chair of the Audit Committee

Audit Committee

Bobbie Chadwick
Barbara Tassa - Vice Chair
Gillian Cort
Ann Griffiths
Anne Marie O'Neill
Marcia Turnham
Anne Wells
Professor Peter Carter

Advisers

Elizabeth Butler - Chair
Sophia Bhatti
Michael Parker
Geraldine Walters

Observers

Jane McCready - Chair of the Finance and Corporate Services Committee and Honorary Treasurer

Remuneration Committee

John Hill - Chair
Barbara Tassa - Vice Chair
Vicky Hemming - External Adviser
Andrea Spyropoulos

Observers

Jane McCready - Honorary Treasurer

Governance Support Committee

Robert Sowney - Chair
Gerry Bolger - Vice Chair
Jenny Booth
Maura Buchanan
Tracey Budding
Gill Cort from January 2009
Stacey Hunter
Sandra James - Chair of Council
Ben Mott until October 2008

Council committees

Nursing development committee

Jenny Booth - Chair
Marcia Turnham - Vice Chair
Gerry Bolger
Jane Bovey
Bobbie Chadwick
Anthony Daniels
Jane Denton
Cathy Geddes
Ann Griffiths
Harvey Morgan from October 2008
Chris Pearcy until April 2009
Les Storey FRCN
Alison Twycross

Public policy committee

Kathleen McCourt, FRCN - Chair
John Hill - Vice Chair
Maura Buchanan
Gary Jones
Jane McCready
Evelyn Nicholls
Maria Nicholson
Andrea Spyropoulous
Cate Woolley-Brown

Membership, representation and diversity committee

Alan Mawbey - Chair
Tracey Budding - Vice Chair
Naomi Baker
Michael Brown
Gill Cort
Marcelle de Sousa
Yvonne Dyer
Sandra James
Ann Marie O'Neill
Gareth Phillips
Dominic Walsh
Anne Wells

Country and Regional Boards (as at 31 March 2009)

Northern Ireland Board

Ann Marie O'Neill - Chair
Robert Moore - Vice Chair
Kevin Bell
Fiona Carroll
Eamonn Connolly
Martain Fiddis
Margaret Graham
Donna Hanna
Francis Lavery
Marie McAteer
Margaret McCambridge
William McCormick
Joseph McCambridge
Michael McQuillan
Margaret Meehan
Lorna Mercer
Alison Milliken
Robert Sowney
Joanne Stevenson
Rosemary Strange

Mairead McClintock until December 2008

Scotland Board

Jane McCready - Chair
May McCreadie - Vice Chair from October 2008
Gordon Anderson from August 2008
Sean Bingham from January 2009
Michael Brown
James Clark from September 2008
Geoff Earl
Lisa Falconer
Eileen Frame
Rosemary Glass from September 2008
Paul Hopson
Marie Innes
Norma Laurenson from August 2008
Mary Ann Lewis from September 2008
Kate MacAulay
Mary McDermott from September 2008
Stuart McKenzie from August 2008
Joan McKie from August 2008
Muriel McNab from October 2008
Maxine Moy
Andy Patrick
Evelyn Ryan from September 2008
Susan Smith
Eric Watson from September 2008

Michael J Brown until September 2008
Charles Hendry until January 2009
Derek Henry until September 2008
Sean Hubbard-Reid until September 2008
Elenor Macleay until September 2008
Kathleen Pye until September 2008
Jan Rushford until February 2009
Elizabeth Shannon until September 2008
Audrey Simpson until September 2008
Sheena Smith until September 2008
Joan Wilson until September 2008
Tom Wilson until September 2008

Welsh Board

Gareth Phillips - Chair
Dave Williams - Vice Chair
Jane Carroll from October 2008
Delyth Clarke
Moira Davies
Carol Dent from October 2008
Jan Evans
Paul Harries from October 2008
Wendy Hughes
Sandra James
Owain Jones from October 2008
Alison Kedward from October 2008
Billy Nichols
Pamela Parsons from April 2009
Yvonne Protheroe from April 2009
Elizabeth Rees
Jim Richardson
Fiona Salter from April 2009
Anne Stevenson
Ann Taylor-Griffiths
Chris Thomas
Christine Thomas
Yvonne Thomas
Yvonne Whitfield
Adrian Williams
Helen Williams

Ann Baker until October 2008
Claire Bateman-Jones until January 2009
Maggie Crawford until October 2008
Sue Fosterjohn until September 2008
Angela Hayley until October 2008
Shirley Hockings until October 2008
Jean Jenkins until October 2008
Sue Thomas until July 2008

East Midlands Board

Evelyn Nicholls - Chair
Gill Cort - Vice Chair
Laura Archer
Martin Birchenall from May 2008
Jackie Eades
Pat Edkins
Roger Hancock
David Harding-Price
Ruth Hartley
Michael Hayworth from April 2009
Robert Johnson
Nigel Mellors
Rita Merrison
David Miller
Andrew Parker
Philip Schneider
Pauline Smolak from May 2008
Neil Thompson
Liam Whitelaw

Julie Bevan until March 2009
Rita Merrison until April 2009
Christine Reeves until July 2008
Tina Scattergood until April 2009
Sally Shearer until November 2008

Eastern Board

Anne Wells - Chair
Paul Smart - Vice Chair
Trevor Allen from May 2008
Simon Clarke
Sue Devenish
Pam Fenner
Les Gelling from October 2008
Becky Judge from February 2009
Jan Kennedy
Pauline Kingston
Penny Lavis
Carla Lewinton
Jayne Mewis from May 2008
Pauline Newson
Lisa Nobes from February 2008
Ed Phillips from February 2009
Bernadette Smith
Jeff Thomas
Susan Tivy-Ward from September 2008
Marcia Turnham
Val Tweedie
Carol Watts from February 2009
Dr Lynne Wiggins from February 2009
Tessa Woodcock
Deborah Zinhi from May 2008

Dot Chatfield until February 2008
John Collins until April 2008
Steve Elliott until May 2008

London Board

Yvonne Dyer - Chair
Ian Norris - Vice Chair
Cecilia Anim from October 2008
Zeba Arif
Karen Barrett from March 2009
Gerry Bolger
Ursula Gallagher
Christopher McDonnell from December 2008
Andy McGovern
Tom Morahan from October 2008
Chi Chi Onyeukwu
Gwen Rose
Felicia Salmon
Karen Sanders
Michael Smith
Barbara Steele
Barbara Walters from October 2008

Sue Carnell until March 2008
Marcelle De Sousa until September 2008
Jean-Paul De Wet until October 2008
Linda Graham until October 2008
Philip King until September 2008

North West Board

Les Storey FRCN - Chair
Andrea Spyropoulos - Vice Chair
David Dawes
Heather Diamond
Catriona Forsyth
Ali Handscomb from November 2008
Marcia Jones
Hamish Kemp
Joanne Kerr
Catherine Leach
Janet Marsden
Jean Rogers from November 2008
Pam Scott from November 2008
Sylvia Thomas
Rod Thomson
Alison Watson from March 2009
Pauline Wright

Adrienne Brownrigg until Jan 2009
Karen Harte until March 08
Janet Rutter until March 08

South East Board

Jenny Booth - Chair
Sandra James - Vice Chair

David Collins
Kathy Doughty from October 2008
Brendan Foreman from October 2008
Paul Irving
Patricia Kemish from October 2008
Daniel Matthews from January 2009
Heather Mercer
Zuben Montgomery
Deborah Pearman
Trish Pullen
Sue Sanderson
Glynn Scott from October 2008

Edna Long until July 2008

South West Board

Alan Mawbey - Chair
Frances Jones - Vice Chair
Lors Allford
Helen Ballinger
Claire Barber
Premi Bonomally
Jane Bovey
Darren Eaves
Christine Greenshield
Mollie Harwood
Patricia Hodge
Kathryn Lawrie
Mike Limbrick
Laura Matless
Sharon McGinn
Lesley Pallet
Susan Pickett
Edna Piper
Angela Thompson
Paul Watts
Yvette Wells
Amanda Yates

Elaine Adams until July 2008
Richard Clarke until October 2008
Alison Denham until October 2008
Corrine Goldsmith until July 2008
Simon Jones until October 2008
Tom Murray until March 2009

Northern Board

Cate Woolley-Brown - Chair
Kath McCourt FRCN - Vice Chair
Katrina Denton
Mary Douthwaite
Billy Drysdale
Denise Elgie
Kath Fawcett
Pat Ferguson

Jan Gebbie from October 2008
Marie Hannah
Susan Johnson
Chris Kitchen
Carol Lancaster
Sue Lawrence from March 2009
Denise McLaughlin
Chris Piercy from October 2008
Mark Tull
Margaret Wardrobe
Jan Weightman
Paul Young from October 2008

Mavis Harris until May 2009
Stuart Isles until January 2009
Patrick Mhlanga until May 2009

West Midlands Board

Tracey Budding - Chair
Judith Whalley - Vice Chair
Greta Alleyne
Chris Bourne
Cathy Briggs
Gail Brooks
Mark Butler
Lesmarie Crawford
Paul Dyke
Sue Edwards
Lisa Evans-Dimmock
Abe Golamaully
John Kelsall
Loo Lawson
Linda Marsden
Leslie Miles
Rachel Millward
Philip Noyes
Pauline Pearsall
Diana Playdon
Bernard Joseph Seery
Sue Warner

Angela Perkins until April 2008
Andrew Lester until July 2008

Yorkshire and Humber Board

John Hill - Co-Chair
Stacey Hunter - Co-Chair
Sue Bacon from March 2009
David Baker from November 2008
Cora Browning
Tony Daniels from November 2008
Annette Else
Catherine Gleeson until November 2008 and from March 09
Claire Hale
Anne Kennedy from November 2008

Pam McIvor
Anita Murray
Theresa Odetoyinbo from November 2008
Susan Panther
Bron Roberts
Alison Sayers
Paul Smith
Tina Sykes
Roy Tomlinson
Jane Tooke
Wendy Train
Chris Verity

Claire Barbrooke-Grubb until October 2008
Penny James until October 2008
Michael Southern until October 2008

Executive Team

The Executive Team (ET) is made up of the senior directors and supports the Chief Executive and General Secretary in fulfilling the responsibilities to Council and the Committees. The ET is responsible for ensuring Council decisions are implemented and oversees the day-to-day operation of the RCN. A group of senior managers (SMT) meet quarterly and support the ET in delivering corporate policies.

Chief Executive and General Secretary

Professor Peter Carter OBE

Members of the Executive Team during, and subsequent to, the year were:

Professor Peter Carter - Chief Executive and General Secretary
Amanda Callaghan - Director of Communications
Jane Clarke - Director of Governance Support
David Cooper - Director of Human Resources
Chris Cox - Director of Legal Services
Janet Davies - Director of Nursing & Service Delivery
Tina Donnelly - Director, RCN Wales
Theresa Fyffe - Director, RCN Scotland
Tim Golbourn - Director of Finance & Corporate Services
Mary Hinds - Director, RCN Northern Ireland until May 2009
Janice Smyth - Director, RCN Northern Ireland from June 2009
Tom Sandford - Director, RCN England
Linda Thomas - Director, RCN Publishing

Risk Management

The RCN has standardised many processes, creating an effective means to identify, evaluate, prioritise, monitor and communicate significant risks. During the year we continued to monitor the business environment so that new risks were identified and the potential impact of existing risks was recognised.

The Executive Team undertook monthly risk reviews as a fixed agenda item at its business meetings. At these reviews, the relative severity of existing risks was assessed and any new or potential risks were identified. Subsequent to each review the corporate risk register is updated with the details of each risk, the controls in place and any future actions needed to manage risk.

Our Audit Committee has been presented with a risk report at each of its meetings, highlighting the significant corporate risks, those that have been mitigated and those that could pose a future threat or opportunity. These risk reports allowed the Committee to gain assurance on the overall system of risk management as well as ensure a comprehensive assessment or risk is made. During the year our Audit Committee reported to our Council about risk management. In addition, our Finance and Corporate Services Committee received summaries of risk management.

We widened our scope beyond business risk management, and incorporated the outcomes from corporate health and safety reviews into our risk reporting process. In addition, our internal audit department carried out a programme of audits that were prioritised using a risk-based approach.

The business risks identified during the year were:

- Financial and economic risk
- Employee risk (recruit, retain, train)
- Membership risk (recruit and retain)
- Technological risk
- Governance and management risk
- Reputation risk
- Legal risk
- Compliance risk
- Infrastructure risk

We continue to improve our internal controls and believe that major risks have been identified and, where deficiencies exist, measures are being put in place to address these. The internal audit strategy of 2009/10 focuses on the risk identified within the corporate risk register.

Remuneration committee

The Remuneration committee is appointed by Council to assist it in discharging its responsibilities for RCN staff and to maintain the highest possible standards of corporate governance in this area. The main responsibilities of the Committee are:

- To advise on any proposals for major changes to the remuneration policy including the policy for and scope of pension arrangements for all staff and other terms and conditions of employment including benefits.
- To agree the remuneration and terms of employment of the Chief Executive and General Secretary and members of the Executive Team.
- To monitor and evaluate the performance of the Chief Executive and General Secretary and members of the Executive Team.
- To ensure there is an executive business continuity plan in place.

The Chair of the Committee will attend the AGM each year to answer any questions from the membership about all matters within its area of responsibility.

The Remuneration Committee met twice during the 2008/09 financial year.

Reserves

Council has adopted a reserves policy which it considers appropriate to ensure our continued ability to meet our objectives. The reserves policy was last updated in autumn 2007. The policy will be formally reviewed once the outcome of the current legal and governance review is known, likely to be Autumn 2009. Council has determined that free reserves should ideally be maintained at an ongoing level equivalent to between eight and twelve weeks' normal expenditure, this equates to a range of £12m to £18m. In determining this target range of reserves Council has considered the income streams and expenditure profile of the organisation and considered the financial risks facing the organisation. It is considered appropriate to maintain free reserves at this level in order to protect against volatility in income or expenditure and protect the charity's funds from loss in value.

The level of free reserves at 31 March 2009 was £15.2m (2008: £9m), which represents 10.5 weeks' forward expenditure. In 2008 it was six weeks. Free reserves are calculated as unrestricted funds before the pension reserve, less the net book value of tangible fixed assets, plus any outstanding loan secured on those assets. In December 2007 we repaid the outstanding loan secured on 20 Cavendish Square. Because the value of the outstanding loan was deducted from fixed assets as part of the free reserves calculation it reduced the level of free reserves reported in 2008 to below the level agreed by Council. The budgeted free reserves target for 2009 was nine weeks. However due to an increase in cash balances, the elimination of a long-term liability (Liverpool Victoria commission advance) and the effect of a change to the provisioning calculation for legal indemnity cases the reported reserves figure for 2009 is above the budgeted level and is in the middle of the target range agreed by Council.

The actuarial valuation of the RCN Pension Scheme at 31 March 2009, for the purposes of FRS17, showed a funding deficit on an FRS17 basis of £18.13 million. This is included in unrestricted funds, as required by SORP 2005. The liability does not result in an immediate cash flow impact on the RCN. Contributions to the Scheme are met through budgeted income and future pension contributions are included in longer term forecasts to ensure that these long term liabilities can be met as they fall due. The pension liability is therefore excluded from the calculation of free reserves. A full actuarial valuation on the current Pension Scheme as at 30 September 2007 was approved in November 2008; the results reported a pension scheme deficit of £13.3m. The previous full actuarial valuation as at 31 March 2003 reported a scheme deficit of £31.3m. The significant reduction in the deficit is due to closure of the Final Salary Defined Benefit Scheme and the transfer to a Career Average Defined Benefit Scheme in June 2007 and additional payments made by the RCN to reduce the deficit. As a result of the September 2007 actuarial valuation a revised eight year deficit funding plan has been agreed with the Pension Regulator. The escrow bank account created in March 2007, which had a balance of £4.9m at 31 March 2009, remains available to the Pension Scheme should it be required. The escrow account is a designated fund and therefore excluded from the free reserves calculation.

Investments, policy and performance

The RCN has wide investment powers and is subject to the Trustee Act 2000. The investment objective is to seek to protect real income and capital growth over time by placing the emphasis on equity type assets, while still generating a reasonable level of immediate income. In order to achieve this Council has determined on the recommendation of the Finance and Corporate Services Committee that equity investments should be held to a proportion of 65% to 75% of the portfolio, with 25% to 35% invested in fixed interest securities.

The fund managers have discretion over the selection of stocks, but avoid investments with significant interests in the tobacco, pornography or arms industries or which exploit child labour or vulnerable groups or who are involved in terrorism or drug trafficking.

An RCN tailored benchmark is used which is made up of a weighted total return from the following indices;

Gilts	- FT All Stock Index	30.0%
UK equities	- FTSE All Share Index	43.5%
Overseas equities	- FTSE World ex UK (£)	21.5%
Hedge funds	- Return from cash	5.0%
Total		100.0%

The fund managers may deviate away from the benchmark at the major asset level by +/- 10%. Any further deviation is reported to the RCN.

Total net investment losses for the year ended 31 March 2009 were £3,097,000. The total fund return for the financial year was -17.5% and the benchmark return was -14.8%. Over the last five years the total fund return has been 17.4%, against the benchmark return of 19.6%.

Financial review

The financial statements are presented in the format required under the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005) and the statement of financial activities reflects the strategic priorities of the RCN. The consolidated statement of financial activities and consolidated balance sheet for the year ended 31 March 2009 are set out on pages 36 and 47. The transactions of the RCN include amounts relating to activities as a trade union and these are identified in the accounts as Representation Activities. Charitable activities are carried out through the RCN and its associated charities, The Royal College of Nursing Charitable Trust and the John Howard Nurses Homes. Unrestricted charitable activities are shown within other activities.

The unrestricted funds relate to the income which is available to meet the RCN's general purposes as set out in the Royal Charter. The restricted funds and endowment funds are made available to the RCN for specific purposes, and are not available to meet the general expenditure of the RCN. Details of the unrestricted, restricted and endowment funds are set out in notes 14 to 16 to the accounts.

Total income including exceptional trading income for the year was £88.4m (2008: £82.6m). This represented a 6.9% increase from the previous year. Subscription income increased by £2.1m due primarily to the increase in subscription rates as of January 2008 and January 2009. Included within 2008/09 income was exceptional income of £2.5m in RCN Membership services relates to a settlement paid in year. Other one-off income includes the surplus received on the sale of the Leeds property. Publishing income increased by £1.6m from the previous year due primarily to an increase in classified advertising revenue and journal subscription rates.

Total resources expended decreased in 2008/09 from £74.8m to £72.3m. The 3.5% overall reduction in expenditure reflects the achievement of the 4.0% budgeted savings required on non-trading expenditure as part of the 2008/09 budget. The expenditure savings made were partially offset by an increase of £1.8m in reported RCN Publishing expenditure due primarily to an increase in distribution costs.

The statement of financial activities shows that the RCN had net incoming resources of £16.1m in the year. The net incoming resources have generated an improvement in the funds position of the RCN in comparison to the previous year end. The Group's funds increased by £3.7m and the Group total net assets, including the pension scheme liability were £33.7m at

31 March 2009 (2008: £29.9m). Excluding the pension scheme liability, total net assets were £51.8m (2008: £46.8m).

The net losses in the value of the RCN's investments totalled £3.1m. Net losses were made up of realised losses of £0.8m arising from the sale of investments and unrealised losses of £2.3m. The reported losses reflect the economic conditions of the period both in the global economy and in the stock market.

The defined benefit pension scheme liability at 31 March 2009 was £18.1m (2008: £16.9m). The increase in the pension scheme liability is due to the downturn in the economy which has affected the value of the scheme's assets and meant that assumptions used by the scheme's actuaries to calculate the FRS 17 deficit are less favourable than in the previous year. The increase in the reported pension scheme deficit would have been higher had it not been for the additional payments made to the scheme during the year. Further details of pension scheme matters can be found in note 19 of the accounts.

However because of the way in which the RCN is structured, and the requirement of the FRS 17 to show the pension scheme deficit as a balance sheet liability, the parent balance sheet shows net liabilities of £9,758K. This is one of the issues the current legal and governance review will address, but pending the outcome of that review the Council has reconfirmed its commitment made in the 2005/06 accounts that the net assets of the Charitable Trust are available to meet the liabilities of the parent body, particularly the pension scheme deficit.

The RCN Charitable Trust wholly owns three trading subsidiaries RCN Publishing Company (RCNPC), RCN Membership Services (RCNMS) and RCN Licensing (RCNL).

The principal activities of RCPNPC are communications through journal publishing, exhibitions and public relations within nursing and related fields. This includes the publication of *Nursing Standard*. The company made a profit of £1m for the financial year (2008: £1.3m), a decrease of 16% on the previous year due primarily to a 17% increase in distribution costs and a 13% increase in the cost of sales. These cost increases were partially offset by an increase in classified advertising and journal subscription income.

The activities of RCNMS consist of procuring insurance, financial and ancillary products and services, and the marketing and publicising of the same, to the Royal College of Nursing of the United Kingdom and its members. The company receives its income from a share of commission generated by this service. The company made a profit of £2.5m for the financial year (2008: £0.3m). The 2009 reported profit figure included exceptional income of £2.5m as part of a contract settlement paid in year. If this is excluded the company made a small loss for the year. In many ways 2008/09 was a transition year for the company. An agreement was reached regarding a previous contract with Liverpool Victoria and a new contract for the provision of insurance products is expected to be signed shortly. A contract is now in place with an affinity credit card supplier and commission streams for this area look healthy. A contract is being sought for the provision of personal loans and should be signed shortly.

The activities of RCNL consist of licensing the RCN's logo and trademarks, the supplying of catering and ancillary services, and new for 2008/09, the provision of the RCN Consultancy Service. The company made a profit of £0.3m for the financial year (2008: £0.3m).

RCNL maintained the income derived from the rental of conference facilities at 20 Cavendish Square and associated catering sales. One-off and annually recurring trademark licensing contracts continued to support the company's revenues. The RCN Consultancy Service generated a surplus in excess of £0.1m in its first year. This represented a return on investment of 50%. Given the current economic environment the target return on investment has been set for 30% in 2009/10.

The RCN Charitable Trust is also the corporate trustee of the John Howard Nurses Homes (JHH). It was founded as a charity under the terms of the will of Sir John Howard to provide accommodation for nurses who suffer from poor health or who otherwise are not able to follow their profession and whose means are limited. The charity had net incoming resources of £110,000 in the year (2008: £37,000). Included within the 2008/09 income figures is one-off £100,000 grant from the RCN Charitable Trust. Discussions between the RCN and another party to explore the possibility of transferring the trusteeship of the charity are ongoing.

The Report of Council

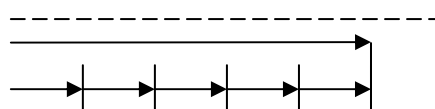
Our mission

The Royal College of Nursing represents nurses and nursing, promotes excellence in practice and shapes health policies.

The linkage between our Charter Objectives, Strategic Plan and Annual Plan is as follows:-

What we do...

- Charter Objectives
- Strategic Plan
- Annual Plan and Priorities



When....

Long-Term
5 years
Annual

When reviewing our aims and objectives we have referred to the Charity Commission's general guidance on public benefit. All of our activities, with the exception of those that further our representation objective, are undertaken to further our charitable purposes for the public benefit.

RCN Charter Objectives

The Royal College of Nursing was established to develop nursing as a profession and be a voice for nursing through:

1. Promoting the science and art of nursing and the better education and training of nurses and their efficiency in the profession of nursing
2. Promoting the advancement of nursing as a profession in all or any of its branches
3. Promoting, through the medium of international agencies and otherwise, the foregoing purposes in other countries as well as in the United Kingdom
4. Assisting nurses who by reason of adversity, ill-health or otherwise are in need of assistance of any nature
5. To promote the professional standing and interests of members of the nursing profession and it is under this object that the RCN reports on its activities to represent its members' interests (this was extended in 1976 when a new object was added under Article III of its Charter).

Strategic Goals

The purpose of the RCN strategy is to demonstrate how the value of the RCN to both its members and the public is enhanced by its professional and representative functions working together. The strategic plan for the 5 years 2008 – 2013 has the following 10 goals:

1. build a membership organisation which values both the professional and trade union functions, and whose power is enhanced by their working together
2. engage the full breadth of clinical and workforce talents, experience, and expertise of members and staff
3. strengthen the RCN as the leading authority on nursing in health and social care

4. embrace the wider nursing family, furthering strategic activities in our membership make-up, our networks, and with employer organisations
5. campaign for nursing, health care and patients
6. strengthen accountability in our governance structure
7. maximise the RCN's contribution to improving the health and wellbeing of the national, EU, and international population
8. enable structures and processes to value diversity
9. build the RCN as a business, to enable an efficient membership organisation
10. communicate the responsibilities the RCN has given its current charitable status and consider how this should develop in the future.

Priority activities for 2008 -2009

In order to progress the strategic plan, a number of specific priorities were agreed for 2008/09. These were:

- a) increase membership numbers in accordance with the financial and marketing strategies
- b) develop, implement and monitor effective systems, including the measurement of representation and members satisfaction
- c) continue to generate increased percentages of non-subscription income
- d) organisational efficiency and effectiveness
- e) implement diversity programmes aligned to the RCN Diversity and Equality Strategy
- f) influence the political, media and practice environment at a local, national, and international level
- g) professional development offered to members
- h) evidence of direct public benefit

The following section sets out particular activities and achievements during the year, showing how they link into the Charter objectives and strategic plan goals.

Objective 1 Education and training

Promoting the science and art of nursing and the better education and training of nurses and their efficiency in the profession of nursing.

<ul style="list-style-type: none"> In 2008 the distance learning programmes we had transferred to the Open University (OU) became embedded within OU systems and processes, and a range of collaborative activities - such as organising events for healthcare assistants, student nurses and senior health service staff and developing resources - were successfully delivered. 	Meeting Strategic Objective and Priority: 1/g
<ul style="list-style-type: none"> Our Research Institute has been highly successful in generating research income as part of our alliance with Warwick University - including €3 million from the EU. 	2/g
<ul style="list-style-type: none"> We successfully launched our Social Inclusion Site - a brand new online resource designed to support nurses and health care assistants working with excluded people and hard to reach communities. 	7/f
<ul style="list-style-type: none"> Our Information and Knowledge Management Team continued to improve and lead the way in specialist nursing information services: our e-library grew by 40,000 visitors a month, both RCN members and members of the public, and we have made further improvements by increasing the number of full text journals available. 	1/f
<ul style="list-style-type: none"> Our e-Health Programme established structures and processes to ensure the integration of members and staff working on this issue. In addition to producing the Make IT SAFE flyer and the <i>Consent to access, share and create eHealth records</i> our new eHealth web resource gives advice on the use of information and IT in clinical practice and explores subjects such as the electronic patient record. 	3/f
<ul style="list-style-type: none"> We implemented our UK-wide Political Leadership Programme for nurse directors - a high impact programme proven to have successfully developed the political skills of senior nurses and engaged nurse directors and those aspiring to director positions with the RCN. Opportunities for country-specific variants of this programme are subsequently being considered. 	2/f
<ul style="list-style-type: none"> Our consultancy service, RCNCS, has been operational for 12 months and recently increased its pool of knowledge by doubling the number of Associates available. In this first year we have run commissioned programmes in 32 organisations in England and Scotland as well as international programmes. We have run one International Practice Development School and have launched the new Leading for Quality Care Programme with full cohorts running in Leeds and London. 	4/f

- | | |
|---|-----|
| <ul style="list-style-type: none"> • 2008 marked the end of the first year of our activity on dignity, with the <i>Dignity: at the heart of everything we do</i> campaign giving support and direction to the nursing workforce. This UK wide campaign champions patient dignity by giving nurses practical tools to ensure compassionate care and to challenge poor practice where it exists - boosting awareness of dignity in care for nurses, reinforcing messages about its importance, and providing learning materials to improve the quality of care. | 5/f |
| <ul style="list-style-type: none"> • Our <i>Nutrition Now</i> clinical campaign was launched to raise standards of nutrition and hydration for patients in hospitals and the community. The campaign gives nurses practical tools, support and evidence needed to make nutrition a priority in the areas where they work. Two new campaign resources were launched at our Improving Nutritional Care conference – the <i>Enhancing nutritional care</i> booklet and the <i>Improving nutritional care</i> workshop CD. In supporting our Nutritional Campaign we delivered 32 one-day workshops and 12 one-day train the trainer events across the UK. | 5/f |
| <ul style="list-style-type: none"> • Our Learning Zone has been brought in-house, reducing our running costs whilst creating a new look with easier navigation and search features. The new website offers a regular supply of fresh content and new features, and is continuously improved and upgraded. | |

Objective 2 Advancing of the profession

Promoting the advancement of nursing as a profession in all or any of its branches.

- | | |
|---|--|
| <ul style="list-style-type: none"> • The target we set for growth in our total membership was 0.4%; however by year-end we had achieved 1.5%. This growth can be further segmented, based on our major categories of membership: Full member growth was targeted at 1% and achieved 1.3%. Health care assistant growth was targeted at 36% and achieved 31%, and our student member growth was set at 0% and we achieved 0.5%. | Meeting Strategic Objective and Priority:
1/a |
| <ul style="list-style-type: none"> • The Northern Ireland Assembly and Executive was successfully lobbied to secure the position of nursing leadership within the new health and social care structures being established in 2009 and, through legislative amendment, to strengthen the public health contribution to the new commissioning arrangements. We also implemented a high profile influencing strategy that built broad political opposition to proposals to cut nursing posts in order to meet the Northern Ireland Government's Comprehensive Spending Review efficiency targets. | 4/f |
| <ul style="list-style-type: none"> • We successfully campaigned to reverse the Scottish Government's decision to cut the 2009/10 student intake, with numbers now maintained at 2008 levels. Furthermore, | 4/f |

we ran a joint campaign with the Royal College of Psychiatrists on the appropriate number of health care staff to deliver on the Scottish Government's commitment to increase access to psychological therapies and reduce the increase in antidepressant prescribing.	
<ul style="list-style-type: none"> The RCN and Open University Strategic Alliance supported delivery of the first-ever national health care support worker conference in Scotland, attended by nursing and care assistants from the NHS and independent sector. 	1/a
<ul style="list-style-type: none"> We have worked in alliance with the Wales Tobacco Control Alliance and with the Wales Women's National Coalition. In Wales our <i>Get it Right</i> campaign focused on the right nursing numbers (especially in the community) and tackling violence against NHS staff. We have also led and developed the Welsh Assembly Government <i>Free to Lead Free to Care</i> project to empower ward sisters, and improve cleanliness and the fundamentals of care. 	4/f
<ul style="list-style-type: none"> The Alcohol Alliance is a coalition aiming to reduce health damage incurred by alcohol. In 2008 we undertook a joint survey with fellow Alliance member the Royal College of General Practitioners, asking doctors and nurses about the impact of alcohol on health. The survey results were jointly released, and received extensive media coverage. 	4/f
<ul style="list-style-type: none"> We organised a high profile campaign on preventing injuries from sharps, including a Westminster reception to launch our research and a campaign leaflet to convince employers and MPs that a legislative solution is needed. 	4/f

Objective 3 Promotion of Nursing

Promoting, through the medium of international agencies and otherwise, the foregoing purposes in other countries as well as in the United Kingdom.

<ul style="list-style-type: none"> In 2008 we submitted positions to the Department of Health, European Commission and House of Lords inquiry, achieving amendments to the draft EU Legislation on patients' rights to cross-border care that have ensured more equitable access. 	Meeting Strategic Objective and Priority: 7/f
<ul style="list-style-type: none"> We obtained amendments to EU recommendations on patient safety and infection control to highlight the role of specialist infection control nurses and link staff. 	7/f
As part of the review of the Working Time Directive, we maintained pressure on European politicians to support our health and safety objectives i.e. protecting a maximum average 48-hour week, all on-call time to count as working time, and taking compensatory rest between shifts.	7/f

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| <ul style="list-style-type: none"> • Positions were submitted to European Commission information on prescribed drugs to patients, the future health workforce, and health inequalities. | 7/f |
| <ul style="list-style-type: none"> • We campaigned with eight other European organisations against advertising prescription only medicines to patients. | 7/f |
| <ul style="list-style-type: none"> • We contributed to the World Health Organisation (WHO) draft code of conduct on ethical recruitment of health workers and the WHO survey on nursing and midwifery in Europe. | 7/f |
| <ul style="list-style-type: none"> • We lobbied on UN agreement to establish a UN women's agency to work for greater gender equity globally, particularly to support the achievement of the millennium development goals and improve global health. | 7/f |
| <ul style="list-style-type: none"> • Internationally we assisted 1,351 members with queries about working abroad and 5,335 members accessed our advice online. | 7/f |
| <ul style="list-style-type: none"> • 86 nurses and midwives attended our International conference on volunteering with VSO/Médecins Sans Frontières/Royal College of Nursing. | 7/f |
| <ul style="list-style-type: none"> • In collaboration with the British Medical Association and Department of Health we jointly funded grants to 29 overseas humanitarian projects – 17 of which included nurses and midwives in their teams. The total amount of funding allocated to projects was £49,500. | 7/f |
| <ul style="list-style-type: none"> • The Climate and Health Council is an international organisation that aims to mobilise health professionals across the world to take action to limit climate change. As a Council member, we have publicised the work of Council on our web site and encouraged individual members to join Council. | 7/f |

Objective 4 Assisting Nurses

Assisting nurses who by reason of adversity, ill-health or otherwise are in need of assistance of any nature.

- | | | |
|--|------------------------------------|---------------|
| <ul style="list-style-type: none"> • Our Benevolent Fund saw a 60% increase in applicants compared to the previous year, with awards increasing by almost 100% and totalling over £170 thousand. The increased trend for applications arose from the large percentage of Nurses and Health Care Assistants working for small charities or the private sector - many experienced hardship as a result of company cutbacks or closures. Also, many nurses have found themselves the sole breadwinner for the family following a partner's redundancy. | Meeting objective priority:
5/b | Strategic and |
| <ul style="list-style-type: none"> • A new Counselling Service model was implemented in | 5/g | |

2008, with members using RCN Direct as the gateway to access the service. This has led to an improved booking service that enables referral from an original advice call and has resulted in an increased number of referrals.

- Telephone counselling has been provided by Affiliate Counsellors, allowing our service to cover an extensive geographical area and match members' demographics. The service has met all its targets of increasing geographical and demographical coverage and provided a 58% increase in the number of assessments during 2008. 89% of counselling sessions are now carried out by telephone.

5/g

Objective 5 Representation

Promoting the professional standing and interests of members of the nursing profession.

- We recorded more than £5 million of compensation recovered for our members, achieved through successful personal injury, criminal injuries and employment cases. In the House of Lords a significant judgment was won, challenging the existing Protection of Vulnerable Adults scheme on the grounds of human rights.
- Six figure compensation settlements have been recovered for our members in the areas of disability discrimination and unlawful sexual orientation discrimination.
- We represented more than 438 members before the Nursing and Midwifery Council on professional conduct and competency cases, of which 50% had the allegations against them thrown out after RCN representations.
- We successfully negotiated a 2009-2011 pay deal for our members working in the NHS - worth 8% over the 3-year period. This was the best of all the public sector deals in 2008, and provides security for staff and stability for employers. All NHS staff will receive at least a 7.6% increase over the 3 years, with some receiving even more.
- We have campaigned to prevent violence against nurses and healthcare assistants working on their own in patients' homes, calling on employers to comply with their legal duty to protect nurses, by implementing a five-point plan of action covering risk assessments, prevention, policy, training, and support from the employer.
- Through its role in EPSU (European Public Services Union) we played a leading role in the Social Dialogue, the formal negotiating structure. This allowed us to negotiate better working lives for staff at European Union level, and for successful lobbying on phasing out the opt-out from Working Time Directive.
- We launched the RCN's work related violence risk

Meeting Strategic
objective and
priority:

1/a

1/a

1/a

1/a

5/e

4/f

5/g

assessment tool

- We secured a 10% increase on NHS mileage rates at a time when inflation was at its height.

5/b

Increasing organisational efficiency and effectiveness

The financial review on pages 20-22 reports on the financial position of the RCN, the efficiency improvements that have been made in operating expenditure and progress towards the free reserves target. The following section highlights other improvements that have been made:

Our drive to increase effectiveness has recognised the link with staff sickness absence levels, and the initiatives we introduced in 2008 have led to significant progress in the management of absence, lowering our overall sickness absence rate from 3.6% of working time in 2007/08 to 3.0% in 2008/09. Subsequent initiatives such as our new Employee Assistance Programme, Occupational Health provider and ongoing HR policy development will further support this work.

The findings from our 2007 staff survey resulted in 10 Executive-led initiatives for 2008, with a significant increase in satisfaction targeted for all ten. The follow-up staff survey in early 2009 shows we have made improvements in all scores with the organisation conducting the survey (ORC) reporting that 92% of questions are above the external not-for-profit benchmark norm.

RCN Direct continued to implement the recommendations of its LEAN review, leading to a marked increase in the number of calls handled and associated improvements in service level and service response. Accompanying this was a marked reduction in the average waiting times experienced by members, such that no complaints were received about queuing time. In addition to improved call handling and service, RCN Direct became the initial contact for referrals to the Counselling Service and increased its role in first contact resolution of member queries - reducing referrals to RCN Boards and Regional Offices.

Future plans

The RCN has agreed the following priorities for 2009/10. Council have also agreed a set of Key Performance Indicators that enable them to measure and monitor how the RCN is achieving its Charter objectives and strategic goals. These will be used in future Annual Reports to report on achievements.

Objective 1 Education and training

Promoting the science and art of nursing and the better education and training of nurses and their efficiency in the profession of nursing.

- Recruit and retain nurse leaders, and promote the benefits of UK-wide partnerships with nurse leaders across the NHS, independent and education sectors
- Be recognised as the leading authority in setting professional standards and education
- Recruit health and social care support workers and support them with tailored learning and development, and inclusion in the RCN governance structure
- Become an acknowledged leader in e-health
- Ensure we are proactive in our approach to policy and proactive, and make policy instantly accessible
- Utilise new technology to achieve maximum value and benefit, especially in the field of membership communications

Objective 2 Advancing of the profession

Promoting the advancement of nursing as a profession in all or any of its branches

- Review our legal and governance structure where the aim is to continue to have a single body that is a robust trade union and a flourishing royal college to provide services to our members and further the profession of nursing
- Foster professional ways of working with government, employers and policy makers
- Put the public and their care at the centre of our campaigns
- Demonstrate how nursing facilitates positive change in health and social care policy and practice
- Ensure the RCN contributes evidence-based information to developments in health and social care policy
- Develop our Royal College role by embarking on new social and learning and development partnerships

Objective 3 Promotion of nursing

Promoting, through the medium of international agencies and otherwise, the foregoing purposes in other countries as well as in the United Kingdom.

- Influence and shape the wider health and social care agenda
- Communicate clearly our statements, policies and local strategies to members, other health care workers, and media, politicians and the public
- Promote the impact of our work nationally, within the EU and internationally
- Build formal networks with other organisations to maximise benefit to members
- Increase positive recognition of RCN by independent sector organisations
- Promoting, through the medium of international agencies and otherwise, the foregoing purposes in other countries as well as in the United Kingdom.

Objective 4 assisting nurses

Assisting nurses who by reason of adversity, ill-health or otherwise are in need of assistance of any nature.

- Be a world-class champion of diversity, equality and human rights in the health and social care sectors
- Tackle issues of social inclusion and inequalities in healthcare
- Promote the RCN's diversity toolkit

Objective 5 Representation

Promoting the professional standing and interests of members of the nursing profession.

- Encourage, enable and empower members to become influential RCN activists
- Fight for good standards of pay and working conditions for our members

Increasing organisational efficiency and effectiveness

Strengthen accountability in our governance structure:

- Maintain an RCN legal structure, governance arrangements and ways of working appropriate to evolving legal requirements, statutory requirements, and political environments
- Recognise and make explicit the similarities and differences between political devolution to the UK countries, and reflect this in our governance, management structures, and decision-making processes
- Communicate with members and other stakeholders about proposals to review the RCN's legal and governance structure
- Build the RCN as a business to enable an efficient membership organisation
- Build on the efficiency improvements that have been made in operating expenditure and progress towards the free reserves targets, strengthening our internal controls and reviewing our ways of working
- Complete the implementation of the new finance systems by April 2010 to support the outcomes of the legal and governance review

Thank you to our sponsors

We have been supported during the year by a number of companies and stakeholders. We have listed below a number of contributors, however we would like to thank all of those who have supported us in any capacity over the last year.

Abbott Nutrition
Barcelo UK
Baxter Healthcare Ltd
Bioquell
Clasado Ltd
Coloplast Ltd
Convatec
Department of Health
Elsevier Ltd
Excel Recruitment
GlaxoSmithKline UK Ltd
Help the Aged
Liverpool Victoria
Medisis
Merc Serono
Novartis Pharmaceuticals UK Ltd
Ontex
Open University
P & G Pharmaceutical Ltd
Pfizer Limited
Proventec Healthcare
Roche Products Ltd
Sanofi aventis
Sanofi Pasteur MSD
Skills for Health
Smith & Nephew
The Scottish Government
The Smith & Nephew Foundation
Wiley Blackwell
Wyeth Pharmaceuticals

Statement of Council's responsibilities

Our Royal Charter, the Charities Act 1993 and trade union legislation require us, as Trustees, to prepare a report and financial statements for each financial year which give a true and fair view of the RCN's financial activities during the year and of its financial position at the end of the year.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently
- observe the methods and principles in the Charities SORP
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the accounts on the going-concern basis unless it is inappropriate to presume that the College will continue in operation.

The Trustees confirm that they have complied with the above requirements in preparing the financial statements.

We are responsible for keeping accounting records which disclose, with reasonable accuracy, the financial position of the RCN and enable us to ensure that the financial statements comply with applicable law. We are also responsible for safeguarding the assets of the RCN, taking reasonable steps for the prevention and detection of fraud and other irregularities.

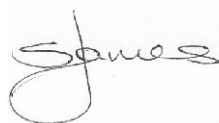
Council confirms that these financial statements are in accordance with relevant legislation and the Royal Charter. Investments are managed by professional fund managers acting under terms of reference agreed with Council and in accordance with the Trust Deed of the Charitable Trust. Council's policy is to maximise capital and income growth whilst minimising the risk by holding a well diversified portfolio.

The maintenance and integrity of the RCN website is the responsibility of Council; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

So far as each trustee is aware, there is no relevant audit information (that is, information needed by the RCN's auditors in connection with preparing their report of which RCN's auditors are unaware), and he/she has taken all the steps they ought to have taken as a trustee in order to make themselves aware of any relevant information and to establish that the RCN's auditors are aware of the information. The statement of Council's responsibilities and the information on pages 3 to 22 form part of the Report of Council.

Signed on behalf of Council



Sandra James
Chair of Council
23 July 2009

Independent auditors' report to the Council of the Royal College of Nursing of the United Kingdom

We have audited the consolidated and parent charity financial statements ("the financial statements") of The Royal College of Nursing of the United Kingdom for the year ended 31 March 2009 which comprise the Consolidated Statement of Financial Activities, the Consolidated and the Parent Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of trustees and auditors

The responsibilities of Council as trustees for preparing the Report of Council and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Council's Responsibilities.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for Council as a body in accordance with paragraph 30 of The Charities (Accounts and Reports) Regulations 2008 made under the Charities Act 1993 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the information given in Council's Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if the charity's financial statements are not in agreement with these accounting records or if we have not received all the information and explanations we require for our audit.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the contents of pages 3 to 22 of the Annual Report and the Report of the Council. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group and the parent charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent charity's affairs as at 31 March 2009 and of the group's incoming resources and application of resources, including the group's cash flows, for the year then ended; and
- the financial statements have been properly prepared in accordance with the Charities Act 1993.

PricewaterhouseCoopers LLP

*PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
29 July 2009*

Financial statements

Consolidated statement of financial activities for the year ended 31 March 2009


	Notes	Unrestricted funds		Restricted funds	Endowment funds	Total 2009	Total 2008		
		Representation activities	Other activities						
		£'000	£'000						
INCOMING RESOURCES									
<i>Incoming resources from charitable activities:</i>									
		Subscriptions income	29,567	33,688	-	-	63,255	61,192	
	4.1	Education & training	-	2,496	1,411	-	3,907	3,074	
	4.1	Advancing of the profession	-	264	65	-	329	353	
	4.1	Promotion of nursing	-	205	-	-	205	257	
	4.1	Assisting nurses	-	155	-	-	155	659	
	4.1	Representation	606	-	104	-	710	1,575	
<i>Incoming resources from generated funds:</i>									
		Donations	-	43	110	-	153	498	
		Legacies	-	364	-	-	364	52	
	5	Investment income	-	1,499	239	-	1,738	1,857	
	4.1	Trading income	-	14,710	-	-	14,710	13,070	
<i>Other incoming resources:</i>									
	4.2	Gain on disposal of fixed asset	-	387	-	-	387	-	
	4.2	Exceptional Items	-	2,486	-	-	2,486	-	
		TOTAL INCOMING RESOURCES	30,173	56,297	1,929	-	88,399	82,587	
RESOURCES EXPENDED									
COST OF GENERATING FUNDS									
		Fundraising and sponsorship costs	8.1	-	482	-	-	482	500
	8.1	Investment management fee	-	43	-	-	43	73	
	8.1	Other trading costs	-	13,322	-	-	13,322	11,333	
CHARITABLE ACTIVITIES									
	8.1	Education & Training	-	13,914	1,508	-	15,422	17,956	
	8.1	Advancing of the Profession	-	6,279	79	-	6,358	5,715	
	8.1	Promotion of Nursing	-	2,770	28	-	2,798	9,031	
	8.1	Assisting Nurses	-	2,040	415	-	2,455	3,792	
	8.1	Representation	29,683	-	104	-	29,787	24,778	
	8.1	GOVERNANCE COSTS	490	1,173	-	-	1,663	1,663	
	8.1	TOTAL RESOURCES EXPENDED	30,173	40,023	2,134	-	72,330	74,841	
NET INCOMING RESOURCES FOR THE YEAR									
		Net investment losses	10	-	16,274	(205)	-	16,069	7,746
		Actuarial losses on defined benefit pension scheme	19	-	(2,149)	(753)	(195)	(3,097)	(428)
				-	(9,261)	-	-	(9,261)	(66)
		NET MOVEMENT IN FUNDS	-	4,864	(958)	(195)	3,711	7,252	
		Fund balances b/f at 1 April	-	21,670	7,170	1,109	29,949	22,697	
		Fund balances c/f at 31 March	-	26,534	6,212	914	33,660	29,949	

All amounts shown relate to continuing activities. There are no material differences between net incoming resources for the year before transfers stated above and their historic cost equivalent. Notes on pages 39 - 55 form part of these accounts.

Consolidated balance sheet as at 31 March 2009

	Notes	Representation activities 2009 £'000	Representation activities 2008 £'000	Group 2009 £'000	Group 2008 £'000
FIXED ASSETS					
Tangible assets	9	-	-	24,577	24,763
Investments	10	-	-	12,422	15,501
TOTAL		-	-	36,999	40,264
CURRENT ASSETS					
Stocks		7	3	7	5
Debtors and prepayments	11	7,063	7,262	4,402	5,347
Short-term deposits	21	-	-	22,853	21,496
Cash at bank and in hand	21	478	20	3,753	1,880
TOTAL		7,548	7,285	31,015	28,728
CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR					
Creditors and accrued charges	12.1	(4,536)	(4,055)	(12,140)	(13,139)
NET CURRENT ASSETS		3,011	3,230	18,875	15,589
TOTAL ASSETS LESS CURRENT LIABILITIES		3,011	3,230	55,874	55,853
CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR					
Provisions for liabilities and charges	12.2	-	-	-	(3,806)
	12.3	(3,011)	(3,230)	(4,087)	(5,225)
NET ASSETS (excluding pension scheme liability)		-	-	51,787	46,822
Defined benefit pension scheme liability	19	-	-	(18,127)	(16,873)
TOTAL NET ASSETS (including pension scheme liability)		-	-	33,660	29,949
FUNDS OF THE CHARITY:					
Endowment funds	14	-	-	914	1,109
INCOME FUNDS					
Restricted funds	15	-	-	6,212	7,170
Unrestricted funds:					
Designated funds	16	-	-	4,895	4,745
Revaluation reserve	22	-	-	2,612	3,761
General funds	16	-	-	35,040	27,947
Funds retained by non-charitable trading subsidiary		-	-	2,114	2,090
Unrestricted income funds excluding pension liability		-	-	44,661	38,543
Pension reserve	19	-	-	(18,127)	(16,873)
Total unrestricted funds		-	-	26,534	21,670
TOTAL CHARITY FUNDS		-	-	33,660	29,949

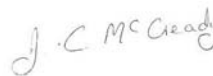
Notes on pages 39 to 55 form part of these accounts.



Peter Carter
Chief Executive & General Secretary
23 July 2009



Sandra James
Chair of RCN Council
23 July 2009



Jane McCready
Honorary Treasurer
23 July 2009

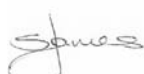
Parent balance sheet as at 31 March 2009

	Notes	RCN 2009 £'000	RCN 2008 £'000
CURRENT ASSETS			
Stocks		7	5
Debtors and prepayments	11	7,091	11,338
Short-term deposits		12,330	11,687
Cash at bank and in hand		1,888	726
TOTAL		21,316	23,756
CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR			
Creditors and accrued charges	12.1	(8,888)	(10,053)
NET CURRENT ASSETS AND TOTAL ASSETS LESS CURRENT LIABILITIES		12,428	13,703
Provisions for liabilities and charges	12.3	(4,059)	(5,046)
NET ASSETS (excluding pension scheme liability)		8,369	8,657
Defined benefit pension scheme liability	19	(18,127)	(16,873)
TOTAL NET LIABILITIES (including pension scheme liability)		(9,758)	(8,216)
FUNDS:			
INCOME FUNDS			
Restricted funds	15	3,486	3,924
Designated funds	16	4,883	4,733
General reserve		-	-
Pension reserve	19	(18,127)	(16,873)
Total unrestricted funds		(13,244)	(12,140)
TOTAL FUNDS		(9,758)	(8,216)

Notes on pages 39 to 55 form part of these accounts



Peter Carter
Chief Executive & General Secretary
23 July 2009



Sandra James
Chair of RCN Council
23 July 2009



Jane McCready
Honorary Treasurer
23 July 2009

Consolidated cash flow statement

Cash flow statement	Note	2009 £'000	2009 £'000	2008 £'000	2008 £'000
Net cash inflow from operating activities	1		3,186		3,057
Returns on investments and servicing of income					
Dividends and interest received	5	1,709		2,002	
Capital expenditure and financial investment					
Acquisitions and disposals					
Purchase of tangible fixed assets	9	(1,541)		(1,042)	
Disposal of tangible fixed asset	9	650		-	
Acquisition of investment	10	(7,456)		(5,097)	
Disposal of investment	10	7,179		12,332	
Decrease in investment cash	10	259		84	
Net cash inflow from investing activities			800		8,279
Management of liquid resources	20		(1,357)		(5,295)
Financing					
Repayment of loan on Cavendish Square			-		(7,036)
Increase / (decrease) in cash			2,629		(995)

Notes to the accounts – 31 March 2009

1. Reconciliation of changes in resources to net cash inflow from operating activities	Note	2009 £'000	2008 £'000
Net incoming resources		16,069	7,746
Investment income	5	(1,738)	(1,857)
Depreciation	9	1,325	1,546
Total pension contributions less current service and finance costs	19	(8,007)	(4,037)
Gain on disposal of fixed assets		(387)	-
Write off of fixed assets		-	3
Decrease in debtors	11	972	(1,031)
Decrease in creditors due within one year	12	(104)	(586)
Decrease in deferred income (due after more than one year)	12.2	(3,806)	(117)
Decrease in provisions for liabilities and charges	12	(1,138)	1,390
Net cash inflow from operating activities		3,186	3,057
2. Reconciliation of net cash flow to increase in net funds	Note	2009 £'000	2008 £'000
Increase in liquid resources		2,629	(995)
Cash used to increase liquid resources	20	1,357	5,295
Cash outflow from repayment of loan	21	-	7,036
Change in net cash resulting from cash flows		3,986	11,336
Net funds at 31 March 2008	21	22,576	11,240
Net funds at 31 March 2009	21	26,562	22,576

3. Accounting policies

The group accounts consolidate the accounts of the Royal College of Nursing of the United Kingdom (RCN) and its associated charities and subsidiary companies. The transactions of the RCN include amounts relating to activities as a Trade Union registered under the Trade Union and Labour Relations (Consolidation) Act 1992. These are identified in the accounts as "Representation Activities". Charitable activities are carried out through the registered charity called "The Property and Income of the RCN" and its associated charities, The Royal College of Nursing Charitable Trust (RCNCT) and John Howard Nurses Homes (JHH). Any surplus or deficit of income arising on charitable activity within the RCN is transferred to the RCNCT by resolution of Council. All group assets held for charitable purposes are held by the registered charity called "The Property and Income of the RCN", or within the RCNCT, JHH or the endowment and restricted income funds. The non-charitable trading subsidiary companies are RCN Publishing Company Limited (RCNPC), RCN Licensing Limited (RCNL) and RCN Membership Services Limited (RCNMS). The results of these companies are consolidated in these group accounts. These companies are wholly owned by the RCNCT.

(a) Accounting convention

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of freehold land and buildings and investments, and are in accordance with applicable United Kingdom accounting standards and the Statement of Recommended Practice "Accounting and reporting by Charities" (SORP revised 2005) and Charities Act 1993.

(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. No amounts are included in the accounts in respect of annual subscriptions in arrears.

Revenue grants for specific purposes are recognised on receipt as restricted income. Legacy income is accrued at the point that the entitlement, measurability and certainty of the amount becomes known.

Income is allocated on the Statement of Financial Activities (SOFA) as in Note (f) below.

(c) Deferred income

Subscription 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) Basis of consolidation

The Group financial statements consolidate the results of the RCN's trading subsidiaries and its associated charities, RCNCT and John Howard Nurses Homes on a line by line basis. The RCN's accounts also incorporate the results of its boards of England, Scotland, Wales and Northern Ireland, and their associated branches. The RCN has taken advantage of s397 of SORP (revised 2005) and has not disclosed separately its own income and expenditure account in these financial statements. The income and expenditure of the RCN was £69,192,000 and £56,745,000 respectively (2008: £67,174,000 and £63,924,000), giving rise to an unrestricted surplus of £12,968,000 (2008: £4,204,000) and a net deficit in the year on restricted funds of £521,000 (2008: deficit of £954,000). The income and expenditure of RCN branches are included in the consolidated accounts.

(e) Going Concern

The parent balance sheet as at 31 March 2009 shows net liabilities of £9,758,000, which is attributable to the deficit on the pension reserve. It is a requirement under Financial Reporting Standard 17 to show, as a balance sheet liability, the amount of any deficit in a pension scheme sponsored by the entity to which those accounts relate. The occupational scheme of which the RCN is sponsoring employer has a deficit on the FRS17 basis in the sum of £18,127,000.

Council have considered the impact of this deficit on the RCN's ability to meet its liabilities as they fall due. In light of budgets and forecasts prepared by management, Council consider that they will be able to meet their obligations based on reasonable estimates of future payments to the defined pension scheme. The full actuarial valuation of the scheme as at September 2007 showed a deficit of £13.3m and that a deficit funding plan of £1.4m would be required over 8 years to eliminate the deficit; however, Council have gone beyond this and have agreed to maintain contributions at £2.0m pa until the next valuation at September 2010. In addition the deficit is further guarded against with an Escrow account valued at £4.9m at 31 March 2009. Future payments have been discussed with the pension trustees and the actuaries of the scheme. The accounts are prepared on a going concern basis, due to the consideration of options open to Council to redress the deficit.

The RCN has commenced a review of its legal and governance structures to ensure that these are compatible and appropriate to the activities undertaken. This will result in the balance sheets of all entities within the RCN group being reviewed by 31 March 2010. Pending the outcome of this review, in July 2008 Council reconfirmed their commitment made in the 2005/06 accounts that the net assets of the Charitable Trust are available to meet the liabilities of the parent body, particularly the pension scheme deficit. It is accordingly Council's opinion that the incidence of negative capitalisation arising from the requirements of FRS17 does not in any way affect the status of the RCN as a going concern.

(f) Expenditure

Expenditure is recognised on an accruals basis according to the RCN's five charter objectives. The five Charter objectives are explained within the report of Council. The 2007-08 figures have been re-stated in line with these new charter objectives to provide comparative figures. There was no impact on net incoming resources. Where expenditure cannot be directly allocated under these main categories, they are allocated by headcount across these expenditure headings in the SOFA.

Charter objective 1 Education & Training

Promoting the science and art of nursing and the better education and training of nurses and their efficiency in the profession of nursing.

Charter objective 2 Advancing of the Profession

Promoting the advancement of nursing as a profession in all or any of its branches.

Charter objective 3 Promotion of Nursing

Promoting, through the medium of international agencies and otherwise, the foregoing purposes in other countries as well as in the United Kingdom.

Charter objective 4 Assisting Nurses

Assisting nurses who by reason of adversity, ill-health or otherwise are in need of assistance of any nature.

Charter objective 5 Representation

To provide members with help, support, advice and representation on employment issues at work.

(g) Governance costs

This includes activities and costs relating to the Governance Support Unit, internal and external audit, half of the Chief Executive and General Secretary and assistants' costs, and any other corporate governance expenses.

(h) Legal services

Costs arising from the provision of legal services to members are charged to the SOFA in the year in which they are incurred under Representation. Because of the prolonged nature of litigation, and the uncertainty of the outcome of any particular case, no attempt is made to estimate future costs, or recoveries of costs, for ongoing cases.

In cases where there is litigation which falls within the professional indemnity insurance, RCN includes a provision within the accounts to cover the RCN's proportion of the potential liability.

(i) Pensions

Since 1st June 2007, the RCN offers its employees a defined benefit career average pension scheme, relating to salary and service. Prior to this date the scheme offered was a defined benefit final salary scheme. For the defined benefit scheme the amount charged to the income and expenditure account in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. Current and past service costs, interest costs and expected return on assets 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 SOFA under incoming resources.

Actuarial gains and losses arising from new valuations and from updating valuations to the balance sheet date are recognised in the SOFA 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 updated to reflect current conditions at each balance sheet date. The pension scheme assets are measured at bid value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the balance sheet 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 balance sheet date. A pension scheme liability is recognised to the extent that the Charity has a legal or constructive obligation to settle the liability.

(j) Irrecoverable Value Added Tax

All costs are charged against relevant department's gross of Value Added Tax. Recoverable Value Added Tax is netted against support costs and then reallocated across the main categories of expenditure.

(k) Tax – subsidiary trading companies

Deferred taxation would normally be recognised in respect of all timing differences that have originated, but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. However, deferred tax assets and liabilities are not recognised as the trading subsidiary companies have a policy to eliminate taxable profits by making gift aid payments and therefore no asset or liability is likely to crystallise.

(l) Intangible income

No value has been placed on the support given to the RCN by way of volunteer assistance. There is no other intangible income.

(m) Tangible fixed assets

Tangible fixed assets are included at cost except the long leasehold building of UK HQ which is held at the revalued amount. The re-valued book amounts have not been updated as the charity has previously adopted the transitional arrangements permitted by *FRS 15* "Tangible Fixed Assets". Dates of property valuations under the transitional arrangements are set out in note 9.

(n) Depreciation

Expenditure of a capital nature over £1,000 is capitalised at cost as fixed assets within the relevant fund.

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, as follows:

Freehold buildings	50 years
Leasehold buildings	50 years, or the period of the lease if less
Computer software	5 years
Computer equipment	3 years
Furniture and other equipment	5 years

Minor items of furniture and equipment below £1,000, which generally represent renewals, are charged to the SOFA in the year of purchase.

(o) Impairment of fixed assets

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 SOFA in the year in which it occurs.

(p) Investments

Fixed asset investments are stated at market valuation, where market value represents the mid market price on the last trading day before the year end. Unlisted securities are stated at original cost. Investments purchased as part of treasury management, which are intended to be held for less than one year are shown as current assets; investments held to generate longer term income and capital growth are shown within fixed assets. Any unrealised or realised gains or losses arising from investments are charged to the SOFA.

Investments in subsidiaries are stated at cost less provision for any impairment. Impairments are charged to resources expended on charitable activities.

(q) Leasing

Assets held under leasing arrangements which transfer substantially all the risks and rewards of ownership to the RCN are capitalised. The capital element of the related rental obligations is included in creditors. The interest element of the rental obligations is charged to the SOFA 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 SOFA over the term of the lease.

(r) Onerous leases

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present obligations under the lease.

(s) Endowments

Where funds are given to be held as capital, they are shown as endowment funds in the financial statements. Expendable endowments are those where the trust terms provide for conversion of capital to income under certain circumstances.

(t) Restricted funds

Where income is received for purposes specified by the donor or the terms of appeal under which it was raised, that income is shown as restricted in the SOFA. This includes income arising from endowment funds which is restricted in use. Expenditure for the specified purposes is shown as restricted expenditure. Any unexpended balance at the balance sheet date is carried forward as a restricted income fund.

(u) Unrestricted and designated funds

Unrestricted funds are expendable at the discretion of Council in the furtherance of the objects of the RCN. Council may, at their discretion, set aside unrestricted funds for specific future purposes in the form of designated funds. Designated funds cannot be used for any purpose other than that which Council designated until such time as conditions allow and Council agree to undesignate these funds. Income and expenditure are allocated to "Representation Activities" according to the activities of the underlying cost centres.

(v) 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).

(w) 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.

(x) Gift Aid

Gift Aid payments from trading subsidiaries, representing an estimate of each of the company's taxable profits for the period, is included in their respective profit and loss accounts. Adjustments for any under or over inclusion of Gift Aid are recognised following submission of each company's taxation computation to HM Revenue & Customs. Under the current Gift Aid arrangements, all current and future taxable profits are payable to Royal College of Nursing Charitable Trust.

4.1 Unrestricted income from charitable activities

	Conference delegate fees £'000	Exhibitor fees and sponsorship £'000	RCN Publishing Company £'000	Other Income £'000	Total 2009 £'000	Total 2008 £'000
Education & training	1,057	480	-	959	2,496	1,636
Advancing of the profession	-	4	-	260	264	231
Promotion of nursing	-	1	-	204	205	175
Assisting nurses	-	-	-	155	155	252
Representation	6	376	-	224	606	1,575
Trading	-	-	14,282	428	14,710	13,070
Total	1,063	861	14,282	2,230	18,436	16,939

4.2 Other incoming resources

Exceptional income of £2,486,265 was received from Liverpool Victoria as part of a settlement agreed in year with RCNMS. A profit was also made on disposal of a freehold property of £387,329.

5 Investment income

	2009 £'000	2008 £'000
UK equities	317	312
Overseas equities	59	22
UK fixed interest	196	211
Cash held for investment	22	17
Bank interest	1,144	1,295
	1,738	1,857

6 Subsidiary and other group entities

6.1 Subsidiary results

RCN Publishing Company Limited (RCNPC) is a publisher of nursing journals. RCN Membership Services Limited (RCNMS) receives commission income from companies that provide affinity type benefits to RCN members. RCN Licensing Limited (RCNL) receives income from companies granted licenses to use the RCN's logo and trademarks, the supply of catering services and the provision of the RCN Consultancy Service.

Details of the trading activities of the subsidiaries are set out below. RCNMS income includes exceptional income of £2,486,265 which relates to a settlement made in the year and is a one-off item.

	RCNPC 2009 £'000	RCNPC 2008 £'000	RCNMS 2009 £'000	RCNMS 2008 £'000	RCNL 2009 £'000	RCNL 2008 £'000
Income	15,314	13,733	2,910	956	600	474
Costs	(14,287)	(12,544)	(440)	(661)	(284)	(190)
Net profit	1,027	1,189	2,470	295	316	284
Amount gift aided to RCNCT	(1,003)	(1,267)	(2,470)	(295)	(316)	(284)
Retained in subsidiary	24	(78)	-	-	-	-

Each of the trading subsidiaries reported in the table above is wholly owned by the Royal College of Nursing Charitable Trust.

6.2 Summarised balance sheets of subsidiary trading companies:

	RCNPC 2009 £'000	RCNPC 2008 £'000	RCNMS 2009 £'000	RCNMS 2008 £'000	RCNL 2009 £'000	RCNL 2008 £'000
Fixed assets	246	253	-	-	-	-
Current assets	5,437	4,951	616	4,244	925	549
Creditors: falling due within one year						
Creditors and accrued charges	(3,041)	(2,569)	(616)	(258)	(925)	(549)
Creditors falling due after more than one year						
	-	-	-	(3,806)	-	-
Provisions for liabilities and charges	(28)	(45)	-	(180)	-	-
Total net assets	2,614	2,590	-	-	-	-
Capital and reserves	2,614	2,590	-	-	-	-

Ordinary share capital held by the RCN Charitable Trust (£) is:

500,000	500,000	2	2	2	2
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The RCN Charitable Trust (RCNCT) has beneficial ownership of all the shares in RCNPC, RCNMS and RCNL.

6.3 The John Howard Nurses Homes (JHH) was founded as a charity under the terms of the will of Sir John Howard to provide accommodation for nurses whose health has broken down or who otherwise are not able to follow their profession and whose means are limited.

The results of John Howard Nurses Homes are:

	2009 £'000	2008 £'000
Income	170	100
Costs	(60)	(63)
Net surplus	110	37

Summarised balance sheet of John Howard Nurses Homes:

	2009 £'000	2008 £'000
Fixed assets	62	63
Current assets	203	110
Creditors: falling due within one year	(4)	(22)
Total net assets	261	151
Funds	261	151

7 Staff costs

	2009 £'000	2008 £'000
Salaries	32,881	34,488
Social security	2,706	2,756
Pensions	11,545	8,692
Total	47,132	45,936

Of the total staff costs, £19,324,000 (2008: £18,222,000) has been allocated to Representation Activities. In respect of pensions, an amount of £7,266,000 has been paid (2008: £4,500,000) in excess of the historic employers contribution rate so as to reduce the pension fund deficit. The average number of staff employed during the year was 900 (2008: 870). The full time equivalent number of staff was 793 (2008: 796).

Full time equivalent staff numbers by department category:

	2009	2008
National Boards	105	100
English Regions	190	187
RCN Institute	83	80
RCN Direct	86	84
RCN Publishing	82	77
Other	247	268
Total	793	796

The number of staff whose emoluments (salary and other taxable benefits) fall into the following bands is :

	2009	2008
£60,000 - £70,000	45	43
£70,000 - £80,000	12	12
£80,000 - £90,000	9	3
£90,000 - £100,000	4	5
£100,000 - £110,000	2	3
£110,000 - £120,000	1	2
£120,000 - £130,000	1	1
£130,000 - £140,000	1	-
£160,000 - £170,000	1	-
£170,000 - £180,000	-	1

Emoluments do not include pension contributions, which total £667,000 (2008: £691,000). However 61 (2008: 66) of the above are members of the RCN's defined benefit pension scheme.

The total emoluments for the Chief Executive and General Secretary in the year were £137,267 (2008: £111,801).

2008/09 staff costs include £376,000 (2008: £1,300,000) in respect of compensation for loss of office due to restructuring and redundancies arising from changes following reviews of some of the RCN's operations.

8 Total resources expended

8.1 Analysis of total resources expended

	Support costs		Other direct costs		Total	Total
	Representation £'000	Other £'000	Representation £'000	Other £'000	2009 £'000	2008 £'000
Cost of generating funds						
Fundraising and sponsorship costs	-	165	-	317	482	500
Investment management fee	-	-	-	43	43	73
Trading costs	-	-	-	13,322	13,322	11,333
Charitable activities						
Education & training	-	5,075	-	10,347	15,422	17,956
Advancing of the profession	-	2,348	-	4,010	6,358	5,715
Promotion of nursing	-	1,315	-	1,483	2,798	9,031
Assisting nurses	-	1,085	-	1,370	2,455	3,792
Representation	9,407	-	20,380	-	29,787	24,778
Governance costs	90	209	400	964	1,663	1,663
Total	9,497	10,197	20,780	31,856	72,330	74,841

Included above within governance costs is auditors' remuneration for audit services of £128,000 (2008: £129,000) and £0 (2008: £16,000) was paid for consultancy and accounting services.

Out of pocket expenses reimbursed to Council members while carrying out trustee duties amounted to £98,000 (2008: £116,000). In addition a small amount of expenses was reimbursed to Council members in respect of non-trustee duties carried out on behalf of the RCN. The number of Council members who received reimbursement was 29. £37,913 was paid in the year to the employers of the President and Chair of Council as recompense for time spent on services for the RCN. (2008: £33,112).

8.2 Analysis of support costs

Support costs breakdown by activity

	Education & training	Advancing of the Profession	Promotion of Nursing	Assisting Nurses	Representation	Governance	Fund Raising	Total Support Costs 2009	Total Support Costs 2008
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Senior Executive Team	44	21	12	10	83	3	-	173	202
Finance	297	137	76	64	551	18	10	1,153	1,198
Human resources	647	300	168	139	1,201	38	21	2,514	2,378
Systems	651	301	168	139	1,205	38	21	2,523	2,458
Facilities	959	444	249	204	1,776	56	32	3,720	3,515
Depreciation	341	158	88	74	633	20	11	1,325	1,546
VAT recovery	(332)	(154)	(86)	(71)	(616)	(20)	(11)	(1,290)	(1,273)
Membership records/ database	226	104	58	48	419	13	7	875	1,219
Boards	198	92	51	42	367	12	6	768	-
Other corporate services	103	48	27	22	191	6	3	400	-
Communications	16	8	4	3	30	1	1	63	-
Nursing & service delivery	50	23	13	11	93	3	2	195	-
Additional pension funding	1,875	866	487	400	3,474	111	62	7,275	4,500
Total	5,075	2,348	1,315	1,085	9,407	299	165	19,694	15,743

All support costs are allocated to activities on the basis of full time equivalent budgeted headcount.

9 Fixed assets – group

	Freehold land & buildings £'000	Leasehold improvements £'000	Furniture & equipment £'000	Computer software £'000	Total £'000
Cost or Valuation					
Balance at 31 March 2008	3,075	26,640	10,639	1,056	41,410
Additions	225	772	295	110	1,402
Disposals/Write-offs	(380)	-	(102)	-	(482)
Balance at 31 March 2009	2,920	27,412	10,832	1,166	42,330
Depreciation					
Balance at 31 March 2008	1,117	5,090	9,791	649	16,647
Charge for year	63	703	353	206	1,325
Disposals/Write-offs	(117)	-	(102)	-	(219)
Balance at 31 March 2009	1,063	5,793	10,042	855	17,753
Net book value at 31 March 2009	1,857	21,619	790	311	24,577
Net book value at 31 March 2008	1,958	21,550	848	407	24,763

The historical cost of re-valued assets is:

	2009 Leasehold Improvements £'000	2008 Leasehold Improvements £'000
Cost	22,167	22,165
Accumulated depreciation based on historical cost	(5,158)	(4,705)
Historical cost net book value	17,009	17,460

All fixed assets are in the name of the RCN Charitable Trust except those identified at note 6.2.

The long leasehold property of UK HQ was re-valued on 31 March 1997 on an open market basis by Drivas Jonas, Chartered Surveyors.

10 Investments – group

	2009 £'000	2008 £'000
Market value at 31 March	15,035	22,699
Additions at cost	7,456	5,097
Disposals at market value	(7,179)	(12,332)
Realised (loss)/gain	(807)	13
Unrealised (loss)/gain on revaluation	(2,290)	(441)
Investments at market value at 31 March	12,215	15,036
UK unlisted securities	10	9
Cash held for reinvestment	197	456
Market value at 31 March	12,422	15,501
Cost at 31 March	14,331	14,416

Investments at market value comprise:

	2009 £'000	2008 £'000
Listed Investments		
UK equities	4,692	6,204
Overseas equities	2,973	3,726
UK fixed interest	3,958	4,096
Overseas hedged funds	592	1,009
	12,215	15,035
UK unlisted securities	10	9
Cash held for reinvestment	197	457
Total	12,422	15,501

Holdings over 5%

The following investments represented holdings in excess of 5% of the investment portfolio at 31 March 2009.

	2009	2008
Sarasin Sterling Class A income bonds	31%	26.4%
Sarasin CI Equisar Sterling Global Thematic Fund units	23%	7.0%

All investments are held in the name of the RCN Charitable Trust.

11 Debtors

	RCN 2009 £'000	RCN 2008 £'000	Representation Activities 2009 £'000	Representation Activities 2008 £'000	Group 2009 £'000	Group 2008 £'000
Due within one year:						
Prepayments and accrued income	1,554	1,822	880	734	1,770	1,993
Trade debtors	706	698	-	-	1,894	1,944
Provision for bad debts	(43)	(19)	-	-	(43)	(93)
Other debtors	601	899	330	258	781	1,503
Amounts due from subsidiaries and associated undertakings	4,273	7,938	5,853	6,270	-	-
	7,091	11,338	7,063	7,262	4,402	5,347

12	Creditors and accrued charges	RCN 2009 £'000	RCN 2008 £'000	Representation Activities 2009 £'000	Representation Activities 2008 £'000	Group 2009 £'000	Group 2008 £'000
12.1	Amounts falling due within 1 year						
	Accruals and deferred income	4,791	5,605	2,745	1,862	6,184	7,210
	Trade creditors	2,722	2,226	1,200	989	4,325	3,347
	PAYE and social security	737	775	369	344	899	869
	Pension contribution	440	448	220	182	496	501
	Other creditors	198	291	2	2	192	412
	Bank overdrafts and loans	-	708	-	676	44	800
		8,888	10,053	4,536	4,055	12,140	13,139

Movements – Deferred Income

	Balance b/f 31.3.08	Charged to SOFA	Utilised	Balance c/f 31.3.09
Subscriptions paid in advance	2,287	2,273	(2,287)	2,273
Funding income in advance	1,027	611	(1,009)	629
Trading subsidiaries – deferred income	1,113	960	(1,113)	960
	4,427	3,844	(4,409)	3,862

12.2	Amounts falling due after more than 1 year	RCN 2009 £'000	RCN 2008 £'000	Representation Activities 2009 £'000	Representation Activities 2008 £'000	Group 2009 £'000	Group 2008 £'000
	Deferred income	-	-	-	-	-	3,806
		-	-	-	-	-	3,806

The £3.8 million deferred income balance relating to RCNMS was settled in October 2008.

12.3	Provision for liabilities and charges	RCN 2009 £'000	RCN 2008 £'000	Representation Activities 2009 £'000	Representation Activities 2008 £'000	Group 2009 £'000	Group 2008 £'000
	Onerous leases	130	161	-	-	130	161
	Provision for dilapidations	160	275	-	-	188	275
	Provision for professional indemnity claims	3,011	3,230	3,011	3,230	3,011	3,230
	Provision for restructuring	-	409	-	-	-	409
	Other provisions	758	971	-	-	758	1,150
		4,059	5,046	3,011	3,230	4,087	5,225

Movements - provision for liabilities and charges

	Bal b/f 31.3.08 £'000	Charged to SOFA £'000	Released £'000	Utilised £'000	Bal c/f 31.3.09 £'000
Onerous leases	161	58	(21)	(68)	130
Provision for dilapidations	275	28	(64)	(51)	188
Professional indemnity claims	3,230	620	(57)	(782)	3,011
Provision for restructuring	409	-	(103)	(306)	-
Other provisions	1,150	115	(103)	(404)	758
	5,225	821	(348)	(1,611)	4,087

Provisions likely to fall due within one year: £3,866,000.

Provisions likely to fall due between one and five years: £133,000.

The onerous lease provisions relate to three properties leased by the RCN, which are surplus to requirements. Two are currently empty. The leases expire in July 2009, July 2010 and April 2011. Other provisions include estimated costs of commercial disputes.

13 Leasing commitments

13.1 Operating Leases

The annual commitment as at 31 March 2009 under non-cancellable operating leases was:

	Land and buildings 2009 £'000	Other assets 2009 £'000	Land and buildings 2008 £'000	Other assets 2008 £'000
Leases expiring:				
Within one year	15	145	40	68
Within two to five years	563	85	652	294
Over five years	867	-	659	-
	1,445	230	1,351	362

13.2 Amounts paid during the year ended 31 March 2009 under operating leases were:

	2009 £'000	2008 £'000
Leasehold buildings	1,258	1,060
Furniture and equipment	313	269
Cars	113	252
	1,684	1,581

14 Endowment funds

14.1 Permanent

Educational funds

John Colyer Fund
Other educational funds

John Howard Nurses Homes

Research fund

Daphne Heald Research &
Development fund

Total permanent endowment funds

14.2 Expendable

Educational funds
Benevolent funds
Other funds

Total expendable endowment funds

Total endowment funds

	Balance at 31.3.08 £'000	Incoming Resources £'000	Expenditure £'000	Transfers £'000	Investment Net gains/ (losses) £'000	Balance at 31.3.09 £'000
Permanent						
Educational funds						
John Colyer Fund	269	-	-	-	(53)	216
Other educational funds	106	-	-	-	(20)	86
	375	-	-	-	(73)	302
John Howard Nurses Homes	117	-	-	-	-	117
Research fund						
Daphne Heald Research & Development fund	304	-	-	-	(60)	244
Total permanent endowment funds	796	-	-	-	(133)	663
Expendable						
Educational funds	29	-	-	-	(6)	23
Benevolent funds	279	-	-	-	(55)	224
Other funds	5	-	-	-	(1)	4
Total expendable endowment funds	313	-	-	-	(62)	251
Total endowment funds	1,109	-	-	-	(195)	914

All endowment funds, with the exception of John Howard Nurses Homes (£117,000) are held by the RCN Charitable Trust.

15	Restricted income funds	Balance at 31.3.08 £'000	Incoming resources £'000	Expenditure £'000	Transfers £'000	Investment net gains/ (losses) £'000	Balance at 31.3.09 £'000
	Educational funds						
	Trevor Clay Scholarship Fund	349	12	(15)	-	(57)	289
	RCN Learning & Professional Practice	479	1,029	(1,031)	-	-	477
	Other educational funds	761	37	(29)	-	(61)	708
		1,589	1,078	(1,075)	-	(118)	1,474
	Benevolent funds						
	RCN Benevolent fund	582	111	(165)	-	(11)	517
	Sick Nurses fund	191	8	(5)	-	(32)	162
	Mayday and other funds	148	-	(148)	-	-	-
		921	119	(318)	-	(43)	679
	Research funds	173	20	(2)	-	(30)	161
	Housing fund	1,042	38	(5)	-	(186)	889
	Forum and other funds	3,445	674	(734)	-	(376)	3,009
	Total restricted funds	7,170	1,929	(2,134)		(753)	6,212

The RCN Learning & Professional Practice educational funds and the forum and other funds, totalling £3,486,000 (2008: £3,924,000) are held by the RCN. The RCN Learning & Professional Practice funds were considered to be part of the educational work of the RCN and so grouped with Higher Education "Institute" Funds. However, now that there is no longer an "Institute" as such and the higher education is no longer undertaken directly, it is appropriate to rename these amounts to avoid misleading readers of the accounts. The other restricted funds are held by the RCN Charitable Trust.

16	Movement on unrestricted funds	General funds £'000	Revaluation reserve £'000	Designated funds £'000	Pension deficit £'000	Total unrestricted funds £'000
	Balance at 1 April 2008	30,037	3,761	4,745	(16,873)	21,670
	Net incoming resources	8,267	-	-	8,007	16,274
	Investment net gains	(2,149)	-	-	-	(2,149)
	Actuarial loss	-	-	-	(9,261)	(9,261)
	Pension Escrow account income	(150)	-	150	-	-
	Transfers	1,149	(1,149)	-	-	-
	Balance at 31 March 2009	37,154	2,612	4,895	(18,127)	26,534

Designated funds totalling £4,883,000 (2008: £4,733,000) and the Pension Deficit Fund are held by the RCN. General funds of £37,154,000 include £2,114,000 relating to funds retained by non charitable trading subsidiaries.

17	Analysis of net assets between funds	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds £'000
	Fund Balances at 31 March 2009 are represented by:				
	Tangible fixed assets	24,577	-	-	24,577
	Investments	6,435	5,190	797	12,422
	Current assets	29,876	1,022	117	31,015
	Current liabilities and provisions	(12,140)	-	-	(12,140)
	Creditors – amounts due after 1 year	(4,087)	-	-	(4,087)
	Net assets (excluding pension scheme liability)	44,661	6,212	914	51,787
	Defined benefit pension scheme liability	(18,127)	-	-	(18,127)
	Total net assets (including pension scheme liability)	26,534	6,212	914	33,660

18 The funds set out in notes 14 to 16 are held for the following purposes:

Educational funds

To provide higher educational facilities, scholarships and annual awards for nurses who are studying or intending to study.

Benevolent funds

To assist nurses who, by reason of adversity, ill health or otherwise, are in need of assistance.

Research funds

To fund a research and development unit within the RCN and to provide funds to undertake research projects.

Housing fund

To fund future housing projects.

Forum and other funds

Forum funds to be used at the discretion of individual forums provided they meet the objectives of the RCN.

Designated funds

To underpin the RCN pension scheme deficit funding plan agreed with the scheme trustees (£4,883,000).

19 Pensions

Defined benefit pension scheme

The Group operates a defined benefit pension scheme with the assets of the scheme being held in separate trustee administered funds.

The pension cost is assessed in accordance with FRS17: 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 2007 by a qualified independent actuary. The valuation using the minimum funding requirement basis indicated that there was a deficit of £13,271,000. The assumptions used in the valuation were that the projected rate of return on investments would exceed future salary increases by 2.9% per annum and future pension increases by 3.0% per annum.

The market value of the fund as at 31 March 2009, net of additional voluntary contributions was £93.3 million. There was no holding greater than 5% of the value of the fund at 31 March 2009.

Total FRS17 pension costs charged to the SOFA in the year amounted to £7,058,000 (2008: £4,198,000)
As at 31 March 2009 £444,000 was due to the Pension Scheme (2008: £460,000).

Following the actuarial valuation at 30 September 2007, revised contribution rates to the Scheme were agreed, at the following rates.

Employer

16.4% of pensionable salaries plus additional annual lump sum contributions. The lump sum contributions set out in the schedule of contributions are £2.1m in 2007, with subsequent payments increasing by RPI + 2% thereafter. The total deficit funding paid in 2008/09 was £2,520,000 which equates to £2.4 plus 5% due to negative RPI. From 2009 a new schedule of lump sum contributions has been agreed.

Contributory employees

8.9% or 5.7% of pensionable salaries (depending on benefit scale) as set out in the schedule of contributions (previously 6.0% of pensionable salaries).

The final salary defined benefit pension scheme was reviewed in 2006/07 and formal consultation with scheme members and trustees was carried out. With effect from 1 June 2007, benefits will no longer be accrued under the final salary defined benefit pension scheme. In future, RCN will provide benefits on a career average revalued earnings (CARE) basis via a new occupational pension scheme.

FRS 17 Retirement benefits

Under the provision of FRS 17 the current deficit in the defined benefit scheme of £18,127,000 has been included as a separate liability on the balance sheet. The actuarial revaluation as at 31 March 2006 was deferred pending the transfer of pension arrangements to The Pensions Trust. The latest actuarial valuation was at 30 September 2007. The valuation used for FRS 17 disclosures has been based on the most recent actuarial valuation at 30 September 2007 and updated to 30 September 2008 by a qualified independent actuary to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at 31 March 2009.

The principal actuarial assumptions were as follows:

	2009	2008	2007
Discount rate	6.7%	6.0%	5.2%
Inflation assumptions	3.0%	3.5%	3.1%
Rate of increase in pension deferment and payment	3.0%	3.5%	3.1%

Life expectancies

	2009	2008
Longevity at age 65 for current pensioners		
- Men	22.3	21.6
- Women	25.0	24.4
Longevity at age 65 for future pensioners		
- Men	24.4	22.4
- Women	27.0	25.2

*assumed currently aged 45

An analysis of the scheme and the expected long term return rates at 31 March 2009 were as follows:

	2009 £'000	2009 Expected rate of return	2008 £'000	2008 Expected rate of return	2007 £'000	2007 Expected rate of return
Equities	53,946	8.2%	64,598	8.0%	76,359	7.0%
Bonds	23,596	5.7%	28,160	4.7%	10,788	4.1%
Corporate bonds	-	-	-	-	3,210	4.6%
Property	6,049	8.2%	7,230	8.0%	6,205	7.0%
Other	8,503	0.5%	5,373	5.25%	6,703	4.7%
Insured pensioners	1,169	5.7%	3,242	4.7%	3,365	4.6%
Total market value of assets	93,263		108,603		106,630	
Actuarial value of liability	(111,390)		(125,476)		(127,474)	
Net pension liability	(18,127)		(16,873)		(20,844)	

The above asset values as at 31st March 2009 and 31st March 2008 are at bid value, as required under FRS17.

Sensitivity analysis of scheme liabilities

	Change in assumptions	Impact on scheme liabilities
Discount rate	Increase/decrease by 1%	Decrease/increase by 20.8%
Rate of inflation*	Increase/decrease by 1%	Increase/decrease by 16.8%
Mortality†	Increase by 1 year	Increase by 2.0%

*this will impact on the assumptions for increases on pensions before and after retirement

† the change in mortality reflects the life expectancy increasing by an additional year

Analysis of the amount charged to net incoming resources:

	2009 £'000	2008 £'000
Current service costs	(3,790)	(4,876)
Past service costs	-	-
Other finance income	252	678
Amount charged to net incoming resources	(3,538)	(4,198)
Current year contribution	11,545	8,235
	8,007	4,037

Analysis of net return of pension scheme:

	2009 £'000	2008 £'000
Expected return on pension scheme assets	7,846	7,131
Interest on pension liabilities	(7,594)	(6,453)
Net surplus	252	678

Analysis of amount recognised in statement of financial activities:

	2009 £'000	2008 £'000
Actual return less expected return on assets	(33,091)	(11,716)
Changes in assumptions	23,830	11,650
Actuarial (losses)/recognised in SOFA	(9,261)	(66)

Movements in deficit during the year:

	2009 £'000	2008 £'000
Deficit in scheme at beginning of year	(16,873)	(20,844)
Movement in year:		
Current service costs	(3,790)	(4,876)
Contributions	11,545	8,235
Other finance costs	252	678
Actuarial (loss)	(9,261)	(66)
Deficit in scheme at end of year	(18,127)	16,873)

The history of experience gains and losses are as follows:

	2009	2008	2007	2006	2005
Difference between the actual and expected return on assets:					
– amount (£'000)	(33,091)	(11,716)	984	12,585	2,304
– as % of scheme assets	(36%)	(11%)	1%	13%	3%
Experience (losses)/gains on scheme liabilities:					
– amount (£'000)	(1,989)	-	-	-	-
– as % of scheme liabilities	(2%)	0%	0%	0%	0%
Total amount of (losses)/gains recognised in statement of financial activities:					
– amount (£'000)	(9,261)	(66)	3,830	(12,800)	(724)
– as % of scheme liabilities	(3%)	0%	3%	(9%)	(1%)

20 Management of liquid resources

	2008 £'000	Cash flow £'000	2009 £'000
Cash invested in UK money market and deposit accounts	21,496	1,357	22,853

21 Analysis of changes in net funds

	2008 £'000	Cash flow £'000	2009 £'000
Cash at bank and in hand	1,880	1,873	3,753
Overdraft	(800)	756	(44)
Short-term deposits	21,496	1,357	22,853
	22,576	3,986	26,562

22 Revaluation reserve

	Balance 31 March 2008 £'000	Transfers to General Reserves £'000	Investment Unrealised Loss £'000	Balance 31 March 2009 £'000
Land and buildings	2,676	(64)	-	2,612
Investments	1,085	-	(1,085)	-
	3,761	(64)	(1,085)	2,612

23 Capital commitments

The value of contracts committed to but not provided for was nil (2008: nil).

24 Contingent liabilities

Contingent liabilities estimated at £871,600 under the member's professional indemnity insurance scheme have not been provided for as the crystallisation of the liabilities is considered unlikely.

25 Related party transactions

RCNMS and RCNL derived a significant proportion of their income from contracts with Liverpool Victoria Friendly Society Limited (LVFS Ltd) via a subsidiary Membership Services Direct Limited (MSD Ltd). RCNL this year received £103,091 (2008 - £106,885) from LVFS whilst RCNMS received £2,733,665 (2008 - £808,953). Further details of the trading of RCNMS Ltd and RCNL are shown in Note 6.

Richard Bernhard was a director of both RCNMS and RCNL but resigned on 30/06/2008. Messrs Rutherford and Paine are both directors of RCNMS and continue as directors of MSD Ltd.

26 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 trustees of the property of the union, the auditor or 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 or trustees, he should consider obtaining independent legal advice.



Royal College
of Nursing

20 Cavendish Square
London W1G 0RN
Tel: 020 7409 3333
www.rcn.org.uk

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