RCNi

Annual Report 2021


Doctor

RCN Publishing Company Limited
Annual Report and Financial Statements
for the Year Ended 31 December 2021
Company Registration No 02119155

Contents

The report of the Managing Director

RCN Publishing Company Limited (RCNi) supports the professional development and learning needs of the nursing profession worldwide and is an integral part of the Royal College of Nursing (RCN) Group.

2021 was a challenging year for RCNi from an operational and commercial point of view. Uncertainty around the ability to hold live events, limitations on household budgets for personal subscribers and long lead times on institutional decision making meant that RCNi had to be flexible and agile to remain profitable. Changing market drivers were coupled with COVID-19 lockdowns and restrictions on our workforce, requiring efficient and effective remote and agile working solutions.

Throughout the year, we focused on ensuring our information, events and services were compelling, relevant and valuable for our personal, institutional and advertising customers.

Our key development was the successful launch of RCNi Plus for individual subscribers in July 2021. This product brings together the best of our journals and learning content to help answer questions, support continuing professional development and offer career and workplace insights for the nursing community - all for a single monthly fee. We also saw the live roll out of RCNi Learning India, our first foray into providing tailored learning outside of the UK.

On behalf of the RCN Group, we celebrated the very best of nursing excellence at the virtual RCN Nursing Awards. Our awards recognised the exceptional contribution of the whole nursing team and were well received by attendees and sponsors.

A hybrid programme of events ran throughout 2021, with a return to face-to-face nursing careers and jobs fairs in the second half of the year. Virtual and in-person events will continue to be a key component of RCNi's work in 2022, with a focus on international expansion.

Costs were carefully controlled across all aspects of our business and we continued to review platforms, processes and systems to streamline operations. Our focus on high quality products and services, cost control and generation of new income, resulted in a better-than-expected surplus for 2021. Our surplus will enable RCNi to continue to invest in products and services to support our customer needs.

I would like to thank RCNi staff for their continued flexibility, engagement and commitment during 2021.

Rachel Armitage
Managing Director

Date: 26 April 2022

Strategic report for the year ended 31 December 2021

Review of the business

Business overview

RCNi (trading name for RCN Publishing Company Limited) is a digital health information company with a portfolio of nursing journals, learning and decision support tools, career services and events to support the nursing profession to deliver best practice and achieve their potential.

In line with our strategic aims, 2021 saw a major product launch for individual subscribers: RCNi Plus and a focus on customer engagement. Online advertising also performed strongly, despite difficult market conditions and helped to offset the revenue shortfall incurred by our inability to hold face-to-face events due to COVID-19 restrictions.

Financial review

In 2021, the business achieved revenue of £11,294,826 (2020: £11,583,098) and achieved profits before tax of £1,683,961 (2020: £602,396). 2020 revenue included the receipt of £326,000 compensation from the landlord after exiting the Harrow office lease. Excluding this one-off payment the sales revenue for 2020 was £11,257,098. RCNi trading income from outside RCN Group has increased by 12% since 2020 from £9,769,000 to £10,966,827. This is driven by the strong performance from journals and online advertising income that offset the continued adverse impact of restrictions on face-to-face events during the pandemic.

The 2021 results demonstrate the management focus on cost control, streamlining the business and prioritising digital income growth.

The directors recommend the payment of £1,096,028 in dividend. Net assets at 31 December 2021 were £5,278,562 compared to £4,322,375 in 2020. Total cash and cash on deposit was £5,187,856 (2020: £5,164,513).

Directors

Tim Brooks (Chair)
Caroline McNamara (Deputy Chair)
Rachel Armitage
Joseph Gary Bell
Andrea Davies
Roy Grant
Dr Caroline Shuldham
Susan Sinclair
Philip Smithers
Sophie Wybrew-Bond

Registered office
20 Cavendish Square
London
W1G 0RN

Company number
02119155

Statutory auditor
Crowe U.K. LLP
55 Ludgate Hill
London
EC4M 7JW

Objectives

Our vision is to inspire the nursing profession to achieve its potential and deliver best clinical practice to improve patient care and outcomes.

To achieve this vision, our focus is on providing education, learning and decision support content, driving digital engagement and using data analytics to provide insight into what works for our readers and customers. Strategic partnerships will continue to be important to expand our reach and impact worldwide. Working closely with the RCN in 2022, RCNi will continue to inform and address the education, learning and development needs of the nursing profession to provide support for every step of their career. There will also be group-wide initiatives to achieve a climate positive plan.

Principal risks and uncertainties

The major risks to the business in 2022 continue to be the impact of COVID-19 and economic uncertainty on events and print advertising income, and ensuring products and services meet the expectations of the digital consumer, customer and partner. In response, RCNi will continue to transform its digital portfolio to meet market needs and will allocate resources accordingly.

Due to Brexit, increased energy and paper costs, there is some risk around the cost of our print, paper and distribution. This is mitigated by the RCN agreeing to an increased contribution towards *RCN Bulletin* production in 2022, and a half-year review of actual costs.

Financial risk management

The following statements summarise the company's policy in managing identified forms of financial risk:

Price risk

The company is profitable and has sufficient reserves to finance its planned activities. Salary rises are negotiated and agreed locally with staff. Prices of raw materials, such as paper, are purchased subject to contracts with suppliers based on current market prices. RCNi's risk register is reviewed and updated monthly by the RCNi Executive Team and with the non-executive directors at each board meeting. RCNi risks are also reviewed by the RCN Group Audit Committee. This proactive approach to risk ensures that risk management is a fundamental part of our day-to-day business.

Credit risk

RCNi has a diverse customer base. The range of customers includes government bodies, NHS bodies, further education institutions, universities, private companies and individuals.

RCNi manages credit risk by deploying several internal controls, including assessing the credit worthiness while performing onboarding processes, regular monitoring of the outstanding debtors, and liaising with customers to understanding any change in their financial position.

Liquidity risk

The company has no long-term borrowings. The facility of a short-term overdraft is available when required.

Interest rate cash flow risk

The company does not have any borrowings and therefore the risk from an interest rate hike is minimal. The company does have surplus funds which it is able to place in a short-term deposit account with the company's bankers, however it does not depend on interest income and therefore the risk from interest rate changes is minimal.

Future developments

We will continue to improve operational effectiveness through the automation of business processes and procedures, rationalisation of digital platforms and ensuring that our workforce has the skills required to support RCNi as it continues to pursue its transformation agenda.

Approval

Approved by the board on 26 April 2022 and signed on its behalf by:

Rachel Armitage

Rachel Armitage
Managing Director

Date: 26 April 2022

Report of the Directors for the year ended 31 December 2021

The directors present their report together with the audited financial statements for the year ended 31 December 2021. Comparative figures are for the year ended 31 December 2020.

Results and dividends

The company made a pre-tax profit of £1,683,961 (2020: £602,396). The directors propose a dividend of £1,096,028 (2020: £413,848, paid in 2021).

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Tim Brooks (Chair)
Caroline McNamara (Deputy Chair)
Rachel Armitage
Joseph Gary Bell
Andrea Davies
Roy Grant
Dr Caroline Shuldham
Susan Sinclair
Philip Smithers
Sophie Wybrew-Bond

No director had any interest in the ordinary shares of the company.

Going concern

The COVID-19 pandemic and lockdown restrictions had significant impact on business activity for RCNi in 2021 as face to face events did not return until the second half of 2021, and the nursing workforce who comprise our customer base were deployed to critical roles, delaying purchasing decisions. Scenario planning for the 2022 full year budget was carried out by the management team to consider the financial impact of continuing restrictions and difficult trading conditions in 2022. The worst case scenario included:

i. individual subscription revenue decline if household incomes are limited by inflation

ii. commercial advertising and institutional subscriptions revenue expectations for growth not met due to budget and lockdown constraints

iii. increased costs due to inflationary impact.

The continued development of RCNi+ is specifically designed to address the issue of decline in personal subscriptions revenue. Close monitoring of our business-to-business sectors enables us to ensure our resources are focused in areas of highest growth.

All RCNi staff are enabled to work in an agile manner, either remotely or in the office.

Efforts continue to be made to control costs, with ongoing supplier reviews and to ensure that customers pay in a timely manner.

BACK TO CONTENTS

2021 ended with RCNi achieving above-budget profit and having healthy cash reserves. Therefore, it is reasonable to consider the business a going concern.

The directors confirm that they have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, and therefore the going concern basis of accounting has been adopted in preparation of the annual financial statements.

Financial risk management

Matters required for disclosure on financial risk management are included within the strategic report and forms part of this report by cross reference.

Events after the balance sheet date

There have been no material post balance sheet events that would require disclosure.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Crowe LLP were appointed as auditor to the Company in accordance with section 485 of the Companies Act 2006.

Rachel Armitage

Rachel Armitage
Managing Director

Date: 26 April 2022

Directors' responsibilities statement

The directors are responsible for preparing the *Annual Report 2021* and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the board and signed on its behalf by:

Rachel Armitage

Rachel Armitage
Managing Director

Date: 26 April 2022

Independent auditor's report to the members of RCN Publishing Company Limited (RCNi)

Opinion

We have audited the financial statements of RCN Publishing Company Limited (RCNi) for the year ended 31 December 2021 which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (UK Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (FRC) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to the going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the recognition of subscription income and override of controls by management. Our audit procedures to respond to these risks included sample testing of income transactions, enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with HMRC and reading minutes of meetings of those charged with governance.

A further description of our responsibilities for the audit of the financial statements is available on the Financial Reporting Council’s website at: **frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor’s report.

Use of our report

This report is made solely to the company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Tina Allison
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London, United Kingdom

Date: 12 May 2022

Financial statements

Statement of income and retained earnings for year ended 31 December 2021

	Note	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Turnover	3	11,294,826	11,583,098
Cost of sales		(4,419,685)	(4,588,274)
Gross profit		**6,875,141**	**6,994,824**
Distribution costs		(3,200,852)	(3,291,238)
Administrative expenses		(1,990,558)	(2,098,252)
Historic VAT liability		–	(1,010,771)
Operating profit	6	**1,683,731**	**594,563**
Interest receivable and similar income		230	7,833
Interest payable		–	–
Profit before taxation		**1,683,961**	**602,396**
Taxation on profit	7	(313,926)	(85,085)
Profit for the financial year		**1,370,035**	**517,311**
Retained profit at 1 January 2021		**3,822,375**	**3,658,064**
Profit for the financial year		1,370,035	517,311
Dividends paid		(413,848)	(353,000)
Retained profit at 31 December 2021		**4,778,562**	**3,822,375**

All amounts relate to continuing activities.

There are no other comprehensive income or expenses in the current financial year and preceding financial year other than the profit after tax of £1,370,035 (2020: £517,311) shown above. Accordingly no statement of comprehensive income has been presented.

The notes on pages 16 to 30 form part of these financial statements.

Statement of financial position at 31 December 2021

	Note	31 December 2021 £	31 December 2020 £
Fixed assets			
Tangible assets	8	115,801	110,452
Intangible assets	8	–	–
Total fixed assets		**115,801**	**110,452**
Current assets			
Debtors	9	2,402,651	1,669,265
Short-term deposits	10	4,761,182	4,800,950
Cash at bank and in hand		426,674	363,563
Total current assets		**7,590,507**	**6,833,778**
Creditors: amount falling due within one year	11	(2,417,140)	(2,616,228)
Net current assets		**5,173,367**	**4,217,550**
Total assets less current liabilities		**5,289,168**	**4,328,002**
Provision for liabilities	12	(10,606)	(5,627)
Net assets		**5,278,562**	**4,322,375**
Capital and reserves			
Called up share capital	13	500,000	500,000
Profit and loss account		4,778,562	3,822,375
Total shareholders' funds		**5,278,562**	**4,322,375**

The financial statements of RCN Publishing Company Limited registered number 02119155 were approved and authorised to be issued by the Board of Directors on 26 April 2022 and signed on its behalf by:

Rachel Armitage
Managing Director

Date: 26 April 2022

The notes on pages 16 to 30 form part of these financial statements

Statement of changes in equity for the year ended 31 December 2021

	Note	Share capital £	Profit and loss £	Total £
Balance at 1 January 2020		**500,000**	**3,658,064**	**4,158,064**
Profit for the year being total comprehensive income		–	517,311	517,311
Dividends paid		–	(353,000)	(353,000)
Balance at 31 December 2020		**500,000**	**3,822,375**	**4,322,375**
Profit for the year being total comprehensive income		–	1,370,035	1,370,035
Dividends paid		–	(413,848)	(413,848)
Balance at 31 December 2021		**500,000**	**4,778,562**	**5,278,562**

The dividends paid in 2021 refer to the dividends proposed in 2020.

During the year, RCNi paid a dividend amounting to £413,848 (31 December 2020: £353,000).

Notes forming part of the financial statements for the year ended 31 December 2021

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

General information and basis of accounting

RCN Publishing Company Limited is a private company limited by shares and incorporated in the UK and registered in England and Wales under the Companies Act. The address of the registered office is 20 Cavendish Square, London, W1G 0RN. The nature of the group's operations and its principal activities are set out in the strategic report on pages 3 to 5.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of RCN Publishing Company Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates. The financial statements are also presented in pounds sterling.

RCN Publishing Company Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to financial instruments, key management personnel and presentation of a cash flow statement.

Turnover

Turnover, less VAT, represents sales to customers at invoiced amounts and, for subscription income, the money received from subscribers for the issues published in the year. Royalty income is recognised on receipt unless it is for the future in which case it is deferred. Most of the turnover is generated in the UK. Income received in advance is deferred based on the actual price per publication multiplied by the number of months paid in advance by subscribers.

Expenditure

Expenditure is recognised on an accruals basis.

Fixed assets

Fixed assets including software, with a value of less than £500 are expensed at acquisition. Fixed assets including software with a value of £500 or above have depreciation provided to write-off the cost, less estimated residual values, evenly over their expected useful lives. It is calculated at the following rates:

Assets in the course of construction are not depreciated until they come into use.

Leasehold improvements	Over the period of the lease
Computer hardware	3 years
Computer software	3 to 5 years
Fixtures, fittings and office equipment	3 to 5 years

Intangible assets

Intangible assets are amortised on a straight-line basis over three years.

Going concern

The company's activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The company's cash position remains strong which is set out in the statement of Financial Position. Cash deposits plus cash at bank have increased compared to those at 31 December 2021 by £23,343. The company undertakes a formalised process of budgeting, reporting and review. The Board of Directors has reviewed budgets and forecasts for 2022.

It is reasonable to consider the business a going concern. Please see Report of the Directors on page 6 for further information.

The directors confirm that they have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Related party transactions

The company has taken advantage of the exemption in FRS 102 from disclosing transactions with The Royal College of Nursing of the United Kingdom and other wholly-owned companies within the group.

Pension costs

A number of the company's employees belong to The Royal College of Nursing of the United Kingdom's (RCN UK) defined benefit pension scheme. As it is not possible to identify the company's share of the underlying assets and liabilities in the scheme, contributions are charged to the profit and loss account as they become payable.

Since 1 November 2013, the RCN UK has set up a defined contribution pension scheme and a number of the company's employees belong to the scheme. The scheme has three levels of employee and employer contribution. This scheme is used to fulfil the auto enrolment obligations. All new employees and those not in the deferred benefit scheme are automatically enrolled into the lowest contribution level. Once in the scheme employees can opt to move to a higher level of contribution. Please see note 18.1 for more information. All employer contributions made to the scheme are charged to the profit and loss account as they become payable.

Where a liability arises on the pension scheme, RCN UK will notify RCN Publishing Company Limited of its share of the liability on an annual basis. This is accrued upon notification. Note 4 outlines the charge for the year.

Joint arrangements

RCNi has a jointly controlled operation with The BMJ, publishing *Evidence-Based Nursing*. The company accounts for its portion of the turnover and costs relating to this arrangement which is detailed in note 17 related party.

Tax

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the amount of reported taxable income and the amount reported on the income statement.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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.

Dividend

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the year in which the dividends are approved by the Board.

Financial instruments

Financial assets and liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs). The company only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value. Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Creditors and provisions are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

2. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions in applying the Company's accounting policies to determine the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis, with revisions to accounting estimates applied prospectively.

Critical accounting judgements

Critical judgements, apart from those involving estimations, that are applied in the preparation of the financial statements are discussed below.

Pensions

Determining the amount of the company's retirement benefit obligations and the net costs of providing such benefits requires assumptions to be made concerning long-term interest rates, inflation, salary and pension increases, investment returns and longevity of current and future pensioners. Changes in these assumptions could significantly impact the amount of the obligations or the cost of providing such benefits. The company makes assumptions concerning these matters with the assistance of advice from independent qualified actuaries. Details of the assumptions made are set out in note 18.

3. Turnover

Turnover, which is stated net of value added tax, represents the net amounts invoiced during the year, and is derived from the following activities:

	Year ended 31 December 2021 £	**Year ended 31 December 2020 £**
Journals	9,631,839	9,220,050
Exhibitions	1,001,193	891,830
Other communication	661,160	1,124,173
Other income	634	347,045
Total	**11,294,826**	**11,583,098**

An analysis of the company's turnover by geographical market is set out below:

	Year ended 31 December 2021 £	**Year ended 31 December 2020 £**
Turnover:		
UK	9,953,302	11,225,802
Overseas	1,341,524	357,296
Total	**11,294,826**	**11,583,098**

4. Employee costs

	Year ended 31 December 2021 £	Year ended 31 December 2020 Restated £
Staff costs consist of:		
Wages and salaries	5,112,046	4,821,947
Social security costs	555,406	508,697
Other pension costs	641,486	709,382
Total	**6,308,938**	**6,040,026**

For the year ended 31 December 2021 a charge of £390,297 (2020: £363,638) has also been included in other pension costs, which is the company's regular contributions made into the defined benefit scheme. The company is also contributing to the defined contribution scheme.

The average monthly number of employees, including executive directors, employed by the company during the year was:

	Year ended 31 December 2021 Number	Year ended 31 December 2020 Number
Editorial and production	47	48
Distribution and sales	38	33
Administration	13	15
Total	**98**	**96**

5. Directors

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Directors' emoluments consist of:		
Remuneration for management services	473,807	455,575
Pension contributions	25,828	24,734
Total	**499,635**	**480,309**

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Highest paid director		
Remuneration for management services	170,355	179,451
Pension contributions	–	–
Total	**170,355**	**179,451**

6. Operating profit

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
This has been arrived at after charging:		
Depreciation and amortisation	71,208	139,298
Auditor's remuneration	16,500	17,850
Foreign exchange loss	6,133	5,987
Rent under operating leases:		
Land and buildings	156,755	172,527

7. Taxation on profit

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
UK corporation tax		
Current tax on profit of the year	317,640	119,314
Adjustments in respect of prior years	(8,691)	(30,303)
Total current tax charge	**308,949**	**89,011**
Deferred taxation movement in the year		
Origination and reversal of timing differences in current year	3,183	(21,552)
Adjustments in respect of prior years - deferred tax	13	(1,774)
Short-term timing difference	–	18,485
Effect of tax rate change on opening balance	1,781	915
Taxation on profit on ordinary activities	**313,926**	**85,085**

The tax assessed for the year is 19% (2020: 19%) which is the main rate of corporation tax in the UK.

Legislation will be introduced in Finance Bill 2021 to set the charge to Corporation Tax and set the main rate at 19% for the financial year beginning 1 April 2022. As announced at Budget 2021, legislation will also be introduced in the Finance Bill 2021 to set the charge to Corporation Tax and set the main rate at 25% for the financial year beginning 1 April 2023.

The differences are explained below:

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Profit before tax	**1,683,961**	**602,396**
Tax on ordinary activities at the standard rate of corporation tax in the UK of 19% (2020: 19%)	319,952	114,456
Expenses not deductible for tax purposes	87	197
Adjustments in respect of prior years	(8,691)	(30,303)
Adjustments in respect of prior years - deferred tax	13	(1,774)
Group relief claimed	–	–
Change in tax rates	–	–
Fixed assets differences	21	1,594
Other reliefs and transfers	2,544	915
Adjustments in respect of deferred tax	–	–
Total tax charge	**313,926**	**85,085**

The Corporation Tax rate for the year ended 31 December 2021 is 19% (31 December 2020: 19%). The deferred tax rate for the year ended 31 December 2021 is 25% (31 December 2020: 19%).

8. Fixed assets

Tangible assets

	Short leasehold improvements £	Assets in the course of construction £	Computer equipment £	Office equipment £	Fixtures and fittings £	Total £
Cost of assets						
As at 1 January 2021	**2,000**	**40,271**	**1,172,980**	**38,437**	**137,327**	**1,391,015**
Additions	–	–	76,556	–	–	76,556
Disposals	–	–	–	–	–	–
Transfers	–	(40,271)	40,271	–	–	–
As at 31 December 2021	**2,000**	**–**	**1,289,807**	**38,437**	**137,327**	**1,467,571**
Accumulated depreciation						
As at 1 January 2021	**2,000**	**–**	**1,105,651**	**38,290**	**134,622**	**1,280,563**
Depreciation charge for the year	–	–	69,286	147	1,774	71,207
Disposals	–	–	–	–	–	–
As at 31 December 2021	**2,000**	**–**	**1,174,937**	**38,437**	**136,396**	**1,351,770**
Net book value						
As at 31 December 2021	–	–	114,870	–	931	115,801
As at 31 December 2020	–	40,271	67,329	147	2,705	110,452

Intangible assets

	£
Cost of assets	
As at 1 January 2021	9,032
As at 31 December 2021	9,032
Accumulated amortisation	
As at 1 January 2021	**9,032**
Charge for the year	–
As at 31 December 2021	**9,032**
Net book value	
As at 31 December 2021	–
As at 31 December 2020	–

Intangible assets consist of domain names purchased by the company, valued at cost and amortised straight-line over three years.

9. Debtors: amounts falling due within one year

	31 December 2021 £	31 December 2020 £
Trade debtors	1,495,043	1,141,679
Amounts owed by the Royal College of Nursing	127,592	198,230
Prepayments and accrued income	780,016	329,356
Total	**2,402,651**	**1,669,265**

The amounts due from the Royal College of Nursing are not subject to interest and are repayable on demand.

10. Short-term deposit

	31 December 2021 £	31 December 2020 £
Corporate cash manager plus	3,735,121	3,775,228
Lloyds bank treasury account	1,026,061	1,025,722
Total	**4,761,182**	**4,800,950**

11. Creditors: amounts falling due within one year

	31 December 2021 £	31 December 2020 £
Trade creditors	304,423	353,239
Taxation and social security	472,135	270,489
Other creditors	412,960	131,039
Payments received on account	42,669	20,349
Accruals and deferred income	1,184,953	1,841,112
Total	**2,417,140**	**2,616,228**

RCNi sells digital publications subject to standard rate Value Added Tax (VAT). In 2020, a correction was made to the calculation of VAT in relation to sales of digital publications. As a result, the comparative for accruals and deferred income includes £965,011 of under-declared output tax relating to the periods from January 2016 to June 2020 and £45,760 of interest due to HMRC. These amounts were paid to HMRC on 11 February 2021 and 25 February 2021 respectively.

The amounts owed to the Royal College of Nursing are not subject to interest and are repayable on demand.

The taxation and social security creditor includes a corporation tax liability of £308,949.

12. Provisions for liabilities and charges

	31 December 2021 £	31 December 2020 £
Provision for deferred tax	10,606	5,627
Total	**10,606**	**5,627**

Deferred tax liability balance

The company has a deferred tax liability arising from timing differences as set out below. This liability has been recognised in these financial statements, shown at 19% rate for the current year (2020: 19%).

Analysis of deferred tax liability

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Excess of capital allowances over depreciation	(10,606)	(5,627)
Short-term timing differences	–	–
Total deferred tax (liability)	**(10,606)**	**(5,627)**

Deferred tax movement

	Movement £
Opening balance at 1 January 2021	**(5,657)**
Charge to profit and loss account (see note 7)	(4,979)
Closing balance at 31 December 2021	**(10,606)**

13. Called up share capital

	Authorised		Allocated, called up and fully paid	
	31 December 2021 £	**31 December 2020 £**	**31 December 2021 £**	**31 December 2020 £**
Ordinary shares of £1 each	500,000	500,000	500,000	500,000

14. Dividends

The directors propose a dividend of £1,096,028 for the year ended 31 December 2021, which will be paid in 2022. A dividend of £413,848 was paid in 2021 relating to 2020.

15. Commitments under operating leases

As at 31 December 2021, the company had total future minimum lease payments under non-cancellable operating leases as set out below:

	31 December 2021	31 December 2020
	Land and buildings £	**Land and buildings £**
Total future minimum lease payments for non-cancellable operating leases:		
Not later than one year	150,192	150,192
Later than one year and not later than five years	337,932	488,124
Total	**488,124**	**638,316**

16. Parent undertaking

The company's parent undertaking is the Royal College of Nursing "RCN" of the United Kingdom, whose principal place of business is 20 Cavendish Square, London W1G 0RN. The results of the company are included in the consolidated financial statements of the Royal College of Nursing of the United Kingdom which are available from the above address. The RCN is the only company to consolidate RCN Publishing Company Limited's financial statements.

17. Related party

In 1997 the company started a joint venture with The BMJ, publishing the journal Evidence-Based Nursing. The company's share of the revenue at 31 December 2021 was £448,489 (31 December 2020: £391,416) and the share of the cost was £93,770 (31 December 2020: £112,522). The company was owed £56,842 by The BMJ at 31 December 2021 (2020: £41,472).

The BMJ's immediate and ultimate parent undertaking which is also its ultimate controlling party as at 31 December 2021 was the British Medical Association (BMA). The BMA is the smallest and largest group in which The BMJ is consolidated. The registered office is BMA House, Tavistock Square, London WC1H 9JR.

18. Pension commitments

18.1 RCN Group defined contribution pension scheme

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

Contribution level	Employee	Employee	Employer
	If not salary sacrifice	Salary sacrifice	
Level 1	2.4%	3.0%	8.0%
Level 2	4.0%	5.0%	10.0%
Level 3	5.6%	7.0%	12.0%

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

18.2 RCN Group defined benefit pension scheme

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

As it is not possible to identify the RCNi's share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis, RCNi does not recognise a pension asset or liability, or an actuarial pension reserve on the statement of financial position. Contributions are charged to the statement of income and retained earnings as they become payable.

The share of the RCN UK defined benefit pension scheme assets and liabilities that relate to the company's members of the scheme is not readily available. At the actuarial valuation as at 30 September 2019, the liabilities for RCN Publishing Company Limited members calculated on the discontinuance basis represented 7.5% (2020: 7.5%) of the total liabilities on the same basis.

Employer

From April 2018 to March 2021 the average employer contribution rate was 14.2%. Following the September 2019 actuarial valuation, the average employer contribution rate increased to 15.2% from April 2021. RCNi also made a contribution to the annual deficit lump sum agreed by the parent, an arrangement which ceased in July 2021.

Contributory employees

From 1 November 2013 current members contributions were set out in the schedule of contributions at 6%, 8% or 13% (depending on employee opted retirement age). From 1 April 2020 current member contributions were set at 6.2%, 8.2% or 13.2% (depending on employee opted retirement age). From 1 April 2021 current member contributions rose to 7.2%, 9.2% or 14.2%.

The valuation used for FRS 102 disclosures has been based on the most recent actuarial valuation by a qualified independent actuary at 30 September 2019 to take account of the requirements of FRS 102 in order to assess the liabilities of the scheme at 31 December 2021.

The principal actuarial assumptions were as follows:

	31 December 2021	31 December 2020	31 December 2019	31 December 2018	31 December 2017
Discount rate	1.90%	1.45%	2.05%	2.75%	2.45%
Inflation assumptions (RPI)	3.20%	2.95%	3.00%	3.25%	3.25%
Inflation assumptions (CPI)	2.85%	2.60%	2.00%	2.25%	2.25%
Allowance for revaluation of deferred and CARE pensions accrued before 1 November 2013 (with LPI of 5%)*	3.20% (RPI)	2.95% (RPI)	3.00% (RPI)	3.25% (RPI)	3.25% (RPI)
Allowance for CARE revaluation of pensions accrued after 1 November 2013 (with LPI cap of 2.5%)*	2.50% (CPI)	2.5% (CPI)	1.60% (CPI)	1.70% (CPI)	1.70% (CPI)
Allowance for pension payment increases accrued before 1 June 2007 (with LPI cap of 5%)*	3.05% (RPI)	2.85% (RPI)	2.90% (RPI)	3.10% (RPI)	3.10% (RPI)
Allowance for pension payment increases accrued after 1 June 2007 (with LPI cap of 5%)*	2.80% (CPI)	2.60% (CPI)	2.10% (CPI)	2.30% (CPI)	2.30% (CPI)
Allowance for pension payment increases accrued after 1 June 2007 (with LPI cap of 3%)*	2.25% (CPI)	–	1.80% (CPI)	1.95% (CPI)	1.95% (CPI)
Allowance for commutation of pension for cash at retirement	75% of Post A Day	75% of Post A Day	60% of Post A Day	60% of Post A Day	60% of Post A Day

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

Life expectancies

	31 December 2021	31 December 2020	31 December 2019	31 December 2018	31 December 2017
Longevity at age of 65 for current pensioners (years)					
- Men	21.9	21.9	21.9	22.1	22.1
- Women	24.0	24.0	23.6	23.8	23.7
Longevity at age of 65 for future pensioners* (years)					
- Men	23.2	23.2	23.2	23.5	23.5
- Women	25.2	25.1	24.9	25.0	25.0

* Assumed currently aged 45

The assets in the group scheme and the expected rate of return were:

	Value at 31 December 2021 £'000	Value at 31 December 2020 £'000	Value at 31 December 2019 £'000	Value at 31 December 2018 £'000	Value at 31 December 2017 £'000
Equities	66,672	65,684	72,480	175,496	173,176
Bonds	260,240	265,684	176,162	112,887	115,737
Property	35,993	15,066	15,075	14,390	15,114
Other	91,296	85,178	88,998	1,198	1,432
Insured pensioners	509	612	520	592	704
Total market value of assets	**454,710**	**432,045**	**353,235**	**304,563**	**306,163**
Actuarial value of liability	(377,508)	(400,770)	(339,590)	(307,034)	(318,327)
Net pension surplus/(liability)	**77,202**	**31,275**	**13,645**	**(2,471)**	**(12,164)**

Further information under FRS 102 is not disclosed in these financial statements as the scheme is a multi-employer scheme, the legal rights to which are held by RCN UK as the sponsoring entity, and it is not possible to extract the relevant figures for each individual company within the Group. Full disclosures are made in the financial statements of the Royal College of Nursing of the United Kingdom.


MISSION CARE
AARON
MISSION CARE
BABITA

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

May 2022
Publication code 010 093

Published by the Royal College of Nursing. The RCN is a Royal College set up by Royal Charter and a Special Register Trade Union established under the Trade Union and Labour Relations (Consolidation) Act 1992.