Annual Report 2018

RCN Publishing Company Limited
Annual Report and Financial Statements
For the Year Ended 31 December 2018
Company Registration No 02119155

Contents

Rachel Armitage
Managing Director

As an integral part of the Royal College of Nursing Group, RCNi supports the professional development and learning needs of the nursing community.

In 2018, in response to reader feedback, we enhanced the digital offer of our flagship publication Nursing Standard, and moved to monthly print publication. We invested in reshaping our Nursing Careers Fairs to deliver expanded CPD programs, and we launched our first workflow tool to support clinical practice - RCNi Decision Support.

In 2019, we will continue to consolidate our digital portfolio focusing on improved user experience and content discoverability, moving more titles online only and ensuring our subscribers get the best use out of our digital products and sevices. A particular focus in 2019 will be support of the RCN's safe staffing campaign.

I look forward to working with staff across RCNi, RCN and the RCN Foundation to deliver our shared goals in support of the nursing community.

Rachel Armitage

Rachel Armitage
Managing Director
Date: 14 March 2019

Directors
T Brooks (Chair)
C McNamara (Deputy Chair)
R Armitage
G Scott
P Smithers
K Fawcett OBE
R Grant
Dr A Holloway
M Richardson
S Wybrew-Bond

Registered office
20 Cavendish Square, London, W1G 0RN

Company number
02119155

Statutory Auditor
Deloitte LLP, 1 New Street Square, London, EC4A 3HQ, United Kingdom

Strategic report
for the year ended 31 December 2018

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 products, career services and events to help the nursing community deliver best practice and achieve their potential.

In line with our digital strategy and business transformation plans, 2018 saw the expansion of the RCNi portfolio to launch RCNi Decision Support, the first workflow tool from RCNi to support clinical decision making.

Financial review

This year the business achieved sales revenue of £12.4 m (2017: £13.5 m) and achieved profits before tax of £83,922 (2017: £435,269). The reduction in RCNi turnover and profit in comparison to 2017 occurred due to further decline in traditional revenue streams and additional cost incurred from restructuring the business. Whilst revenue from personal subscriptions to journals continues to decline, new revenue streams are growing as RCNi develops its digital product portfolio in response to changing market needs.

The directors do not recommend the payment of a dividend (2017: £275,000). Net assets at 31 December 2018 were £3.8m compared to £4m in 2017. Total cash and cash on deposit increasing by £156,149 against 2017 to £3.63m in 2018.

Objectives

Our vision is to inspire the nursing community to achieve their potential and deliver best clinical practice.

To achieve our vision, our focus is on driving digital engagement with our products and services, using content analytics to provide insight into what works for our readers and customers. International partnerships worldwide will continue to be important to business growth and the expansion of our reach across the nursing community, and we will tightly control our costs to ensure that we are fit to compete as pursue our digital strategy.

Principal risks and uncertainties

The major risk to the business is adapting to the expectations of the digital consumer. RCNi's focus on developing its digital product portfolio is in response to these changing market needs.

The manufacturing and distribution of our print products continues to form a significant part of our costs, although this has decreased in comparison to previous years as print frequency of titles is reduced and more titles are moved online only. The consolidation of the print market reduces the options the company has in terms of printers, and Brexit may drive further consolidation.

A number of policies govern the behaviour of all employees and directors. In 2017, an Anti-Bribery and Corruption policy was re-introduced. A policy defining the approach of the business to the Modern Slavery Act 2015 was introduced. Our policy is to assess and address anti-modern slavery laws in our own business and we expect organisations we work with to adopt and enforce policies to comply with the legislation. The business has evaluated its compliance with the General Data Protection Regulations and is jointly implementing a group wide program in conjunction with the RCN.

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 on a monthly basis by the RCNi Executive Team and with the Non-Executive Directors at Board and Committee meetings. 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

The company's trade debtors consist mainly of advertising agencies and NHS Trusts. The Trusts are low risk and the company has a credit insurance policy in place for the other major debtors.

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 interest rate hike is minimal. The company does have surplus funds which it is able to place in 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 automation of business processes and procedures, and ensure that our workforce has the technical skills required to support RCNi as it transitions to a digital, international health information and learning organisation.

Events after the balance sheet date

There have been no significant events after the balance sheet date.

Approval

Approved by the Board and signed on its behalf by:

Rachel Armitage

Rachel Armitage
Managing Director
Date: 14 March 2019

Report of the Directors

for the year ended 31 December 2018

The directors present their report together with the audited financial statements for the year ended 31 December 2018. Comparative figures are for the year ended 31 December 2017.

Results and dividends

The company made a pre-tax profit of £83,922 (2017: £435,269). The directors do not propose a final dividend, (2017: £275,000, paid June 2018).

Directors

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

T Brooks (appointed 1st January 2018)
C McNamara
R Armitage
G Scott
P Smithers
K Fawcett OBE
R Grant
Dr A Holloway
M Richardson
M Haque (resigned 20th November 2018)
S Wybrew-Bond (appointed 1st July 2018)

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

Deloitte LLP were re-appointed as auditor to the Company and in accordance with section 485 of the Companies Act 2006, a resolution proposing their re-appointment will be put in place at a General meeting.

Future developments

Details of future developments can be found in the Strategic Report on page 3.

The Board of Directors has reviewed budgets and forecasts for 2019 and a three year strategic plan.

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. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Rachel Armitage

Rachel Armitage
Managing Director
Date: 14 March 2019

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report 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; and
- 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.

Disclosure of information to auditor

So far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and he/she has taken all the steps that he/she ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Approved by the Board and signed by order of the Board.

Rachel Armitage

Rachel Armitage
Managing Director
Date: 14 March 2019

Independent Auditor's Report to the members of RCN Publishing Company Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of RCN Publishing Company Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of RCN Publishing Company Limited (the 'company') which comprise:

- the statement of income and retained earnings;
- the statement of financial position;
- the statement of changes in equity and;
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 ('The FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. 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.

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

We have nothing to report in respect of these matters

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the 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; and

- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

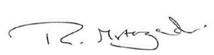
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- 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.

We have nothing to report in respect of these matters.

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.



Reza Motazedi
Senior statutory auditor
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

Date: 9 April 2019

Financial statements

Statement of income and retained earnings for year ended 31 December 2018

	Note	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Turnover	2	12,380,018	13,498,026
Cost of sales		(5,552,612)	(5,503,935)
Gross profit		**6,827,406**	**7,994,091**
Distribution costs		(4,390,309)	(4,844,337)
Administrative expenses		(2,363,004)	(2,728,259)
Operating profit	5	**74,093**	**421,495**
Interest receivable and similar income		10,584	13,774
Interest payable		(755)	–
Profit before taxation		**83,922**	**435,269**
Taxation on profit	6	4,857	(78,971)
Profit for the financial year		**88,779**	**356,298**
Retained profit		**3,488,495**	**3,582,197**
Profit for the financial year		**88,779**	**356,298**
Dividends paid		(275,000)	(450,000)
Retained profit		**3,302,274**	**3,488,495**

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 £88,779, (2017: £356,298) shown above. Accordingly no statement of comprehensive income has been presented.

The notes on pages 14 to 26 form part of these financial statements.

Statement of financial position at 31 December 2018

	Note	31 December 2018 £	31 December 2017 £
Fixed assets			
Tangible assets	7	290,808	316,949
Intangible assets	7	1,659	4,669
Total fixed assets		**292,467**	**321,619**
Current assets			
Debtors	8	1,391,589	1,594,364
Short-term deposits		3,538,954	3,192,196
Cash at bank and in hand		95,029	285,638
Total current assets		**5,025,572**	**5,072,198**
Creditors: amount falling due within one year	9	(1,405,023)	(1,299,683)
Net current assets		**3,620,549**	**3,772,514**
Total assets less current liabilities		**3,913,016**	**4,094,133**
Provision for liabilities	10	(110,742)	(105,638)
Net assets		**3,802,274**	**3,988,495**
Capital and reserves			
Called up share capital	11	500,000	500,000
Profit and loss account		3,302,274	3,488,495
Total shareholders' funds		**3,802,274**	**3,988,495**

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

Rachel Armitage

Rachel Armitage
Managing Director
Date: 14 March 2019

The notes on pages 14 to 26 form part of these financial statements

Statement of changes in equity

	Note	Share Capital £	Profit and loss £	Total £
Balance at 1 January 2017		**500,000**	**3,582,197**	**4,082,197**
Profit for the year being total comprehensive income		–	356,298	356,298
Dividends paid		–	(450,000)	(450,000)
Balance at 31 December 2017		**500,000**	**3,488,495**	**3,988,495**
Profit for the year being total comprehensive income		–	88,779	88,779
Dividends paid		–	(275,000)	(275,000)
Balance at 31 December 2018		**500,000**	**3,302,274**	**3,802,274**

Notes forming part of the financial statements for the year ended 31 December 2018

1. Accounting policies

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

a. 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 4.

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 value added tax, 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 a future period in which case it is deferred. Most of the revenue is generated in the United Kingdom.

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:

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

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

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 and cash deposits plus cash at bank have increased compared to those at 31 December 2017 by £156,149. The company undertakes a formalised process of budgeting, reporting and review. The Board of Directors has reviewed budgets and forecasts for 2018 and a three year strategic plan.

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. 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.

Deferred income

Income received in advance is deferred based on the actual price per publication multiplied by the number of months paid in advance by subscribers.

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 16.1 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 their share of the liability on an annual basis. This is accrued upon notification. Note 3 outlines the charge for the year.

Joint ventures

RCNi has a jointly controlled operation with BMJ, publishing Evidence Based Nursing. The turnover and costs of sales relating to this are included in the financial statements and detailed separately in note 15 Related Party.

Operating leases

The company classifies its lease of a franking machine as an operating lease; the title to the equipment remains with the lessor. Rental charges are expensed on a straight-line basis over the term of the lease.

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 company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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. Provision for dilapidations is based on a realistic estimate of amounts that could be payable at the end of the current lease in June 2020.

Dividend

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

Financial instruments

Financial assets and financial 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 have financial assets and financial 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.

Critical accounting judgements and key sources of estimation uncertainty

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 16.

2. Turnover

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

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Journals	10,237,292	11,188,389
Exhibitions	1,391,253	1,617,221
Other communication	751,473	692,416
Total	**12,380,018**	**13,498,026**

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

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Turnover:		
UK	10,951,405	12,614,507
Overseas	1,428,613	883,519
Total	**12,380,018**	**13,498,026**

3. Employee costs

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Staff costs consist of:		
Wages and salaries	4,703,540	4,693,206
Social security costs	525,054	500,116
Other pension costs	490,658	493,334
Total	**5,719,252**	**5,686,657**

For the year ended 31 December 2018 a charge of £236,715 (2017: £192,000) has also been included in other pension costs, which is the company's estimated share of the payment made into the scheme by the parent company. The company is also contributing to the defined contribution scheme. The staff costs in the 2018 accounts included accrued amounts of £65,464 as part of compromise agreements, (2017: £Nil).

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

	Year ended 31 December 2018 Number	Year ended 31 December 2017 Number
Editorial and production	48	45
Distribution and sales	38	40
Administration	17	16
Total	**103**	**101**

4. Directors

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Directors' emoluments consist of:		
Remuneration for management services	524,171	443,942
Pension contributions	48,585	38,009
Total	**572,756**	**481,951**

Retirement benefits are accruing to 1 (2017: 1) director under a defined benefit scheme:

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Highest paid director	161,478	165,015

5. Operating profit

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
This has been arrived at after charging:		
Depreciation and amortisation	199,250	187,543
Rent under operating leases:		
Land and buildings	164,516	164,516
Other	4,380	4,380
Auditor's remuneration	16,000	16,000

6. Taxation on profit on ordinary activities

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
UK corporation tax		
Current tax on profit of the year	–	84,527
Adjustments in respect of prior years	(30)	(593)
Total current tax (credit)/charge	**(30)**	**83,934**
Deferred taxation movement in the period		
Origination and reversal of timing differences in current year	(3,139)	(3,274)
Adjustments in respect of prior periods	(1,688)	(1,689)
Taxation on profit on ordinary activities	**(4,857)**	**78,971**

The tax assessed for the year is lower (2017: lower) than the main rate of corporation tax in the UK.
The differences are explained below:

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Profit on ordinary activities befor tax	**83,922**	**435,269**
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2017: 19.25%)	15,945	83,774
Expenses not deductible for tax purposes	167	627
Adjustments in respect of prior periods	(30)	(593)
Group relief claimed	(21,507)	(5,494)
Change in tax rates	568	657
Total tax (credit)/charge	**(4,857)**	**78,971**

Finance Act 2016, which was substantively enacted in September 2016 included provisions to reduce the rate of corporation tax to 17% with effect from 1 April 2020. As this legislation was substantively enacted at year end the impact of the rate change is reflected in the tax provisions reported in these accounts. Accordingly, deferred tax balances have been revalued to the lower rate of 17% in these accounts. To the extent that the deferred tax reverses before 1 April 2020 then the impact on the net deferred tax asset will be reduced.

7. Fixed assets

Tangible assets

	Short leasehold improvements £	Asset in the course of construction £	Computer equipment £	Office equipment £	Fixtures and fittings £	Total £
Cost of Assets						
As at 1 January 2018	**386,124**	–	**940,564**	**37,108**	**132,064**	**1,495,860**
Additions	2,000	7,667	157,007	1,329	2,096	170,098
As at 31 December 2018	**388,124**	**7,667**	**1,097,571**	**38,437**	**134,160**	**1,665,958**
Accumulated Depreciation						
As at 1 January 2018	**386,124**	–	**600,399**	**20,151**	**112,237**	**1,178,911**
Depreciation charge for the year	286	–	180,332	8,426	7,196	196,239
As at 31 December 2018	**386,410**	–	**840,731**	**28,577**	**119,433**	**1,375,150**
Net Book Value						
As at 31 December 2018	1,714	7,667	256,840	9,860	14,727	290,808
As at 31 December 2017	–	–	280,164	16,957	19,828	316,949

Intangible assets

	£
Cost of Assets	
As at 1 January 2018	9,032
As at 31 December 2018	9,032
Accumulated amortisation	
As at 1 January 2018	**4,363**
Charge for the year	3,011
As at 31 December 2018	**7,374**
Net book value	
As at 31 December 2018	1,659
As at 31 December 2017	4,669

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

8. Debtors: amounts falling due within one year

	31 December 2018 £	31 December 2017 £
Trade debtors	796,315	822,543
Amounts owed by the Royal College of Nursing	252,613	467,039
Prepayments and accrued income	342,661	304,782
Total	**1,391,589**	**1,594,364**

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

9. Creditors: amounts falling due within one year

	31 December 2018 £	31 December 2017 £
Trade creditors	350,154	431,052
Taxation and social security	276,166	276,154
Other creditors	58,497	58,392
Payments received on account	64,903	13,059
Accruals and deferred income	655,303	521,026
Total	**1,405,023**	**1,299,683**

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

10. Provisions for liabilities and charges

	31 December 2018 £	31 December 2017 £
Provisions for dilapidations	87,359	77,428
Provision for deferred tax (note 6)	23,383	28,210
Total	**110,742**	**105,638**

Movements - Provisions for liabilities and charges

	31 December 2017 £	Arising	Utilised	31 December 2018 £
Provisions for dilapidations:				
The provision will fall due within five years	77,428	9,931	–	87,359

Provision for dilapidations is based on a realistic estimate of amounts that could be payable at the end of the current lease in June 2020.

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 17% rate for the current year (2017: 17%).

Analysis of deferred tax (liability)

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Excess of capital allowances over depreciation	(38,234)	(41,373)
Short-term timing differences	14,851	13,163
Total deferred tax (liability)	**(23,383)**	**(28,210)**

Deferred tax movement

	Movement £
Opening balance at 1 January 2018	(28,210)
Credit to profit and loss account (see note 6)	4,827
Closing balance at 31 December 2018	**(23,383)**

11. Called up share capital

	Authorised		Allocated, called up and fully paid	
	31 December 2018 £	31 December 2017 £	31 December 2018 £	31 December 2017 £
Ordinary shares of £1 each	500,000	500,000	500,000	500,000

12. Dividends

The directors do not propose a final dividend for the period ended 31 December 2018 (2017: £275,000).

13. Commitments under operating leases

As at 31 December 2018, the company had total future minimum lease payments under non- cancellable operating leases as set out below:

	31 December 2018		31 Decemer 2017	
	Land and buildings £	Other £	Land and buildings £	Other £
Total future minimum lease payments for non-cancellable operating leases:				
Not later than one year	170,000	4,380	170,000	4,380
Later than one year and not later than five years	85,000	2,190	255,000	216
Total	**255,000**	**6,570**	**425,000**	**4,596**

14. Parent undertakings

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's financial statements.

15. Related Party

In 1997 the company started a joint venture with BMJ, publishing the journal Evidence Based Nursing. The company's share of the revenue in 2018 was £343,187 and share of the cost was £35,568. The company was owed £Nil by BMJ at 31 December 2018 (2017: £NIL).

The BMJ's immediate and ultimate parent undertaking which is also it's ultimate controlling party as at 31 December 2018 was the British Medical Association. 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.

16. Pension commitments

16.1 RCN UK 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	Employer
Level 1	3%	8%
Level 2	5%	10%
Level 3	7%	12%

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

16.2 RCN UK defined benefit pension scheme

The RCN UK final salary defined benefit pension scheme was reviewed in 2007 and formal consultation with scheme members and trustees was carried out. From 1 June 2007, benefits are no longer accrued under the final salary defined benefit pension scheme. RCN UK now provides benefits on a Career Average Revalued Earnings (CARE) basis via the occupational pension scheme. All benefits and liabilities accrued as at 1 June 2007 in the final salary defined benefit pension scheme were transferred to the new CARE scheme. As it is not possible to identify the company's share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis, the company does not recognise a pension asset or liability, or an actuarial pension reserve on the balance sheet. Contributions are charged to the profit and loss account as they become payable. Following the actuarial valuation at 30 September 2010, revised contribution rates to the Scheme were agreed, shown below. From 1 November 2013, changes to the scheme were implemented resulting in an employer's annual contribution rate of 10.5%.

Employer

10.5% (2017: 10.5%) of pensionable salaries and an estimated share of the annual lump sum agreed by the parent.

Contributory employees

For existing staff who were members of the old scheme the contributory rates for the new scheme are 12.5%, 8.9%, 5.7% or 2.8% of pensionable salaries (depending on benefit scale) as set out in the schedule of contributions (previously 8.9% or 5.7% of pensionable salaries). For new staff and existing staff who joined the scheme for the first time, the contributory rates are 5.7% or 2.8% of pensionable salaries (depending on benefit scale) as set out in the schedule of contributions. From 1 November 2013, current members' contributions were set at 6%, 8% or 13% (depending on employee opted retirement age).

The valuation used for FRS 102 disclosures has been based on the most recent actuarial valuation by a qualified independent actuary at 30 September 2016 to take account of the requirements of FRS 102 in order to assess the liabilities of the scheme at 31 December 2018.

The principle actuarial assumptions were as follows:

	31 December 2018	31 December 2017	31 December 2016	31 December 2015	31 December 2014
Discount rate	2.75%	2.45%	2.7%	3.8%	3.6%
Inflation assumptions (RPI)	3.25%	3.25%	3.25%	3.1%	3.1%
Inflation assumptions (CPI)	2.25%	2.25%	2.25%	2.1%	2.1%
Allowance for revaluation of deferred & CARE pensions accrued before 1 November 2013 (with LPI of 5%)*	3.25% (RPI)	3.25% (RPI)	3.25% (RPI)	3.1% (RPI)	3.1% (RPI)
Allowance for CARE revaluation of pensions accrued after 1 November 2013 (with LPI cap of 2.5%)*	1.7% (CPI)	1.7% (CPI)	1.7% (CPI)	1.7% (CPI)	1.7% (CPI)
Allowance for pension payment increases accrued before 1 June 2007 (with LPI cap of 5%)*	3.1% (RPI)	3.1% (RPI)	3.1% (RPI)	3.0% (RPI)	3.0% (RPI)
Allowance for pension payment increases accrued after 1 June 2007 (with LPI cap of 5%)*	2.3% (CPI)	2.3% (CPI)	2.3% (CPI)	2.1% (CPI)	2.1% (CPI)
Allowance for pension payment increases accrued after 1 June 2007 (with LPI cap of 3%)*	1.95% (CPI)	1.95% (CPI)	1.9% (CPI)	1.9% (CPI)	1.9% (CPI)
Allowance for commutation of pension for cash at retirement	60% of Post A Day	60% of Post A Day	100% of Post A Day	No allowance	No allowance

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

Life expectancies

	31 December 2018	31 December 2017	31 December 2016	31 December 2015	31 December 2014
Longevity at age of 65 for current pensioners					
- Men	22.1	22.1	22.2	23.0	23.3
- Women	23.8	23.7	23.9	24.7	24.9
Longevity at age of 65 for future pensioners*					
- Men	23.5	23.5	23.9	24.7	25.1
- Woman	25.0	25.0	25.4	26.2	26.4

* Assumed currently aged 45

16.2 RCN UK defined contribution pension scheme (continued)

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

	Value at 31 December 2018	Value at 31 December 2017	Value at 31 December 2016	Value at 31 December 2015
Equities	175,496	173,176	166,085	137,835
Bonds	112,887	115,737	93,017	70,152
Property	14,390	15,114	14,539	13,629
Other	1,198	1,432	999	1,199
Insured pensioners	592	704	726	788
Total market value of assets	**304,563**	**306,163**	**275,366**	**223,603**
Actuarial value of liability	(307,034)	(318,327)	(289,951)	(263,970)
Net pension liability	**(2,471)**	**(12,164)**	**(14,585)**	**(40,367)**

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 2016, the liabilities for RCN Publishing members calculated on the discontinuance basis represented 7.5% (2017: 7.5%) of the total liabilities on the same basis. If the same ratio was applied to the FRS102 deficit shown above, the deficit attributable to RCN Publishing would then be £185,325 (2017: £912,000). This figure does not represent the subsidiary cessation debt for the company.

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.

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

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