

Company No 30157

**THE ROYAL COLLEGE OF MIDWIVES
AND SUBSIDIARY COMPANY
DIRECTORS' REPORT AND CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

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THE ROYAL COLLEGE OF MIDWIVES AND SUBSIDIARY COMPANY
GENERAL INFORMATION
31 DECEMBER 2011

AUDITORS Crowe Clark Whitehill LLP
St Bride's House
10 Salisbury Square
London
EC4Y 8EH

BANKERS Unity Trust Bank plc
Nine Brindley Place
Birmingham
B1 2HB

INVESTMENT MANAGERS Schroder & Co Limited
31 Gresham Street
London
EC2V 7QA

REGISTERED OFFICE 15 Mansfield Street
London
W1G 9NH

SOLICITORS Thompsons Solicitors
Congress House
Great Russell St
London
WC1H 3LW

THE ROYAL COLLEGE OF MIDWIVES AND SUBSIDIARY COMPANY
MEMBERS OF THE RCM BOARD
YEAR ENDED 31 DECEMBER 2011

The Company resolved on 12 November 2010 that the company directors would be known as the "Council" and "members of the Council" respectively until 31 August 2011, from which point they would be known as the RCM Board

The members of the Council during the year were

Belinda Ackerman
Shirley Andrews
Maria Brown
Corina Casey-Hardman
Tracey Cooper
Claire Cutlan
Rosemary Exton
Carole Garrick
Debby Gould
Amanda Hutcherson
Kath Jones
Professor Paul Lewis
Lynne Pacanowski
Kim Russell
Professor Marlene Sinclair
Dr Dale Spence
Liz Stephens
Professor Suzanne Truttero
Gill Walton

Except for Corina Casey-Hardman, Rosemary Exton, Carole Garrick and Professor Paul Lewis all members of the Council retired as directors of the company on 31 August 2011 and the Council dissolved on that date. The aforementioned four members remained in office as members of the RCM Board

The members of the RCM Board during the year were

Corina Casey-Hardman
Rosemary Exton
Dr Patricia Gillen
Carole Garrick
Barbara Kuypers
Professor Paul Lewis
Marie McDonald
Christina McKenzie
Donna Ockenden
Professor Lesley Page
Vanessa Shand
Anna Shasha

Except for Corina Casey-Hardman, Rosemary Exton, Carole Garrick and Professor Paul Lewis, who had served as members of the Council, members of the RCM Board commenced as directors of the company on 1 September 2011

THE ROYAL COLLEGE OF MIDWIVES AND SUBSIDIARY COMPANY
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

DIRECTORS REPORT

The Members of the RCM Board who are the directors under company law present their report for the year ended 31 December 2011. This is the first report and financial statements prepared by the new RCM Board.

We took over responsibility for governance of the RCM on 1 September 2011 and at the outset we wish to convey sincere thanks to the former RCM Council for a smooth and efficient handover.

We enthusiastically take up responsibility for this prestigious and highly valued membership organisation for midwives and maternity support workers. The challenges facing the Royal College of Midwives are great and we are a board which is well-balanced and well-equipped to meet those challenges.

Everything the RCM does will stand the test of scrutiny. Integrity and honesty are our hallmarks. We will be open and promote the confidence of everyone the RCM deals with. We will work in constructive partnership with our CEO and we will evaluate our performance, both as a board and as individual board members.

We have appointed Dr Patricia Gillen as Board Chair and Corina Casey-Hardman as Deputy Board Chair. Professor Cathy Warwick, CBE (formerly referred to as General Secretary) continues as CEO and Clifford Crisp is Board Secretary.

We have established three board committees:

Organisational Audit & Risk Committee responsible for

- overseeing financial reporting,
- overseeing risk management, internal controls, compliance systems, and internal auditing,
- selecting for appointment internal and external auditors,
- assessing the performance of the external auditor,
- developing and implementing policy on the engagement of the external auditor to provide non-audit services,
- reporting to the Board including, where appropriate, making recommendations to the Board.

Remuneration Committee to advise the Board on the remuneration of the CEO and policy for reimbursement of expenses of the CEO.

Board Membership, Performance and Development Committee which is concerned with the composition and membership of the board and performance of the board and board members.

PRINCIPAL ACTIVITIES

The RCM is a membership organisation the objects of which are to promote and advance the art and science of midwifery and to promote the effectiveness and protect the interests of its members. Its subsidiary company, The Royal College of Midwives Trust, is registered as a charity to promote and advance the art and science of midwifery and the effectiveness of midwives.

THE ROYAL COLLEGE OF MIDWIVES AND SUBSIDIARY COMPANY
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

RESULTS

The RCM Board has approved the audited consolidated accounts for the year ended 31 December 2011. The result for the year is a net deficit of (£628,028), which comprises the following amounts

	£
Surplus on ordinary activities (Page 10)	814,085
Realised loss on investments	(3,987)
Net income	810,098
Unrealised loss on investments	(195,126)
Pension scheme actuarial Loss (re Note 15)	<u>(1,241,000)</u>
Total losses relating to the year (Page 11)	<u>(628,028)</u>

The surplus on ordinary activities of £814,085 undertaken by the RCM as part of its business included the Pension Scheme performance during the year as required by Financial Reporting Standards (FRS) 17, Retirement Benefits. The relevant movements are disclosed in Note 15 to the accounts. Realised losses of £3,987 refer to realised losses on the sale of investments during the year. The unrealised loss of £195,126 is due to a decrease in the market value of RCM investments. The Pension Scheme actuarial loss of £1,241,000 arose from the difference between expected and actual returns on the scheme's assets, and the estimated effects of changes in demographic and financial assumptions underlying the present value of the scheme's liabilities calculated by the Scheme Actuary. The movement in the pension fund is disclosed in Note 6 of these accounts.

In the previous year, a surplus of £891,268 was recorded on ordinary activities, which after adding (i) realised gains on investments of £7,565 (ii) unrealised gains on investments of £379,560 and (iii) an actuarial loss on the Pension Fund of (£264,000), produced a total surplus of £1,014,393 for that year.

Comparing the two periods, therefore, an overall surplus of £1,014,393 in 2010 (sixteen months period) turned into an overall deficit of £628,028 in 2011 (twelve months period). Without the FRS17 accounting, in practice, the RCM has a healthy operational surplus arising from the conduct of its business and adequate cash flow to support its activities and commitments.

Having reviewed the financial position the RCM Board has a reasonable expectation that the company has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Review of the business for 2011

The strategic objectives (SOs) were those which had been set by the former RCM Council. In furtherance of those SOs the CEO established operational targets for the year and it is performance against those operational targets which evidence what has been achieved. The operational targets continued to focus on development of the organisation to ensure that it remains fit for purpose and is actively developing services for members, enhancing both the Professional and Trade Union elements of its work and campaigning to protect maternity services, advance the art and science of Midwifery and work for women, children and their families.

THE ROYAL COLLEGE OF MIDWIVES AND SUBSIDIARY COMPANY

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

Recruitment and Retention

The RCM set itself challenging recruitment and retention targets in a difficult economic environment. These were successfully delivered in particular in the areas of student membership (the RCM's future) and full members. This increased member density has enhanced our capacity to influence and provided additional income with which to increase the delivery of services. It also helps achieve another target which is ensuring the RCM is financially stable.

As part of a new approach to member engagement and organising, RCM Communities (an online social network for members) continued to build momentum and now has over a 1,000 active members. The RCM has continued to embrace the digital revolution, engaging with members through a re-launched website including podcasts, and video streaming and generating dialogue through blogging, Twitter and Facebook. The site's redesign has focussed on topicality, relevance and improved communication with members.

Securing Continued Investment in UK Maternity Services

The RCM published the State of Maternity Services Report - a milestone resource for politicians, media and opinion formers which establishes the RCM as a definitive source of information and critical reflection on maternity services.

The organisation has also introduced new methods/routes of influence with both the Westminster administration and all the devolved administrations. A new parliamentary panel has been established at Westminster, taking our political engagement events into the heart of Parliament enabling us to make a step-change in how the RCM mobilises political influence. The RCM drafted amendments to the Health and Social Care Bill in relation to choice, commissioning and networks and participated in the NHS Listening Exercise in order to influence the direction of policy in England. It also worked closely with a lobby company, PSA. Across all administrations, the RCM has been actively engaging Ministers and civil servants to influence outcomes including receiving assurances regarding maternity networks and the importance of continuity of care in maternity services provision.

The RCM continues to campaign for the English Government to make good on its pre-election pledge of additional midwives. An RCM petition for more midwives has now attracted over 30,000 signatories and partnerships, social media, RCM Alliance partners are all being used to push this. The Coalition Government committed to maintaining midwifery training commissions in England for the 2011 University intakes.

The RCM in Northern Ireland is currently campaigning to have perinatal mental health services developed and have had a commitment obtained in ministerial review to progress this. In Wales the RCM has been active in influencing the All Wales Maternity Services Review and is looking forward to the implementation of its recommendations. Meetings have been held with relevant ministers in Wales, Scotland and Northern Ireland.

Enhancing the Professional Profile with RCM Membership

A main achievement was the development of the RCM Professional Strategy incorporating the education and professional development elements of the RCM Trust. The strategy was informed by the outcome of a membership survey and two Think Tanks held with UK representatives from different spheres of practice.

The RCM's *Midwifery Research Strategy Action Plan* was launched in October to an audience of 50 leading midwifery and maternity care researchers. It aims to engage the midwifery research community, contribute to increasing evidence based practice and inform the development of research and research priorities significant to the care and wellbeing of women, babies and their families.

The *Socio-economic Value of the Midwife*, a systematic review, meta-analysis and economic analysis, commissioned by the RCM, was published late 2010 and disseminated during 2011. It highlights the research and evidence around midwife-led models of care, and the value to women, babies and their families of these models of care.

THE ROYAL COLLEGE OF MIDWIVES AND SUBSIDIARY COMPANY

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

The Health Foundation funded Perineal Assessment and Repair Longitudinal Study (PEARLS) project was completed and a final report was submitted to the Health Foundation in September 2011

Investment has continued in the RCM's online educational i-learn project. This now has over 2,400 registered users. The i-folio product was launched in November 2011 and has been accessed by over 500 members. This together with the continued growth of the Union Learn project is transforming the RCM's effectiveness as a source of continuing professional development and lifelong learning for members.

The RCM Library (Arnold-Walker Mitchell) and RCM archives are now hosted by the Royal College of Obstetricians and Gynaecologists (RCOG). The new arrangements were launched with an event in November 2011, attended by 40 leading midwives and academics. The book collection and archives are accessible to RCM members and scholars, through an online search engine.

A large number of professional events in all four countries were held including a legal birth conference and a leadership event in Scotland, and a joint conference with the Irish Nurses and Midwives Organisation in Ireland.

Enhancing the RCM's External Profile

The RCM has had an increased media profile during 2011 achieving its stated target of greater than 2,000 mentions of the RCM in all media formats per quarter. This increased profile has raised the perception of the importance of maternity issues in the agenda of all four governments and also awareness of the RCM to the wider public. Media coverage of the RCM's conferences, issues such as regional shortages of midwives and the Birthplace study were key achievements.

The RCM participated in successful collaboration with the Medical Protection Society and Anthony Nolan during health debates at the Liberal Democrat, Labour and Conservative party conferences. The RCM also launched a guide for engaging fathers in maternity care in collaboration with the Department of Health, the Fatherhood Institute and the RCOG. The RCM has continued to actively pursue its policy of developing collaborative working with interested parties in order to maximise its impact. Examples include:

- Civil society groups (Women for Women, AMREF) and NGOs e.g. Save the Children & FORWARD,
- Linking with the RCN & CPHVA/Unite around the Academy for Nursing, Midwifery & Health Visiting research,
- Bond Solon, SANDS & Bliss collaborative to deliver education offerings,
- Linked with the King's Fund Chartered Management Institute around RCM leadership programmes,
- Working with health unions on sustaining the UK wide Agenda for Change agreement and on pensions,
- UK Country Directorates are involved in local partnership forums and TUC meetings,
- The RCM has presence on numerous forums including the Kings Fund Safer Childbirth Forum and the Professional Advisory Board at the Department of Health,
- The RCM together with the NMC commissioned a report into the feasibility of indemnity insurance for independent midwives ahead of the change in regulation which will prevent midwives without insurance in place from continuing in practice.

Campaigning to Retain NHS UK Pay Systems and Pensions for Members

The RCM participated in the day of action in support of public service pensions in November 2011. A cuts database has been designed and populated to track challenges to services. UK wide campaigns have been supported by regional and local initiatives and campaign collateral produced to raise awareness.

THE ROYAL COLLEGE OF MIDWIVES AND SUBSIDIARY COMPANY
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

Everyone is Clear, Motivated and Able to deliver around their contribution to the RCM
Operational Targets

Governance changes - The new RCM Board was elected, completing the governance review process and our presence in the UK countries was reformed. Internally work has continued on organisational development with a series of two all staff workshops being held to look at the future of the organisation.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board have identified the following as being the areas of principal risk affecting the RCM

Loss of Income from Membership

As the main source of income for the RCM, any loss of members would have an impact on the RCM's ability to deliver services to members. To mitigate this a number of strategies have been developed and activities undertaken including monitoring membership levels, identifying hard to reach groups, reviewing fee structures and streamlining and simplifying joining procedures.

Pensions

The RCM has a final salary pension scheme with a funding deficit. In order to safeguard the future of the scheme, the then RCM Council commissioned an option appraisal and in 2011 consulted staff on proposals to enable it to meet the shortfall within an approximate 10 year time period. Changes to the scheme were implemented in July 2011 including moving to a defined benefit scheme using CARE whilst giving an undertaking to scheme members that the RCM's contribution to the scheme will be held at the pre July 2011 levels.

Litigation and legal risks

These risks centre on unexpected expenditure and the potential for the cost of providing legal support and services to escalate as the number of cases of members requiring this support increases. To mitigate this, the RCM has negotiated a long term contract with a provider of legal services, which takes careful consideration of appeals and risk sharing, provides professional indemnity insurance for the RCM and constantly reviews its budgets. As with the assessment in 2010, it is anticipated that this demand will continue to increase.

Reputation

A key risk identified by the Council is that covering the RCM's reputation and in particular its ability to be seen as responsive. This includes its ability to respond to the needs of its members but also the changing environment within which we operate (political, economic). To mitigate against this broad area, new processes have been introduced including streamlining how we deal with consultations, a governance review and organisational development which will ensure the organisation is fit for purpose.

Changes to Maternity Services

This is a key risk for the organisation and a number of measures have been put in place to mitigate it. However, it is recognised that there is an on-going risk of the RCM not being adequately informed of emerging threats to the midwifery workforce in what is an increasingly changing environment.

STATEMENT OF THE RCM BOARD'S RESPONSIBILITIES

The RCM Board members are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the RCM Board to prepare financial statements for each financial year in accordance with generally accepted accounting practice (UK accounting standards) and applicable law.

THE ROYAL COLLEGE OF MIDWIVES AND SUBSIDIARY COMPANY
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

Under company law the RCM Board must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the company and of its net profit/loss for that period. In preparing these financial statements, the RCM Board are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable 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 to operate

The RCM Board are responsible for keeping proper 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.

Insofar as each of member of the RCM Board at the date of approval of this report is aware there is no relevant audit information (information needed by the company's auditor in connection with preparing the audit report) of which the company's auditor is unaware. Each RCM Board member has taken all of the steps that he/she should have taken in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

AUDITORS

Crowe Clark Whitehill LLP has indicated its willingness to be reappointed as statutory auditor.

By order of the RCM Board 11.7.2012

Director

Catherine Warwick
CATHY WARWICK

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ROYAL COLLEGE OF MIDWIVES

We have audited the financial statements of the Royal College of Midwives for the year ended 31 December 2011 set out pages 10 to 27

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2011 and of the group's surplus for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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.



Tina Allison
Senior Statutory Auditor
For and on behalf of
Crowe Clark Whitehill LLP
Statutory auditor
London
Date 13 July 2012

THE ROYAL COLLEGE OF MIDWIVES AND SUBSIDIARY COMPANY
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £	16 months to 31 December 2010 £
INCOME	4	7,896,199	10,743,884
EXPENDITURE			
Staff costs	5	(3,447,108)	(4,715,472)
Depreciation		(70,527)	(92,476)
Other operating charges		<u>(3,648,807)</u>	<u>(4,923,353)</u>
OPERATING SURPLUS		729,757	1,012,583
VAT recovered		163,307	174,832
Income from investments		60,734	75,449
Interest receivable	7	20,607	4,934
Pension scheme finance charge		(70,000)	(296,000)
Charitable grants paid		<u>(90,320)</u>	<u>(80,530)</u>
SURPLUS ON ORDINARY ACTIVITIES	8	<u>814,085</u>	<u>891,268</u>

All activities are continuing

The notes on pages 15 to 27 form part of these accounts.

THE ROYAL COLLEGE OF MIDWIVES AND SUBSIDIARY COMPANY
CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £	16 months to 31 December 2010 £
SURPLUS FOR THE PERIOD		814,085	891,268
Realised (loss) / gain on investments		(3,987)	7,565
Unrealised (loss) / gain on investments		(195,126)	379,560
Pension scheme actuarial loss	6	<u>(1,241,000)</u>	<u>(264,000)</u>
Total recognised (losses) / gains relating to the year / period		<u>(626,028)</u>	<u>1,014,393</u>

STATEMENT OF ACCUMULATED FUNDS

	2011 £	16 months to 31 December 2010 £
Accumulated funds at start of the period	3,271,735	2,257,342
Surplus for the period	814,085	891,268
Realised and unrealised (losses) / gain on investment	(199,113)	387,125
Pension scheme actuarial loss	<u>(1,241,000)</u>	<u>(264,000)</u>
ACCUMULATED FUNDS AT 31 DECEMBER	<u>2,645,707</u>	<u>3,271,735</u>

The notes on pages 15 to 27 form part of these accounts.

THE ROYAL COLLEGE OF MIDWIVES AND SUBSIDIARY COMPANY
CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2011

	Notes	2011 £	2010 £
FIXED ASSETS			
Tangible fixed assets	11	1,274,722	1,345,250
Investments	12	2,569,937	2,765,570
		<u>3,844,659</u>	<u>4,110,820</u>
CURRENT ASSETS			
Stock		3,392	3,575
Debtors	13	854,257	792,655
Cash at bank and in hand	3	2,618,283	2,546,844
		<u>3,475,932</u>	<u>3,343,074</u>
CREDITORS , amounts falling due within one year	14	<u>(1,440,829)</u>	<u>(1,695,104)</u>
NET CURRENT ASSETS		<u>2,035,103</u>	<u>1,647,970</u>
NET ASSETS EXCLUDING PENSION LIABILITY		<u>5,879,762</u>	<u>5,758,790</u>
Pension Liability		<u>(3,234,055)</u>	<u>(2,487,055)</u>
NET ASSETS		<u>2,645,707</u>	<u>3,271,735</u>
REPRESENTED BY:			
SPECIFIC FUNDS	15		
Revaluation reserve		879,627	879,627
Headquarters Funds		70,831	74,152
Headquarters Benevolent Fund		587,160	686,399
Safe Motherhood fund		68,418	55,431
Sheelagh Bramley reserve		6,877	27,742
		<u>1,612,913</u>	<u>1,723,351</u>
GENERAL FUNDS	15		
General funds		3,770,385	3,558,009
Branches and Boards		496,464	477,430
		<u>4,266,849</u>	<u>4,035,439</u>
Pension reserve		<u>(3,234,055)</u>	<u>(2,487,055)</u>
TOTAL FUNDS		<u>2,645,707</u>	<u>3,271,735</u>

Approved and authorised for issue by the RCM Board on 11/7/2012

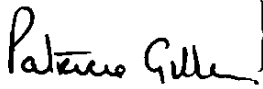
} Director 
PATRICIA GILLEN

The notes on pages 15 to 27 form part of these accounts

**THE ROYAL COLLEGE OF MIDWIVES
COMPANY BALANCE SHEET
AT 31 DECEMBER 2011**

	2011 £	2010 £
CURRENT ASSETS		
Debtors amounts due from subsidiary	21,349	5,747
Cash at bank and in hand	<u>512,795</u>	<u>500,931</u>
TOTAL CURRENT ASSETS	534,144	506,678
CREDITORS Amounts falling due within one year		
Subscriptions in advance	(21,349)	(5,747)
Other creditors	(16,331)	(23,501)
NET CURRENT ASSETS	496,464	477,430
Pension liability	<u>(3,234,055)</u>	<u>(2,487,055)</u>
NET LIABILITIES	<u>(2,737,591)</u>	<u>(2,009,625)</u>
GENERAL FUNDS - Boards and Branches	496,464	477,430
Pension reserve	<u>(3,234,055)</u>	<u>(2,487,055)</u>
TOTAL FUNDS AND RESERVES	<u>(2,737,591)</u>	<u>(2,009,625)</u>

The balance sheet was approved and authorised for issue by the RCM Board on 11/7/2012

 } Director
 PATRICIA GILLEN

The notes on pages 15 to 27 form part of these accounts

THE ROYAL COLLEGE OF MIDWIVES AND SUBSIDIARY COMPANY
CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £	16 months to 31 December 2010 £
Net cash (outflow) / inflow from operating activities	17	(169,730)	144,240
Returns on investments and servicing of finance			
Interest received		20,607	4,934
Dividends received		60,734	75,449
Net cash inflow from returns on investments and servicing of finance		81,341	80,383
Taxation			
VAT recovered		163,307	174,832
Investing activities			
Purchase of tangible fixed assets		-	(101,218)
Purchase of investments		(256,783)	(513,293)
Sale of investments		253,304	434,012
Disposal of tangible fixed assets		-	6,627
Net cash outflow from investing activities		(3,479)	(173,872)
Increase in cash	18	71,439	225,583

The notes on pages 15 to 27 form part of these accounts.

THE ROYAL COLLEGE OF MIDWIVES AND SUBSIDIARY COMPANY
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2011

1 STATUS OF THE COMPANY

The RCM is a company limited by guarantee and does not have share capital. The members' liabilities in the case of both organisations are limited to £1, and there were 40,702 members as at the 31 December 2011. The RCM is registered as a trade union.

2. ACCOUNTING POLICIES

a) Accounting convention

The accounts are prepared under the Companies Act 2006, the historical cost accounting rules, modified by the revaluation of listed investments, and in accordance with applicable accounting standards.

b) Basis of consolidation

The consolidated accounts incorporate the accounts of the RCM and its subsidiary The Royal College of Midwives Trust, at 31 December 2011. The accounts of the subsidiary also include "The Benevolent Fund of the Royal College of Midwives", which is a subsidiary charity of the Trust, and the RCM Trust Trading Company Limited, a subsidiary company of the Trust.

c) Members' subscriptions and donations to RCM Trust

In accordance with a resolution of the Council, the RCM retains the proportion of subscription income, which equates with its total expenditure. The balance of subscriptions income is donated to The Royal College of Midwives Trust.

d) Depreciation

Depreciation of fixed assets is charged in equal annual instalments commencing with the year of acquisition, at rates estimated to write off their cost or valuation less any residual value over their expected useful lives, which are as follows:

Freehold building	50 years
Leasehold property	Over period of lease
Furniture and office equipment	5 years
Computer software	3 years

Freehold land and buildings were historically held at valuation as disclosed in Note 11. When FRS15 was first implemented, these values were frozen under the transitional provisions of the standard and a policy of depreciation has been applied. Freehold land and buildings are therefore accounted for on a historical cost basis for the purposes of FRS15.

e) Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for any obsolete or slow-moving items.

THE ROYAL COLLEGE OF MIDWIVES AND SUBSIDIARY COMPANY
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

2 ACCOUNTING POLICIES (CONTINUED)

f) Investments

Investments are stated at mid-market value at the balance sheet date. Gains are calculated based on the difference between the closing market value or sales proceeds and the purchase price or opening market value.

g) Leasing

Operating lease rentals are charged to the income and expenditure account on a straight line basis over the period of the lease.

h) Pension contributions

The RCM runs a defined benefit scheme for its members. The RCM's contributions are based on actuarial advice and the costs of the scheme are accounted for under the provisions of Financial Reporting Standard No 17 Retirement Benefits.

i) Income

Donated income is credited to the Income and Expenditure Account in the period in which it is received. Investment income, interest and other incoming resources are credited to the Income and Expenditure Account as they are earned. Income received for services is recognised during the year in which the service is provided. Grant and contract income is recognised in the Income and Expenditure Account to the extent that entitlement to the income has been earned at the end of the year. Subscriptions income is only recognised during the year to which the subscription relates, subscription income received in advance of the period to which it relates is deferred. Other income is accounted for on the accruals basis.

j) Expenditure

Expenditure is accounted for on the accrual basis and includes any unrecoverable elements of VAT.

3. BRANCH RETURNS

45 branches of the RCM have not submitted accounts to Headquarters for the year ended 31 December 2011. The omission of these branches does not materially affect these accounts, accordingly the balance sheet includes only the latest known cash balances in respect of these branches. The income and expenditure account includes:

- a) the income and expenditure of Headquarters,
- b) the income and expenditure of 142 (2010: 164) Boards and Branches which have submitted accounts, and
- c) amounts received at Headquarters from the branches that have not submitted accounts.

The total cash at bank and in hand shown in the Group balance sheet of £2,618,283 (2010: £2,546,844) includes £512,795 (2010: £500,931) held by branches.

THE ROYAL COLLEGE OF MIDWIVES AND SUBSIDIARY COMPANY
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

4 INCOME

	2011	16 months to 31 December 2010
	£	£
Membership subscriptions	7,013,724	9,156,317
Conference income	54,660	175,339
Income raised by branches/boards	56,379	89,733
Donations and legacies	36,788	11,373
Commercial partnership income	289,400	378,569
Other income inc funded projects	312,358	574,128
Sales of publications	6,123	14,080
Journal income	123,042	303,103
Consultancy	3,725	41,242
	<u>7,896,199</u>	<u>10,743,884</u>

5. STAFF COSTS AND NUMBERS

	2011	16 months to 31 December 2010
	£	£
Wages and salaries	3,034,598	3,880,991
Social security costs	277,227	303,208
Pension costs	135,283	531,273
	<u>3,447,108</u>	<u>4,715,472</u>

Average numbers employed (full time equivalent)

	No.	No
Professional	49	47
Support	<u>25</u>	<u>24</u>
	<u>74</u>	<u>71</u>

6 PENSIONS

The RCM operate a defined benefit scheme in the UK. A full actuarial valuation was carried out at 31 March 2010 and the results have been updated to 31 December 2011 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

THE ROYAL COLLEGE OF MIDWIVES AND SUBSIDIARY COMPANY
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

6 PENSIONS (CONTINUED)

Prior to 1 July 2011 the RCM paid contributions at the rate of 31% of pensionable remuneration (inclusive of member contributions) plus £13,833 per month. From 1 July 2011 the RCM now pays contributions at the rate of 11.9% of pensionable pay in respect of future accrual of benefits. In addition the RCM pays £13,833 per month and 8.3% of pensionable pay in respect of shortfall contributions. Member contributions are payable in addition at the rate of 7% of pensionable pay. With effect from 1 July 2011 future accrual of benefits are accrued under a career average earnings benefit structure.

Present values of scheme liabilities, fair value of assets and deficit

	31 December 2011 £'000s	16 months to 31 December 2010 £'000s	31 August 2009 £'000s
Fair value of scheme assets	17,185	16,210	13,437
Present value of scheme liabilities	20,419	18,697	16,515
Deficit in scheme	(3,234)	(2,487)	(3,078)
Unrecognised surplus	-	-	-
Liability to be recognised	(3,234)	(2,487)	(3,078)

Reconciliation of opening and closing balances of the present value of the scheme liabilities

	31 December 2011 £'000s	16 months to 31 December 2010 £'000s
Scheme liabilities at start of period	18,697	16,515
Current service cost	422	590
Interest cost	998	1,200
Contributions by scheme participants	183	182
Actuarial losses (gains)	1,162	989
Benefits paid, death in service insurance premiums and expenses	(760)	(779)
Past service costs	-	-
Business combinations	-	-
Curtailments	(283)	-
Settlements	-	-
Scheme liabilities at end of period	20,419	18,697

THE ROYAL COLLEGE OF MIDWIVES AND SUBSIDIARY COMPANY
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

6. PENSIONS (CONTINUED)

**RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF
SCHEME ASSETS**

	31 December 2011 £'000s	16 months to 31 December 2010 £'000s
Fair value of scheme assets at start of period	16,210	13,437
Expected return on scheme assets	928	904
Actuarial gains / (losses)	(79)	725
Contributions by employer	703	1,741
Contributions by scheme participants	183	182
Benefits paid, death in service insurance premiums and expenses	(760)	(779)
Fair value of scheme assets at end of period	17,185	16,210

The actual return on the scheme assets over the year ending 31 December 2011 was £849,000

Total expense recognised in profit and loss account

	31 December 2011 £'000s	16 months to 31 December 2010 £'000s
Current service cost	422	590
Interest cost	998	1,200
Expected return on scheme assets	(928)	(904)
Past service cost	-	-
(Gains) on curtailments	(283)	-
Settlements	-	-
Total expense recognised in profit and loss account	209	886

THE ROYAL COLLEGE OF MIDWIVES AND SUBSIDIARY COMPANY
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

6 PENSIONS (CONTINUED)

Statement of total recognised gains and losses

	31 December 2011 £'000s	16 months to 31 December 2010 £'000s
Difference between expected and actual return on scheme assets		
Amount (loss) / gain	(79)	725
Experience gains and losses arising on the scheme liabilities		
Amount (loss)	(34)	(256)
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities		
Amount (loss)	(1,128)	(733)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognised)		
Amount (loss)	(1,241)	(264)
Effect of limit on amount of surplus recognised due to some of the surplus not being recognisable		
Amount (loss) gain	-	-
Total amount recognised in statement of total recognised gains and losses.		
Amount (loss)	(1,241)	(264)

Assets

	31 December 2011 £'000s	31 December 2010 £'000s	31 August 2009 £'000s
Equities	7,765	8,139	4,429
Bonds	7,902	6,608	7,568
Cash	13	5	1,440
Property	1,505	1,458	-
Total assets	17,185	16,210	13,437

None of the fair values of the assets shown above include any of the RCM's own financial instruments or any property occupied by, or other assets used by, the RCM

THE ROYAL COLLEGE OF MIDWIVES AND SUBSIDIARY COMPANY
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

6. PENSIONS (CONTINUED)

Assumptions

	31 December 2011 % per annum	31 December 2010 % per annum	31 August 2009 % per annum
Rate of discount	4.70	5.40	5.40
Inflation (RPI)	3.10	3.60	3.30
Inflation (CPI)	2.30	n/a	n/a
Salary increases	n/a	4.10	3.80
Allowance for revaluation of deferred pensions of RPI or 5% pa if less but with a minimum of 3%	n/a	3.60	3.30
Allowance for revaluation of deferred pensions of CPI or 5% pa if less but with a minimum of 3%	3%	n/a	n/a
Allowance for pension in payment increases of RPI or 5% pa if less	3.10	3.60	3.30
Allowance for commutation of pension for cash at retirement	90% of members commute 25% of their benefits for cash	90% of members commute 25% of their benefits for cash	90% of members commute 25% of their benefits for cash

The mortality assumptions adopted at 31 December 2011 imply the following future life expectancies

Male retiring at age 65 in 2011	23.2
Female retiring at age 65 in 2011	25.7
Male retiring at age 65 in 2031	25.2
Female retiring at age 65 in 2031	27.6

Expected long term rates of return

The long-term expected rate of return on cash is determined by reference to bank base rates at the balance sheet date. The long-term expected return on bonds is determined by reference to UK long dated government and corporate bond yields at the balance sheet date. The long-term expected rate of return on equities is based on the rate of return on bonds with an allowance for out-performance.

THE ROYAL COLLEGE OF MIDWIVES AND SUBSIDIARY COMPANY
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

6 PENSIONS (CONTINUED)

The expected long term rates of return applicable to each period are as follows

	31 December 2011 % per annum	31 December 2010 % per annum
Equities	6.7	6.5
Bonds	4.2	4.0
Cash	0.5	3.5
Property	6.7	n/a
Overall for scheme	5.7	4.8

Amounts for the current and previous four periods

	31 December 2011 £'000s	16 months to 31 December 2010 £'000s	31 August 2009 £'000s	31 August 2008 £'000s
Fair value of assets	17,185	16,210	13,437	14,068
Present value of scheme liabilities	20,419	18,697	16,515	14,664
Deficit in scheme	(3,234)	(2,487)	(3,078)	(596)
Experience adjustment on scheme liabilities	(34)	(256)	16	33
Experience adjustment on scheme assets	(79)	725	(1,573)	(398)

The best estimate of contributions to be paid by the employer to the scheme for the year beginning after 31 December 2011 is £659,000

7. INTEREST RECEIVABLE

	2011	16 months to 31 December 2010
	£	£
Bank and building society interest	20,607	4,934

THE ROYAL COLLEGE OF MIDWIVES AND SUBSIDIARY COMPANY
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

8 SURPLUS ON ORDINARY ACTIVITIES	2011	16 months to 31 December 2010
	£	£
This is stated after charging		
Auditors' remuneration - audit	24,900	23,700
- other services - taxation	5,790	9,953
Operating lease rentals - plant and machinery	44,645	43,719
- land and buildings	33,404	44,135
Depreciation	70,527	92,476

9. REMUNERATION OF MEMBERS OF THE RCM BOARD

No member of the RCM Board received any remuneration from the RCM (2010 £Nil)

10 RESULTS FOR THE FINANCIAL PERIOD

In accordance with the exemptions allowed by Section 408 of the Companies Act 2006, the RCM has not presented its own profit and loss account

11 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Long leasehold property £	Furniture and office equipment £	Total £
Cost or valuation				
At 1 January 2011	155,000	1,465,925	337,372	1,958,297
Disposal	-	-	(12,119)	(12,119)
At 31 December 2011	155,000	1,465,925	325,253	1,946,178
Depreciation and amortisation				
At 1 January 2011	35,133	353,702	224,213	613,048
Charge for the year	1,923	25,468	43,136	70,527
Disposal	-	-	(12,119)	(12,119)
At 31 December 2011	37,056	379,170	255,230	671,456
Net book value				
At 31 December 2011	117,944	1,086,755	70,024	1,274,722
<i>At 31 December 2010</i>	<i>119,867</i>	<i>1,112,223</i>	<i>113,159</i>	<i>1,345,250</i>

All tangible fixed assets relate to those within the Group. No fixed assets are held by the Company only.

Freehold land and buildings costing £5,000 were revalued on an open market value for existing use basis at 31 August 1996 by Mr J J Gibb, FRICS at £155,000. Long leasehold property situated at 15 Mansfield Street was re-valued on an open market value for existing use on 22 November 1995 by Chesterton Plc.

THE ROYAL COLLEGE OF MIDWIVES AND SUBSIDIARY COMPANY
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

11 TANGIBLE FIXED ASSETS (CONTINUED)

Long leasehold property, if stated at cost, would be as follows

	2011 £	2010 £
Cost	188,150	188,150
Depreciation	<u>(130,128)</u>	<u>(125,265)</u>
	<u>58,022</u>	<u>62,885</u>

12 FIXED ASSET INVESTMENTS

	2011 £	2010 £
Market value at start of period	2,765,570	2,299,164
Additions	256,783	513,293
Disposals	(253,303)	(426,447)
(Losses) / gains	<u>(199,113)</u>	<u>379,560</u>
Market value at 31 December	<u>2,569,937</u>	<u>2,765,570</u>
Historical cost at 31 December	<u>2,178,454</u>	<u>2,115,415</u>

Investments are held in a mixture of unit trusts managed by Schroders

All investments are held within the Group None are held within the Company only

	2011 £	2010 £
13. DEBTORS		
Other debtors	306,557	279,735
Prepayments and accrued income	<u>547,700</u>	<u>512,920</u>
	<u>854,257</u>	<u>792,655</u>

The analysis provided above relates to the Group only An analysis of debtors for the Company only is shown on the Company balance sheet

14. CREDITORS amounts falling due within one year

	2011 £	2010 £
Subscriptions and other income in advance	21,349	5,747
Deferred income	1,150,897	1,235,410
Accruals	<u>268,583</u>	<u>453,947</u>
	<u>1,440,829</u>	<u>1,695,104</u>

The analysis provided above relates to the Group only An analysis of creditors for the Company only is shown on the Company balance sheet

THE ROYAL COLLEGE OF MIDWIVES AND SUBSIDIARY COMPANY
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

15. MOVEMENT ON RESERVES

	<i>1 January 2011</i> £	<i>Movement in the period</i> £	<i>Realised losses</i> £	<i>Unrealised losses</i> £	<i>31 December 2011</i> £
Specific Funds					
Revaluation reserve	879,627	-	-	-	879,627
Headquarters Specific Fund	74,152	2,151	(215)	(5,257)	70,831
Headquarters Benevolent Fund	686,399	(55,975)	(613)	(42,651)	587,160
Safe Motherhood fund	55,431	12,987	-	-	68,418
Sheelagh Bramley reserve	27,742	(20,865)	-	-	6,877
Total specific funds	<u>1,723,351</u>	<u>(61,702)</u>	<u>(828)</u>	<u>(47,908)</u>	<u>1,612,913</u>
General Funds					
General Funds - HQ	3,558,009	362,753	(3,159)	(147,218)	3,770,385
General Funds - Branches	477,430	19,034	-	-	496,464
	<u>4,035,439</u>	<u>381,787</u>	<u>(3,159)</u>	<u>(147,218)</u>	<u>4,266,849</u>
Total specific and general	<u>5,758,790</u>	<u>320,085</u>	<u>(3,987)</u>	<u>(195,126)</u>	<u>5,879,762</u>
Pension fund reserve	(2,487,055)	494,000	-	(1,241,000)	(3,234,055)
Total funds	<u>3,271,735</u>	<u>814,085</u>	<u>(3,987)</u>	<u>(1,436,126)</u>	<u>2,645,707</u>

16. FINANCIAL COMMITMENTS

At 31 December 2011 the group had the following annual commitments under non-cancellable operating leases expiring as follows

	Land and buildings		Furniture and equipment	
	2011	2010	2011	2010
	£	£	£	£
In less than two years	-	-	18,718	23,472
Within two to five years	-	-	25,927	20,247
In more than five years	<u>33,000</u>	<u>32,313</u>	-	-
	<u>33,000</u>	<u>32,313</u>	<u>44,645</u>	<u>43,719</u>

THE ROYAL COLLEGE OF MIDWIVES AND SUBSIDIARY COMPANY
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

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

	2011	16 months to 31 December 2010
	£	£
Operating surplus	729,757	1,012,583
Depreciation and amortisation charges	70,527	92,476
Decrease in stocks	183	332
Decrease in debtors	(61,602)	(121,477)
(Decrease) / income in creditors	(254,275)	391,856
Charitable grants paid	(90,320)	(80,530)
Pension current costs	139,000	590,000
Contribution by employer	(703,000)	(1,741,000)
	<u>(169,730)</u>	<u>144,240</u>

18. ANALYSIS OF BANK BALANCES AND CHANGES IN THE YEAR

	2010	Change in year	2011
	£	£	£
Cash at bank and in hand	<u>2,546,844</u>	<u>71,439</u>	<u>2,618,283</u>

THE ROYAL COLLEGE OF MIDWIVES AND SUBSIDIARY COMPANY

STATEMENT TO MEMBERS

Section 32A(6)(a) of the Trade Union and Labour Relations (Consolidation) Act 1992 as amended by the Employment Relations Act 1999

- a) Total Income and Expenditure of the trade union for the period ended 31 December 2011
- | | |
|-------------|-------------|
| Income | £ 7,387,973 |
| Expenditure | £ 7,368,939 |
- b) The total income for the union for the period ended 31 December 2011 includes £7,013,724 of payments in respect of membership
- c) The union has no political fund
- d) The CEO (whose role includes that of General Secretary) received a gross salary of £138,099 for the twelve month period which includes benefits consisting of pension contributions

It should be noted that the CEO's salary is associated with all the activities of the RCM and not just the trade union

No salary or other benefits were received by the President or any members of the RCM Board

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

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

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