Company No: 00030157

THE ROYAL COLLEGE OF MIDWIVES DIRECTORS' REPORT AND CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2016

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DIRECTORS' REPORT AND CONSOLIDATED ACCOUNTS

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DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

DIRECTORS' REPORT

As the members of the Royal College of Midwives (RCM) Board (the directors under company law), we are pleased to present our report for the year ended 31 December 2016. The RCM is governed by the RCM Board.

PRINCIPAL ACTIVITIES

The RCM is a membership organisation, the objectives 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. The Royal College of Midwives Trust (RCMT) is a subsidiary of the RCM and is registered as a charity to promote and advance the art and science of midwifery and the effectiveness of midwives. The Benevolent Fund of the RCMT is a charity that provides financial relief to eligible applicants. RCM Trust Trading Company Limited conducts business and donates its profits to the RCMT.

THE ROLE OF THE RCM BOARD

The RCM Board is responsible for the overall direction and control of the RCM. This includes ensuring that the RCM is efficient, effective, properly managed, supervised and accountable. The Board provides long-term vision, ensures clarity of purpose, and protects the reputation and values of the RCM. It directs and controls its Chief Executive Officer (CEO), Professor Cathy Warwick, in leading the RCM to the Board's vision. The Board is the guardian of the RCM's assets and is responsible for ensuring that legal and regulatory requirements are met.

RCM BOARD MEMBERS

All members of the RCM Board are practising midwives who have been elected to the Board by members of the RCM. They are non-executive and receive no payment.

Members served for the entire year except where indicated otherwise.

Amanda Burleigh
Sheena Byrom
Barbara Kuypers
Natalie Linder
Helene Marshall
Lynne Pacanowski
Julie Richards
Professor Jane Sandall (Deputy Chair)
Vanessa Shand (until 29 February 2016)
Dr Susan Way (RCM Chair)

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

APPOINTMENT OF RCM BOARD MEMBERS

The RCM is a membership organisation and Board members are elected to office by members of the RCM. The Board identifies the competencies required and RCM members offering themselves for election are assessed by an independently chaired panel.

RCM members who are interested in developing the competencies required for Board membership are invited to visit our website, https://www.rcm.org.uk/rcm-board. On this webpage, you will find more detailed information about the commitment that Board membership entails.

RCM BOARD MEETINGS

The RCM Board met seven times during the year, one of which was an extraordinary meeting convened solely to deal with the 2017 budget approval. The overall attendance of Board members was 84%.

RCM BOARD PERFORMANCE

2016 was the fifth anniversary of the RCM Board taking over governance from the former RCM Council.

RCM BOARD COMMITTEES

Board members serve on three committees of the RCM Board. Members served for the entire year except where indicated otherwise.

AUDIT AND RISK COMMITTEE OF THE RCM BOARD

This Committee is responsible for overseeing financial reporting; reviewing the effectiveness of 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; and reporting to the Board, including, where appropriate, making recommendations to the Board.

The members during the year were: Amanda Burleigh Barbara Kuypers (Chair) Helene Marshall Julie Richards (appointed on 19 April 2016)

In addition, Gordon Mattocks, having a professional background in finance and audit, serves as an external member. The Committee held four meetings during the year and the overall attendance of members was 89%.

BOARD MEMBERSHIP, PERFORMANCE AND THE DEVELOPMENT COMMITTEE OF THE RCM BOARD

This Committee deals with matters relating to membership of the RCM Board (including succession planning and arrangements for the assessment and election of candidates) and arrangements for evaluating the performance of the RCM Board, its members and its committees.

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

The members during the year were:

Sheena Byrom (appointed on 9 May 2016) Natalie Linder Vanessa Shand (until 29 February 2016) Dr Susan Way (Chair)

The Committee held four meetings during the year and the overall attendance of members was 92%.

CEO PERFORMANCE AND THE REMUNERATION COMMITTEE OF THE RCM BOARD

This Committee has responsibilities in relation to the performance management of the CEO and the Executive Team. This Committee also advises the RCM Board on the remuneration and policy for reimbursement of expenses of the CEO. The members during the year were:

Sheena Byrom (Chair) Lynne Pacanowski Dr Susan Way

The Committee scheduled three meetings during the year and the overall attendance of members was 100%.

INVESTMENT COMMITTEE

This committee, on behalf of the Board, is responsible for the management of the RCM's investments in accordance with the approved investment policy.

The Committee held four meetings in 2016 and the overall attendance of members was 100%. The members during the year were:

Julie Richards Professor Jane Sandall (Chair) Chris Truman, Director for Business Services

The Committee is supported by David Baker, Chief Investments Officer, Mazars and Jeremy Barker, Client Director, Cazenove Schroders.

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 the Generally Accepted Accounting Practice (UK Accounting Standards) and applicable law.

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 is required to do the following:

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

- select suitable accounting policies and then apply them consistently;
- make judgements 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; and
- 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 is 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 that are sufficient to enable the Board to ensure that the financial statements comply with the Companies Act 2006. The Board is also responsible for safeguarding the assets of the company and, hence, for taking reasonable steps to enable the prevention and detection of fraud and other irregularities.

Insofar as each 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 they should have taken in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

AUDITOR

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

By order of the RCM Board

Director

Date: 23 July 2017

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

ABOUT THIS REPORT

The RCM has an elected Board that is responsible for the governance of the RCM. The RCM Board is responsible for developing the RCM's vision for the future and making sure that RCM staff are working to achieve that vision. The Board directs and supports the RCM's chief executive in setting objectives and goals to work towards our vision for the future and meet the RCM's values.

Every year, the members of the Board produce a report for RCM members to give an account of the RCM's activities and expenditure for the year and to give an account of the activities of the Board.

As the members of the RCM Board (the directors under company law), we are pleased to present our report for the year ended 31 December 2016.

THE RCM'S STRATEGIC VISION

The RCM is the professional organisation and trade union that represents the vast majority of practising midwives in the UK. It is the only such organisation run by midwives for midwives. The RCM is the voice of midwifery, providing excellence in representation, negotiation, education, and influence for and on behalf of midwives. We actively support and campaign for improvements to maternity services and provide professional leadership for one of the most established clinical disciplines. The RCM Board has set six strategic goals and seven strategic objectives for the organisation to ensure we meet this mission statement. These are as follows.

Str	rategic Goals	Strategic Objectives		
1.	To promote high-quality maternity services and professional standards and to lead the future of midwifery.	 i. The RCM will define what it means by high-quality maternity services, which includes the setting of professional standards that impact on the care of women and babies (families) ii. The RCM will continuously scope and redefine the future of midwifery to ensure it is well placed in contemporary society. 		
2.	To influence on behalf of our members and in the interest of the women and families for whom they care.	The RCM will strengthen and continue to develop (in a creative and innovative way) its profile, engagement, working practices, resources and responsiveness, creating meaningful relationships with key stakeholders and policy makers.		
3.	To ensure products and services meet the particular needs of our members.	The RCM will actively and creatively engage with members and prospective members to understand their needs, develop relevant and appropriate high-quality products and services, and measure their impact and effectiveness.		
4.	To support and represent our members individually and collectively in their respective countries	The RCM will develop its capacity and capability to ensure that appropriate resources are future proofed for the support and representation of all our members.		
5.	To ensure our future growth and sustainability as an innovative, adaptive and responsive organisation.	The RCM will have the income to deliver on its strategic plan and ensure the future sustainability of the organisation.		
6.	To be an exemplary organisation and employer.	The RCM will demonstrate through its performance, reputation and success that it is a leading trade union and professional organisation.		

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

By meeting these six strategic objectives and goals, we will be able to provide RCM members with excellence in representation, professional leadership and education, and influence improvements to maternity services.

In short, our work involves **promoting**, **supporting** and **influencing** on behalf of RCM members and the midwifery profession.

HIGHLIGHTS OF THE RCM'S WORK IN 2016

Promoting

The RCM is the voice of midwifery, actively campaigning for improvements to maternity services and providing professional leadership for midwifery. One of the key ways we do this is by promoting the value of midwifery and midwives, student midwives and maternity support workers (MSWs).

During 2016, there were significant policy developments in the way that maternity services in the UK would be delivered in the future. There were reports published in England (Better Births: Improving outcomes of maternity services in England: A Five Year Forward View for maternity care) and in Scotland (The Best Start: A Five-Year Forward Plan for Maternity and Neonatal Care in Scotland). The RCM played a significant role in contributing to these developments – in particular, by making an important contribution to the final reports. We will continue to work on these developments in 2017.

Key highlights of the RCM's work to promote best practice in maternity services were as follows.

- RCM standards for midwifery services in the UK These standards describe the key features of compassionate, well-led, evidence-based midwifery service. They place women and families at the centre and give midwives an evidence-based framework to measure the quality of their service. The standards cover staffing and leadership, communication, family-centred care, and education and accountability. They have relevance for service providers, commissioners and midwives.
- A framework of operating principles for managing invited reviews within healthcare Consistency in the conduct of invited reviews of services is critical if services are to be helped to ensure they are providing care to the highest standards. The RCM worked with the Academy of Medical Royal Colleges to publish a framework of operating principles for managing invited reviews within healthcare. This framework ensures that there are similar principles, standards and working practices across non-statutory external reviews of NHS services. The framework was produced in response to a specific recommendation in Dr Bill Kirkup's report on maternity services at Morecambe Bay Hospital, which was published in March 2015.
- Maternity Transformation Programme in England Since the publication of the *Better Births: Improving outcomes of maternity services in England* report in early 2016, the RCM has been closely involved in the implementation programme and has been particularly committed to ensuring that maternity services are personalised, of the highest quality and safe. The RCM has continued to support the implementation of service models based on continuity of carer a critical concept in providing services of the highest quality.
- The Best Start: A Five-Year Forward Plan for Maternity and Neonatal Care in Scotland The Best Start report was published early in 2017, with the RCM involved in its development throughout 2016. The themes of personalisation of care, choice and continuity of carer were debated with our members in Scotland and new models of care were anticipated.
- The RCM had an active role in the re-launch of the 1001 Critical Days manifesto in 2016.
- The RCM contributed to and supported Children's Mental Health Awareness Week, which was the first of its kind.

STRATEGIC REPORT (CONTINUED)

- The Birth Charter With the charity Birth Companions and guidance from UNICEF UK Baby Friendly Initiative, the RCM supported the launch of the Birth Charter, which was developed to help inform the government's ongoing review of the treatment of vulnerable women and their babies. The charter provides comprehensive recommendations for the government and the prison service on improving care for the 600 pregnant women and 100 new mothers held in prisons in England and Wales each year.
- Reducing inequalities in the provision of public health in the UK As in many other healthcare services,
 disadvantaged women using maternity services experience the worst outcomes for themselves and their babies.
 Throughout the year, the RCM worked to address inequalities in a variety of ways, arguing for higher-quality
 services for women in custody and immigration, and asylum seekers in particular. In this area, the RCM works
 particularly closely with other organisations such as Maternity Action, Doctors of the World and the Trade Union
 Congress (TUC). There have been many pieces of work around reducing inequalities in the provision of public
 health, including:
 - Work with the UK cross-parliamentary group on health inequalities
 - University of the West of Scotland (UWS) conference: The UWS Midwifery Society hosted a
 conference on inequalities in September. The event, 'Balancing inequalities and challenging the norm',
 culminated in new graduates being awarded badges. The graduates included those who had
 completed Scotland's first MSc Midwifery undergraduate programme.
 - Baby boxes: On 1 January 2017, a pilot scheme began in Orkney and Clackmannanshire to provide all new babies with a baby box. Feedback will be gathered from parents and health professionals, and, from the summer, it is planned that all new babies in Scotland will receive the boxes. The RCM supports the scheme as a positive contribution to reducing inequalities and supporting parents.
 - Following the publication of Women in Custody, the RCM was instrumental in a successful amendment to the Immigration Bill to prevent pregnant women from being held in immigration detention.
 - In response to the government consultation on extending the scope of migrant charging, the RCM voiced its clear opposition to the proposals.
- RCM addressed and contributed to infant and perinatal mental health awareness throughout 2016, including through:
 - Hosting roundtable discussions based on the 2016 Lucie Holland Petition. The published report
 formed a backdrop for the roundtable discussions. Also, Public Health Minister Nicola Blackwood
 invited the RCM to a roundtable discussion on perinatal mental health good practice and the
 importance of specialist midwives and linking in with acute and community services.
 - Getting involved with the NHS England benchmarking of perinatal mental health staff in the maternity services completed awaiting report May 2017.
 - Being a member of the Health Education England (HEE) Perinatal Mental Health Steering Group. This is an advisory group that will provide recommendations to HEE on options for pre- and post-registration programmes and training, perinatal mental health service needs and the workforce. This is in addition to identifying specific areas of perinatal mental health education and training that may need to be commissioned to support the long-term development of the multi-professional maternity services workforce, primary care, community services, psychologists and psychiatrists, and agreeing a set of criteria to evaluate these against.

STRATEGIC REPORT (CONTINUED)

- Being a member of the Maternal Mental Health Alliance (MMHA), the RCM supported the successful bid for funding to Comic Relief for the development of the MMHA, in terms of its future structure and governance and to increase its internal resource and capacity.
- Collaborating in securing a successful follow-up grant of £750,000 from Comic Relief to sustain and build on the success and momentum of the first phase of the Everyone's Business campaign. This phase will be hosted by Action on Postpartum Psychosis.
- Stepping up to Public Health It is widely acknowledged that more needs to be done to help midwives and women face up to the challenge of being healthy. In 2016, the RCM launched the public Pregnancy and Birth Information Hub (an online resource to guide women and their families through pregnancy) and a maternity team companion resource (an education resource for midwives and MSWs).
- The RCM's Better Births Initiative This is an important educational initiative that provides a platform for sharing knowledge among midwives and MSWs to help them ensure that every woman has the best birth. Key activities included webinars, local events and projects, the publication of case studies demonstrating good practice, and original research into maternity service design.
- Reducing avoidable harm Throughout 2016, the RCM worked collaboratively to reduce harm to women and babies. Key initiatives have included:
 - The OASI Care Bundle A standardised package aiming to reduce the rate of obstetric anal sphincter injuries (OASIs). This was developed in partnership with the Royal College of Obstetricians and Gynaecologists (RCOG) and funding received from The Health Foundation to pilot it in three maternity units. The RCM, in partnership with the RCOG, was successful in getting funding from The Health Foundation for a scaling-up project to assess the feasibility of the implementation of a standardised prevention care bundle to reduce overall OASI rates.
 - The RCM also worked with the Department of Health and Sands on Saving Babies' Lives a care bundle for reducing stillbirths. This is part of a drive to halve the rate of stillbirths in England by 2030. The publication brings together four key elements of care and will support commissioners, providers and professionals in making care safer for women and babies.
 - The RCM collaborated with the National Federation of Women's Institutes (NFWI) and the NCT to refresh Support Overdue, the report that surveys women's experiences of maternity care. The report is the second produced by NFWI and the NCT based on an online survey of 2,493 women who gave birth within the past three years in England and Wales.
 - Bereavement Care In 2016, the Bereavement Care Network added five new partners. The RCM held a bereavement conference with Bliss and Sands.
- Building sustainable global maternity services The RCM has continued to help build sustainable midwifery
 services globally and, throughout 2016, ran twinning projects in Uganda, Cambodia and Nepal. Not only do such
 projects develop midwifery associations overseas, but they also enable UK midwives to have the valuable
 experience of working worldwide and reflecting anew on their own experience of UK maternity services.

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Supporting

As the professional organisation and trade union that represents the vast majority of practising midwives in the UK, the RCM strives to support our members by providing excellent representation for members, high-quality educational and learning opportunities, and numerous ways for members to get involved with the RCM.

During 2016, we paid particular attention to supporting RCM members' health, safety and wellbeing at work by launching our Caring for You campaign. We also launched a series of equality and diversity publications, ensuring that our members are treated fairly and equitably in the workplace. We continued to provide events for members, expand our online learning courses on i-learn, provide excellent individual representation, and publish our award-winning magazine *Midwives*.

We have also continually assessed the services we provide, and the ways in which we can do better for members and target specific members' needs.

The key highlights of the RCM's work to support RCM members were:

- Our Caring for You campaign In June 2016, the RCM launched its UK-wide campaign, Caring for You, to improve
 the health, safety and wellbeing of RCM members at work. The Caring for You campaign encompasses feedback
 from our member survey in March 2016. Over half of NHS organisations signed up to the Caring for You charter,
 which commits them to five key principles and supports and enables them to continue providing the highest
 levels of maternity care for women and their families.
- Engagement with our members During 2016, the RCM met with numerous members and ran both small- and large-scale events to give midwives, MSWs and student midwives the opportunity to share, network and learn from each other and other acknowledged experts. In total, the RCM engaged in over 660 events, ranging from our annual conference (where just over 2,000 midwives from across the UK came together over two days) through to drop-in learning events in individual trusts or units (which were attended by 20 midwives over the course of an afternoon). These events were evaluated well by our members.
- Throughout 2016, the RCM ran nine major conferences for our members:
 - Annual Conference
 - RCM MSW Conference
 - MSW Welsh Conference
 - Scotland Think Tank Day
 - Zepherina Veitch Memorial Lecture
 - Student Midwives Conference
 - RCM Policy Seminar
 - Workplace Representatives Conference
 - EMA Conference

STRATEGIC REPORT (CONTINUED)

- We used our digital and media platforms to encourage engagement and interaction. From 1 January to 31
 December, the RCM website saw 1,094,287 unique (new) visits. In the same period, social media engagement
 showed increases:
 - Facebook 'likes' increased from 27,210 to 38,475.
 - Twitter followers increased from 23,015 to 26,037.
- Our Midwives magazine won the top prize at the TUC Trade Union Communications Awards 2016 in the category 'Best membership communication – print journal'.
- By the end of 2016, i-learn had 15,300 users. Since its introduction in 2014, 59,000 courses have been started and 32,000 courses completed. New i-learn courses added during 2016 included Bullying, Undermining Behaviour and Improving Workplace Behaviour.
- Workplace representatives (WPRs) Every year, the RCM supports and represents members who experience
 difficulties or problems at work. Many members are supported and have their issues resolved by their local
 WPRs. By the end of 2016, the RCM had 704 WPRs across all four UK countries and all membership categories.
- WPR training and auditing The RCM's WPR representation comprises branch representatives, MSW advocates, union learning representatives (ULRs), stewards, and health and safety representatives, who receive training and guidance to give them the skills to negotiate locally and to ensure that the members' employment rights are maintained. In 2016, over 80% of new newly accredited WPRs attended residential RCM training within six months of their appointment.
- Growth of learning representative numbers The RCM has grown its learning representative numbers to 106, and they are trained and supported to meet the needs of members through learning events, advice and information sessions. These activists have fostered workplace opportunities and breathed new life into our branches.
- Wales and Scotland learning funds The RCM was awarded two development funds one for Scotland (SULF)
 and one for Wales (WULF) which enable the RCM to engage and address the specific training and development
 needs of our member midwives and MSWs. The project also enabled the RCM to recruit and train more ULRs and
 MSW advocates.
- Branch governance Every year, the RCM transfers money back into our active branches to support their
 activities, including fundraising for International day of the Midwife, promoting midwifery within a local
 community, and funding training and development for members. In 2016, this totalled £67,500.
- Midwifery students Midwifery students are separately represented in the RCM, and the elected Student
 Midwife Forum planned and delivered an annual conference that was attended by around 400 students, as well
 as feeding into broader RCM policy throughout the year. Activist students have now established midwifery
 societies in most universities and these are increasingly linking to RCM branches to collaborate and promote
 learning.
- Case management for WPRs A network of 18 regional and national officers throughout the UK provided
 experience and expertise in times of difficulty. In 2016, the RCM supported WPRs in 275 cases where midwives
 or MSWs required support from a full-time officer in trust disciplinary processes, achieving their rights in relation
 to ill health, their concerns about bullying and harassment, or where their professional competence or conduct
 was being scrutinised.

STRATEGIC REPORT (CONTINUED)

- Professional advice or legal representation In 2016, 29 RCM members were referred to the NMC's Fitness to
 Practise investigation. In these cases, the RCM provided professional advice and support and the full legal backup
 of our solicitors, Thompsons. The role of the RCM is to represent members referred to the NMC, to ensure they
 experience an open, transparent and fair process and that they have the opportunity to give an account of
 themselves and their actions so that justice is done. In over 60% of referrals where the RCM is representing, the
 NMC ultimately finds no case to answer.
- The RCM also provides assistance to members who have accidents or suffer injuries at work. In 2016, the RCM secured substantial damages for midwives and MSWs through personal injury claims and opened 75 new cases for members injured at work.
- At the end of 2016, RCM membership grew to its highest ever level of 46,859 members. This increase of 1,034 members from the previous year means that the RCM now represents 86% of all practising midwives. This continued growth enables the RCM to develop and improve the services it offers. It provides the RCM with a strong financial base from which it can innovate, invest in and develop services that meet the needs of its members. The size of its membership also gives the organisation an increased strength of voice, so the RCM can campaign, lobby and negotiate in a more effective way.
- The RCM has been very proactive in seeking to recruit students, as they bring with them an enthusiasm and commitment that helps underpin the future of the organisation. In 2015, we saw a record number of student midwives join the RCM. Continued growth of student midwife membership is largely thanks to the vibrancy and enthusiasm brought via the Student Members Forum, a change in the recruitment incentive, support for the ever-growing number of university midwifery societies, and the engagement of regional officers and RCM organisers.
- MSWs are seen as a key opportunity for growth in membership. In 2016, the RCM addressed the barriers and challenges, the potential opportunities and the services and resources needed to ensure continued growth in this important group of members. The RCM appointed an MSW project worker and recruited a number of MSW advocates.
- RCM Connect: The RCM Responsiveness Programme initiative The Responsiveness Programme was
 operationalised in 2016, with RCM Connect taking on an increasing percentage of membership transactional
 work. Although the total number of calls to the service has increased, RCM Connect has proved to be efficient at
 handling the increase in calls and the total handling time has reduced by around 10%. The ongoing trend
 towards digital communication continues with a 60% (approximately) increase in emails received by RCM
 Connect. The average time until first response was 12 hours.
- Member research the RCM periodically asks members to participate in independent research about their attitudes to their professional body and trade union. The results for 2016 show that, overall, members rated the RCM with a net promoter score of +25 compared to the score in 2013 of +21. Members particularly valued local representation, i-learn and the professional guidance. Members wanted the local representation, national negotiations, RCM influence and professional guidance to be better, although many supplied evidence of good experiences. The research enables the RCM to design and flex services to meet members' needs and aspirations.

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

- Equality and diversity In 2016, the RCM published the following equality and diversity publications:
 - BME Midwives, Disciplinary Proceedings and the Workplace Race Equality Standard
 - Equality Essentials
 - Pregnancy and Maternity Rights at Work
 - Working with the Menopause
 - Work-Related Stress
 - Standing for the RCM Board
- All of our work relies on having a skilled, knowledgeable and engaged workforce In 2016, the RCM's commitment to being an Employer of Choice was demonstrated in our People Strategy, Voices, Vision and Values and accompanying action plan, which ensure that the RCM has a framework for consistently managing staff and that learning and training are prioritised effectively. The RCM's Voices, Vision and Values programme across the organisation and implements a new PAR process, behavioural framework and a shared vision for what it should be like to work at the RCM. The RCM staff survey shows improvements across the board. Of the 90% of staff that completed the survey, 94% stated that they enjoy working at the RCM.

Influencing

The RCM is the voice of midwifery, actively influencing for improvements to maternity services and to improve the pay and conditions for RCM members so that they are able to provide high-quality, safe care for women and their families.

During 2016, we sought to influence in many different ways on behalf of RCM members and maternity services. We sought to influence on professional issues, such as the changes to regulation; employment issues, such as on pay and potential changes to the Agenda for Change; and the terms and conditions of the NHS. We sought to influence the government to address the shortage of midwives, and we campaigned to have our voice heard during the devolved governments' elections and the EU referendum.

Much of our influencing work continues over many years and, by building up evidence and our relationships over time, we have been able to make gains for midwives and maternity services for the long term.

Some key highlights of our influencing work in 2016 have been:

- Changes to regulation If women are to be well cared for, the importance of a well-educated, well-regulated and
 well-supported midwifery profession cannot be underestimated. Throughout 2016, the RCM was extremely
 influential in discussions to change the regulatory processes that govern the UK's midwives. Specifically, the RCM
 worked to ensure that, following the anticipated removal of a statutory midwifery committee in the NMC and of
 statutory midwifery supervision, robust arrangements would remain in place to ensure this aim remains the
 case.
- Pay The RCM gave evidence to the NHS Pay Review Body (PRB) three times during 2016, with two publications and one session of oral evidence. The RCM presented extensive evidence, including results from our annual survey of heads of midwifery, a survey of why midwives leave, and the results of a freedom of information request into agency, bank and overtime spending. Our evidence showed that the average midwife's salary had decreased in value by over £6,000 since 2010, and that 80% of midwives who are intending to leave or have left the service tell us they would be persuaded to stay if their pay were higher. We have said that the government needs to intervene now and give a fair pay rise to retain the much-needed staff before it is too late. The RCM strongly argued that the PRB needed to break the government's policy of pay restraint in the NHS. The evidence to the PRB was well received and gained extensive media coverage.

STRATEGIC REPORT (CONTINUED)

- State of Maternity Services Report Getting the workforce right is key to the provision of high-quality care and, once again, our key yearly report brought together facts and statistics about the numbers of births and numbers of midwives working in maternity services across the UK. This year's report highlights the advancing age profile of the midwifery profession, the rise in births to older women, and the increasing complexity of births. The report was launched at the House of Commons, with many MPs and peers attending the launch. The report gained extensive media coverage and has been used for lobbying purposes subsequently.
- Agency, bank and overtime spending in England The RCM conducted research into the spending by
 organisations in England on bank, agency and overtime for midwives during 2015. The report revealed that trusts
 in England spent £72,698,200 on agency, bank and overtime for midwives that year. This research has been used
 by the RCM to make the case to government, employers and key stakeholders for more midwives, and gained
 extensive media coverage.
- Why midwives leave research The RCM conducted a survey of 2,719 midwives who have left midwifery in the last two years or are intending to leave midwifery in the next two years. The survey reveals that the main reasons midwives wish to leave midwifery are staffing and workload. 80% of midwives said they would stay in midwifery if their pay were higher. This research has been used by the RCM to make the case to government, employers and key stakeholders for more midwives, and gained extensive media coverage.
- TUC affiliation During 2016, we attended Congress and five TUC conferences, putting nine motions to the conferences on both employment and professional issues. The RCM sits on the General Council and Women's Committees of the TUC, which provides us with key opportunities to influence the trade union movement on behalf of RCM members.
- Agenda for Change and the NHS Staff Council The RCM continues to sit on the NHS Staff Council and the
 executive of the NHS Staff Council. The Staff Council works to ensure that the Agenda for Change terms and
 conditions and the NHS pay structure remain fit for purpose and relevant. The RCM uses this opportunity to
 make sure the NHS is an exemplary employer, taking into consideration the specific concerns of RCM members
 and maternity services.
- Social Partnership Forum The RCM sits on both the national and regional Social Partnership Forums (SPFs) in England. The SPFs bring together NHS Employers, NHS trade unions, NHS England, HEE, NHS Improvement and the Department of Health to discuss and debate the development and implementation of the workforce implications of policy. The RCM uses this opportunity to raise the specific concerns of RCM members and maternity services. The RCM also engaged in social partnership/dialogue within the European Union and in Scotland and Wales.
- Devolved governments' elections The RCM published manifestos for the Scottish Parliament, National
 Assembly for Wales, and Northern Ireland Assembly elections. Lots of candidates responded positively to them,
 including many who were successfully elected. Since the elections, we have had questions tabled in Scotland,
 Wales and Northern Ireland by friendly politicians with whom we are in contact thanks to this work.
- EU referendum The RCM advocated a 'remain' vote in the referendum on the UK's membership of the European Union, held on 23 June 2016, as part of the Britain Stronger in Europe coalition. This involved writing articles backing Britain's continued membership of the EU, the chief executive speaking at events alongside the prime minister, and providing supportive comments to the coalition for use in their literature.

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

The media team issued 261 press releases and there were 10,436 RCM mentions across broadcast, print and online media. The largest reporters of RCM news and comments were the Daily Mail, The Telegraph, The Guardian, PA (Press Association), the Nursing Times, the Nursing Standard, BBC national online, BBC regional radio and LBC radio. The RCM's most prolific TV appearances included Good Morning Britain, BBC Breakfast, the BBC Two Victoria Derbyshire programme and Sky News.

PRINCIPAL RISKS AND UNCERTAINTIES

The RCM is committed to adopting best practice in the identification, evaluation and cost-effective control of risks to ensure that they are reduced to an acceptable level or eliminated. It is acknowledged that some risks will always exist and will never be eliminated, but mitigation action can be put in place that minimises the likelihood of that risk occurring or the impact it may have should it occur.

The RCM is committed to establishing and maintaining a systematic approach to the identification and management of risk. Its objectives in doing this are to:

- ensure that risk management is clearly and consistently integrated and evidenced in the culture of the organisation;
- · manage risk in accordance with best practice;
- anticipate and respond to changing social, economic, environmental and legislative requirements;
- consider compliance with health and safety, insurance and legal requirements as a minimum standard;
- prevent death, injury, damage and losses, and reduce the cost of risk; and
- inform strategic and operational decisions by identifying risks and their likely impact.

Principal risks for the RCM are:

Loss of income (from membership and from other sources)

Membership subscriptions continue to be the main source of income for the RCM and, therefore, any circumstance that means this income comes under pressure is a significant risk to the organisation.

While a sudden loss of members remains unlikely, a more sustained reduction in membership levels would ultimately have a direct impact on the RCM's ability to deliver services to its members. The RCM continues to review what it does and to invest in systems and processes to ensure it is as responsive as it can be and is fulfilling the many needs of its members. This includes a major project focused on replacing the RCM's existing customer relationship management system and its website content management system. The RCM continues to campaign and lobby to ensure that the role and concerns of midwives are highlighted. In an environment where pressures within the NHS on budgets, working conditions and service levels are increasingly having a detrimental effect on our members, the potential for members to seek employment away from this highly respected and valued profession is only anticipated to increase.

The risk of loss of income from other sources relates directly to the RCM's Alliance programme. This programme centres on mutually beneficial relationships with a limited number of commercial companies and is the RCM's second-biggest income stream. While 2016 saw four new partners join the programme, ongoing challenging economic and market conditions mean that companies continue to review their budgets and the value added by any strategic partnerships, which means that the loss of a partner is an ongoing risk.

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Legal support costs

Supporting members with legal representation remains a significant financial issue for the RCM. The demand for these services continues to increase. The RCM has in place a fixed-cost agreement with its legal services provider to minimise the impact of this issue, though the past couple of years has seen greater demand for ad-hoc legal work. In addition, 2016 saw a significant rise in NMC referrals, and the RCM expects this trend to continue for the next couple of years. The RCM is looking at a number of ways to minimise this risk.

Changes to maternity services and pressure on the NHS

There are a number of interrelated risks that the RCM is aware of and seeks to mitigate where possible. These risks relate to loss of influence, changes to the way maternity services are delivered, and political changes (e.g. Brexit) and the subsequent impact these will have on the NHS and, ultimately, on the RCM's membership. The RCM continues to ensure that it is adequately informed of new models and emerging threats to the midwifery workforce in what continues to be an ever-changing environment, and that it is working for members in ensuring the RCM's voice is heard and influential. However, the RCM recognises that its members are coming under ever-increasing pressure as demands and resource issues impact on their daily working lives.

INVESTMENT POWERS, POLICY AND PERFORMANCE

The RCM has wide investment powers and delegates responsibility for the management of the investment portfolio of the RCM Board to its fund managers.

The investment policy has been prepared by the Investment Committee of the RCM Board and was approved by the RCM Board. The policy makes explicit the RCM investment philosophy and sets out investment objectives and how these will be achieved. The investment objective is to maintain and grow the real capital value of the investments over the long term, while providing a suitable level of income to support activities. The long-term objective for the investment portfolio is to achieve a return by way of income and the capital growth of RPI plus 3% per annum after fees. The Board adopted a balanced investment strategy with a medium risk tolerance. The portfolio is primarily invested in equities and fixed interest, with diversification through exposure to alternative asset classes such as property, commodities and absolute return funds.

The RCM does not directly invest in companies involved in arms manufacture, tobacco, alcohol or breast milk substitutes.

The Board reviews the investment portfolio regularly with the fund managers, comparing performance against the benchmark and periodically reviewing the appropriateness of the benchmark. Overall, the investment performance has approximately mirrored the market and the benchmark during the year.

The benchmark comprises the following:

- 30% UK equities, measured by the FTSE All Share Index;
- 20% global equities, measured by the MSCI World ex UK Index;
- 5% emerging market equities, measured by the MSCI Emerging Markets Index;
- 10% UK Government bonds, measured by the FTA All Stock Govt Index;
- 10% UK corporate bonds, measured by the BofA Merrill Lynch £ Non-Gilt Index;
- 10% property, measured by the IPD All Balanced Funds Index;
- 3% commodities, measured by the Rogers Intl Commodity Index;
- 10% absolute return, measured by the 3-Month LIBOR + 4%; and
- 2% cash, measured by the 3-Month LIBOR.

The movement of the RCM's investments during the year is shown in note 11 to the accounts.

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

RESULTS

The RCM Board has approved the audited consolidated accounts for the year ended 31 December 2016. The result for the year is a net surplus of £973,695, which comprises the following amounts.

Surplus for the year 1,201,640
Re-measurement of defined benefit liability (227,945)

Total gains relating to the year 973,695

The surplus for the year of £973,695 undertaken by the RCM as part of its business included the movements on investments and the pension scheme performance during the year, as required by Financial Reporting Standards (FRS) 102. The relevant movements are disclosed in notes 11 and 14 to the accounts. The RCM's cash contribution towards the pension scheme is set by actuarial valuation and the cost is included in the RCM annual budget.

In 2015, a surplus of £326,907 was recorded on ordinary activities, which, after adding the re-measurement of defined benefit liability of £448,000, produced a total surplus of £774,907 for that year.

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

By order of the RCM Board

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

THE ROYAL COLLEGE OF MIDWIVES

We have audited the financial statements of the RCM for the year ended 31 December 2016, which comprise the Consolidated Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, the Consolidated and Company Balance Sheets, the Consolidated Cashflow Statement and the related notes numbered 1 to 19.

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). 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 THE DIRECTORS AND AUDITOR

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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the FRC's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and company's affairs as at 31 December 2016 and of its surplus for the year 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 MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

THE ROYAL COLLEGE OF MIDWIVES (CONTINUED)

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

We have nothing to report in respect of the following matters 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;
- · 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.

Tim Redwood

Senior Statutory Auditor

For and on behalf of

Crowe Clark Whitehill LLP

Statutory auditor

London

8 Man Zon

THE ROYAL COLLEGE OF MIDWIVES AND SUBSIDIARY COMPANY

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
INCOME	4 _	9,592,664	9,202,082
EXPENDITURE Staff costs Depreciation Other costs	5	(4,250,333) (35,435) (4,675,827)	(4,756,931) (45,592) (4,071,764)
OPERATING SURPLUS	,_	631,069	327,795
(Losses)/gains on investments Investment income Pension scheme finance charge Charitable grants paid	_	474,330 115,695 2,000 (21,454)	(75,482) 114,187 (20,000) (19,593)
SURPLUS FOR THE YEAR	_	1,201,640	326,907

All activities are continuing.

THE ROYAL COLLEGE OF MIDWIVES AND SUBSIDIARY COMPANY

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016	2015
		£	£
SURPLUS FOR THE YEAR		1,201,640	326,907
Re-measurement of defined benefit liability	14	(227,945)	448,000
TOTAL RECOGNISED GAIN RELATING TO THE YEAR	_	973,695	774,907
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY			
		2016	2015
		£	£
At 1 January 2016		7,384,027	4,091,393
Surplus for the period		-	<i>157,727</i>
Re-measurement of net defined benefit pension liability		-	2,360,000
At 31 December 2016		7,384,027	6,609,120
Surplus for the period		1,201,640	326,907
Re-measurement of net defined benefit pension	-	(227,945)	448,000
AT 31 DECEMBER 2016	_	8,357,722	7,384,027

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016	2015
		£	£
FIXED ASSETS			
Tangible fixed assets	10	1,077,399	1,112,834
Investments	11	4,841,513	3,357,400
	_	5,918,912	4,470,234
CURRENT ASSETS			
Stocks		-	
Debtors	12	393,322	349,018
ash at bank and in hand	-	3,067,692	3,556,112
TOTAL CURRENT ASSETS		3,461,014	3,905,130
CREDITORS: Amounts falling due within one year	13	(1,022,204)	(850,282)
NET CURRENT ASSETS	-	2,438,810	3,054,848
NET ASSETS EXCLUDING PENSION LIABILITY		8,357,722	7,525,082
Pension liability/reserve	-		(141,055,
NET ASSETS	-	8,357,722	7,384,027
REPRESENTED BY:			
PECIFIC FUNDS	15		
Revaluation reserve		879,627	879,627
leadquarters fund		121 <u>,</u> 778	106,974
enevolent fund	_	567,005	517,745
	-	1,568,410	1,504,346
SENERAL FUNDS	15		
lead quarters		6,414,090	5,659,767
Branches	-	375,222	360,969
		6,789,312	6,020,736
Pension reserve	- -		(141,055)
FOTAL FUNDS		8,357,722	7,384,027

The balance sheet was approved and authorised for issue by the RCM Board on

18 July

2017

Director Company number 30157

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016	2015
		£	£
FIXED ASSETS			
Tangible fixed assets	10	1,077,399	1,112,834
Investments		3,642,611	2,680,227
TOTAL FIVED ASSETS		4 700 040	2 702 064
TOTAL FIXED ASSETS		4,720,010	3,793,061
CURRENT ASSETS			
Stocks		-	-
Debtors	12	359,100	<i>368,023</i>
Cash at bank and in hand		1,876,229	1,456,453
TOTAL CURRENT ASSETS		2,235,329	1,824,476
CREDITORS: Amounts falling due within one year	13	(804,822)	(697,890)
NET CURRENT ASSETS		1,430,507	1,126,586
TOTAL ASSETS LESS CURRENT LIABILITIES		6,150,517	4,919,647
Provisions: Pension liability		<u> </u>	(141,055)
NET ASSETS/(LIABILITIES)		6,150,517	4,778,592
GENERAL FUNDS		6,150,517	4,919,647
Pension reserve			(141,055)
TOTAL FUNDS AND RESERVES		6,150,517	4,778,592

The balance sheet was approved and authorised for issue by the RCM Board on

18 July 2017

Director Company number 30157

CONSOLIDATED CASHFLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016	2015
	110(63	£	£
	•		
NET CASH (OUTFLOW)/INFLOW FROM OPERATING			
ACTIVITIES	17	405,668	322,930
DETURNS ON INVESTMENTS AND CERVICING OF FINANCE			
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE Interest received		807	10,868
Dividends received			103,319
Dividends received	-	114,888	103,319
NET CASH INFLOW FROM RETURNS ON INVESTMENTS			
AND SERVICING OF FINANCE		115,695	114,187
	_		
TAXATION		<u>-</u>	<u>-</u>
	_		
INVESTING ACTIVITIES			
Purchase of tangible fixed assets		-	(9,307)
Purchase of investments		(3,584,620)	(3,632,055)
Sale of investments	_	2,574,837	3,885,980
		_	
NET CASH OUTFLOW FROM INVESTMENT ACTIVITIES	_	(1,009,783)	244,618
INCREASE (DECREASE) IN CASH	18	(488,420)	681,735

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1. STATUS OF THE COMPANY

The RCM is a company limited by guarantee, registration number 30157, and does not have share capital. The members' liabilities in the case of both organisations (RCM and RCMT) are limited to £1, and there were 46,859 members as at 31 December 2016. The RCM is registered as a trade union at 15 Mansfield Street, London, W1G 9NH.

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 the amended FRS 102, which has been applied for the first time in the preparation of these financial statements and prior to its compulsory adoption date of 1 January 2016.

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

b) Basis of consolidation

The consolidated accounts incorporate the accounts of the RCM and its subsidiary, the RCMT, as at 31 December 2016. The RCM (a company limited by guarantee that is not a charity) is a corporate member of the RCMT and appoints all of the trustees. The accounts of the subsidiary also include the Benevolent Fund of the Royal College of Midwives (which is a subsidiary charity of the RCMT) and RCM Trust Trading Company Limited (a subsidiary company of the RCMT in which the RCMT holds the sole share).

c) Tangible fixed assets

Tangible fixed assets held for the company's own use are stated at cost, less accumulated depreciation and accumulated impairment losses. 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

d) Stocks

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

e) 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.

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

2. ACCOUNTING POLICIES (CONTINUED)

f) Leasing

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

g) Pension contributions

The RCM runs a defined benefit scheme for its members. The amounts charged to the Income and Expenditure Account are the current service costs and are included as part of staff costs. Past service costs and other finance costs have been recognised in the Income and Expenditure Account. Actuarial gains and losses are recognised in the Statement of Other Comprehensive Income.

Pension scheme assets are measured at fair value, and liabilities are measured on an actuarial basis using the projected unit method and are discounted at a rate equivalent to the current rate of return on a high-quality corporate bond. The actuarial valuation is obtained at least triennially and is updated at each balance sheet date. The actuarial assumptions used represent an area of significant estimation uncertainty. The resulting defined pension scheme asset or liability is shown separately on the face of the balance sheet.

h) Income

Membership subscriptions, commercial partnership income and other contracts for services are recognised during the year in which the service is provided, taking into account the stage of completion at the end of the year. Investment, interest and similar income are credited to the Income and Expenditure Account as they are earned. Donations are recognised in the year they are received. Legacies are recognised during the year in which executors approve a distribution.

i) Expenditure

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

i) Financial instruments

The RCM only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and are subsequently measured at their settlement value.

k) Critical accounting judgements and key sources of estimation uncertainty

In the application of the RCM's accounting policies, which are described in note 2, directors are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The RCM recognises its liability to its defined benefit pension scheme, which involves a number of estimations as disclosed in note 14. In the view of the directors, no other assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

3. BRANCH RETURNS

Forty-four branches of the RCM have not submitted accounts to Headquarters for the year ended 31 December 2016. 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. Thirty-eight branches that did not submit accounts bank with Unity Trust Bank – the same bank that RCM Headquarters uses; therefore, it was possible to verify their cash balances.

The income and expenditure account includes:

- a) the income and expenditure of Headquarters;
- b) the income and expenditure of 129 (2015: 117) branches; 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 £3,067,692 (2015: £3,556,112) includes the £375,745 (2015: £361,901) held by branches.

4. INCOME

	2016	2015
	£	£
Membership subscriptions	8,313,505	8,147,430
Conference income	244,947	63,507
Income raised by branches/country offices	22,147	16,504
Donations and legacies	6,722	29,855
Commercial partnership income	365,951	289,143
Project income	416,579	453,363
Other income	26,186	26,289
Journal/website income	160,612	158,225
Consultancy/accreditation	36,015	17,766
	9,592,664	9,202,082

NOTES TO THE ACCOUNTS (CONTINUED)

5.	STAFF COSTS AND NUMBERS		
		2016	2015
	·	£	£
	Wages and salaries	3,525,599	3,660,503
	Social security costs	323,133	329,012
	Pension costs	401,601	767,416
		4,250,333	4,756,931
	Full-time equivalent employed at 31 December 2016	No	No
	Professional	77	75
6.	INTEREST RECEIVABLE		
		2016 £	2015 £
	Bank and building society interest	807	10,868
7.	SURPLUS ON ORDINARY ACTIVITIES		
		2016	2015
		£	£
	This is stated after charging		
	Auditor's remuneration	29,100	26,000
	– Audit	10,854	12,987
	- Other services - Taxation	10,834	12,367
	Operating lease rentals	29,199	28,741
	- Plant and machinery Land and buildings	55,833	55,833
	Land and buildings	35,435	45,592
	Depreciation	33,733	73,332

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

8. REMUNERATION OF MEMBERS OF THE RCM BOARD

No member of the RCM Board received any remuneration from the RCM (2015: £nil) except for reimbursement of their travelling expenses totalling £9,209 (2015: £12,997).

9. RESULTS FOR THE FINANCIAL PERIOD

In accordance with the exemptions allowed by Section 408 of the Companies Act 2006, the RCM has not presented its own profit and loss account. The RCM's unconsolidated surplus for the year was £1,371,925 and the total turnover was £9,846,174.

10. TANGIBLE FIXED ASSETS

		Short-	Furniture	
	Freehold land	leasehold	and office	
	and building	property	equipment	Total
	£	£	£	£
Cost or valuation				
At 12 January 2016	155,00	1,465,925	342,773	1,963,698
Additions	-	-	-	-
Disposal	-	-	(3,608)	(3,608)
At 31 December 2016	155,000	1,465,925	339,165	1,960,090
Depreciation and amortisation				
At 1 January 2016	44,748	481,046	325,070	850,864
Charge for the year	1,923	25,469	8,043	35,435
Disposal			(3,608)	(3,608)
At 31 December 2016	46,671	506,515	329,505	882,691
Net book value				•
At 31 December 2016	108,329	959,410	9,660	1,077,399
At 31 December 2015	110,252	984,879	17,703	1,112,834

At 31 December 2016, there were capital commitments contracted for of £nil (2015: £nil).

NOTES TO THE ACCOUNTS (CONTINUED)

11.	FIXED ASSET INVESTMENT				
		Group	Group	RCM	RCM
		2016	2015	2016	2015
		£	£	£	£
	Market value at start of period	3,357,400	3,686,807	2,680,227	-
	Additions	3,584,620	3,632,055	3,001,056	2,706,223
_	Disposals	(2,574,837)	(3,885,980)	(2,381,433)	-
	Gains/(losses)	474,330	(75,482)	342,761	(25,996)
	Market value at 31 December	4,841,513	3,357,400	3,642,611	2,680,227
	Historical cost at 31 December	4,201,430	3,334,533	3,174,504	2,712,556
	Investments are held in a mixture of u	nit trusts managed	by Cazenove Capit	al.	
	Management: All investments are held	d within the group.			
. 2.	DEBTORS				
		Group	Group	RCM	RCM
		2016	2015	2016	2015
		£	£	£	£
	Amounts due from RCMT		-	33,040	19,005
	Other debtors	283,087	198,946	223,175	198,946
	Prepayments	110,235	150,072	102,885	150,072
		393,322	349,018	359,100	368,023
.3.	CREDITORS: Amounts falling due with		349,018	359,100	368,023
3.	CREDITORS: Amounts falling due within		349,018 Group	359,100 RCM	368,023 RCM
3.	CREDITORS: Amounts falling due within	n one year			
3.	CREDITORS: Amounts falling due within	n one year Group	Group	RCM	RCM
3.	CREDITORS: Amounts falling due withing due within due withing due withing due withing due withing due	n one year Group 2016 £	Group 2015 £	RCM 2016 £	RCM 2015
3.		n one year Group 2016	Group 2015	RCM 2016	RCM 2015 £
3.	Amounts due to RCMT	n one year Group 2016 £	Group 2015 £	RCM 2016 £	RCM 2015 £ 81,511
3.	Amounts due to RCMT Subscriptions in advance	Group 2016 £ - 5,921	Group 2015 £ - 10,268	RCM 2016 £ - 5,921	RCM 2015 £ 81,511 10,268
3.	Amounts due to RCMT Subscriptions in advance Trade creditors	Group 2016 £ - 5,921 233,066	Group 2015 £ - 10,268 225,733	RCM 2016 £ - 5,921 230,880	RCM 2015 £ 81,511 10,268 188,817
.3.	Amounts due to RCMT Subscriptions in advance Trade creditors Other taxation and social security	Group 2016 £ - 5,921 233,066 108,112	Group 2015 £ - 10,268 225,733 93,909	RCM 2016 £ 5,921 230,880 92,878	RCM 2015 £ 81,511 10,268 188,817 93,909

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

14. PENSIONS

The RCM operates a defined benefit scheme in the UK. This is a separate trustee-administered fund that holds the pension scheme assets to meet long-term pension liabilities. A full actuarial valuation was carried out at 31 March 2013 and updated at 31 December 2016 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

The 2013 actuarial valuation showed a deficit of £4,880,000. The RCM has agreed with the trustees that it will aim to eliminate the deficit over a period of six years and 10 months from 1 September 2014 by the payment of contributions of £166,000 per annum, payable in equal monthly instalments, plus 4.1% of pensionable remuneration each year. In addition, and in accordance with the schedule of contributions, the RCM has agreed with the trustees that it will pay 16.1% of pensionable remuneration in respect of the cost of accruing benefits, death in service benefits, and expenses, and, in addition, will meet levies to the Pension Protection Fund. Member contributions are payable in addition at the rate of 7% of pensionable remuneration.

The actuarial valuation due as at 31 March 2016 is currently in progress, with discussion ongoing between the RCM and the trustees.

PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET/(LIABILITY)

•	31 December	31 December
	2016	2015
	£'000s	£'000s
Fair value of plan assets	32,860	25,295
Present value of defined benefit obligation liabilities	31,055	(25,436)
Unrecognised surplus	1,805	-
Surplus (deficit) in plan	1,805	(141)
Defined benefit asset (liability)	<u>-</u>	(141)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	31 December 2016 £'000s	31 December 2015 £'000s
Defined benefit obligation at start of period	25,436	25,282
Current service cost	399	389
Expenses	82	107
Interest expense	959	885
Contributions by plan participants	208	209
Actuarial losses (gains)	5,065	(769)
Benefits paid and expenses	(1,094)	(941)
Losses (gains) due to benefit changes	-	271
Defined benefit obligation at end of period	31,055	25,436

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

14. PENSIONS (CONTINUED)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS

	2016 £'000s	2015 £'000s
Fair value of plan assets at start of period	25,295	24,697
Interest income	961	865
Actuarial gains (losses)	6,642	(321)
Contributions by RCM	848	<i>786</i>
Contributions by plan participants	208	209
Benefits paid and expenses	(1,094)	(941)
Fair value of plan assets at end of period	32,860	25,295

The actual return on the plan assets over the period ending 31 December 2016 was £7,603,000 (2015: £544,000).

DEFINED BENEFIT COSTS RECOGNISED IN PROFIT AND LOSS ACCOUNT

	2016 £'000s	2015 £'000s
Current service cost	399	389
Expenses	82	107
Net interest cost	(2)	20
Losses/(gains) due to benefit change		271
Defined benefit costs recognised in profit and loss account	479	787

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

PENSIONS (CONTINUED)		
DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME		
	2016	20
	£'000	£′0
Return on plan assets (excluding amounts included in net interest		
cost) gain/(loss)		
Amount gain	6,642	(3
Experience gains and (losses) arising on the plan liabilities:		
Amount gain	134	(1
Effects of changes in the demographic and financial assumptions		
underlying the present value of the plan liabilities:		
Amount gain/(loss)	(5,199)	9
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) gain/(loss)	(228)	4
Total amount recognised in other comprehensive income		
gain/(loss)	(228)	
ASSETS		
	2016	20
	£'000	£′0
UK equities	7,203	6,8
Overseas equities	7,203	6,8
Corporate bonds	3,755	3,0
Diversified growth funds	3,261	
Property	2,275	2,2
Cash	225	
Insured pensioners	239	
LDI ·	8,699	6,2

None of the fair values of the assets shown above includes any direct investments in the RCM's own financial instruments or any property occupied by, or other assets used by, the RCM.

TOTAL ASSETS

32,860

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

14. PENSIONS (CONTINUED)

ASSUMPTIONS

	% per annum	% per annum
	2016	2015
Rate of discount	2.70	3.80
Inflation (RPI)	3.45	3.15
Inflation (CPI)	2.45	2.15
Salary growth	3.45	3.15
Allowance for revaluation of differed pensions of CPI or 5% p.a. if less, minimum 3% p.a.	3.00	3.00
Allowance for pension in payment increases of RPI 5% p.a. if less	3.45	3.15
Allowance for commutation of pension for cash at retirement	90% of members commute 25% of their pension	90% of members commute 25% of their pension

The mortality assumptions adopted at 31 December 2016 imply the following life expectancies:

Male retiring in 2016	22.1
Female retiring in 2016	24.4
Male retiring in 2036	23.8
Female retiring in 2036	26.3

The best estimate of contributions to be paid by the employer for the period commencing 1 January 2017 is £772,000 (2016: £788,000).

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

15. MOVEMENT ON RESERVES

	1 January 2016 £	Movement in the period £	Gains realised £	Revaluation £	31 December 2016 £
SPECIFIC FUNDS	_	-	_	_	-
Revaluation reserve	879,627	-	-	-	879,627
Headquarters specific fund	106,974	2,188	15	12,601	121,778
Headquarters benevolent fund	517,745	(8,546)	(759)	58,565	567,005
TOTAL SPECIFIC FUNDS	1,504,346	(6,358)	(744)	71,166	1,568,410
GENERAL FUNDS General funds – HQ	5,659,767	350,415	(53,333)	457,241	6,414,090
General funds – Branches	360,969	14,253		<u> </u>	375,222
	6,020,736	364,668	(53,333)	457,241	6,789,312
TOTAL SPECIFIC AND GENERAL	7,525,082	358,310	(54,077)	528,407	8,357,722
Pension fund reserve	(141,055)	369,000		(227,945)	<u>-</u>
TOTAL FUNDS	7,384,027	727,310	(54,077)	300,462	8,357,722

16. FINANCIAL COMMITMENTS

At 31 December 2016, the group and company had the following annual commitments under non-cancellable operating leases expiring as follows:

	Land and building		Furniture and equipment	
	2016	2015	2016	2015
	£	£	£	£
In less than one year	55,833	55,8 33	18,617	28,741
Within two to five years	109,739	165,572	6,000	23,473
In more than five years	-	-	-	-

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

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

		2016	2015
		£	£
Operating surplus		631,069	<i>327,795</i>
Depreciation	•	35,435	45,592
Decrease in stocks		-	2,656
(Increase)/decrease in debtors		(44,304)	66,813
Increase in creditors		171,922	(81,333)
Charitable grants paid	•	(21,454)	(19,593)
Pension current costs		481,000	496,000
Contribution by employer		(848,000)	(786,000)
Pension loss due to the benefit change	_		271,000
	_	405,668	322,930
ANALYSIS OF BANK BALANCES AND CHANGES IN THE YEAR			
	2015	Change in year	2016
	£	£	£
Cash at bank and in hand	3,556,112	(488,420)	3,067,692

19 SUBSIDIARY UNDERTAKINGS

18.

The RCM is the ultimate parent entity of the RCM Group. At 31 December 2016, the RCMT and RCM Trust Trading Company Limited formed part of the consolidated financial statements. The RCMT is controlled by the same Board as the RCM, and the RCMT holds 100% of the share capital of RCM Trust Trading Company Limited. Both subsidiaries are registered in the UK and have the same registered office as the RCM.

COMPANY STATEMENT TO MEMBERS

FOR THE YEAR ENDED 31 DECEMBER 2016

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 2016:

Income £9,846,174 Expenditure £8,958,065

- b) The total income for the union for the period ended 31 December 2016 includes £8,313,505 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 £147,139 for the 12-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 may have occurred, in the conduct of the financial affairs of the union may take steps with a view to investigating further, obtaining clarification and, if necessary, securing regularisation of that conduct.

The member may raise any such concern with one or more of the following (as appropriate): the officials of the union, the trustees of the property of the union, the auditor or auditors of the union, or the certification officer (who is an independent officer appointed by the secretary of state) or the police.

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

COMPANY GENERAL INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2016

AUDITOR Crowe Clark Whitehill LLP

St Bride's House 10 Salisbury Square

London EC4Y 8EH

BANKER Unity Trust Bank plc

9 Brindley Place Birmingham ` B1 2HB

INVESTMENT MANAGER Schroder & Co. Limited

31 Gresham Street

London EC2V 7QA

REGISTERED OFFICE 15 Mansfield Street

London W1G 9NH

SOLICITOR Thompsons Solicitors

Congress House Great Russell Street

London WC1H 3LW

CONTACT DETAILS

FOR THE YEAR ENDED 31 DECEMBER 2016

The RCM

The RCM is the voice of midwifery. We are the UK's only professional organisation and trade union led by midwives for midwives and the maternity teams that support them. The vast majority of people in the midwifery profession are our members.

The RCM promotes midwifery, high-quality maternity services and professional standards. We support and represent our members individually and collectively in all four UK countries. We influence on behalf of our members and for the interests of the women and families for which they care.

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Follow us on Twitter (@MidwivesRCM) and Facebook (www.facebook.com/MidwivesRCM) www.rcm.org.uk

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Promoting • Supporting • Influencing