

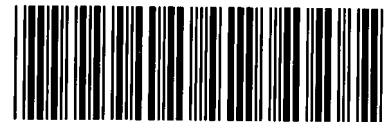
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THE ROYAL COLLEGE OF MIDWIVES

**DIRECTORS' REPORT AND
CONSOLIDATED ACCOUNTS**

FOR THE YEAR ENDED 31 DECEMBER 2021

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THE ROYAL COLLEGE OF MIDWIVES
DIRECTORS' REPORT AND CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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THE ROYAL COLLEGE OF MIDWIVES
DIRECTORS' REPORT AND CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2021

AUDITOR	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW
BANKER	Unity Trust Bank plc PO Box 7193 Planetary Road Willenhall WV1 9DG
INVESTMENT MANAGER	Schroder & Co. Limited 31 Gresham Street London EC2V 7QA
REGISTERED OFFICE	10-18 Union Street London SE1 1SZ
SOLICITOR	Thompsons Solicitors Congress House Great Russell Street London WC1H 3LW

THE ROYAL COLLEGE OF MIDWIVES
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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 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.

0300 303 0444
info@rcm.org.uk

RCM London
10-18 Union Street
London
SE1 1SZ

RCM Scotland
37 Frederick Street
Edinburgh
EH2 1EP

RCM Northern Ireland
4 College House
Citylink Business Park
Belfast
BT12 4HQ

RCM Wales
Unit 13b Drake Walk
Brigantine Place
Atlantic Wharf
Cardiff
CF10 4AN

THE ROYAL COLLEGE OF MIDWIVES

DIRECTORS' REPORT AND CONSOLIDATED ACCOUNTS

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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 2021. 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. RCM Information Services 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), Gill Walton, 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 practicing midwives or maternity support workers who have been elected by members of the RCM. They are non-executive and receive no payment.

Members served for the entire year except where indicated otherwise.

Natalie Linder – until 31/08/2021
Giuseppe Labriola - Chair
Tracy Miller – until 31/8/2021
Pauline Twigg - Vice Chair
Janet Ballintine
Nerys Kirtley – from 01/09/2021
Benedicta Agbagwara-Osuji - from 01/09/2021
Keelie Lorraine Barrett
Michelle Beacock
Sarah Jones
Neil Tomlin
Sascha Wells - Munro
Dee Davies
Kate Evans – until 31/8/21

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APPOINTMENT OF RCM BOARD MEMBERS

The RCM is a membership organisation whose 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 can visit our website, www.rcm.org.uk/rcm-board. Here, they will find detailed information about the commitment that board membership entails.

RCM BOARD MEETINGS

The RCM Board met nine times during the year, one of which was an induction meeting to introduce incoming members to each other and discuss their roles with the outgoing members. The overall attendance of board members was 89%. There were two additional extraordinary meetings also, in July and November 2021.

RCM BOARD PERFORMANCE

2021 was the tenth anniversary of the RCM Board taking over governance from the former RCM Council.

RCM BOARD COMMITTEES

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

AUDIT AND RISK COMMITTEE OF THE RCM BOARD

This committee oversees financial reporting; reviews the effectiveness of risk management, internal controls, compliance systems, and internal auditing; selects for appointment internal and external auditors; assesses the performance of the external auditor; develops and implements policy on the engagement of the external auditor to provide non-audit services; and reports to the board, including, where appropriate, making recommendations. The members during the year were:

Pauline Twigg – Deputy Chair
Sascha Wells - Munro – Chair
Dee Davies
Neil Tomlin

Tony Scott, having a professional background in finance and audit, served as an external member. The committee held four meetings during the year and the overall attendance of members was 85%.

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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. The members during the year were:

Tracy Miller – until 31/08/2021
Dr Susan Way
Giuseppe Labriola (Chair)
Keelie Barrett
Sarah Jones
Benedicta Agbagwara-Osuji

The committee held four meetings during the year and the overall attendance of members was 94%.

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. It also advises the RCM Board on the remuneration and policy for reimbursing the CEO's expenses. The members during the year were:

Dee Davies - Chair
Kate Evans - until 30/08/2021
Nerys Kirtley – from 01/09/2021
Giuseppe Labriola

The committee scheduled three meetings during the year and the overall attendance of members was 75%.

INVESTMENT COMMITTEE

This committee, on behalf of the board, manages the RCM's investments in accordance with the approved investment policy.

It held two meetings in 2021 and the overall attendance of members was 100%. The members during the year were:

Chris Truman, (COO)
Michelle Beacock
Tracy Miller (Chair) – until 31/08/2021
Janet Ballintine - from 01/09/2021
Sarah Jones – from 01/09/2021
Keelie Barrett - Chair

The committee is supported by David Baker, chief investments officer, Mazars, and Jeremy Barker, client director, Cazenove Schroders.

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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:

- 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
- Prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the company will continue to operate

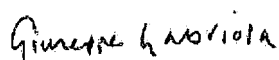
The RCM Board is responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company, and that are sufficient to enable the board to ensure that the financial statements 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 U.K. LLP has indicated its willingness to be reappointed as statutory auditor.

By order of the RCM Board



Giuseppe Labriola

Director

Date 21 July 2022

THE ROYAL COLLEGE OF MIDWIVES

DIRECTORS' REPORT AND CONSOLIDATED ACCOUNTS

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The RCM is the largest representative of midwives in the UK, and has a role as both a trade union, affiliated to the TUC, and a professional association. For more than a decade, maternity support workers (MSWs) have been welcomed into the RCM's membership, alongside midwives and student midwives. Throughout the year, the challenges around the global pandemic continued to have an impact on the RCM's work, particularly in terms of face-to-face interaction with members. Despite this, the RCM has continued to evolve its offer for members to ensure they were well-supported during a particularly challenging time for the profession.

Strategic goals	Strategic objectives
1. To listen and learn from our members so that we can lead and influence effectively.	<ul style="list-style-type: none"> i. Proactively engaging and listening to members at local, regional, national and global events ii. Actively lobbying/negotiating on the issues raised of importance to members using their feedback iii. Implementation of the RCM's Professional offer and new professional structure iv. Actively working to promote the benefit and need for strong midwifery leadership nationally, regionally and locally in each Trust/Board.
2. To deliver RCM products and services that offer value for money and meet the individual and collective needs of our members	<ul style="list-style-type: none"> i. Delivering new products and services while refreshing our existing offer to increase interaction with our members. ii. Ensuring high quality and effective support to individual members through the representation we provide. iii. Evidencing a growth in membership numbers across business-critical categories. iv. Gaining clarity on the reasons members leave across all categories and analysing what control we have over member retention. v. Actively encouraging a range of member feedback methods including introducing and evaluating new methods.
3. To be a caring, well-led and well-managed organisation.	<ul style="list-style-type: none"> i. Ensuring the 2021 staff survey demonstrates a positive direction of travel from the trends set by the 2016-20 staff surveys. ii. Continuing to demonstrate a positive direction of travel in internal and external audit reports.

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	<ul style="list-style-type: none"> iii. Implementing the RCM's People Plan. iv. Contributing to the long-term financial security of the RCM. v. Delivering the programmes and projects committed to in the business plan and evaluating those already delivered to demonstrate value.
4. To actively grow and build networks, alliances and partnerships.	<ul style="list-style-type: none"> i. Selectively encouraging collaborations that strategically enhance the profile and impact of the RCM and ending collaborations that do not meet these aims. ii. Increasing the profile and impact of the RCM locally

The RCM's strategic objectives for 2021 were:

1.i Proactively engaging and listening to members at local, regional, national and global events

- Listening to its members is at the heart of the RCM's work, helping it to represent midwives and maternity support workers in every area and aspect of maternity, from those working clinically to midwifery educators and researchers to those in senior leadership positions. This happens in a range of formal and informal fora.
- These fora have been vital during the RCM's ongoing response to the pandemic, taking on board the concerns of its members and raising them with policy-makers and employers. One such forum is the 'touchstone' group of midwifery leaders, which provides invaluable insight into the pressures facing maternity services.
- While infection control measures have largely precluded RCM staff meeting in person with members in the workplace, the RCM has continued to use technology to ensure those members are heard and supported. This has included the establishment of WhatsApp groups to signpost and share information quickly and effectively across regions and workplaces.

1.ii Actively lobbying/negotiating on the issues raised of importance to members using their feedback

- As the leading trade union for midwives, the RCM has a key role in negotiating terms and conditions for its members. This includes making submissions to the NHS Pay Review Body (PRB) in England and Wales, using evidence collated from members. Thanks to extensive lobbying by the RCM, the Government raised its pay offer from a 1% increase to 3%. Collective bargaining in Scotland resulted in a pay offer of 4%.
- The RCM has consistently raised concerns about maternity support workers (MSWs) being asked to work beyond their pay grade. To ensure those staff are paid for the work they are carrying out, and receiving the required support and training, the RCM successfully called on the NHS Job Evaluation Group to amend the job descriptions for certain pay bands.
- The RCM is often called upon to respond to consultations and inquiries. In its evidence to the House of Commons Health & Social Care Select Committee's inquiry into maternity safety, the RCM was explicit in its call for increased funding for recruitment,

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- retention and training in order to improve the quality and safety of maternity care. This evidence was reflected in the Committee's final report, which extensively cited RCM research.
 - The pandemic continued to be a major focus for the RCM, ensuring its members were properly protected and supported in the workplace. This included lobbying employers to ensure midwives and MSWs were not redeployed away from maternity services and working with national NHS bodies across the UK to ensure appropriate infection control measures were in place.
 - When COVID-19 vaccines became available, the RCM, alongside the Royal College of Obstetricians & Gynaecologists, actively campaigned for pregnant women to be included in the programme. When this campaign was successful, the two Colleges provided information and support for women and for the clinicians, predominantly midwives, to make informed choices about vaccination.
- 1.iii Implementation of the RCM's professional offer and new professional structure
- The RCM's new professional structure became fully operational in June 2021, providing greater focus to the professional offer of the College. The new structure brings together education, research and professional guidance, as well as the College's international work.
- 1.iv Actively working to promote the benefit and need for strong midwifery leadership nationally, regionally and locally in each Trust/Board
- The RCM has consistently called for stronger midwifery leadership at all levels, and particularly in Trusts and Boards to ensure decisions about staffing and funding are made appropriately. This has continued to be the case during 2021, particularly in the light of official inquiries into maternity safety.
 - Visibility of maternity services at decision-making levels is vital. In 2021, the RCM submitted Freedom of Information requests to all NHS Trusts and Board and to universities to identify midwifery leadership roles. The results will be published in 2022.
- 2.i Delivering new products and services while refreshing our existing offer to increase interaction with our members.
- March 2021 saw the publication of the interim review of maternity safety at Shrewsbury & Telford Hospital NHS Trust, which included seven immediate and essential actions. The RCM produced a series of publications – the Solution Series – to support maternity staff in responding to these, including using examples of good practice that could be replicated locally.
 - The second year of the pandemic presented new challenges to the RCM and its members. As part of the RCM's ongoing work to ensure the health and safety of its members, it ran successful campaigns to encourage the take-up of the COVID-19 vaccine, including posters, regular newsletters and videos featuring midwives and MSWs. One of these videos was specifically by and for midwives and MSWs of colour, who were statistically less likely to take up the vaccination, to challenge some of the myths and reassure members of the safety and efficacy of the vaccine.
 - While face-to-face training was curtailed by the pandemic, the RCM continued to grow and enhance its online offer. As well as online courses for workplace representatives, the RCM continued to review and revise its self-guided education and training programme i-learn.

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- Perhaps the most noticeable 'refresh' to the RCM's offer was its first full rebrand in almost 40 years, which was launched in October. Delivered in just nine months, the new brand was developed following focus groups with members, staff and stakeholders to reflect and encompass everything the College does. Its eye-catching new colour palette helps the RCM stand out in the health sector, with the brand finally matching the quality of content the College produces.
- 2.ii Ensuring high quality and effective support to individual members through the representation we provide.
 - As in 2021, the RCM has worked hard to ensure its members have received the most appropriate and timely support throughout the pandemic. This has included support through its network of workplace representatives, who have continued to receive training and support, and directly through the RCM's regional and national officers.
- 2.iii Evidencing a growth in membership numbers across business-critical categories.
 - The RCM's membership continued to grow in 2021, peaking at 50,581 in October 2021.
 - The most significant growth was amongst the student category where the RCM had over 9,000 members. More modest growth was achieved among full members whilst MSW membership remained relatively static.
- 2.iv Gaining clarity on the reasons members leave across all categories and analysing what control we have over member retention.
 - This continues to be a challenging area for the RCM as while its churn rate is relatively low, this data is important to understand why members leave and therefore what we can do to address this
 - Work has been done to improve this data including utilising the RCM's call centre, RCM Connect, to engage with members who decide to leave. This work will continue in 2022
- 2.v Actively encouraging a range of member feedback methods including introducing and evaluating new methods.
 - In 2021, the RCM began trialling greater use of WhatsApp to drive local branch engagement, including the completion of surveys which could then, when collated, produce a national picture,
- 3.i Ensuring the 2021 staff survey demonstrates a positive direction of travel from the trends set by the 2016-20 staff surveys.
 - Staff satisfaction and engagement continues to be high, despite the ongoing challenging operating circumstances of 2021.
 - The shift to Microsoft Teams has enabled staff to engage with each other much more flexibly and directly, even when working remotely. It has also focused communication across the organisation, allowing greater collaboration and input. Both the challenges and opportunities were reflected in the 2021 staff survey.
 - There has been more face-to-face activity, both within teams and the RCM's interaction

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- with members, where it has been safe to do so and this will continue to increase in 2022.
 - Staff have been well supported throughout the pandemic, with regular check-ins, surveys and support for line managers.
- 3.ii Continuing to demonstrate a positive direction of travel in internal and external audit reports.
- In 2021, all audit reports (internal and external) continued to give significant assurance, with positive feedback from auditors.
- 3.iii Implementing the RCM's People Plan.
- The RCM invested a significant amount of time on realigning itself to the needs of its members including creating three clear operational elements of the organisation: trade union, professional and business. In 2021 there was an investment in Team RCM to ensure this new structure delivers on its objectives.
 - A new pay and grading structure for RCM staff was rolled out 2021. This structure underpins the RCM's People Plan and enabled the RCM to attract and retain high quality staff.
- 3.iv Contributing to the long-term financial security of the RCM.
- As in 2020, RCM staff have worked from home for the majority of 2021.
 - New office spaces in London, Cardiff and Belfast have become increasingly operational and have delivered many of the benefits envisaged including increased visibility with partners, greater opportunities for collaboration and significantly improved working environments for Team RCM.
 - These moves have helped support the financial security of the RCM by facilitating long term savings for the College and improving the organisation's ability to deal with ever changing and unpredictable operating environments.
- 3.v Delivering the programmes and projects committed to in the business plan and evaluating those already delivered to demonstrate value.
- The pandemic continued to impact on the delivery of some of its planned programmes and projects outlined in the business plan. In some cases, this resulted in delay or postponement, while others were simply delivered differently.
 - There has been a greater emphasis on digital solutions and less face-to-face activity, a situation created out of necessity. The RCM recognises that the future is likely to be a hybrid of old and new and is adjusting its services and products to meet that need. The Race Matters programme, to increase and improve the RCM's representation of Black, Asian and minority ethnic midwives and maternity support workers, has continued as a golden thread through all of the RCM's work.
- 4.i Selectively encouraging collaborations that strategically enhance the profile and impact of the RCM and ending collaborations that do not meet these aims.
- Perhaps the most significant – and ubiquitous – collaboration in 2021 has been with
 - the RCOG. In the previous year, the guidance produced jointly by the two Colleges

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- was vital for the continued delivery of safe maternity care during the pandemic, with its combination of a strong evidence-base and practical support and advice. This work continued into 2021, particularly around the rollout of COVID-19 vaccines and advice for both pregnant women and those providing their care.
- The two Colleges are founder members of the One Voice coalition, a collaborative group of organisations involved in maternity and neonatal care. In 2021, the group successfully effected a U-turn by Hampshire County Council, who had planned to cut its public health budget significantly, putting support for pregnant women and new-born babies at risk.
 - The RCM achieved high levels of visibility, in the media and on social media, around COVID vaccination. While this was overwhelmingly positive, it did also make the College, and its Chief Executive, the target of abuse and intimidation by anti-vaccination campaigners. Not willing to be deterred from delivering important public health information, the RCM spoke out against this abuse, and that faced by healthcare workers across the country. Pulling together a coalition of around 20 healthcare organisations, representing every aspect of the NHS workforce, the RCM garnered the support of MPs and Peers from across the political spectrum, under the banner #IStandWithGill. This show of unity demonstrated to all NHS staff that abuse would not be tolerated.
 - Improving the safety and quality of maternity care will always be a priority for the RCM, but it recognises that it cannot do this in isolation. In 2021, the RCM worked on two major collaborative programmes, with the RCOG and, respectively, Tommy's, the pregnancy charity, and THIS Institute. The first of these is a medical device designed to support midwives in identifying risks during pregnancy. The second seeks to avoid brain injury caused in childbirth, supporting midwives and obstetricians in identifying risks and adopting techniques to ensure positive outcomes.

4.ii Increasing the profile and impact of the RCM locally

- Infection prevention and control measures have made in-person visits to RCM branches and workplaces difficult during 2021. Despite this, as stated above, regional and national teams have sought to use technology to ensure the RCM is still a tangible presence locally.
- The rebrand has also presented an opportunity to renew and refresh the RCM's present. As part of the launch, workplaces were sent 'branch bundles' with newly branded posters and marketing collateral to dress notice boards and staffrooms.
- Local issues have helped to reinvigorate RCM engagement too. One branch, for example, had been inactive for many years but a local consultation on Continuity of Carer spurred members to contact the RCM for support. Regional staff ran local engagement events and supported members in their response to the consultation. This work has helped galvanise engagement, with the recruitment of two workplace representatives, and health and safety representative and a treasurer.

INVESTMENT POWERS, POLICY AND PERFORMANCE

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

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FOR THE YEAR ENDED 31 DECEMBER 2021

The Investment Committee of the RCM Board prepared the investment policy, which was approved by the RCM Board. The policy sets out the investment philosophy and objective, and how this will be achieved. The 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 portfolio is to achieve a return by way of income and the capital growth of CPI plus 4% per annum after fees (updated in October 2021). The board adopted a balanced, medium-risk investment strategy. The portfolio is primarily invested in equities with diversification through exposure to fixed income, 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:

20% UK equities, measured by the FTSE All Share Index
45% Overseas developed market equities, measured by the MSCI World ex UK Index
5% Overseas emerging market equities, measured by the MSCI Emerging Markets Index
5% Gilts, measured by the FTSE Gov't All Stocks
5% Corporate bonds, measured by BofA non Gilts
10% property, measured by the IPD UK Pooled
2% commodities, measured by the Rogers Intl Commodity Index
6% absolute return, measured by SONIA+2%
2% cash, measured by SONIA

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

PRINCIPAL RISKS AND UNCERTAINTIES

The RCM is committed to adopting best practice in identifying, evaluating and cost-effectively controlling risks to ensure they are eliminated or reduced to an acceptable level. Certain risks will always exist and cannot be eliminated, but action can be put in place to minimise the likelihood of that risk occurring and its potential impact.

The RCM is committed to establishing and maintaining a systematic approach to the identifying and managing 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
- Inform strategic and operational decisions by identifying risks and their likely impact

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

Principal risks for the RCM are:

Pandemics

Whilst this risk has changed in scope and nature, the impact of the COVID-19 pandemic remains multi-faceted. The RCM was in a good position to utilise remote technology at the start of the pandemic and has changed the way it delivers its services to meet the changing needs of its members. However, these needs are unpredictable to some extent and there remain a number of unknowns which make planning, financial risk management and budgeting more of a challenge. Financially the RCM is in a strong and stable position but will be constantly reviewing its priorities for 2022 and beyond to ensure it remains a financially secure and stable organisation that is able to meet and deliver on the expectations of its members.

Loss of income from membership and other sources

Membership subscriptions continue to be the main source of income for the RCM and so any circumstances that put this income under pressure are a significant risk to the organisation. While a sudden loss of members remains unlikely, a sustained fall in membership levels would have a direct impact on the RCM's ability to deliver services to its members.

Whilst 2021 saw continued growth in membership (maintaining the historic growth rates of the past nine years), it is recognised that this cannot continue ad infinitum and even a levelling off of membership will have a potential impact. This is deemed likely given the fall in overall midwife numbers and the variety of pressures on our members (impact of Covid, stresses in services, public sector pay restraint, cost of living crisis). We continue to review what we do and to invest in systems, people and processes to ensure we are as responsive as we can be and are fulfilling the many needs of our members.

Legal support costs

Supporting members with legal representation remains a major financial issue for the RCM. Members' demand for these services is highly unpredictable and costs continue to rise. We have a fixed-cost agreement with our legal services provider to minimise the impact of this, though the past couple of years have seen greater demand for ad-hoc legal work. We continue to look at ways of minimising this risk.

RESULTS

The RCM Board has approved the audited consolidated accounts for the year ended 31 December 2021. The result for the year is total comprehensive surplus of £499,903 (2020: £1,313,408).

The result for the year of £499,903 included the movements on investments and the pension scheme performance, as required by Financial Reporting Standards (FRS) 102. The relevant movements are disclosed in notes 11 and 14 to the accounts.

A reconciliation between the overall results for the year to 31 December 2021 compared to 2020 is shown below:

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

	£
Total comprehensive income for 2020	1,313,408
<i>Change in result between 2020 and 2021 as a result of:</i>	
Accounting for pension scheme under FRS 102	421,000
Better investment return in 2021	399,228)
Decrease in income, staff and other operational costs	(1,633,733)
 Total gain relating to the year	 499,903

When comparing two years overall income revenue increased from £10,637,586(2020) to £10,643,863 (2021) .

Expenditure increased from £9,614,171.(2020) to £10,159,096 (2021) – an increase of 5.7% mainly under staffing cost.

In addition, gains on investments were higher than those experienced in 2021 in line general market conditions.

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

Giuseppe Labriola

Giuseppe Labriola
Director

Date: 16 December 2022

THE ROYAL COLLEGE OF MIDWIVES
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE ROYAL COLLEGE OF MIDWIVES
FOR THE YEAR ENDED 31 DECEMBER 2021

Opinion

We have audited the financial statements of the Royal College of Midwives for the year ended 31 December 2021 which comprise the consolidated income and expenditure account, statement of other comprehensive income, consolidated balance sheet, company balance sheet, consolidated cash flow statement and the notes to the financial statements, including significant accounting policies. 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).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's income and expenditure, 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.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to

THE ROYAL COLLEGE OF MIDWIVES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ROYAL COLLEGE OF MIDWIVES FOR THE YEAR ENDED 31 DECEMBER 2021

the extent otherwise explicitly stated in our report, we do not express any form of assurance

conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

2. the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- V. the strategic report and the directors' report included have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

THE ROYAL COLLEGE OF MIDWIVES
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE ROYAL COLLEGE OF MIDWIVES
FOR THE YEAR ENDED 31 DECEMBER 2021

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between

our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, together with the financial reporting standards. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the company and the group for fraud. The laws and regulations we considered in this context for the UK operations were health and safety legislation, employment legislation and taxation legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any.

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

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have

THE ROYAL COLLEGE OF MIDWIVES

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE ROYAL COLLEGE OF MIDWIVES
FOR THE YEAR ENDED 31 DECEMBER 2021**

detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

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



Andrew Thomas
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

19 December 2022

THE ROYAL COLLEGE OF MIDWIVES AND SUBSIDIARY COMPANY

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021	2020
		£	£
INCOME	4	10,535,623	10,519,875
EXPENDITURE			
Staff costs	5	(6,010,825)	(5,463,899)
Depreciation		(312,315)	(259,375)
Other costs		(3,817,914)	(3,866,792)
OPERATING SURPLUS (DEFICIT)		<u>394,569</u>	<u>929,809</u>
Gains (losses) on investments		756,692	347,993
Transfer of Benevolent fund to Cavell Nurses Trust	15	(831,556)	-
Investment income		108,240	117,711
Charitable grants paid		(18,042)	(24,105)
SURPLUS FOR THE YEAR		409,903	1,371,408

All activities are continuing.

The notes on pages 27 to 41 form part of these accounts.

THE ROYAL COLLEGE OF MIDWIVES AND SUBSIDIARY COMPANY

STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021	2020
		£	£
SURPLUS FOR THE YEAR		409,903	1,371,408
Re-measurement of defined benefit liability	14	90,000	(58,000)
TOTAL COMPREHENSIVE INCOME		<u>499,903</u>	<u>1,313,408</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		2021	2020
		£	£
At 1 January 2021		12,376,776	11,063,368
Surplus for the period		409,903	1,371,408
Re-measurement of net defined benefit pension		90,000	(58,000)
AT 31 DECEMBER 2021		<u>12,876,679</u>	<u>12,376,776</u>

The notes on pages 27 to 41 form part of these accounts

THE ROYAL COLLEGE OF MIDWIVES

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021	2020
		£	£
FIXED ASSETS			
Tangible fixed assets	10	965,757	1,005,148
Intangible fixed assets	10	157,433	331,469
Investments	11	6,968,266	6,923,790
		8,091,456	8,260,407
CURRENT ASSETS			
Debtors	12	674,997	503,834
Cash at bank and in hand		5,357,645	4,821,976
		6,032,642	5,325,810
CREDITORS: Amounts falling due within one year	13	(1,247,419)	(1,209,441)
		4,785,223	4,116,369
NET ASSETS		12,876,679	12,376,776
REPRESENTED BY:			
SPECIFIC FUNDS	15		
Headquarters fund		122,714	109,505
Benevolent Fund		1,501	768,610
		124,215	878,115
GENERAL FUNDS	15		
Headquarters		12,293,351	11,031,096
Branches		459,113	467,565
		12,752,464	11,498,661
TOTAL FUNDS		12,876,679	12,376,776

The balance sheet was approved and authorised for issue by the RCM Board on 16 December 2022

Giuseppe Labriola

Giuseppe Labriola

Director

Company number 30157

The notes on pages 27 to 41 form part of these accounts

THE ROYAL COLLEGE OF MIDWIVES

COMPANY BALANCE SHEET

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021	2020
		£	£
FIXED ASSETS			
Tangible fixed assets	10	965,757	1,005,148
Intangible fixed assets	10	157,433	331,469
Investments		6,569,120	5,942,402
TOTAL FIXED ASSETS		<u>7,692,310</u>	<u>7,279,019</u>
CURRENT ASSETS			
Debtors	12	722,435	551,836
Cash at bank and in hand		4,621,168	4,007,899
TOTAL CURRENT ASSETS		<u>5,343,603</u>	<u>4,559,735</u>
CREDITORS: Amounts falling due within one year	13	(907,549)	(878,487)
NET CURRENT ASSETS		<u>4,436,054</u>	<u>3,681,248</u>
NET ASSETS		<u>12,128,364</u>	<u>10,960,267</u>
GENERAL FUNDS		12,128,364	10,960,267
TOTAL FUNDS AND RESERVES		<u>12,128,364</u>	<u>10,960,267</u>

The RCM's unconsolidated surplus for the year was £1,168,097 (2020: 1,043,834) and the total turnover was £10,780,541 (2020: £10,014,763).

The balance sheet was approved and authorised for issue by the RCM Board on 16 December 2022

Giuseppe Labriola

Giuseppe Labriola

Director

Company number 3015

The notes on pages 27 to 41 form part of these accounts.

THE ROYAL COLLEGE OF MIDWIVES
CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021	2020
		£	£
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	17	645,656	1,323,695
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		626	4,926
Dividends received		107,614	112,785
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		<u>108,240</u>	<u>117,711</u>
INVESTING ACTIVITIES			
Purchase of tangible and intangible fixed assets		(98,887)	(972,138)
Transfer of Benevolent Fund to Cavell		(136,475)	-
Purchase of investments		(1,246,918)	(2,194,692)
Sale of investments		1,264,053	1,884,769
NET CASH OUTFLOW FROM INVESTMENT ACTIVITIES		<u>(218,227)</u>	<u>(1,282,061)</u>
INCREASE (DECREASE) IN CASH	18	<u>535,669</u>	<u>159,345</u>

The notes on pages 27 to 41 form part of these accounts.

THE ROYAL COLLEGE OF MIDWIVES

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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 50,180 members as at 31 December 2021. 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 in the preparation of these financial statements.

Having reviewed the financial position and considered the impact of COVID-19, 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. Further information is provided in the Strategic Report.

b) Basis of consolidation

The consolidated accounts incorporate the accounts of the RCM and its subsidiary, the RCMT, as at 31 December 2021. 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), RCM Trust Trading Company Limited (a subsidiary company of the RCMT in which the RCMT holds the sole share) and RCM Information's Services Ltd (a subsidiary company of the RCMT in which the RCMT holds the sole share). RCM have taken advantage of the exemption under Section 408 of the Companies Act 2006 in not presenting its own statement of financial activities in these statements

c) Tangible and intangible 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	Five years
Computer software	Three years
Intangible assess CRM	Three years

d) 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.

THE ROYAL COLLEGE OF MIDWIVES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

2. ACCOUNTING POLICIES (CONTINUED)

e) Leasing

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

f) 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.

g) 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.

h) 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.

j) 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.

THE ROYAL COLLEGE OF MIDWIVES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

3. BRANCH RETURNS

The income and expenditure account include:

- a) The income and expenditure of headquarters
- b) The income and expenditure of 137 (2020: 145) branches
- 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 £5,357,645 (2020: £4,821,976) includes the £459,798 (2020: £468,361) held by branches.

4. INCOME

	2021 £	2020 £
Membership subscriptions	9,292,519	9,217,837
Conference income	21,322	49,838
Income raised by branches	15,074	17,583
Donations and legacies	6,787	222,812
Commercial partnership income	239,678	279,750
Project income	475,887	176,003
Other income	39,287	34,014
MIDIRS	354,591	369,897
Journal/website income	89,728	148,957
Consultancy/accreditation	750	3,184
	10,535,623	10,519,875

THE ROYAL COLLEGE OF MIDWIVES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

5. STAFF COSTS AND NUMBERS

	2021 £	2020 £
Wages and salaries	4,426,377	4,170,015
Social security costs	434,690	410,626
Pension costs	1,149,758	883,258
	6,010,825	5,463,899
Full-time equivalent employed at 31 December 2021		
Professional	83	81

The salary cost for the key management personnel during the year was £726,423 (2020: £666,426). The figure is inclusive of pension benefits; no other employee benefits were paid. There were no redundancy payments in the year (2020: £nil).

6. INTEREST RECEIVABLE

	2021 £	2020 £
Bank and building society interest	626	4,926

7. SURPLUS ON ORDINARY ACTIVITIES

	2021 £	2020 £
This is stated after charging		
Auditor's remuneration		
– audit	37,440	36,510
– other services – taxation	10,200	17,162
Operating lease rentals		
– plant and machinery	4,822	13,816
– land and buildings	177,160	181,511
Depreciation	312,315	259,375

THE ROYAL COLLEGE OF MIDWIVES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

8. REMUNERATION OF MEMBERS OF THE RCM BOARD

No member of the RCM Board received any remuneration from the RCM 2021 : nil (2020: nil) except for reimbursement of their travelling expenses totaling £7,463 (2020: £5,261).

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 £1,168,097 and the total turnover was £10,780,541.

10. TANGIBLE AND INTANGIBLE FIXED ASSETS

	Freehold land and building	Leasehold – Union Street	Furniture and office equipment	Total	Intangibles
	£	£	£	£	£
Cost or valuation					
At 1 January 2021	155,000	852,306	248,131	1,255,437	729,730
Additions	-	10,205	-	10,205	88,683
Disposal	-	-	(7,640)	(7,640)	-
At 31 December 2021	155,000	862,511	240,491	1,258,002	818,413
Depreciation and					
At 1 January 2021	54,363	15,377	180,549	250,289	398,261
Charge for the year	1,923	33,105	14,568	49,596	262,719
Disposal	-	-	(7,640)	(7,640)	-
At 31 December 2021	56,286	48,482	187,477	292,245	660,980
Net book value					
At 31 December 2021	98,714	814,029	53,014	965,757	157,433
<i>At 31 December 2020</i>	<i>100,637</i>	<i>836,929</i>	<i>67,582</i>	<i>1,005,148</i>	<i>331,469</i>

At 31 December 2021, there were capital commitments contracted for of £25,046 (2020: £121,500).

THE ROYAL COLLEGE OF MIDWIVES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

11. FIXED-ASSET INVESTMENTS

	Group	<i>Group</i>	RCM	<i>RCM</i>
	2021	<i>2020</i>	2021	<i>2020</i>
	£	<i>£</i>	£	<i>£</i>
Market value at start of	6,923,790	6,265,875	5,942,402	5,364,812
Additions	1,246,918	2,194,692	1,070,960	1,897,091
Disposals	(1,264,054)	(1,884,770)	(1,088,113)	(1,627,545)
Gains	756,692	347,993	643,871	308,044
Transfer to Cavell	(695,080)	-	-	-
Market value at 31 December 2021	<u>6,968,266</u>	<u>6,923,790</u>	<u>6,569,120</u>	<u>5,942,402</u>
Historical cost at 31 December 2021	<u>5,619,319</u>	<u>6,077,533</u>	<u>5,290,861</u>	<u>5,207,398</u>

Investments are held in a mixture of unit trusts managed by Cazenove Capital.

12. DEBTORS

	Group	<i>Group</i>	RCM	<i>RCM</i>
	2021	<i>2020</i>	2021	<i>2020</i>
	£	<i>£</i>	£	<i>£</i>
Amounts due from RCMT	-	-	291,006	313,017
Other debtors	496,909	392,444	280,119	129,245
Prepayments	178,088	111,390	151,310	109,574
				
	<u>674,997</u>	<u>503,834</u>	<u>722,435</u>	<u>551,836</u>

THE ROYAL COLLEGE OF MIDWIVES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

13. CREDITORS: Amounts falling due within one year

	Group	<i>Group</i>	RCM	<i>RCM</i>
	2021	<i>2020</i>	2021	<i>2020</i>
	£	<i>£</i>	£	<i>£</i>
Amounts due to RCMT		-	12,045	-
Subscriptions in advance	8,327	7,507	8,327	7,507
Trade creditors	520,696	403,159	458,085	358,981
Other taxation and social	162,027	124,401	163,441	126,754
Accruals	264,826	366,878	240,048	353,189
Deferred income	291,543	307,495	25,603	32,056
	1,247,419	1,209,440	907,549	878,487

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 is being carried out at 31 March 2019 and the preliminary results have been updated to 31 December 2021 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below. Note the surplus for 2021 is not considered a recoverable amount and therefore has not been recognised in the financial statements in accordance with FRS 102. There is a difference between accounting and actuarial valuation.

This most recent actuarial valuation showed a surplus of £976,000. The RCM has agreed with the trustees that it will pay 26.1%% of pensionable pay in respect of the cost of accruing benefits, death in service benefits and expenses. In addition, the RCM will pay any levies to the Pension Protection Fund. Member contributions are payable in addition at the rate of 7% of pensionable pay.

The English High Court ruling in Lloyds Banking Group Pension Trustees Limited v Lloyds Bank plc and others was published on 26 October 2018, and held that UK pension schemes with Guaranteed Minimum Pensions (GMPs) accrued from 17 May 1990 must equalise for the different effects of these GMPs between men and women. The case also gave some guidance on related matters, including the methods for equalisation.

The trustees of the scheme will need to obtain legal advice covering the impact of the ruling on this scheme, before deciding with the employer on the method to adopt. An allowance for the additional liabilities as a result of this ruling is included within the defined benefit obligation.

THE ROYAL COLLEGE OF MIDWIVES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

The defined benefit cost for the fiscal year ending on the 31 December 2021 does not include any past service cost arising following a High Court case on 20 November 2021 which ruled that transfers out of the Plan, between 17 May 1990 and 28 October 2018, need to be revisited and equalised for GMP (if applicable), given that the impact of this ruling is assumed to be immaterial to the scheme.

	Plan Name	The Pension Scheme for the Royal College of Midwives	
	Country	UK	
		000s	000s
	Financial year ending on	31/12/2021	31/12/2020
	Currency information		
	Reporting currency	GBP	GBP
A.	Change in defined benefit obligation		
	1. Defined benefit obligation at end of prior year	38,836	34,571
	2. Cost (excluding interest)		
	a. Change arising from employee service in reporting period	956	747
	b. (Gain) / loss on curtailments / changes / introductions	-	-
	c. (Gain) / loss on settlements	-	-
	3. Interest expense	543	689
	4. Cash flows		
	a. Benefit payments from plan assets	(1,258)	(1,231)
	b. Benefit payments from employer	-	-
	c. Settlement payments from plan assets	-	-
	d. Settlement payments from employer	-	-
	e. Participant contributions	281	265
	f. Administrative expenses included in the DBO	-	-
	g. Taxes included in the DBO	-	-
	h. Insurance premiums for risk benefits	-	-
	5. Other significant events		
	a. Increase (decrease) due to effect of any business combinations / divestitures / transfers	-	-
	b. Increase (decrease) due to plan combinations	-	-
	6. Remeasurements		
	a. Effect of changes in assumptions	(10)	3,891
	b. Effect of experience adjustments	(485)	(96)
	7. Effect of changes in foreign exchange rates	-	-
	8. Defined benefit obligation at end of year	38,863	38,836
B.	Change in fair value of plan assets		
	1. Fair value of plan assets at end of prior year	42,317	38,710
	2. Interest income	592	773

THE ROYAL COLLEGE OF MIDWIVES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3.	Cash flows			
	a. Total employer contributions			
	(i) Employer contributions	1,050	925	
	(ii) Employer direct benefit payments	-	-	
	(iii) Employer direct settlement payments	-	-	
	b. Participant contributions	281	265	
	c. Benefit payments from plan assets	(1,258)	(1,231)	
	d. Benefit payments from employer	-	-	
	e. Settlement payments from plan assets	-	-	
	f. Settlement payments from employer	-	-	
	g. Administrative expenses paid from plan assets	(184)	(120)	
	h. Taxes paid from plan assets	-	-	
	i. Insurance premiums for risk benefits	-	-	
4.	Other significant events			
	a. Increase (decrease) due to effect of any business combinations / divestitures / transfers	-	-	
	b. Increase (decrease) due to plan combinations	-	-	
5.	Remeasurements			
	a. Return on plan assets (excluding interest income)	3,211	2,995	
6.	Effect of changes in foreign exchange rates	-	-	
7.	Fair value of plan assets at end of year	46,009	42,317	
D.	Change in asset ceiling			
1.	Asset ceiling at end of prior year	3,481	4,139	
2.	Interest income	49	84	
3.	Remeasurements			
	a. Changes in asset ceiling (excluding interest income)	3,616	(742)	
4.	Effect of changes in foreign exchange rates	-	-	
5.	Asset ceiling at end of year	7,146	3,481	
E.	Amounts recognized in the statement of financial position			
1.	Defined benefit obligation	38,863	38,836	
2.	Fair value of plan assets	<u>46,009</u>	<u>42,317</u>	
3.	Funded status	(7,146)	(3,481)	
4.	Effect of asset ceiling	<u>7,146</u>	<u>3,481</u>	
5.	Net defined benefit liability (asset)	-	-	
F.	Cost relating to defined benefit plans			
1.	Cost (excluding interest)			
	a. Change arising from employee service in reporting period	956	747	
	b. Change arising from employee service in reporting period to reimbursement rights	-	-	
	c. (Gain) / loss on curtailments / changes / introductions	-	-	

THE ROYAL COLLEGE OF MIDWIVES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

		d. (Gain) / loss on settlements	-	-
		e. Total cost	956	747
	2.	Net interest cost		
		a. Interest expense on DBO	543	689
		b. Interest (income) on plan assets	(592)	(773)
		c. Interest (income) on reimbursement rights	-	-
		d. Interest expense on effect of (asset ceiling)	49	84
		e. Total net interest cost	-	-
	3.	Remeasurements of Other Long Term Benefits	-	-
	4.	Administrative expenses and/or taxes (not reserved within DBO)	184	120
	5.	Cost relating to defined benefit plans included in P&L	1,140	867
F.6	6.	Remeasurements (recognized in other comprehensive income)	-	-
		a. Effect of changes in assumptions	(10)	3,891
		b. Effect of experience adjustments	(485)	(96)
		c. (Return) on plan assets (excluding interest income)	(3,211)	(2,995)
		d. (Return) on reimbursement rights (excluding interest income)	-	-
		e. Changes in asset ceiling (excluding interest income)	3,616	(742)
		f. Total remeasurements included in OCI	(90)	58
	7.	Total cost related to defined benefit plans recognized in P&L and OCI	1,050	925
	G.	Net defined benefit liability (asset) reconciliation		
	1.	Net defined benefit liability (asset)	-	-
	2.	Cost relating to defined benefit plans included in P&L	1,140	867
	3.	Total remeasurements included in OCI	(90)	58
	4.	Other significant events		
		a. Net transfer in/(out) (including the effect of any business combinations/divestitures)	-	-
		b. Amounts recognized due to plan combinations	-	-
	5.	Cash flows		
		a. Employer contributions	(1,050)	(925)
		b. Employer direct benefit payments	-	-
		c. Employer direct settlement payments	-	-
	6.	Credit to reimbursements	-	-
	6.	Effect of changes in foreign exchange rates	-	-
	7.	Net defined benefit liability (asset) as of end of year	-	-
	H.	Defined benefit obligation		
	1.	Defined benefit obligation by participant status		
		a. Actives	8,209	6,998

THE ROYAL COLLEGE OF MIDWIVES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

		b. Vested deferreds		12,368	12,463
		c. Retirees		18,286	19,375
		d. Total		38,863	38,836
I.	Plan assets				
	1.	Fair value of plan assets			
		a. Cash and cash equivalents		66	32
		b. Equity instruments		15,826	14,152
		c. Debt instruments		5,741	6,054
		d. Real estate		3,129	2,601
		e. Other		21,247	19,478
		f. Total		46,009	42,317
	2.	Amount invested in entity's own financial instruments			
		a. Equity instruments		-	-
		b. Debt instruments		-	-
		c. Real estate		-	-
		d. Other		-	-
		e. Total		-	-
	3.	Actual return on plan assets		3,803	3,768
J.	Significant actuarial assumptions				
	<i>Weighted-average assumptions to determine defined benefit obligation</i>				
		Discount rate		1.80%	1.40%
		Salary increase rate		3.45%	2.95%
		Price inflation rate (RPI)		3.45%	2.95%
		Price inflation rate (CPI)		2.95%	2.45%
		Post-retirement mortality assumption		102% of the standard tables S3PxA, Year of Birth, no age rating projected using CMI_2020 converging to 1.25% p.a.	102% of the standard tables S3PxA, Year of Birth, no age rating projected using CMI_2019 converging to 1.25% p.a.
		Assumed life expectancy on retirement at age 65			
		Retiring today (member age 65)		21.9 (M) / 24.2 (F)	21.9 (M) / 24.2 (F)
		Retiring in 20 years (member age 45 today)		23.3 (M) / 25.7 (F)	23.3 (M) / 25.7 (F)
		Duration (in years)		17	16
	<i>Weighted-average assumptions to determine cost relating to defined benefit plans</i>				
		Discount rate		1.40%	2.00%
		Salary increase rate		2.95%	2.85%
		Price inflation rate (RPI)		2.95%	2.85%
		Price inflation rate (CPI)		2.45%	2.05%

THE ROYAL COLLEGE OF MIDWIVES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

		Post-retirement mortality assumption		102% of the standard tables S3PxA, Year of Birth, no age rating projected using CMI_2019 converging to 1.25% p.a.	102% of the standard tables S3PxA, Year of Birth, no age rating projected using CMI_2018 converging to 1.25% p.a.
		Assumed life expectancy on retirement at age 65			
		Retiring today		21.9 (M) / 24.2 (F)	21.9 (M) / 24.2 (F)
		Retiring in 20 years		23.3 (M) / 25.7 (F)	23.3 (M) / 25.6 (F)
K.		Sensitivity analysis			
		<i>Present value of defined benefit obligation</i>			
		Discount rate - 25 basis points		40,507	40,457
		Discount rate + 25 basis points		37,309	37,285
		Price inflation rate - 25 basis points		37,566	37,619
		Price inflation rate + 25 basis points		40,223	40,120
		Post-retirement mortality assumption - 1 year age rating		40,562	40,396

THE ROYAL COLLEGE OF MIDWIVES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

15. MOVEMENT ON RESERVES

	1 January 2021	Movement in	Revaluation	Transfer to Cavell	31 December
	£	£	£	£	£
SPECIFIC FUNDS					
Headquarters specific fund	109,505	(752)	13,961	-	122,714
Headquarters benevolent fund	768,610	(7,939)	72,386	(831,556)	1,501
TOTAL SPECIFIC FUNDS	<u>878,115</u>	<u>(8,691)</u>	<u>86,347</u>	<u>(831,556)</u>	<u>124,215</u>
GENERAL FUNDS					
General funds – HQ	11,031,096	591,910	670,345	-	12,293,351
General funds – branches	467,565	(8,452)	-	-	459,113
	<u>11,498,661</u>	<u>583,458</u>	<u>670,345</u>	<u>-</u>	<u>12,752,464</u>
TOTAL SPECIFIC AND GENERAL	<u>12,376,776</u>	<u>574,767</u>	<u>756,692</u>	<u>(831,556)</u>	<u>12,876,679</u>
Pension fund reserve	-	(90,000)	90,000	-	-
TOTAL FUNDS	<u>12,376,776</u>	<u>484,767</u>	<u>846,692</u>	<u>(831,556)</u>	<u>12,876,679</u>

RCM worked with Cavell Nurses Trust (CNT) since 2018 to improve the efficiency and performance of the Benevolent Fund. CNT administered the fund on behalf of the RCM under a management fee arrangement. In this time a number of improvements were made to the speed of our service, the amount of support we were able (jointly) to give to midwives and MSWs facing financial hardship and the customer service we were able to deliver. Throughout this process RCM and CNT worked to a common objective: to increase the number of midwives and MSWs we were able to support.

In 2020 the Executive proposed that RCM Trust should consider transferring the entire Benevolent Fund to CNT to secure its long term future and its sustainability. The Executive team have used the Charity Commissioner's checklist to work through the strengths, weaknesses, opportunities and threats associated with this proposal. The Executive also explored the legal requirements, reputational risks and benefits to the RCM and its members. The RCM Trust formally agreed to asset transfer and the most of the Benevolent fund assets were transferred to Cavell Nurses Trust on 23 November 2021. As at the end of December 2021, there was £1,501 cash left on the investment bank account to cover for the final Cazanove invoice for fees due. This account was closed in January 2022 and the transfer completed. The funds transferred are ring fenced for the benefit of midwives, students

THE ROYAL COLLEGE OF MIDWIVES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

midwives and MSWs only. The RCM did not close the Benevolent Fund as a charity and has kept Unity bank accounts with holding of £1. This is to allow RCM to receive any future donations/ legacies made to the RCM BF.

16. FINANCIAL COMMITMENTS

At 31 December 2021, the group and company had the following annual commitments under non-cancellable operating leases expiring as follows:

	Land and building		Furniture and equipment	
	2021	2020	2021	2020
	£	£	£	£
In less than one year	177,160	177,160	4,822	4,822
Within two to five years	878,000	700,840	11,784	11,081
In more than five years	2,068,245	2,206,370	-	-

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

	2021	2020
	£	£
Operating surplus	394,569	929,809
Depreciation	312,315	259,375
(Increase)/decrease in debtors	(171,164)	120,803
Increase/(decrease) in creditors	37,978	95,813
Charitable grants paid	(18,042)	(24,105)
Pension current costs	1,140,000	867,000
Contribution by employer	(1,050,000)	(925,000)
	645,656	1,323,695

THE ROYAL COLLEGE OF MIDWIVES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

18. ANALYSIS OF BANK BALANCES AND CHANGES IN THE YEAR

	2020	Change in year	2021
	£	£	£
Cash at bank and in hand	<u>4,821,976</u>	<u>535,669</u>	<u>5,357,645</u>

19. SUBSIDIARY UNDERTAKINGS

The RCM is the ultimate parent entity of the RCM Group. At 31 December 2021, the RCMT, RCM Trust Trading Company Limited and RCM Information Services Ltd 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 and RCM Information Services Ltd. All subsidiaries are registered in the UK and have the same registered office as the RCM.

20. CONTINGENT LIABILITY

A contingent liability has arisen in respect of the College's defined benefit pension scheme relating to members past service costs. Whilst a reliable estimate of the expected cost to the College is not currently available, the eventual costs could amount to several million pounds. The College is currently taking legal advice and exploring its available options.

THE ROYAL COLLEGE OF MIDWIVES
COMPANY STATEMENT TO MEMBERS
FOR THE YEAR ENDED 31 DECEMBER 2021

**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 2021:
 - Income £10,780,541
 - Expenditure £9,612,445
- b) The total income for the union for the period ended 31 December 2021 includes £9,292,519 of payments in respect of membership.
- c) The union has no political fund.
- d) The CEOs (whose role includes that of general secretary) received a gross salary of £190,742 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.