

ROYAL COLLEGE OF SPEECH AND LANGUAGE THERAPISTS
(A Company Limited by Guarantee)

Registered Company No. 518344
Registered Charity No. 273724

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST MARCH 2003



Royal College of Speech and Language Therapists

General Information

Patron:	Vacant
President:	Vacant
Senior Life Vice President:	Sir Sigmund Sternberg O.St.J, KCSG, Hon FRCSLT, JP
Vice Presidents:	Mr. Simon Hughes, MP Baroness Jay (from July 2002) Baronees Michie (from July 2002)
Council Members:	
Chairman	Ms Caroline Fraser, Reg MRCSLT (from Sept 2002) Ms Flis Parsons, Reg MRCSLT (to Sept 2002) (resigned 18 Sept 2002)
Deputy Chairman	Dr Sue Roulstone, Reg MRCSLT (from Sept 2002) (appointed 18 May 2002) Ms Caroline Fraser, Reg MRCSLT (to Sept 2002)
Hon Treasurer	Ms Gillian Stevenson, Reg MRCSLT (from Sept 2002) (appointed 19 Sept 2002) Ms Tricia McGregor, Reg MRCSLT (to Sept 2002) (resigned 18 Sept 2002)
Councillors:	
Wales	Ms Chris Smith, Reg MRCSLT
Scotland	Ms Jeannett Cochrane, Reg MRCSLT
Ireland	Ms Roslyn Wilson, Reg MRCSLT (from Sept 2002) (appointed 19 Sept 2002) Ms Trea O'Hagan, Reg MRCSLT (to Sept 2002) (resigned 18 Sept 2002)
England	Vacant Dr. Jane Russell, Reg MRCSLT (to Sept 2002)
Service Management	Ms Jennie Godden, Reg MRCSLT (from Sept 2002) (appointed 9 Jan 2003) Mrs. Irene Morris, Reg MRCSLT (to Sept 2002) (resigned 18 Sept 2002)
Education and Workforce Planning	Ms Cathy Adams, Reg MRCSLT (from Sept 2002) (appointed 24 Sept 2002) Dr. Sue Franklin, Reg MRCSLT (to Sept 2002) (resigned 18 Sept 2002)
Professional and Ethical Development	Ms Sue Roslyn Wilson, Reg MRCSLT (from Sept 2002) Mrs. Christine Smith, Reg MRCSLT (to Sept 2002)
Secretary:	Ms Kamini Gadhok, Reg MRCSLT
Registered Office:	2 White Hart Yard London SE1 1NX
Auditors:	Kingston Smith Chartered Accountants Devonshire House 60 Goswell Road London EC1M 7AD
Bankers:	National Westminster Bank plc 180 Shoreditch High Street London E1 6HN
Investment Advisors:	JP Morgan Fleming Asset Management 25 Copthall Avenue London EC2R 7DR
Company Number:	518344
Charity Number:	273724

Royal College of Speech and Language Therapists

Report of the Council

The Members of the Council present their report and financial statements for the year ended 31st March 2003.

Constitution

The Charity is a company limited by guarantee and therefore has no share capital. In the event of a winding up the members' liability is limited to £1 each. It is governed by the Memorandum and Articles of Association.

Appointment of Members of Council

Members of Council are elected for a three year period by the membership at the annual general meeting. They may be re-elected for one further period of three years.

Objectives

The objectives of the Charity are the promotion of professional standards for members working as speech and language therapists, research into the field of speech and language therapy, the accreditation of courses for the education and training of students and the issuing of practising certificates and information to the general public about speech and language therapy.

Policies

The policies of the Charity are formulated by the Council and its sub-committees. There have been no changes in policies since the last report.

Development

The Trustees reviewed the charity's strategic plan during the year. In the light of the government's recent pronouncements, the Trustees identified six business priorities which will be used as the basis for preparing the 2003 - 2007 strategic/business plan. These areas of priority are (1) Finance (2) Communication with members (3) Professional standards and development, including education and training (4) Workforce development, in particular, recruitment and retention of speech and language therapists (5) Information, including Information Communication Technology (ICT) in the NHS and (6) Research and development.

The preparation of the 2003 - 2007 strategic/business plan is expected to be completed in the 2003/4 financial year.

The charity has begun the process of procuring a new computerized membership system. The new system is planned to become fully operational in December 2003.

The Trustees were also actively involved in contributing to, and shaping, external drivers like government policies across the devolved countries. Over the next 12 months, the Trustees will be reviewing the current officer role in Scotland. They also expect to conclude a full evaluation exercise regarding the setting up of satellite offices in Wales and Northern Ireland.

Review of Financial Activities

The financial results of the charity during the year were £716,724 (2002: £179,702). The steep increase in surplus funds was a direct result of the increase in membership subscriptions, recruitment advertising, efficiency savings and other income generation activities.

The charity has maintained its investments in specific funds. These investments earned income of £42,361 (2002: £27,564). Although there was a sharp increase in investment returns, the charity did not escape from the financial impact of global economic and political changes during the year, resulting in the value of its investments to fall by £133,319 (2002: £32,508).

During the year the charity registered for value added tax (VAT) and was able to make a backdated claim of £175,040 in respect of the VAT previously suffered between August 1993 and August 2002 inclusive (2002: Nil).

During the year, the Trustees reviewed the charity's unrestricted reserves to ensure that funds are available for the implementation of the six business objectives which underpin the strategic/business plan currently under review.

Royal College of Speech and Language Therapists

Report of the Council (continued)

Review of Financial Activities (continued)

The unrestricted funds have been categorized into designated and free reserves. The designated reserves are made up as follows:

• Research & Development fund	£10,000
• Benevolence fund	£2,000
• Building & major repairs fund	£70,000
• Professional development fund	£10,910
• Communicating quality 3 fund	£37,000
• Website redevelopment fund	£45,000
• Clinical guidelines fund	£5,000
• Competencies project fund	£18,000
• Projects' review/maintenance fund	£10,000
• Outposts administration fund	£40,000
	<u>£247,910</u>

The free reserves as at 31 March 2003 (i.e. the general funds after deducting the book value of fixed assets) stood at £1.5m, and they are being accumulated in accordance with the reserves policy which was agreed by the Trustees during the year.

Members of the Council

The members of the Council are as shown under General Information on page 1.

The Combined Code

The charity is committed to high standards of corporate governance. Although compliance with the combined code only applies to UK listed companies, the charity nevertheless observes the principles of the code.

Principles of Good Corporate Governance

Council and Chief Executive

The charity is controlled by Council which determines policy in pursuance of the objects set out in its articles. Council, boards/committees and other subsidiary working groups operate under specific terms of reference that enable the Trustees to monitor specific functions. The implementation of the policy is the responsibility of the Chief Executive and the senior management team.

Internal control

Council is ultimately responsible for the charity's systems of internal control and for reviewing its effectiveness. However, such systems are designed to manage rather than eliminate the risk of failure to achieve the charity's objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. These systems of control include:

- Regular consideration by the Trustees of financial results, variance from budgets and non-financial performance indicators;
- Delegation of authority and segregation of duties; and
- Identification and management of financial and non-financial risks

The Trustees therefore acknowledge their responsibility for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:

- the charity is operating efficiently and effectively;
- its assets are safeguarded against unauthorized use or disposition;
- proper records are maintained and financial information used within the charity or for publication is reliable;
- the charity complies with relevant laws and regulations.

A panel of existing trustees selects members of the Trustee Board. Applications for trusteeship, committee or board are sought by advertisement.

Royal College of Speech and Language Therapists

Report of the Council (continued)

Principles of Good Corporate Governance (continued)

The revised structure of the charity, which was formally adopted on 1 January 2002, consists of:

- Council
- Finance Committee
- Education and Workforce Development Board
- Professional Development Board
- Management Board.

Working groups are set up when required and are time-limited. Each working group reports to a particular board or committee.

The Trustees met five times during the year to receive reports on the charity's activities and to oversee the strategic direction of the charity.

The following number of meetings were held during the year, just as specified by their respective terms of reference:

- | | |
|---|---|
| • Finance Committee | 5 |
| • Education and Workforce Development Board | 4 |
| • Professional Development Board | 4 |
| • Management Board. | 4 |

Proposals from committees and boards which have financial implication for the charity are considered by the finance committee, who then makes recommendations to Council.

Budgetary and financial reporting framework

A comprehensive budgetary process is completed in February of each year and approved by Council in March. After the budget has been approved, spending commitments are authorized by budget holders. Budgetary control is exercised through the active review of operating results which are prepared every six weeks for both the finance committee and budget holders. Particular emphasis is placed on cash flow as well as income and expenditure and balance sheet reporting.

The charity has clearly defined guidelines for making capital expenditure commitments. These include annual cash budgets, detailed appraisal and review procedures, levels of expenditure and number of quotations and tenders requirements.

Where the agreed budget for the year does not have an allowance for an unexpected item of expenditure, a formal request is either made to the finance committee, business manager and/or chief executive/deputy chief executive for approval, depending on the value of the funding request.

Award of Grants

The charity administers two types of grant: the minor grants and the major grants. These are awarded to students, individuals and organisations who wish to undertake research in the field of speech and language therapy. Each application is considered against criteria set by the charity. Applications for grants are invited through advertisements in the *Bulletin Supplement*.

Risk Review

The Trustees undertook a review of the business risks facing the charity during the year, and how these could be effectively managed. The actions taken by the Trustees were informed by the severity and frequency of the risks.

In determining the severity of each type of risk identified, the Trustees have sought to explore its impact on the charity's ability to continue to achieve its charitable objectives. As part of the risk review process, the Trustees have concluded that there is one major risk which the charity faces.

Royal College of Speech and Language Therapists

Report of the Council (continued)

Risk Review (continued)

This risk is the likely loss of its recruitment advertising income when the planned creation of an integrated electronic recruitment service for the NHS becomes operational. This source of income currently accounts for 33% of the charity's total revenue. Although the government has not specified when the web service will become operational, the Trustees have nevertheless begun to take appropriate steps to manage this threat. These include the development of an income generation strategy and the setting up of a working group to oversee the implementation of the strategy. The working group reports to the finance committee.

The charity's officers began to draw up a disaster recovery plan during the year. When the plan is finalized, it will be presented to the finance committee who will review it and make appropriate recommendations to Council for its approval.

The Trustees are indeed pleased to confirm that systems have been put in place to mitigate the key risk noted above. The Trustees will continue to review this and any other risks at their future meetings.

Personnel

Following a competitive tendering process, the charity outsourced its HR function during the year. In addition to the cost-effectiveness of adopting this strategy, it was noted at the time the decision was taken that it would also enable the charity to benefit from having access to specialist and up-to-date advice on key policies such as:

- Selection and appointment of personnel
- Equal opportunities
- Sickness and absence
- Health and safety
- Maternity
- Organisational development
- Pay and conditions of service

Investment Policy

Council has authorised the finance committee to manage the charity's investments in accordance with the rules of its articles and relevant statutory laws and regulations. The finance committee sought advice from our investment advisers throughout the year before making acquisition and disposal decisions. The investment policy is to produce sufficient annual income, while using a strategy for growth in capital. During the year all investments were made in accordance with the finance committee's broad ethical guidelines, for example by not investing in the likes of tobacco companies.

Although capital growth and income maximization are central to the policy, the expressed tolerance to risk of the finance committee is moderate to low. This is reflected in the composition of the charity's investment portfolio as at the end of the financial year. For example, of the total market value of £1,291,361, 43% of the fund (£555,000) is invested in the Charity Official Investment Fund, 29% (£374,994) is in UK equity stocks and the remaining 28% (£361,367) is invested in the UK Treasury Bond fund.

Reserves Policy

The aim of the charity's reserve policy is to establish a level of reserves which the charity may need in times of unexpected fluctuations in income to ensure its ability to provide uninterrupted services to our members for a period of between 6 and 12 months.

During the year, the Trustees concluded the review of the charity's reserves which began in 2001. As part of the review, they assessed the level of reserves required to meet future shortfalls in income. In the light of the opportunities and threats facing the charity, the Trustees aim to maintain a reserves policy of keeping readily realisable assets at 12 months of anticipated annual operating costs by March 2007.

This level of reserves is required to provide a reliable income stream, deal with the stabilization of cash flows, and provide funds for capital expenditure to overcome threats, contingencies and take advantage of future opportunities.

Of the total reserves of £2.9m held on 31 March 2003, £1.5m are free. The free reserves as at 31 March 2003 cover 10 months of the charity's annual operating costs (2002: £0.9m, covering seven months of annual running costs).

The Council confirm that the value of its funds is as stated on the balance sheet and that these are adequate to fulfil its continuing obligations.

Royal College of Speech and Language Therapists

Report of the Council (continued)

Statement of Responsibilities of the Council of Management

Company law requires the Councillors (who are the directors of the company for the purposes of the Companies Acts and the charitable trustees) to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charitable company as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for the financial year. In preparing those financial statements, the Councillors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue on that basis.

Councillors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report and the financial statements have been prepared in accordance with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities".

Auditors

The auditors, Kingston Smith, will be proposed for re-appointment under section 385 of the Companies Act 1985.

Signed on behalf of the Council



Mrs Caroline Fraser, Reg MRCSLT
Chairman

Date: 19th August 2003

Independent Auditors Report to the Members of the Royal College of Speech and Language Therapists

We have audited the financial statements of the Royal College of Speech and Language Therapists for the year ended 31st March 2003 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Trustees and Auditors

As described in the Statement of Responsibilities of the Councillors, the charity's trustees are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the report of the council is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed.

We read other information contained in the Council Report and consider whether it is consistent with the financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the charitable group's affairs as at 31st March 2003 and of its incoming resources and application of resources, including its income and expenditure for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Kingston Smith
Chartered Accountants
and Registered Auditors

Devonshire House
60 Goswell Road
London EC1M 7AD

Date: 11 / 4 / 2003

Royal College of Speech and Language Therapists
Consolidated Statement of Financial Activities
For the year ended 31st March 2003

	Note	Unrestricted Funds £	Restricted Funds £	Total 2003 £	Total 2002 £
INCOME AND EXPENDITURE					
Incoming Resources					
Donations and legacies	2	951	2,180	3,131	80,378
Activities in furtherance of the objects					
Membership	3	1,270,652	-	1,270,652	890,104
Grants	4	-	10,000	10,000	45,406
Conference	5	21,515	-	21,515	-
Other income	6	225,091	-	225,091	38,739
Cost of activities for generating funds:					
Commercial trading	5	967,488	-	967,488	707,194
Investment income	7	41,790	571	42,361	27,564
Total Incoming Resources		<u>2,527,487</u>	<u>12,751</u>	<u>2,540,238</u>	<u>1,789,385</u>
Resources Expended					
Cost of generating funds:					
Commercial trading	5	418,802	-	418,802	387,118
Charitable expenditure:					
Grants and awards	8	73,167	6,351	79,518	87,570
Costs of activities in furtherance of the objects	9	885,408	31	885,439	770,310
Managing and administering the charity	10	306,436	-	306,436	332,177
Total Resources Expended		<u>1,683,813</u>	<u>6,382</u>	<u>1,690,195</u>	<u>1,577,175</u>
Net incoming resources for the year		843,674	6,369	850,043	212,210
Net loss on investment assets					
Unrealised losses		<u>(130,253)</u>	<u>(3,066)</u>	<u>(133,319)</u>	<u>(32,508)</u>
Net movement in funds		713,421	3,303	716,724	179,702
Fund balances brought forward		<u>2,138,045</u>	<u>44,806</u>	<u>2,182,851</u>	<u>2,003,149</u>
Fund balances carried forward		<u>2,851,466</u>	<u>48,109</u>	<u>2,899,575</u>	<u>2,182,851</u>
		(note 18)	(note 17)		

All gains and losses arising in the year are included in the Statement of Financial Activities and arise from continuing activities.

Royal College of Speech and Language Therapists

Balance Sheets as at 31st March 2003

	Note	Group		Charity	
		2003	2002	2003	2002
		£	£	£	£
Fixed Assets					
Tangible fixed assets	13	1,139,193	1,160,935	1,139,193	1,160,935
Investments	14	<u>736,361</u>	<u>569,678</u>	<u>736,363</u>	<u>569,680</u>
		<u>1,875,554</u>	<u>1,730,613</u>	<u>1,875,556</u>	<u>1,730,615</u>
Current Assets					
Stock of goods for resale		5,217	1,500	5,217	1,500
Debtors	15	295,735	229,504	590,341	424,884
Short term deposits		555,000	105,000	555,000	105,000
Cash at bank and in hand		<u>466,984</u>	<u>279,350</u>	<u>134,381</u>	<u>36,464</u>
		1,322,936	615,354	1,284,939	567,848
Creditors: Amounts falling due within one year	16	<u>(298,915)</u>	<u>(163,116)</u>	<u>(260,920)</u>	<u>(115,612)</u>
Net Current Assets		<u>1,024,021</u>	<u>452,238</u>	<u>1,024,019</u>	<u>452,236</u>
Net Assets		<u><u>2,899,575</u></u>	<u><u>2,182,851</u></u>	<u><u>2,899,575</u></u>	<u><u>2,182,851</u></u>
Reserves					
Restricted Funds	17	48,109	44,806	48,109	44,806
Unrestricted Funds					
Designated funds	18	247,910	372,438	247,910	372,438
General funds	18	<u>2,603,556</u>	<u>1,765,607</u>	<u>2,603,556</u>	<u>1,765,607</u>
		<u><u>2,899,575</u></u>	<u><u>2,182,851</u></u>	<u><u>2,899,575</u></u>	<u><u>2,182,851</u></u>

The financial statements were approved by Council
and signed on its behalf on 19th August 2003 by:

Caroline C. Fraser Chairman - Mrs Caroline Fraser, Reg MRCSLT

G. Stevenson Treasurer - Mrs Gillian Stevenson, Reg MRCSLT

Royal College of Speech and Language Therapists

Notes to the Financial Statements

For the year ended 31st March 2003

1 Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in October 2000, applicable accounting standards and the Companies Act 1985.

The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The charity has availed itself of paragraph 3(3) of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the charity's activities. No separate SOFA has been presented for the charity alone as permitted by section 230 of the Companies Act 1985 and paragraph 304 of the SORP.

Company Status

The charity is a company limited by guarantee. The members of the company are the trustees named on page 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

Fund Accounting

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The aim and use of each restricted fund is set out in the notes to the financial statements.

Incoming Resources

All incoming resources are included in the SOFA when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received.

Income from donations and grants, including capital grants, is included in incoming resources when these are receivable unless the donor has specified that the donation or grant relates to a future period or that certain pre-conditions must be fulfilled before use. In these cases the amount received is treated as deferred income. Donations and grants for particular purposes are included in incoming resources as restricted funds.

Resources Expended

Resources expended are included in the SOFA on an accruals basis. Expenditure attributable to more than one activity is apportioned across cost categories on the basis of estimated time spent by staff on those activities.

Pension Costs

The company makes payments to a defined contribution pension scheme on behalf of all eligible employees. The cost of the contributions for the year are shown in note 10. No pension costs(2002: £8,798) were outstanding at the end of the year.

Operating Leases

Rentals applicable to operating leases where substantially all the risks and benefits of ownership remain with the lessor are charged against income as they fall due.

Stocks

Stock is valued at the lower of cost and net realisable value after making due allowance for obsolete or slow moving items.

Royal College of Speech and Language Therapists

Notes to the Financial Statements

For the year ended 31st March 2003 (Continued)

1 Accounting Policies (Continued)

Tangible Fixed Assets

Individual fixed assets consisting more than £150 are capitalised at cost.

Tangible fixed assets are depreciated at rates calculated to write off the cost of each asset over its anticipated useful life at the following rates:

Freehold Building	2% per annum
Computer equipment	25% per annum
Office furniture & equipment	20% on a reducing balance basis.

Investments

Investments are included at market value at the year end.

Gains and losses on disposal and revaluation of investments are charged or credited to the SOFA.

VAT

During the year the College registered for VAT and was able to make a backdated claim in respect of VAT previously suffered. From the date the registration was achieved income and expenditure has been shown net of VAT. For that part of the year prior to registration expenditure has been shown gross and the amount of VAT arising in the year subsequently recovered is shown as a deduction from support costs. The element of VAT recovered in respect of earlier years has been included in other income.

2 Donations and legacies	2003 £	2002 £
Legacy received	951	80,092
Donations	<u>2,180</u>	<u>286</u>
	<u>3,131</u>	<u>80,378</u>
3 Membership	2003 £	2002 £
Subscriptions	1,245,828	862,672
Practice certificate fees	18,749	13,614
Academic accreditation	6,075	10,198
Overseas licenses	<u>-</u>	<u>3,620</u>
	<u>1,270,652</u>	<u>890,104</u>
4 Grants received	2003 £	2002 £
West London Workforce Development Confederation	<u>10,000</u>	<u>45,406</u>

Royal College of Speech and Language Therapists
Notes to the Financial Statements
For the year ended 31st March 2003 (Continued)

5 Commercial Trading Operations and Investment in Trading Subsidiary

The wholly owned trading subsidiary C.S.L.T.. (Trading) Limited which is incorporated in England and Wales, pays all its profits to the charity by gift aid. C.S.L.T.. (Trading) Limited publishes the bulletin on behalf of the college and runs its biennial conference.

The charity owns the entire issued share capital of 2 ordinary shares of £1 each. A summary of the trading results is shown below.

Summary profit and loss account:

	2003 £	2002 £
Turnover		
Bulletin	966,646	707,194
Conference	21,515	-
Sundry Income	842	-
	<u>989,003</u>	<u>707,194</u>
Cost of sales		
Bulletin	(299,697)	(273,128)
Conference	(26,785)	-
	<u>(326,482)</u>	<u>(273,128)</u>
Gross Profit	662,521	434,066
Interest received	3,797	5,007
Administration expenses	(119,105)	(113,990)
	<u>547,213</u>	<u>325,083</u>
Net profit	547,213	325,083
Amount gifted to charity	(547,213)	(325,083)
	<u>-</u>	<u>-</u>
Retained in the subsidiary	-	-

The assets and liabilities of the subsidiary were:

Current assets	519,932	455,883
Creditors: amounts falling due within one year	(519,930)	(455,881)
	<u>2</u>	<u>2</u>
Total net assets	2	2
Aggregate share capital and reserves	<u>2</u>	<u>2</u>

	2003 £	2002 £
<i>Administration Expenses</i>		
Administration expenses include:		
Staff costs (note 11)	104,046	81,846
Audit fees - current year	2,000	1,400
Audit fees - prior year underprovision	(200)	(373)
	<u>105,846</u>	<u>82,873</u>

The administration expenses are included in costs of generating funds in the Consolidated Statement of Financial Activities.

6 Other Income

	2003 £	2002 £
Other Income	58,516	38,739
VAT refund (August 1993 to March 2002)	166,575	-
	<u>225,091</u>	<u>38,739</u>

The VAT refund arises in respect of a retrospective registration. The registration was backdated to August 1993.

Royal College of Speech and Language Therapists
Notes to the Financial Statements
For the year ended 31st March 2003 (Continued)

7 Investment income	2003	2002
	£	£
Quoted investments	22,712	19,693
Short term deposit	12,925	602
Bank interest	6,724	7,269
	<u>42,361</u>	<u>27,564</u>

8 Grants and awards

During the year 46 grants totalling £14,011 were made to individuals.

The following amounts were paid to institutions in the year

	2003	2002
	£	£
City University, London	-	11,824
Metropolitan University, Leeds	-	3,250
University of Surrey	8,000	-
Competency project	23,145	37,627
Clinical Guidelines	28,011	23,461
	<u>28,011</u>	<u>23,461</u>

9 Costs of activities in furtherance of the objects

	2003	2002
	£	£
Information		
Public relations and information	5,153	7,482
Conference		
Cost of conference	26,785	-
Supporting members		
Publications (books, manuals and leaflets)	18,295	1,517
Clinical accreditation scheme	1,203	3,166
Staff costs (note 11)	247,022	211,161
Council and committee expenses	8,544	17,231
Seminar costs	7,173	5,831
Overheads	89,593	86,945
	<u>371,830</u>	<u>325,851</u>
Membership		
Staff costs (note 10)	276,083	236,004
Council and committee expenses	7,379	14,882
Overheads	69,684	67,624
Professional body membership	15,607	13,940
Professional insurance	44,475	42,767
Register printing	48,409	37,460
Membership printing	14,466	20,790
Bank charges	5,568	3,510
	<u>481,671</u>	<u>436,977</u>
	<u>853,501</u>	<u>762,828</u>

Royal College of Speech and Language Therapists
Notes to the Financial Statements
For the year ended 31st March 2003 (Continued)

10 Managing and Administering the Charity	2003	2002
	£	£
Staff costs (note 11)	203,430	173,898
Council and committee expenses	22,913	46,210
Overheads	69,684	67,624
Legal and professional fees	2,458	8,471
Audit fees	6,000	5,530
Other fees paid to auditors	4,306	-
Annual General Meeting	13,000	26,650
Less: prior year overprovision	(15,407)	-
Bad debts	52	3,794
	<u>306,436</u>	<u>332,177</u>

11 Staff Costs	2003	2002
	£	£
Salaries and wages	642,786	600,304
Social security costs	73,742	55,668
Pension costs	39,536	27,441
Temporary staff costs	74,517	19,496
	<u>830,581</u>	<u>702,909</u>

The average number of employees (including ex-officio directors) employed by the group during the year:

	No.	No.
Supporting members	9	9
Membership	6	7
Administration	7	7
Generating funds	4	4
	<u>26</u>	<u>27</u>

One employee earned between £50,001 and £60,000 in the year. The pension cost of this person was £3,187 (2002: £2,829).

12 Council members

No Council member received any remuneration for their services during the year.

Expenses totalling £8,670 (2002: £11,102) relating to 15 (2002: 15) Councillors were reimbursed in the year. These related to travel and incidental costs incurred in carrying out their duties.

The Charity has put in place Trustee Indemnity Insurance as part of its overall indemnity insurance. No separate premiums are paid.

Royal College of Speech and Language Therapists
Notes to the Financial Statements
For the year ended 31st March 2003 (Continued)

13 Tangible Fixed Assets

All assets relate to the charity and are used for charitable purposes.

	Freehold Land & Buildings	Office Furniture & Equipment	Computers	Total
Cost	£	£	£	£
At 1st April 2002	1,164,887	111,407	90,644	1,366,938
Additions	-	2,538	8,406	10,944
At 31st March 2003	1,164,887	113,945	99,050	1,377,882
Depreciation				
At 1st April 2002	48,338	82,266	75,399	206,003
Charge for the year	17,298	6,336	9,052	32,686
At 31st March 2003	65,636	88,602	84,451	238,689
Net Book Value				
At 31st March 2003	1,099,251	25,343	14,599	1,139,193
At 31st March 2002	1,116,549	29,141	15,245	1,160,935

The depreciation charge of £32,686 (2002: £34,768) is included in overheads which have been allocated across the various activities of the charity.

14 Investments

	Group		Charity	
	2003	2002	2003	2002
Market value	£	£	£	£
Subsidiary undertaking (note 5)	-	-	2	2
Quoted investments	736,361	569,678	736,361	569,678
	736,361	569,678	736,363	569,680
Movement in Investments				
Market value at 1st April 2002	569,678	602,186	569,680	602,188
Acquisitions at cost	300,000	-	300,000	-
Loss on revaluation at 31st March 2003	(133,317)	(32,508)	(133,317)	(32,508)
	736,361	569,678	736,363	569,680
Historical cost	945,821	645,821	945,823	645,823

Material investments

All investments are held in Fleming Fledgeling Charity Funds. At 31st March 2003 the holdings were:

	Units	Market Value
		£
UK Equity Fund	274,344	374,994
Bond Fund	297,949	361,367

Royal College of Speech and Language Therapists
Notes to the Financial Statements
For the year ended 31st March 2003 (Continued)

15 Debtors	Group		Charity	
	2003	2002	2003	2002
	£	£	£	£
Trade debtors	197,377	208,492	10,048	5,552
Subsidiary undertaking	-	-	481,935	408,377
Prepayments and accrued income	71,515	710	71,515	710
Other debtors	26,843	20,302	26,843	10,245
	<u>295,735</u>	<u>229,504</u>	<u>590,341</u>	<u>424,884</u>

16 Creditors: Amounts falling due within one year	Group		Charity	
	2003	2002	2003	2002
	£	£	£	£
Trade creditors	144,918	52,918	119,162	29,410
Accruals & deferred income	124,144	71,477	122,144	59,660
Taxation and social security	29,853	26,935	19,614	14,756
Other creditors	-	11,786	-	11,786
	<u>298,915</u>	<u>163,116</u>	<u>260,920</u>	<u>115,612</u>

17 Restricted Funds		At 1st April 2002	Incoming Resources	Resources Expended & investment losses	At 31st March 2003
		£	£	£	£
Shirley Davis Welfare fund	(1)	4,980	60	(320)	4,720
Memorial Fund	(2)	251	3	(46)	208
Work Force Planning	(3)	39,575	10,495	(9,012)	41,058
Catherine Renfrew Fund	(4)	-	2,193	(70)	2,123
		<u>44,806</u>	<u>12,751</u>	<u>(9,448)</u>	<u>48,109</u>

- (1) The Shirley Davis Welfare fund was established to assist members who are in hardship.
(2) The Memorial Fund is established to support the retired network members.
(3) The Workforce Planning fund represents grants received to support a workshop to develop a diversity strategy for the profession.
(4) The Catherine Renfrew fund was established to provide study grants to enable members to travel overseas.

Royal College of Speech and Language Therapists
Notes to the Financial Statements
For the year ended 31st March 2003 (Continued)

18	Unrestricted Funds		At 1st April 2002	Incoming Resources	Resources Expended & investment losses	Transfers	At 31st March 2003
			£	£	£	£	£
	Designated funds						
	Research & development (formerly appeal fund)	(1)	322,438	-	-	(312,438)	10,000
	Benevolence fund	(2)	-	-	-	2,000	2,000
	Building reserve	(3)	50,000	-	-	20,000	70,000
	Professional development	(4)	-	-	(96)	11,006	10,910
	Communicating quality 3	(5)	-	-	-	37,000	37,000
	Website redevelopment	(6)	-	-	-	45,000	45,000
	Clinical guidelines	(7)	-	-	-	5,000	5,000
	Competencies project	(8)	-	-	-	18,000	18,000
	Project's review and maintenance	(9)	-	-	-	10,000	10,000
	Outposts administration	(10)	-	-	-	40,000	40,000
			372,438	-	(96)	(124,432)	247,910
	General funds		<u>1,765,607</u>	<u>2,527,487</u>	<u>(1,813,970)</u>	<u>124,432</u>	<u>2,603,556</u>
			<u>2,138,045</u>	<u>2,527,487</u>	<u>(1,814,066)</u>	<u>-</u>	<u>2,851,466</u>

- (1) The research and development fund (formerly the appeal fund) represents money set aside for the payment of grants and awards. These awards are made to students, individuals and institutions who wish to undertake research in the field of speech and language therapy. Each application is considered against criteria set by the charity.
- (2) The benevolence fund has been established to help members and students in financial hardship.
- (3) The building reserve is an amount set aside to meet the costs of major works on the premises.
- (4) The professional development fund is ring-fenced for use on membership professional matters.
- (5) The communicating quality 3 fund has been set up to ensure the successful completion of the project.
- (6) The website redevelopment fund is to be used for the redevelopment of the website.
- (7) The clinical guidelines fund has been established to ensure the project is successfully completed.
- (8) The competencies project fund is to be used for ongoing work on the scheme.
- (9) The project's review and maintenance fund has been set aside to meet future project's review/update costs.
- (10) The outposts administration fund has been set aside for the initial setting up of satellite offices in Northern Ireland and Wales, and a review of the contracted working hours of the policy lead officer in Scotland. The fund will cover salaries and office space costs.

19 Analysis of Group Net Assets between Funds

	Unrestricted Funds		Restricted Funds	Total 2003
	Designated £	General £	£	£
Tangible fixed assets	-	1,139,193	-	1,139,193
Investments	-	728,132	8,229	736,361
Current assets	247,910	1,035,146	39,880	1,322,936
Creditors	-	(298,915)	-	(298,915)
	<u>247,910</u>	<u>2,603,556</u>	<u>48,109</u>	<u>2,899,575</u>

20 Operating Lease Commitments

The charity is committed to making annual payments of £8,400 in respect of an operating lease for equipment expiring in between 2 and 5 years.