

The Royal Veterinary College Financial Statements 2005



CONSOLIDATED FINANCIAL SUMMARIES

	2005 £000	2004 £000	2003 £000	2002 £000	2001 £000
INCOME AND EXPENDITURE ACCOUNT					
INCOME					
Funding Council grants	18,874	15,794	13,489	12,166	10,886
Academic fees and support grants	3,572	3,448	3,097	3,168	2,926
Research grants and contracts	4,781	4,337	4,288	4,272	3,993
Other operating income	10,469	9,855	9,191	7,655	6,843
Endowment and investment income	893	762	610	686	1,145
TOTAL INCOME	38,589	34,196	30,675	27,947	25,793
EXPENDITURE					
Staff Costs	21,250	19,337	16,652	14,852	13,379
Depreciation	2,811	2,648	1,932	1,687	1,403
Other operating expenses	13,258	11,882	10,318	10,395	9,645
Interest payable	486	721	523	383	121
TOTAL EXPENDITURE	37,805	34,588	29,425	27,317	24,548
SURPLUS / (DEFICIT) ON CONTINUING OPERATIONS	784	(392)	1,250	630	1,245
Profit / (Loss) on sale of fixed assets and investments	-	646	(242)	(42)	44
Surplus before transfer to specific endowments	784	254	1,008	588	1,289
Transfer from / (to) specific endowments	122	124	9	7	9
SURPLUS RETAINED WITHIN GENERAL RESERVES	906	378	1,017	595	1,298

	2005 £000	2004 £000	2003 £000	2002 £000	2001 £000
BALANCE SHEET					
Fixed assets and investments	41,530	39,017	36,703	31,030	24,041
Endowment asset investments	10,174	8,495	6,939	6,111	9,236
Cash at bank and in hand and short term deposits	1,728	1,010	947	2,307	3,163
Net non cash current liabilities	(2,978)	(4,249)	(3,685)	(2,533)	(1,989)
Long term loans, creditors and provisions	(7,983)	(7,392)	(7,961)	(6,982)	(5,237)
TOTAL NET ASSETS	42,471	36,881	32,943	29,933	29,214
Deferred capital grants	19,007	16,002	13,998	13,115	9,580
Endowment funds	10,174	8,495	6,939	6,111	9,236
Retained earnings	13,290	12,384	12,006	10,707	10,398
TOTAL FUNDS	42,471	36,881	32,943	29,933	29,214

TREASURER'S REPORT

for the year ended 31 July 2005

1 SCOPE OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the SORP: Accounting for Further and Higher Education, and the relevant accounting standards. The consolidated financial statements cover the activities of the College, the Animal Care Trust (ACT) and the London BioScience Innovation Centre Limited.

2 CONSOLIDATED RESULTS FOR THE YEAR

	2005	2004
	£000	£000
Income	38,589	34,196
Expenditure	(37,805)	(34,588)
Surplus on Continuing Operations	784	(392)
Profit on disposal of assets	-	646
Transfer to specific endowments	122	124
Surplus within General Reserves	906	378

The College had set an objective to achieve a surplus of 1.5% of income in 2004-05 to fund future strategic developments aimed at improving the overall performance of the College. In 2004-05 the College achieved this objective: the surplus for the year as a percentage of income was 2.4%.

3 INCOME

Total income for the year rose by 13% (2004: 11%). Funding Council grants showed an overall increase of 20% (2004: 17%). Teaching and research grant rose by 15% and 7% respectively.

Full time overseas fees showed a decrease in year of 8% (2004: 2% decrease), due to the weak US dollar. Efforts to attract more overseas postgraduate students were successful.

Income resulting from clinical and related earnings continued to perform well, increasing 6% (2004: 7%). This growth was mainly due to increased income from the Queen Mother Hospital for Animals (16%). Other clinical services also performed well during the year. Income from research grants and contracts rose by 10% (2004: 1%), a significant increase on previous years.

4 EXPENDITURE

Overall expenditure increased by 9% (2004: 18%), staff costs rose by 10% (2004: 16%) as a result of the continued increase in academic and academic-related staff, recruited to reflect the expansion of the core activities; teaching, research and clinical services.

Other operating expenses increased by 11% (2004: 15%) The most significant increases were in the areas of student and educational expenditure (24%), rates, cleaning and insurance (33%); utilities (32%) and legal and other consultancy (26%).

Depreciation rose from £2,648,000 in 2004 to £2,811,000 in 2005, an increase of 6% (2004: 37%).

There being a significant investment in equipment during the year, both for clinical and research activity.

5 INVESTMENTS

The closing market value of the College's share portfolio was £8,538,000 (2004: £6,454,000).

6 CAPITAL PROJECTS

Work was completed on a number of major capital projects during the year. Phase 3 of the LBIC building, in Camden, was successfully completed on time and on budget. The new Centre was formally opened on 26 October 2005 by Lord Patten of Barnes.

Work was also completed during the year on the new research laboratories in the Hobday building at Camden. The refurbishment of the main lecture theatres at Camden was also completed. These latter two projects were supported by capital funding from the Higher Education Funding Council for England (HEFCE). The College started work on building the new LIVE! Centre for Excellence in Teaching and Learning during 2004/05 - a £1.9m facility located on the Hawkshead site, support by HEFCE funding.

7 CASH FLOW

Net cash inflow was £688,000 (2004: £1,214,000) due to high levels of capital investment during the year and the loan drawn down at the year end in respect to LBIC Phase 3. Closing net debt stood at £4,930,000 (2004: £5,017,000).

8 FUTURE DEVELOPMENTS

The College continues to supporting an expanded estate and a growth in activities and will continue to expand its infrastructure to provide excellent facilities for teaching, research, clinical services and other commercial activities.

9 CONCLUSION

The year to 31 July 2005 has been financially satisfactory. However, there is a necessity to control costs as the College continues to expand. The College remains financially sound and well placed to meet future challenges.

7 December 2005

INCOME AND EXPENDITURE ACCOUNTS

for the year ended 31 July 2005

	Note	Consolidated		College	
		2005 £000	2004 £000	2005 £000	2004 £000
INCOME					
Funding Council Grants	1	18,874	15,794	18,874	15,794
Academic Fees and Support Grants	2	3,572	3,448	3,572	3,448
Research Grants and Contracts	3	4,781	4,337	4,781	4,337
Other Operating Income	4	10,469	9,855	9,788	9,247
Endowment Income and Investment Income	5	893	762	577	691
TOTAL INCOME		38,589	34,196	37,592	33,517
EXPENDITURE					
Staff Costs	6	21,250	19,337	20,957	19,125
Depreciation	8	2,811	2,648	2,600	2,436
Other Operating Expenses	7	13,258	11,882	12,779	11,318
Interest Payable	9	486	721	339	350
TOTAL EXPENDITURE		37,805	34,588	36,675	33,229
SURPLUS / (DEFICIT) on Continuing Operations		784	(392)	917	288
Profit on Disposal of Assets		-	646	-	646
Surplus before transfer from/ (to) specific endowments		784	254	917	934
Transfer from / (to) specific endowments		122	124	(48)	(51)
SURPLUS RETAINED WITHIN GENERAL RESERVES	18	906	378	869	883

The consolidated income and expenditure relates wholly to continuing operations.

There is no difference between the surplus in each year and their historical cost equivalents.

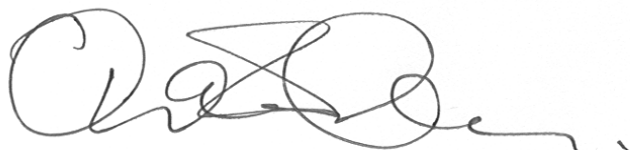
		Consolidated		College	
		2005 £000	2004 £000	2005 £000	2004 £000
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES					
Surplus after depreciation and disposal of assets		784	254	917	934
Unrealised gain on endowment asset investments	18	1,343	334	1,343	334
Transfer to deferred capital grant	18	-	(127)	-	-
New endowments	18	458	1,473	129	1,249
TOTAL RECOGNISED GAINS AND LOSSES FOR THE PERIOD		2,585	1,934	2,389	2,517
Opening reserves and endowments		20,879	18,945	20,250	17,733
Total recognised gains relating to the year		2,585	1,934	2,389	2,517
CLOSING RESERVES AND ENDOWMENTS		23,464	20,879	22,639	20,250

BALANCE SHEETS

as at 31 July 2005

	Note	Consolidated		College	
		2005 £000	2004 £000	2005 £000	2004 £ 000
FIXED ASSETS					
Investments	10	-	-	100	100
Tangible assets	12	41,530	39,017	38,041	35,317
		41,530	39,017	38,141	35,417
Endowment asset investments	11	10,174	8,495	8,865	7,345
CURRENT ASSETS					
Stocks	13	483	371	474	357
Debtors -amounts falling due within one year	14	2,781	2,293	2,967	3,491
Debtors -amounts falling due after more than one year	14	-	-	3,437	2,618
Short term deposits	15	-	374	613	374
Cash at bank and in hand	15	1,728	636	2,399	1,545
		4,992	3,674	9,890	8,385
Creditors - amounts falling due within one year	16	(6,242)	(6,913)	(8,383)	(8,688)
Net current (liabilities) / assets		(1,250)	(3,239)	1,507	(303)
Total assets less current liabilities		50,454	44,273	48,513	42,459
Creditors - amounts falling due after more than one year	17	(7,983)	(7,392)	(7,983)	(7,392)
NET ASSETS		42,471	36,881	40,530	35,067
Deferred Capital Grants	20	19,007	16,002	17,891	14,817
Specific Endowments	18	7,999	6,573	6,690	5,423
General Endowments	18	2,175	1,922	2,175	1,922
		10,174	8,495	8,865	7,345
General Reserve	19	13,290	12,384	13,774	12,905
TOTAL FUNDS		42,471	36,881	40,530	35,067

The financial statements were approved by the Council on 7 December 2005 and signed on its behalf by



Professor Q A McKellar
Principal



J H Chatfeild - Roberts
Chairman of Finance Committee

CASH FLOW STATEMENTS

for the year ended 31 July 2005

	Note	Consolidated		College	
		2005	2004	2005	2004
		£000	£000	£000	£000
Net cash inflow / (outflow) from operating activities	21	1,896	2,146	2,334	(714)
Returns on investments and servicing of finance	22	(117)	(428)	(10)	(87)
Capital expenditure and financial investment	23	(1,693)	(541)	(2,022)	(620)
Cash outflow before liquid resources and financing		86	1,177	302	(1,421)
Management of liquid resources - short-term deposits		374	338	(239)	1,566
Financing	24	227	(301)	227	2,202
INCREASE IN CASH		687	1,214	290	2,347

RECONCILIATION OF CASH FLOW TO MOVEMENT IN NET DEBT

Increase in cash in the period	687	1,214	290	2,347
(Decrease) / Increase in short term deposits	(374)	(338)	239	(1,566)
Repayment of loan and finance lease	673	3,016	673	513
New loans	(900)	(2,715)	(900)	(2,715)
	86	1,177	302	(1,421)
Opening net debt	(5,017)	(6,194)	(5,257)	(3,836)
CLOSING NET DEBT	(4,931)	(5,017)	(4,955)	(5,257)

	Opening Balance £000	Cash Flows £000	Other Changes £000	Closing Balance £000
CHANGES IN NET DEBT - Consolidated				
Endowment cash	2,041	(405)	-	1,636
Other cash	636	1,092	-	1,728
	2,677	687	-	3,364
Short term deposits	374	(374)	-	-
	3,051	313	-	3,364
Loan and finance lease repayable within one year	(676)	673	(309)	(312)
Loan and finance lease repayable after one year	(7,392)	(900)	309	(7,983)
NET DEBT	(5,017)	86	-	(4,931)

CHANGES IN NET DEBT - College

Endowment cash	891	(564)	-	327
Other cash	1,545	854	-	2,399
	2,436	290	-	2,726
Short term deposits	374	239	-	613
	2,810	529	-	3,339
Loan and finance lease repayable within one year	(675)	673	(309)	(311)
Loan and finance lease repayable after one year	(7,392)	(900)	309	(7,983)
NET DEBT	(5,257)	302	-	(4,955)

NOTES TO THE ACCOUNTS

for the year ended 31 July 2005

	Note	Consolidated		College	
		2005 £000	2004 £000	2005 £000	2004 £000
1 FUNDING COUNCIL GRANTS - HEFCE					
Recurrent grants		16,447	13,736	16,447	13,736
Specific grants		1,966	1,648	1,966	1,648
Deferred capital grants released in year	20	461	410	461	410
		18,874	15,794	18,874	15,794
2 ACADEMIC FEES AND SUPPORT GRANTS					
Student fees - full-time- UK		1,532	1,309	1,532	1,309
Student fees - full-time - overseas		1,734	1,879	1,734	1,879
Student fees - part-time		106	115	106	115
Research training support grants		112	68	112	68
Short course fees		88	77	88	77
		3,572	3,448	3,572	3,448
3 RESEARCH GRANTS AND CONTRACTS					
Income from research grants		2,586	2,752	2,586	2,752
Income from research contracts		2,195	1,585	2,195	1,585
		4,781	4,337	4,781	4,337
Research Councils		712	795	712	795
UK based charities		1,510	1,622	1,510	1,622
UK government bodies		801	438	801	438
UK industry and commerce		933	920	933	920
EU government bodies		570	286	570	286
EU business		82	99	82	99
Outside EU		173	177	173	177
		4,781	4,337	4,781	4,337
4 OTHER OPERATING INCOME					
Residences, catering and conference		991	1,013	991	1,013
Clinical and related earnings		8,986	8,363	8,411	7,864
Release from deferred capital grant	20	455	440	386	370
Rent and other income		37	39	-	-
		10,469	9,855	9,788	9,247
5 ENDOWMENT AND INVESTMENT INCOME					
Income from endowments	18	267	212	227	182
Income from short-term investments		95	66	95	66
Donations, gifts and legacies received		531	484	255	443
		893	762	577	691

NOTES TO THE ACCOUNTS

for the year ended 31 July 2005

	Note	Consolidated		College	
		2005	2004	2005	2004
		£000	£000	£000	£000
6 STAFF COSTS					
Wages and salaries		18,042	16,379	17,770	16,161
Social security costs		1,455	1,314	1,438	1,300
Pension costs	30	1,753	1,644	1,749	1,664
	8	21,250	19,337	20,957	19,125
Emoluments of the Principal					
Salary		145	156	145	156
USS Pension Contributions		14	22	14	22
Benefit in kind		13	-	13	-
Premature Retirement		-	110	-	110
		172	288	172	288
AVERAGE STAFF NUMBERS					
		Number	Number	Number	Number
Teaching and Research Departments		246	247	246	247
Academic Support Services		66	63	66	63
Administration and Central Services		69	69	65	62
Premises		51	49	51	49
Clinical and related services		189	169	189	169
		621	597	617	590

Both staff costs and numbers include temporary staff and staff employed by agents.

The number of staff, including the Principal, who received emoluments in the following ranges was:

£70,001 to £80,000	6	5	6	5
£80,001 to £90,000	4	6	4	6
£90,001 to £100,000	2	3	2	3
£100,001 to £110,000	2	-	2	-
£110,001 to £120,000	1	-	1	-
£150,001 to £160,000	1	1	1	1

	Consolidated		College	
	2005	2004	2005	2004
	£000	£000	£000	£000
7 OTHER OPERATING EXPENSES				
Catering provisions	294	239	294	239
Consumables and laboratory expenses	3,492	3,366	3,485	3,355
Stationery and publications	1,033	943	985	924
Student and educational expenditure	1,170	944	1,170	944
Rates, cleaning and insurance	667	501	618	459
Electricity, gas, oil and water	840	636	796	597
Small equipment and repairs	1,260	1,185	1,242	1,171
Minor works and maintenance	1,175	1,058	1,089	970
External auditors' remuneration	29	32	27	30
Internal audit	28	19	28	19
Legal and other outside consultancy	1,300	1,032	1,293	819
Travelling and subsistence	1,165	1,004	1,127	981
Telephone, fax and postage	433	486	396	460
Miscellaneous expenses	372	437	229	350
	13,258	11,882	12,779	11,318

NOTES TO THE ACCOUNTS

for the year ended 31 July 2005

	Staff £000	Depn £000	Other Exp £000	Interest £000	Consolidated	
					2005 Total £000	2004 Total £000
8 EXPENDITURE BY ACTIVITIES						
Academic departments	7,632	268	2,397	-	10,297	8,591
Academic services	2,242	313	1,482	-	4,037	3,476
Research grants and contracts	1,983	-	2,052	-	4,035	3,854
Residences and catering	452	5	285	339	1,081	941
Premises and maintenance	1,107	1,615	2,099	-	4,821	4,288
Administration	1,857	70	1,388	-	3,315	3,727
Clinical and other services - College	5,684	329	3,076		9,089	8,352
Clinical and other services - Subsidiaries	293	211	479	147	1,130	1,359
	21,250	2,811	13,258	486	37,805	34,588

Depreciation charge is funded by:

Deferred capital grant	916	850
General income	1,895	1,798

	Consolidated		College	
	2005 £000	2004 £000	2005 £000	2004 £000
9 INTEREST PAYABLE				
Bank loans not wholly repayable within 5 years	486	715	339	344
Finance lease	-	6	-	6
	486	721	339	350

10 FIXED ASSET INVESTMENTS				
Market value at 1 August	-	173	-	173
Disposals	-	(173)	-	(173)
100% Shares in London Bioscience Innovation Centre Ltd	-	-	100	100
Market value at 31 July	-	-	100	100

11 ENDOWMENT ASSET INVESTMENTS				
Historical Cost at 1 August	9,043	7,822	7,893	6,594
Market Value Adjustment at 1 August	(548)	(883)	(548)	(883)
Market Value at 1 August	8,495	6,939	7,345	5,711
Additions	2,550	591	2,550	591
Disposals	(1,809)	(183)	(1,809)	(183)
Market Value Adjustment	1,343	334	1,343	334
Cash Movement	(405)	814	(564)	892
Market Value at 31 July	10,174	8,495	8,865	7,345
Represented by				
Fixed Interest Stocks	956	710	956	710
Equities	7,582	5,744	7,582	5,744
Cash at Bank	1,636	2,041	327	891
Market Value at 31 July	10,174	8,495	8,865	7,345

NOTES TO THE ACCOUNTS

for the year ended 31 July 2005

12 TANGIBLE FIXED ASSETS -CONSOLIDATED	Freehold Properties	Furniture and Equipment	Total
COST	£000	£000	£000
At 1 August 2004	47,627	2,145	49,772
Additions	4,081	1,243	5,324
Elimination of fully depreciated assets	-	(810)	(810)
At 31 July 2005	51,708	2,578	54,286
DEPRECIATION			
At 1 August 2004	(9,800)	(955)	(10,755)
Charge for the year	(1,807)	(1,004)	(2,811)
Elimination of fully depreciated assets	-	810	810
At 31 July 2005	(11,607)	(1,149)	(12,756)
Net Book Value at 31 July 2005	40,101	1,429	41,530
Net Book Value at 31 July 2004	37,827	1,190	39,017

Freehold properties include £6,855,000 (2004 - £3,123,000) building work in progress which is not depreciated.

TANGIBLE FIXED ASSETS -COLLEGE	Freehold Properties	Furniture and Equipment	Total
COST	£000	£000	£000
At 1 August 2004	43,396	2,145	45,541
Additions	4,081	1,243	5,324
Elimination of fully depreciated assets	-	(810)	(810)
At 31 July 2005	47,477	2,578	50,055
DEPRECIATION			
At 1 August 2004	(9,269)	(955)	(10,224)
Charge for the year	(1,596)	(1,004)	(2,600)
Elimination of fully depreciated assets	-	810	810
At 31 July 2005	(10,865)	(1,149)	(12,014)
Net Book Value at 31 July 2005	36,612	1,429	38,041
Net Book Value at 31 July 2004	34,127	1,190	35,317

NOTES TO THE ACCOUNTS

for the year ended 31 July 2005

	Consolidated		College	
	2005	2004	2005	2004
	£000	£000	£000	£000
13 STOCKS				
Consumables	346	240	337	226
Farm Stocks	137	131	137	131
	483	371	474	357
14 DEBTORS				
AMOUNT FALLING DUE WITHIN ONE YEAR				
Trade debtors	1,096	1,325	1,066	1,266
Research grant debtors	1,162	852	1,162	852
London Bioscience Innovation Centre Ltd	-	-	261	1,260
Taxes receivable	31	5	1	2
Other debtors	356	111	356	111
Prepaid expenses and accrued income	136	-	121	-
AMOUNT FALLING DUE AFTER ONE YEAR				
London Bioscience Innovation Centre Ltd	-	-	3,437	2,618
	2,781	2,293	6,404	6,109
<p>The London Bioscience Innovation Centre Ltd current account deficit and loan of £3,698,000 is not expected to be fully repaid until 2024.</p>				
15 SHORT TERM DEPOSITS AND CASH				
<p>On consolidation, £1,309,000 was moved from short term deposits and cash to endowment asset investments to cover the funds held by the College on behalf of the Animal Care Trust.</p>				
16 CREDITORS - DUE WITHIN ONE YEAR				
Unsecured loans	311	675	311	675
Trade creditors	1,516	1,934	1,516	1,934
Animal Care Trust	-	-	2,143	1,777
Research grants creditors	3,448	2,911	3,448	2,911
Social Security and other taxation payable	660	633	660	633
Other creditors	279	262	279	262
Accruals and deferred income	28	498	26	496
	6,242	6,913	8,383	8,688
17 CREDITORS: DUE AFTER ONE YEAR				
Unsecured loans	7,983	7,392	7,983	7,392
Obligations under finance lease	-	-	-	-
	7,983	7,392	7,983	7,392
Unsecured Loans Repayable				
Between 1 and 2 years	199	309	199	309
Between 2 and 5 years	678	572	678	572
In 5 or more years	7,106	6,511	7,106	6,511
	7,983	7,392	7,983	7,392

The unsecured loans include two fixed interest loans for 25 years and one 20 year fixed rate with Royal Bank of Scotland. Interest is fixed at 7.08%, 7.51% and 5.54% respectively.

NOTES TO THE ACCOUNTS

for the year ended 31 July 2005

	Specific £000	General £000	Total £000
18 ENDOWMENTS -CONSOLIDATED			
At 1 August 2004	6,573	1,922	8,495
Additions	418	40	458
Appreciation of Endowment Asset Investment	1,130	213	1,343
Loss on disposal	(5)	(2)	(7)
Income for the year	211	63	274
Expenditure for the year	(328)	(61)	(389)
At 31 July 2005	7,999	2,175	10,174
REPRESENTED BY			
Prize and scholarships	6,487	-	6,487
Other funds	1,512	2,175	3,687
Total Funds	7,999	2,175	10,174

ENDOWMENTS -COLLEGE

At 1 August 2004	5,423	1,922	7,345
Additions	89	40	129
Appreciation of Endowment Asset Investment	1,130	213	1,343
Loss on disposal	(5)	(2)	(7)
Income for the year	171	63	234
Expenditure for the year	(118)	(61)	(179)
At 31 July 2005	6,690	2,175	8,865
REPRESENTED BY			
Prizes and scholarship funds	6,487	-	6,487
Other funds	203	2,175	2,378
Total Funds	6,690	2,175	8,865

	Consolidated		College	
	2005	2004	2005	2004
19 INCOME AND EXPENDITURE ACCOUNT	£000	£000	£000	£000
At 1 August	12,384	12,006	12,905	12,022
Current year movement	906	378	869	883
At 31 July	13,290	12,384	13,774	12,905

NOTES TO THE ACCOUNTS

for the year ended 31 July 2005

	Funding Council	Other Donors	Total	
	£000	£000	£000	
20 DEFERRED CAPITAL GRANTS - CONSOLIDATED				
Buildings	8,705	7,049	15,754	
Equipment	108	140	248	
At 1 August 2004	8,813	7,189	16,002	
Cash Received - Buildings	841	2,609	3,450	
Cash Received - Equipment	354	117	471	
Released to I & E Account - Buildings	(392)	(402)	(794)	
Released to I & E Account - Equipment	(69)	(53)	(122)	
At 31 July 2005	9,547	9,460	19,007	
Buildings	9,154	9,256	18,410	
Equipment	393	204	597	
 DEFERRED CAPITAL GRANTS - COLLEGE				
Buildings	8,705	5,864	14,569	
Equipment	108	140	248	
At 1 August 2004	8,813	6,004	14,817	
Cash Received - Buildings	841	2,609	3,450	
Cash Received - Equipment	354	117	471	
Released to I & E Account - Buildings	(392)	(333)	(725)	
Released to I & E Account - Equipment	(69)	(53)	(122)	
At 31 July 2005	9,547	8,344	17,891	
Buildings	9,154	8,140	17,294	
Equipment	393	204	597	
	Consolidated	College		
	2005	2004	2005	2004
21 RECONCILIATION OF OPERATING SURPLUS TO	2005	2004	2005	2004
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	£000	£000	£000	£000
Surplus after depreciation and disposal of assets	784	254	917	934
Interest payment on loans & finance lease	486	721	339	350
Depreciation	2,811	2,648	2,600	2,436
Deferred capital grants released to income	(916)	(850)	(847)	(780)
Investment income	(362)	(278)	(322)	(248)
(Profit) on sale of fixed assets and investments	-	(646)	-	(646)
(Increase) / Decrease in stocks	(112)	57	(117)	55
(Increase) in debtors	(488)	(32)	(295)	(3,120)
(Decrease) / Increase in creditors	(307)	358	59	391
(Decrease) in provisions	-	(86)	-	(86)
Net cash inflow / (outflow) from operating activities	1,896	2,146	2,334	(714)

NOTES TO THE ACCOUNTS

for the year ended 31 July 2005

	Note	Consolidated		College	
		2005	2004	2005	2004
		£000	£000	£000	£000
22 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Income from endowments	18	274	227	234	197
Income from short term investments	5	95	66	95	66
Interest paid		(486)	(721)	(339)	(350)
		(117)	(428)	(10)	(87)
23 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT					
Payment for tangible assets	12	(5,324)	(5,151)	(5,324)	(5,134)
Payment for endowment assets	11	(2,550)	(591)	(2,550)	(591)
Total fixed and endowment assets acquired		(7,874)	(5,742)	(7,874)	(5,725)
Proceeds from sale of tangible assets		-	675	-	675
Proceeds from sale of fixed asset investments		-	158	-	159
Proceeds from sales of endowment assets		1,802	168	1,802	168
Deferred capital grants received	20	3,921	2,727	3,921	2,854
Endowments received	18	458	1,473	129	1,249
		(1,693)	(541)	(2,022)	(620)
24 FINANCING LOANS					
New loans		900	2,715	900	2,715
Capital repayment		(673)	(3,016)	(673)	(513)
Net cash inflow / (outflow) from financing		227	(301)	227	2,202
25 SUBSIDIARIES					
<p>London Bioscience Innovation Centre Ltd (company number 04013123) is a wholly owned subsidiary company registered in England and Wales. Its main business is to facilitate Biotechnology start up companies. Animal Care Trust (charity 281571) is a wholly owed charitable trust of the College whose function is to support the College activities.</p>					
26 RELATED PARTIES					
<p>The College has taken advantage of the exemption conferred by Financial Reporting Standard No 8, 'related Party Disclosures', not to disclose transactions within related parties which are eliminated on consolidation. A related party relationship exists between the College and Immexis. Professor Howard is a director of the subsidiary, London Bioscience Innovation Centre Ltd and a controlling shareholder of Immexis. The College also has 23% shareholding in Immexis. Immexis is a customer of the Subsidiary and pays for laboratory services and accommodation at the same rate as other customers. The amount due from Immexis at the year end is £8,000 (2004 - £24,000). No amount has been written off during the year.</p> <p>The College granted a £300,000 interest free loan to the Principal as part of his relocation package. The loan is secured on his property, and the benefit in kind arising from the loan is £6,000 (2004 - nil).</p>					
27 CAPITAL COMMITMENTS					
Contracted at 31 July		8,642	5,677	8,642	5,677
28 TAXATION					
<p>The College and its subsidiary, the Animal Care Trust are charities benefiting from charitable tax exemptions. Its other subsidiary, the London Bioscience Innovation Centre, has not incurred a tax liability in 2005 as it has incurred tax losses.</p>					

NOTES TO THE ACCOUNTS

for the year ended 31 July 2005

	Consolidated		College	
	2005	2004	2005	2004
29 ACCESS FUNDS	£000	£000	£000	£000
At 1 August 2004	18	-	18	-
Funding Council Grants	42	41	42	41
Distributed to students	(40)	(23)	(40)	(23)
At 31 July 2005	20	18	20	18

Funding Council grants are available solely for students; the College acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

30 PENSION SCHEMES

The two pension schemes for the College's staff are the Universities Superannuation Scheme (USS) and the Superannuation Arrangements for the University of London (SAUL). It is not possible to identify the College's share of the underlying assets and liabilities of either scheme and hence contributions are accounted for as if they were defined contribution schemes. The schemes are defined benefit schemes which are externally funded and contracted out of the State second Pension (S2P) and valued every three years by professionally qualified independent actuaries using the Projected Unit Method.

The rates of contribution for both schemes are determined by the Trustees on the advice of actuaries, the cost recognised for the year in the Income and Expenditure account being equal to the contribution to the scheme. The assumptions and other data which have the most significant effect on the determination of the contribution levels are as follows:

	USS	SAUL
Latest actuarial valuations	31 Mar 2002	31 Mar 2002
Investment returns per annum	5.0%	6.0%
Salary Increase per annum	3.7%	4.2%
Pension increase per annum	2.7%	2.7%
Market value of assets at last valuation	£19,938 million	£941 million
Past service liabilities at last valuation	£19,776 million	£775 million
Percentage of members accrued benefits covered by actuarial value of assets	101%	121%
Current employer contribution rate	14%	10.5%
Contribution for future service	14.25%	17.4%
Next actuarial valuations	31 March 2005	31 March 2005

Surplus arising from past service allows employers to pay contributions at 14% for USS and 10.5% for SAUL. Surpluses or deficits which arise at future valuations may impact on the employer's future contribution commitment. The next formal actuarial valuations are due at 31 March 2005 when the contribution rates will be reviewed.

	2005	2004
	£000	£000
USS contributions	1,321	1,213
USS premature retirement payment £114,000 less provision £86,000 (2004)	-	28
SAUL contributions	429	400
Other pension payment	3	3
Total Consolidated Pension Costs	1,753	1,644

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

for the year ended 31 July 2005

1 ACCOUNTING CONVENTION

The financial statements have been prepared under the historical cost convention as modified by the revaluation of fixed asset investments and in accordance with applicable accounting standards and the Statement of Recommended Practice 'Accounting for Further and Higher Education 2003'.

2 BASIS OF CONSOLIDATION

The financial statements consolidate the results of the College and the Animal Care Trust, a separate registered charity, and London Bioscience Innovation Centre Limited. The subsidiaries have the same year end as the College. The Student Union Society has not been consolidated. The College has no financial interest and no control or significant influence over the Student Union Society's policy decisions.

3 RECOGNITION OF INCOME

Income from specific endowments and donations, research grants, contracts and other services rendered is included to match the expenditure incurred during the year. All income from short term deposits and general endowment asset investment is credited to the Income and Expenditure (I & E) account on a receivable basis. Only the net margin is reported as income in respect of back to back leases.

4 PENSION COSTS

Contributions to the USS and SAUL's defined benefit pension scheme are charged to the I & E account as the College is unable to identify its share of the underlying assets and liabilities of these schemes. The amounts charged to the accounts are the same as actual contributions paid.

5 CASH FLOWS AND LIQUID RESOURCES

Cash flows comprise movements in cash. Cash includes cash in hand, overnight deposits and overdrafts. Liquid resources include term deposits and government securities.

6 FOREIGN CURRENCIES

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year end rates. The resulting exchange differences are expensed in the I & E account for the financial year.

7. MAINTENANCE OF PREMISES

Routine and corrective maintenance is charged to the I & E account in the period that it is incurred.

8 FIXED ASSETS

Land and buildings are stated at historical cost. Freehold land is not depreciated. Buildings are depreciated over their expected useful lives between 20 and 25 years. Equipment and furniture costing less than £5,000 per individual item is written off in the year of acquisition. All other equipment is capitalised. Capitalised equipment is recognised at cost and depreciated over 3 - 7 years.

Where capitalised items are acquired with the aid of specific grants or donations they are capitalised and depreciated as above. The related grants are credited to deferred capital grants and released to income to offset against the depreciation charge.

9 LEASES

Assets held under finance leases are capitalised at their fair value on the inception of the leases and depreciated over the shorter of the period of the lease and the estimated useful economic lives of the assets. The finance charges are allocated and charged to the I & E account in proportion to the reducing capital element outstanding.

10 INVESTMENTS

Endowment and fixed asset investments are included in the balance sheet at market value. Current asset investments are included at the lower of cost or net realisable value. Changes in the market value of fixed asset investments are reflected in the revaluation reserves. Changes in the market value of endowment asset investments are taken directly to the endowment fund.

11 STOCKS

The stocks comprise stores held by surgeries, farm livestock, produce and consumables. The farm stocks are professionally valued; other stocks are stated at the lower of cost or net realisable value.

12 TAXATION STATUS

The College is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993. Accordingly the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by s505 of the Taxes Act 1988 or s256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

RESPONSIBILITIES OF THE COLLEGE COUNCIL

for the year ended 31 July 2005

The Council is responsible for the administration and management of the affairs of the College and is required to present audited financial statements for each financial year.

RECORD KEEPING AND ACCOUNTING

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and to enable it to ensure that the financial statements are prepared in accordance with the College's Charter, the Statement of Recommended Practice on Accounting for Further and Higher Education and other relevant accounting standards.

FINANCIAL STATEMENTS

The Memoranda agreed between the HEFCE and the Council of the College (the Council) through its designated office holder (the Principal), is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the College and of the surplus or deficit and cash flows for that year. During preparation of these statements, the Council has ensured:

- * that suitable accounting policies are selected and applied consistently;
- * that judgements and estimates are made that are reasonable and prudent;
- * that applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- * that financial statements are prepared on the going concern basis. The Council is satisfied that it has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Council has taken reasonable steps to:

- * ensure that funds from the HEFCE are used only for the purposes for which they have been given and in accordance with the Financial Memoranda with the College and any other conditions which the Funding Council may from time to time prescribe;

- * ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;

- * safeguard the assets of the College and prevent and detect fraud; and

- * secure the economical, efficient and effective management of the College's resources and expenditure.

INTERNAL CONTROLS

The College's system of internal control, which is designed to discharge the responsibilities set out above, include the following:

- * clear definitions of the responsibilities and delegated authority of heads of academic and administrative departments;

- * a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;

- * monthly reviews of financial results involving variance reporting and updates of forecast outturns;

- * clearly defined and formalised requirements for approval and control of expenditure; investment decisions are subject to formal appraisal and review according to approval limits set by the Council;

- * detailed Financial Regulations of financial controls and procedures are approved by the Audit Committee and Council; and

- * a professional Internal Audit team whose annual programme is approved by the Audit Committee, and endorsed by the Council and whose head provides the Council with a report on internal audit activity within the College, and the adequacy and effectiveness of the College's system of internal control, including internal financial control.

The Audit Committee, on behalf of the Council, has reviewed the effectiveness of the College's system of internal controls, and found it provides reasonable assurance against material misstatement or loss.

CORPORATE GOVERNANCE

for the year ended 31 July 2005

1 The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles set out in Section 1 of the Combined Code on Corporate Governance issued by the London Stock Exchange July 2003 in so far as it applies to higher education Institutions. Its purpose is to help readers of the financial statements understand how the principles have been applied.

2 Throughout the year ended 31 July 2005, the College has been in compliance with all the provisions set out in Section 1 of the Combined Code on Corporate Governance insofar as they relate to Universities. The College also complies with the Guide for Members of Governing Bodies of Universities and Colleges in England and Wales that was issued by the Committee of University Chairmen in 1998.

3 The Council of the College is of the view that there is an ongoing process for identifying, evaluating and managing the College's significant risks, that it has been in place for the year ended 31 July 2005 and up to the date of approval of the annual report and accounts, that it is regularly reviewed by the Council and that it accords with the internal control guidance for directors on the Combined Code as deemed appropriate for higher education.

4 The College is an independent corporation, whose legal status derives from a Royal Charter granted in 1956, although the College can trace its history as a corporate body back to 1791. Its objects, powers and framework of governance are set out in this Charter and its supporting Statutes.

5 The Charter and Statutes require that the government of the College shall be vested in the Council, which has management and control of the College and administers all its property and income. The Council has a majority of members from outside the College (known as lay members) from whom the Chairman, Vice-Chairman and Treasurer are by custom elected. None of the lay members receive any payment for the work they do for the College, apart from the reimbursement of expenses.

6 The Statutes also require that there shall be an Academic Board, members of which are the Professors of the College and representatives of the teaching staff, and of which the Principal is Chairman. The Board advises the Council on all academic matters.

7 The principal academic and administrative officer of the College is the Principal, who under the Statutes is responsible for the conduct of the College. Under the terms of the formal Financial Memorandum between the College and the Higher Education Funding Council for England, the Principal is the designated officer of the College and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons.

8 Although the Council ordinarily meets three times a year, much of its detailed work is initially discussed in Committees. All Council Committees are formally constituted with terms of reference and specified membership. All Committees report to the Council.

9 A majority of the lay members of Council are appointed by external bodies stipulated in the College's Royal Charter. The Council itself may co-opt up to eight members; proposals for the appointment of co-opted members are considered by the Nominations Committee. Ordinarily, lay members are eligible for re appointment at the conclusion of the three year term of membership laid down by the Charter.

10 The Finance Committee inter alia recommends to Council the College's annual budgets and monitors performance in relation to the approved budgets. The Remuneration Committee determines the remuneration of the most senior staff, including the Principal.

11 The Audit Committee meets three times a year, with the College's external and internal auditors in attendance as appropriate. The Committee considers detailed reports together with recommendations for the improvement of the College's systems of internal control and management's responses. It also receives and considers reports from the Higher Education Funding Council for England as they affect the College's business and monitors adherence to the regulatory requirements. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee.

12 As Chief Executive of the College the Principal exercises considerable influence on the development of institutional strategy, the identification and planning of new developments and the shaping of institutional ethos. Senior academic and administrative officers all contribute in various ways to these aspects of the College's affairs, but the Principal remains responsible for the conduct of the College.

CORPORATE GOVERNANCE

for the year ended 31 July 2005

13 The Principal and the College's senior managers receive reports setting out key risk indicators and consider possible control issues. The Risk Register is regularly reviewed and amended as appropriate. Good progress has been made in implementing the risk management process at the College, however, it is recognised that there is still further work needed to ensure that the process is fully embedded at all levels within the organisation. The Audit Committee and Council also receive regular reports from the internal audit and from the Safety Committee which include recommendations for improvement. The Audit Committee's role in this area is confined to a high level review of the arrangements for internal control. The Council receives reports on risk and control from the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

14 The College maintains a register of interests of members of the Council. The Statutes specify that the Secretary to the College shall be Secretary to the Council. Any enquiries about the constitution and governance of the College should be addressed to the Secretary.

15 After making appropriate enquiries the Council has a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

16 The Council has reviewed the College's system of internal financial control. Any system of internal financial control can, however, only provide reasonable, but not absolute assurance against material misstatement or loss.

INDEPENDENT AUDITORS' REPORT

to the Council of the Royal Veterinary College
for the year ended 31 July 2005

We have audited the financial statements of Royal Veterinary College which comprise the income and expenditure accounts, statement of total recognised gains and losses, balance sheets, cash flow statements, reconciliation of cash flow to movement in net debts, statements of changes in net funds, the notes 1 to 30 and the statement of principal accounting policies, which have been prepared under the accounting policies set out therein.

This report is made solely to the Council of the Royal Veterinary College as a body, in accordance with the Financial Memoranda effective from 1 October 2003. Our audit work has been undertaken so that we might state to the Council's members those matters we are required to state to them in an auditors' 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 Council as a body for our audit work, for this report, or for other opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE COUNCIL AND AUDITORS

As described in the Statement of Responsibilities of the College Council, the Council is responsible for preparing the financial statements. Our responsibility as independent auditors are established by statute, the Auditing Practices Board, the Higher Education Funding Council for England and by our profession's ethical guidance.

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 Statement of Recommended Practice on Accounting for Further and Higher Education. We also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the College have been properly applied only for purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England.

We also report to you if, in our opinion, the Treasurer's Report is not consistent with the financial statements, if the College has not kept proper accounting records, the accounting records do not agree with the financial statements or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Treasurer's report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

BASIS OF OPINION

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board and the Audit Code of Practice issued by the Higher Education Funding Council for England. 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 Council in the preparation of the financial statements, and whether the accounting policies are appropriate to the College's and group'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

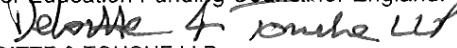
In our opinion:

* the financial statements give a true and fair view of the state of the affairs of the College and the group as at 31 July 2005 and of the College's and group's surplus of income over expenditure, recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Statement of Recommended Practice on Accounting for Further and Higher Education and with the College's Charter and Statutes;

* in all material respects funds from the Higher Education Funding Council for England, grants and income for specific purposes and from other restricted funds administered by the College have been applied for the purposes for which they were received; and

* in all material respects income has been applied in accordance with the College's Charter and Statutes and where appropriate with the Financial Memorandum effective 1 October 2003 with the Higher Education Funding Council for England.

Higher Education Funding Council for England.


DELOITTE & TOUCHE LLP
Chartered Accountants and Registered Auditors
St Albans

December 2005