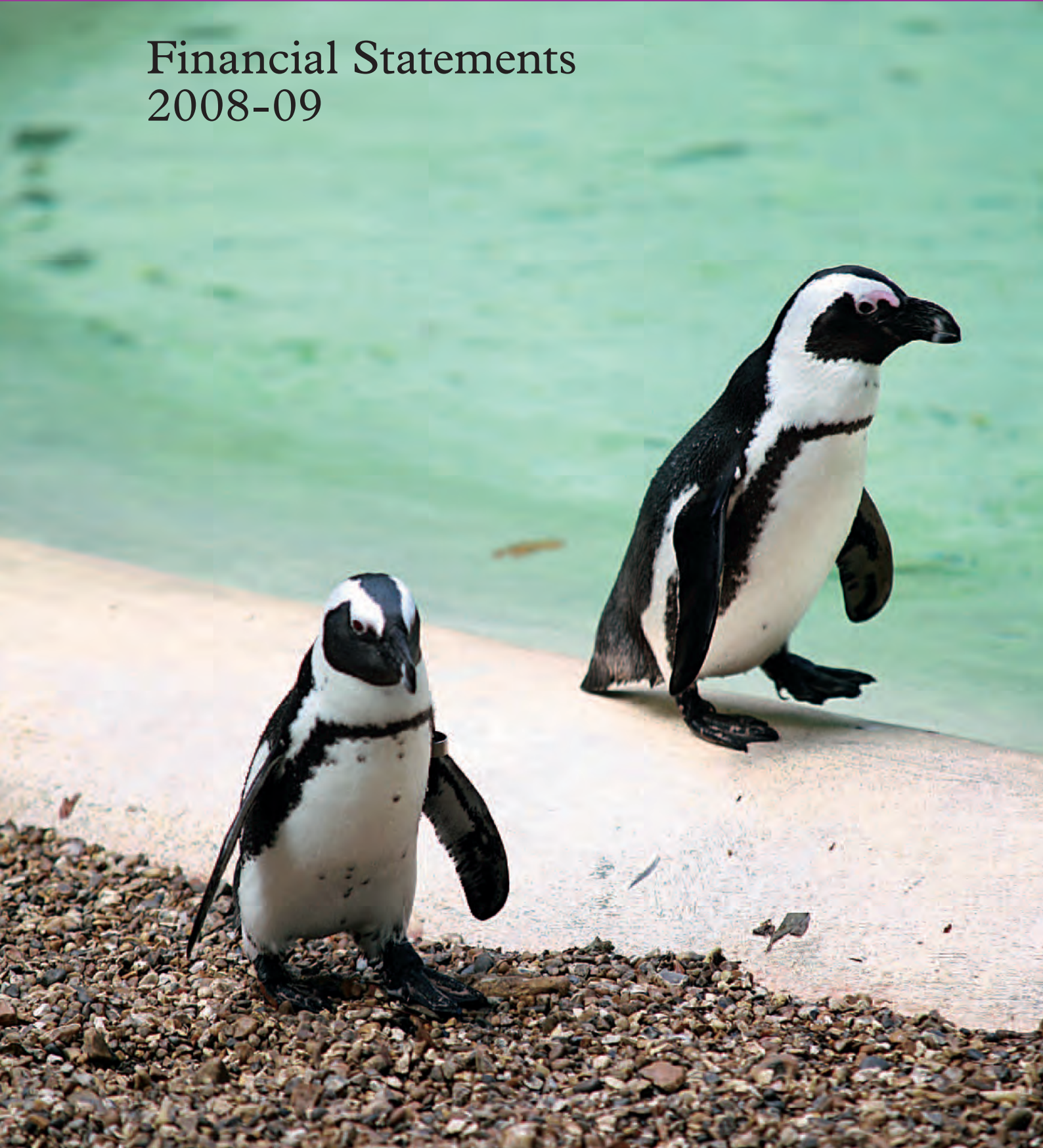


**RVC**

Royal Veterinary College  
University of London

# Financial Statements 2008-09



The Royal Veterinary College

**ANNUAL ACCOUNTS 2009**

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## GOVERNERS AND ADVISORS

### MEMBERS OF THE COUNCIL OF THE ROYAL VETERINARY COLLEGE

#### Members appointed by Nominating Bodies

Professor PM Biggs (*Vice-Chairman*) – term ended 31 December 2008  
Mr E Chandler – term ended 31 December 2008  
The Rt Hon Frank Dobson, MP – term ended 31 December 2008  
Mr R Green – term ended 31 December 2008

#### Independent Members

Mr JH Chatfeild-Roberts (*Honorary Treasurer*) – term ends 31 December 2009  
Mr D Danson – *with effect from 1 January 2009 – 31 July 2012*  
The Rt Hon Frank Dobson, MP – *see above AND*  
*Re-appointed as Independent Member from 1 January 2009 – 31 July 2012*  
Mr IB Flanagan – term ended 31 December 2008  
Dr K Fleming – *with effect from 1 January 2009 – 31 July 2012*  
Professor JC Milne – *with effect from 1 January 2008 – 31 July 2011*  
Mr P Orchard-Lisle (*Vice-Chairman from 1 January 2009*) – *with effect from 1 August 2007 – 31 July 2010*  
The Rt Hon The Baroness Shephard of Northwold (*Chairman*) – *with effect from 1 January 2008 – 31 July 2011*  
Professor J Wyke – *with effect from October 2008 – 31 July 2012*

#### Members Elected by the Academic Board

Professor J Price – term ended 31 December 2008  
Professor A Rycroft – *with effect from February 2008 – 31 July 2011*  
Dr C Wheeler-Jones – *with effect from 1 January 2009 – 31 July 2012*

#### President of the Students Union Society

Mr C Woodhams (2008/9)

#### Principal (*ex-officio*)

Professor Q McKellar

#### Vice-Principals (*ex-officio*)

Professor J Elliott (V-P Research) - *with effect from 14 November 2007 – 31 July 2012*  
Professor CR Howard (V-P Strategic Development) - *with effect from 14 November 2007 – 31 July 2012*  
Professor S May (V-P Teaching) - *with effect from 1 January 2008 – 31 July 2012*

**Secretary to Council (in attendance):** Mrs Elaine Acaster

**Bankers** The Royal Bank of Scotland, London WC2H 0NN

**Auditors** Deloitte LLP  
Chartered Accountants and Registered Auditors  
St Albans

## **TREASURER'S REPORT**

for the year ended 31 July 2009

### **Introduction**

This report represents an analysis of the activities of the Royal Veterinary College group from the perspective of the Members of the Council, its governing body. The information herein complements and supplements the information in the financial statements. Whilst it has a forward looking orientation, it also refers to current performance and key issues which will have an effect on future years. The report has been prepared in accordance with the Accounting Standards Board's "Reporting Statement: Operating and Financial Review" best practice guide, published in January 2006.

### **The College and its subsidiaries**

Founded in 1791, the Royal Veterinary College was the first of its kind in the UK, and the driving force behind the establishment of the nation's veterinary profession. The first four students were admitted in January 1792, and ever since then the College has been at the forefront of teaching and research in the veterinary and allied sciences. The College is a higher education institution and a constituent college of the federal University of London.

The College's vision is to provide visionary leadership in Veterinary Science and education through innovative scholarship and pioneering clinical activity. This vision is supported by a mission statement and core values, which can be found on the College's website at [www.rvc.ac.uk/aboutus/mission.cfm](http://www.rvc.ac.uk/aboutus/mission.cfm)

The key strategic objectives of the College are set out within its Corporate Plan. During the year the College finalised a new Corporate Plan, covering the period from 2009 to 2013. The Corporate Plan is available on the College's website at <http://www.rvc.ac.uk/corporateplan/index.cfm>

The principal activities of the College are the teaching of undergraduate and postgraduate students, research in veterinary science and biosciences, and the provision of clinical services through first opinion and referral animal hospitals.

The College is the sole shareholder in the London Bioscience Innovation Centre (LBIC). LBIC is located in Camden, North London and provides office and laboratory facilities for start-up biotechnology companies. During the year the College established a new wholly owned subsidiary company Royal Veterinary College (Hong Kong) Ltd registered in Hong Kong. The company will provide a legal presence for the College in Hong Kong and will co-ordinate the College's education activity in the Far East.

The College is also the sole Trustee of the Royal Veterinary College Animal Care Trust, which is a charitable trust. The Animal Care Trust's objects are:

- the advancement of education and of veterinary science medicine and surgery;
- the undertaking of research and the dissemination of the results thereof; and
- such other charitable purposes for the relief of suffering among animals as the Trustee shall from time to time in its absolute discretion determine.

### **Governance**

The governing body of the College is its Council. The Council met on four occasions in the year: 21 October 2008, 25 November 2008, 10 March 2009 and 16 June 2009.

The Council continued to discharge its responsibilities set out in the Articles of Governance with due diligence. It determined the strategic direction, educational character and mission of the College while ensuring the efficient and effective use of resources, its solvency and the safeguarding of its assets.

### **Policies and Compliance with Legislation**

The Council ratifies policies and procedures in accordance with the recommendations of Committees of Council which are listed below:

- Audit;
- Finance and General Purposes;
- Nominations and Fellowships;
- Remuneration;
- Health & Safety; and
- Ethics and Welfare.

**TREASURER'S REPORT (continued)**  
for the year ended 31 July 2009

The Council has in place mechanisms to ensure that all of its policies and procedures comply with the following legislation:

- Data Protection Act 1998;
- Diversity & Equality Policies (including the Disability Discrimination Act 1985 & 2006);
- Freedom of Information Act 2000;
- Health and Safety Act 1974;
- Human Rights Act 1998;
- Race Relations Amendment Act 2000;
- The Employment Equality (Age) Regulations 2006;
- Corporate Manslaughter and Corporate Homicide Act 2007;
- Mental Capacity Act 2005; and
- The Equality Act (Sexual Orientation) Regulations 2007.

Processes are also in place to ensure that all new legislative requirements are considered to ensure that, where relevant, the College complies fully with the law.

**Performance Indicators**

The College currently measures its performance by referring to progress made against the key strategic objectives given within its Corporate Plan. These are noted below.

The College has adopted the Committee of University Chairmen's (CUC) guidance on Key Performance Indicators, published in November 2006. The KPIs for the College are:

- Institutional sustainability
- Academic profile and market position
- The student experience and teaching & learning
- Research
- Clinical activities
- Knowledge transfer and relationships
- Financial health
- Estates and infrastructure
- Staff and human resource development
- Governance, leadership and management
- Institutional projects

Appropriate supporting KPIs have been agreed for each of the eleven KPIs given above. These supporting KPIs are linked directly into the objectives within the College's Corporate Plan and are weighted and summated to give an overall 'rating' for the eleven KPIs using a 'traffic-light' colouring system.

These KPIs will be reported on more fully in the report for 2009-10.

**Development and Performance 2008-09**

A summary of performance and developments for the year 2008-09 is given for each key area of the College's activity in line with the objectives set within the College's Corporate Plan.

Excellence in the Student Experience

| Good progress  | Slower progress  |
|--|--|
| <ul style="list-style-type: none"> <li>• Improved advice and guidance programmes for applicants</li> <li>• Improved support services for students</li> <li>• Applications increasing for all undergraduate programmes</li> <li>• Estate developments progressing well</li> </ul> | <ul style="list-style-type: none"> <li>• Partial implementation of Student Support and Student Wellbeing plans</li> <li>• Concerns over Directed Learning room availability</li> </ul> |

**TREASURER'S REPORT (continued)**  
for the year ended 31 July 2009

Excellence in Education

| Good progress  | Slower progress   |
|--|---|
| <ul style="list-style-type: none"> <li>• Unique and innovative MSc Veterinary Education introduced</li> <li>• Graduate Diploma Veterinary Nursing fully established</li> <li>• Enhanced veterinary business teaching; new Chair appointed</li> <li>• New team established to advise on assessment practices</li> </ul> | <ul style="list-style-type: none"> <li>• Lack of funded student numbers delaying programme developments in BSc Bioveterinary Sciences</li> <li>• Delay in developing specific objectives of Learning, Teaching &amp; Assessment Strategy</li> </ul> |

Excellence in Research

| Good progress  | Slower progress  |
|--|--|
| <ul style="list-style-type: none"> <li>• Planning of targeted large programme grants</li> <li>• Prioritisation of multi-disciplinary research programmes – 3 major programme grants awarded</li> <li>• New appointments and structures in Bioinformatics and Quantitative Biology</li> <li>• Development of educational research programmes</li> </ul> | <ul style="list-style-type: none"> <li>• New senior appointment required in Virology</li> <li>• Building capacity in animal welfare</li> </ul> |

Excellence in Clinical Services

| Good progress   | Slower progress   |
|---|---|
| <ul style="list-style-type: none"> <li>• Marketing strategy developed</li> <li>• Numbers and training of Clinical Training Scholars reviewed</li> <li>• Improvements in Farm Animal rotational teaching and student satisfaction</li> <li>• Welsh Regional Veterinary Centre (WRVC) very successful and improving student experiences</li> <li>• Students 'first opinion' exposure extended through relationships, for example with the Blue Cross</li> </ul> | <ul style="list-style-type: none"> <li>• Enabling easier access to data for management and research purposes</li> <li>• Additional resources required by WRVC</li> <li>• Development of improved abattoir experience</li> <li>• Development of additional teaching opportunities to support 'tracking' in the BVetMed</li> <li>• Concerns over scope of facilities and timescale for relocation of the equine hospital</li> </ul> |

Excellence in Business Engagement

| Good progress  | Slower progress   |
|--|---|
| <ul style="list-style-type: none"> <li>• Attracting sponsored research and promoting contract facilities</li> <li>• 19 invention disclosures reviewed and 5 UK priority patent applications filed</li> <li>• £493,000 HEFCE Economic Challenge Investment Fund grant secured to provide skills training programme to the life sciences sector</li> <li>• LBIC occupancy rates strong, with increase of 36% in foreign-owned companies in LBIC</li> </ul> | <ul style="list-style-type: none"> <li>• LBIC business plan not yet fully agreed</li> </ul> |

Excellence in International activity

| Good progress  | Slower progress  |
|--|--|
| <ul style="list-style-type: none"> <li>• Completed market research for North America – recruitment efforts intensified</li> <li>• Completed market research on other markets – target markets agreed</li> <li>• Healthy recruitment of overseas students to MSc courses</li> <li>• Delivery of joint degree with Hong Kong Polytechnic University in Veterinary Nursing agreed (to begin in 2010)</li> </ul> | <ul style="list-style-type: none"> <li>• Work to recruit overseas PhD students and other postgraduate courses</li> <li>• New pricing structures for postgraduate overseas recruitment</li> </ul> |

**TREASURER'S REPORT** (continued)  
for the year ended 31 July 2009

Excellence in Community Engagement

| Good progress   | Slower progress  |
|---|--|
| <ul style="list-style-type: none"> <li>• Developed volunteering programmes, for implementation in 2010</li> <li>• Developed community engagement collaborations, with Frank Buttle Trust and others</li> <li>• Increasing recruitment from under-represented groups</li> <li>• New progression routes signed onto BSc Bioveterinary Sciences</li> </ul> | <ul style="list-style-type: none"> <li>• Parental education programme – bid for funding to be submitted autumn 2009</li> </ul> |

Enabling excellence

| Good progress  | Slower progress   |
|--|---|
| <b>HR</b> <ul style="list-style-type: none"> <li>• Staff development programme extended</li> <li>• Equality Strategy Working Group driving forward diversity agenda</li> </ul>   | <b>HR</b>   |
| <b>Governance</b> <ul style="list-style-type: none"> <li>• Quality Assurance Agency (QAA) recommendation to Privy Council that the College be granted degree awarding powers</li> <li>• Largely positive QAA institutional audit</li> </ul>              | <b>Governance</b>   |
| <b>Estates</b> <ul style="list-style-type: none"> <li>• Estate Strategy implemented</li> <li>• All current projects in design meeting required sustainability guidelines</li> <li>• All projects meeting stringent investment appraisal rules</li> </ul> | <b>Estates</b> <ul style="list-style-type: none"> <li>• Campus master planning</li> </ul>   |
| <b>Information services</b> <ul style="list-style-type: none"> <li>• Physical learning resources being enhanced at Camden and Hawkshead</li> </ul>   | <b>Information services</b> <ul style="list-style-type: none"> <li>• 5 year plan for delivering information services delayed due to departmental restructuring</li> </ul> |
| <b>Development Office</b> <ul style="list-style-type: none"> <li>• Development of a £30m fundraising campaign</li> <li>• Contact and relationship building with alumni, trusts and project bids</li> </ul>   | <b>Development Office</b> <ul style="list-style-type: none"> <li>• Income targets not met due to poor economic climate</li> </ul>   |

The key development priorities for the College under each strategic area are:

Enhancing the student experience

- Continued improvements in facilities, including the Teaching and Research Centre (TaRC), Camden Lightwell and Northumberland Hall redevelopment projects;
- Ensuring balance in staff contact and communication;
- Enhancing student support services.

Success in these developments will be measured by an improvement in the National Student Survey.

Enhancing education

- Progressing BVetMed curriculum development;
- Initiating 'business' training;
- Developing nursing course in Hong Kong.

Success in these developments will be measured by the completion of BVetMed students, the implementation of business and entrepreneurship into the curriculum and recruitment levels onto the nursing course in Hong Kong.

Enhancing research

- Developing further partnerships and collaborations;
- Integrating 'Lifestyle' researchers;
- Building capacity.

**TREASURER'S REPORT (continued)**  
for the year ended 31 July 2009

Success in these developments will be measured through maintenance of research grant income and the production of high quality publications.

Enhancing clinical activity

- Completing infrastructure support, particularly a CT scanner, an MRI scanner and the equine facility;
- Providing an appropriate environment for student education.

Success in these developments will be measured through increased clinical caseload, improved student feedback and financial performance improvements in the animal hospitals.

Enhancing business engagement

- Developing LBIC;
- Progressing business education (at both undergraduate and postgraduate levels).

Success in these developments will be measured through increased revenues and margins from commercial activities and the establishment of relevant veterinary business modules and courses.

Enhancing the enabling functions

- Maintaining the College in a strong financial position in the face of recession and certain public sector cutbacks;
- Identifying opportunities to attract excellent people to the College;
- Continuing to develop the estate.

Success in these developments will be measured through achieving a financial surplus, minimizing the impacts of public sector cuts on staffing and completing capital projects on-time and on-budget.

**Principal Risks and Uncertainties**

The College has a comprehensive strategic risk register, through which senior management and the Council are kept fully informed of key influencing factors.

Currently, the key risk areas identified are that:

- HEFCE core funding reduces from 2010-11 by at least 5% per annum;
- Commercial income and contribution levels are below those forecasted;
- A major outbreak of human influenza amongst staff and students causes major disruption to College activities and services;
- The Animal Care Trust fails to reach its fundraising income targets;
- There is an over dependence on key individual staff, whose loss would have a serious impact on College activities;
- The College's relatively poor scores (against other vet schools in the UK) in league tables and the National Student Survey continues.

Of the risks outlined above, the most significant, both in terms of likelihood and impact on the College, is the potential reduction in HEFCE funding.

**Resources**

The principal sources of income for the College are:

- HEFCE grants for teaching and research;
- Clinical services offered by the College's animal hospitals;
- Competitive research grants and contracts awarded; and
- Student tuition fees.

HEFCE grant funding has been relatively stable and known far enough in advance to enable effective planning within the College. Recent economic events and the Government's policy to address them has resulted in pressure being put on the funding of public services. Efficiency savings of £180 million have been placed upon HEFCE by the Department of Business, Innovation and Skills for the 2010 fiscal year. HEFCE notified the sector in May 2009 that they were reducing core funding for teaching by 1.36% for the 2009-10 academic year. The impact on the College of this reduction is £284,300. A further reduction in HEFCE funding is expected, although the severity of the cuts is not known at the time of writing.



**TREASURER'S REPORT** (continued)  
for the year ended 31 July 2009

Other income streams are less stable and are subject to competitive pressures from within the higher education sector and from organisations operating within the veterinary and allied professions.

The largest single expenditure item is staff costs. In 2008-09, on average, the College employed 819 FTE staff members, and has in place arrangements for temporary staff and consultancies for the provision of specialist services. Certain aspects of pay and conditions for staff are negotiated at a national level while others are determined locally by the College.

Within the College's staff, over twenty different nationalities are represented. This adds greatly to the range and breadth of experience, skills and cultural awareness within the College.

**Financial Position, Cash flows and Liquidity**

The financial statements have been prepared in accordance with the SORP 2007: 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 (LBIC).

**CONSOLIDATED RESULTS FOR THE YEAR**

|  | 2009            | 2008            |
|--|-----------------|-----------------|
|  | £000            | £000            |
| Income                                   | 62,641          | 58,350          |
| Expenditure                              | <u>(61,784)</u> | <u>(57,934)</u> |
| Surplus on Continuing Operations         | 857             | 416             |
| Transfer from/(to) specific endowments   | <u>154</u>      | <u>(1,291)</u>  |
| Surplus retained within General Reserves | <u>1,011</u>    | <u>(875)</u>    |

Income

Total income for the year rose by 7% (2008: 13%). Funding body grants showed an overall increase of 11% (2008: 13%). Tuition fee income saw an increase of 17% (2008: 15%), with full time home students in particular increasing by 19% (2008: 28%), due to the continuing effect of students paying the top-up fee. Full time overseas fees showed an increase in year of 13% mainly due to increased recruitment and a favourable exchange rate (2008: 5% decrease).

Income resulting from clinical and related earnings increased by 3% (2008: 11%), following a difficult trading year resulting from the weaker economic conditions and the pressure to maintain appropriate teaching opportunities for the College's students.

Income from research grants and contracts increased by 18% (2008: 2% decrease), driven mainly by activity on EU funded programme grants.

Income from endowments and investments for the year was £760,000. This is a 70% reduction on 2008, which included over a £1 million profit from the sale of equities.

Expenditure

Overall expenditure increased by 7% (2008: 16%).

Staff costs rose by 11% (2008: 14%) as a result of a 5% pay award in October 2008. The award was based on the RPI for September 2008, which coincided with its peak. Staff costs also increased due to incremental progression as well as new appointments made to support increases in activity across the College. Staff numbers increased from 775 to 819 full time equivalents (FTEs).

Other operating expenses, excluding the release of a provision of £750,000, increased by 3% (2008: 20% increase). The provision related to taxation. These issues have now been fully resolved with HM Revenue & Customs. Other significant increases were in the areas of student and educational expenditure (27%; 2008:43%) as a result of increasing means-tested bursaries; utilities (12%; 2008: 21%) as a result of increased prices and consumption as the College estate has expanded; and professional fees (30%; 2008: 74%) from payments to partner organizations on HEFCE funded initiatives where the College acts as lead partner. The College invested 7% of total non-staff expenditure in maintenance and minor works (2008: 10%).

Depreciation rose from £3,308,000 in 2008 to £3,930,000 in 2009, an increase of 19% (2008: increase of 10%). A number of capital projects were completed during the year and depreciated, most notably Phase Three of the Queen Mother Hospital for Animals at the Hawkshead campus.

**TREASURER'S REPORT (continued)**  
for the year ended 31 July 2009

Capital structure

The College Council approved in March 2009 a major capital project to redevelop the student accommodation and catering provision at the Hawkshead campus, replacing the current facilities known as Northumberland Hall. The cost of the project is £18 million, and is the largest the College has undertaken. The Council agreed that this project would be funded by raising new bank loan financing.

These financial statements indicate the low levels of borrowing currently on the College's balance sheet. The new loan, once drawn down during 2009-10 will significantly alter the capital structure and gearing ratio of the College. The borrowing level after the increase is still well within the initial HEFCE 'annualised servicing cost' limit of 4% (calculated as total debt cash payments as a proportion of total income).

The expected income stream from the student accommodation and catering facilities is strong and current forecasts are for the construction and loan costs to be repaid in full within 20 years.

Treasury policy and investments

The College's treasury policy seeks to ensure an appropriate return on investments at a level of risk agreed by the College Council. Returns on investments are monitored against agreed benchmarks.

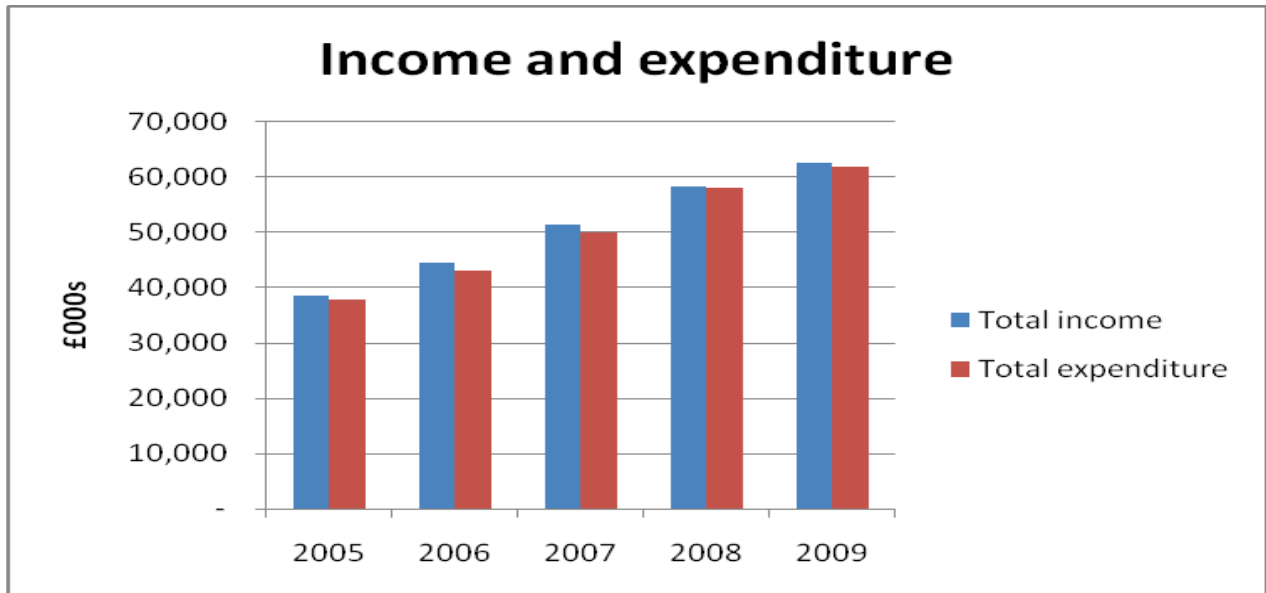
The College has engaged BlackRock Asset Management to administer and advise on appropriate funding opportunities for surplus cash and liquid assets over and above those needed for routine working capital purposes. At 31 July 2009, the College held £5,232,000 in BlackRock's UK Income and International Equity funds. In addition to this, £11,361,000 was held in BlackRock's Institutional Liquidity Fund.

Working capital funds are held overnight with the College's bankers, the Royal Bank of Scotland.

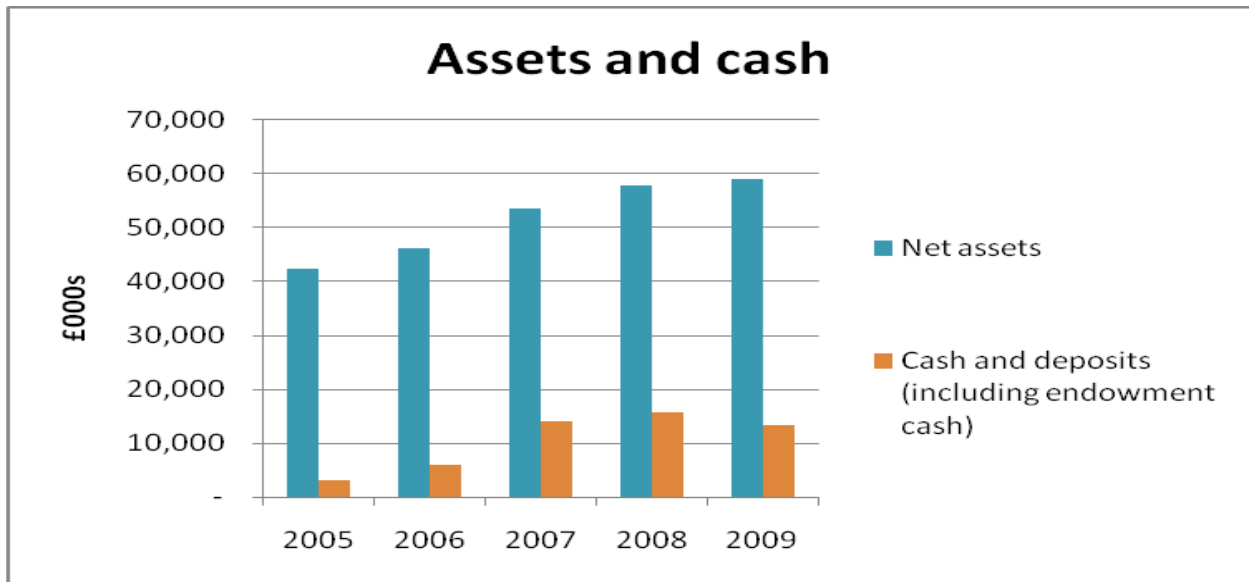
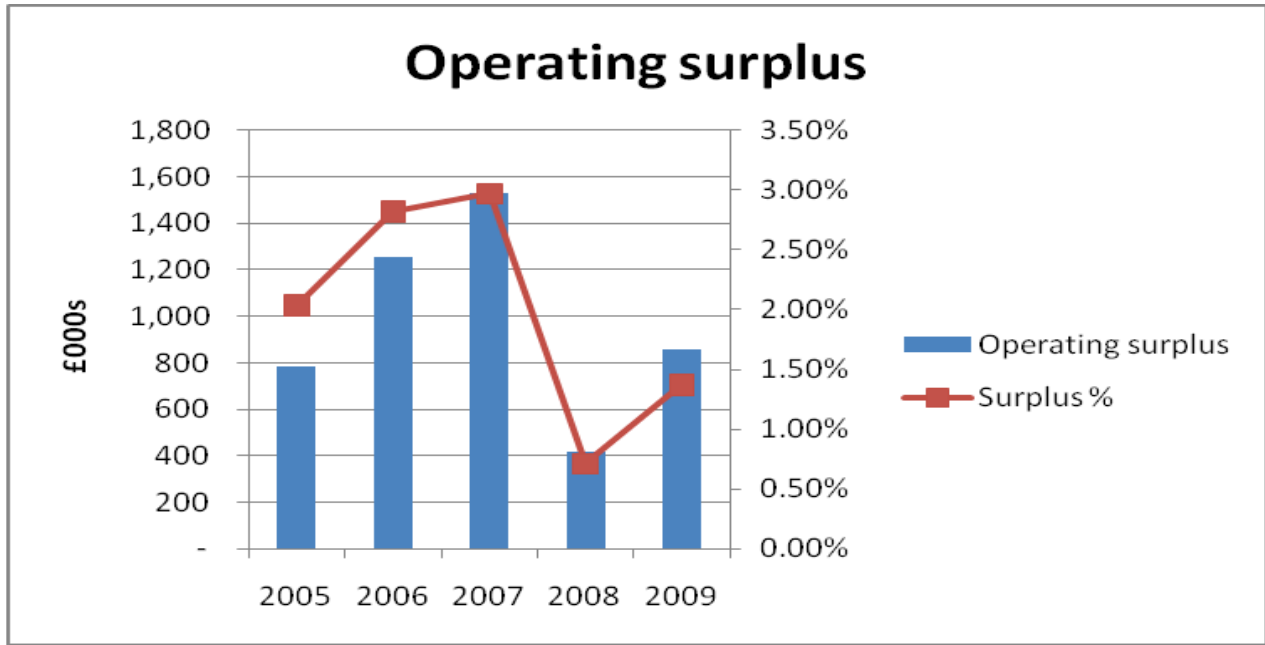
Cash flows

The net decrease in cash for the year was £292,000 (2008: £2,786,000 increase). Closing net funds stood at £6,065,000 (2008: £8,354,000).

Summary of Financial Performance 2005-2009



**TREASURER'S REPORT** (continued)  
for the year ended 31 July 2009



Future factors likely to affect the College's financial position

The future is particularly uncertain, both generally for the UK and world economies and, in turn, for the College. The views expressed here about the future are the College's own, and should be treated with care.

The College is anticipating that further cuts will be made to its income from HEFCE. The extent of these cuts is not yet known, but a 5% cut would mean a reduction in income of just over £1 million.

The College works to very small margins, aiming to make a 3% surplus on its income and expenditure account each year. A 3% surplus equates to approximately £1.8 million, so any cut in HEFCE income at or above the level above will eliminate the majority of the College's surplus.

Staff costs continue to rise beyond the rate of inflation. There are a number of elements to the rises in staffing costs annually: nationally agreed pay awards, incremental progression through salary scales, changes in pension contributions and national insurance contributions and changes in staff numbers. Only the final of these factors is fully within the College's control.

**TREASURER'S REPORT** (continued)  
for the year ended 31 July 2009

At the time of writing the employers' have made a pay award offer of 0.5% for 2009-10, which has not been accepted by the sector's recognized trade unions. Historically, pay awards have been linked, partly or wholly, to inflation. Many economists believe that inflation will again be prevalent in the economy in 2010 and may have an impact on pay awards in future years.

A 0.5% increase in the rate of national insurance contributions, effective from April 2011, has already been announced by the Chancellor, which will add to the salary bill.

The majority of the College's staff are members of either the Universities Superannuation Scheme (USS) or the Superannuation Arrangements for the University of London (SAUL), both of which are final salary schemes. Although both schemes were fully funded, on a technical provisions basis, at the last formal actuarial valuation at 31 March 2008, performance in the equity markets since has had a major negative impact on both schemes. It is unlikely that either scheme will be sustainable on their current bases, and indeed both are in the process of being reviewed. Increased employer contributions are expected over the next few years, also adding to the salary bill.

The College, in anticipating these changes, has in place strategies to increase income from non-governmental sources, particularly through increased international student recruitment. Every attempt to increase income will be made before cuts are made to expenditure. Efficiencies in non-staffing expenditures will be targeted before any reductions in staffing levels that may be required.

**Conclusion**

The year to 31 July 2009 has been financially satisfactory. However, there is a necessity to control costs and seek alternative sources of income outside of Government funding in order for the College to remain financially sound. The College starts from a stronger position than many of its contemporaries in the sector, and the College Council has taken appropriate action to ensure the College continues to prosper in the more uncertain financial times ahead.

A handwritten signature in blue ink that reads "J. H. Chatfeild-Roberts". The signature is written in a cursive style with a long horizontal stroke at the end.

John Chatfeild Roberts  
Honorary Treasurer  
November 2009

## **RESPONSIBILITIES OF THE COLLEGE COUNCIL**

for the year ended 31 July 2009

The Council is required to present audited financial statements for each financial year. The Council is responsible for the maintenance and integrity of the College's corporate and financial information included on the College's website. Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

### **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 2007 and other relevant accounting standards.

### **FINANCIAL STATEMENTS**

Financial statements are prepared in accordance with the College's Charter. Through the College's Statement of Primary Responsibilities, Council ensures the establishment and monitoring of systems of control and accountability, including financial and operation controls and risk assessment. During preparation of these statements, the Council has ensured:

- 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;
- ensure that funds from 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.

### **INTERNAL CONTROLS**

The College's system of internal control, which is designed to discharge the responsibilities set out above, includes 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;
- 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 2009

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 2009, 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 2004 and revised in 2009.
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 2009 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, which were revised in 2007.
5. The Charter and Statutes require that the governance 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 independent members) from whom the Chairman, Vice-Chairman and Hon Treasurer are elected. None of the independent members receives any payment for the work done 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. Independent Members constitute the majority on Council. 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. The Finance and General Purposes 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.
10. 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.
11. 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 work.

**CORPORATE GOVERNANCE** (continued)  
for the year ended 31 July 2009

12. 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 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.
13. 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.
14. 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.
15. 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 Members of Council of the Royal Veterinary College  
for the year ended 31 July 2009

We have audited the financial statements of Royal Veterinary College for the year ended 31 July 2009 which comprise consolidated income and expenditure account, the statement of total recognised gains and losses, the Group and College balance sheets, the consolidated cash flow statement and the related notes 1 to 31. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Council of the College, as a body, in accordance with the Financial Memorandum dated June 2008. Our audit work has been undertaken so that we might state to 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 and the Council's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of Council and auditors**

The Council's responsibilities for the preparing the Annual Report and the financial statements in accordance with the College's statute, the Statement of Recommended Practice on Accounting for Further and Higher Education and other applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of the Council's responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Statement of Recommended Practice on Accounting for Further and Higher Education. We also report 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 the 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 if, in our opinion, the information given in the Treasurer's report is not consistent with the financial statements, if the College has not kept adequate 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 whether it is consistent with the audited 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 further information outside the Annual Report.

**Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 of whether the accounting policies are appropriate to the 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.

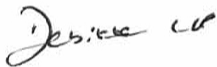


**INDEPENDENT AUDITORS' REPORT** (continued)  
to the Members of Council of the Royal Veterinary College  
for the year ended 31 July 2009

**Opinion**

In our opinion:

- (a) the financial statements give a true and fair view of the state of affairs of the College and the Group as at 31 July 2009 and of the surplus of the Group for the year then ended;
- (b) the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice on Accounting for Further and Higher Education Institutions;
- (c) in all material respects income from Higher Education Funding Council for England, grants and income for specific purposes and from other restricted funds administered by the College have been applied only for the purposes for which they were received; and
- (d) in all material respects income has been applied in accordance with the College's statutes and, where appropriate, with the Financial Memorandum, dated June 2008 with the Higher Education Funding Council for England.



**Deloitte LLP**

Chartered Accountants and Statutory Auditors  
St Albans

26 November 2009

**INCOME AND EXPENDITURE ACCOUNTS**  
for the year ended 31 July 2009

|   | Note | Year ended 31 July 2009 |               | Year ended 31 July 2008 |         |
|---|------|-------------------------|---------------|-------------------------|---------|
|   |      | Consolidated            | College       | Consolidated            | College |
|   |      | £000                    | £000          | £000                    | £000    |
| <b>INCOME</b>   |      |                         |               |                         |         |
| Funding body grants   | 1    | 29,420                  | 29,390        | 26,614                  | 26,584  |
| Tuition fees and education contracts  | 2    | 6,570                   | 6,570         | 5,623                   | 5,623   |
| Research grants and contracts   | 3    | 9,998                   | 9,998         | 8,495                   | 8,495   |
| Other income  | 4    | 15,893                  | 15,023        | 15,094                  | 13,919  |
| Endowment and investment income   | 5    | 760                     | 362           | 2,524                   | 2,252   |
| <b>TOTAL INCOME</b>   |      | <b>62,641</b>           | <b>61,343</b> | 58,350                  | 56,873  |
| <b>EXPENDITURE</b>  |      |                         |               |                         |         |
| Staff costs   | 6    | 35,335                  | 34,917        | 31,971                  | 31,615  |
| Other operating expenses  | 9    | 22,043                  | 21,521        | 22,163                  | 21,577  |
| Depreciation  | 11   | 3,930                   | 3,705         | 3,308                   | 3,097   |
| Interest and other finance costs  | 7    | 476                     | 307           | 492                     | 315     |
| <b>TOTAL EXPENDITURE</b>  | 8    | <b>61,784</b>           | <b>60,450</b> | 57,934                  | 56,604  |
| <b>Surplus after depreciation of tangible fixed assets at valuation, disposal of assets and tax</b> |      | <b>857</b>              | <b>893</b>    | 416                     | 269     |
| Deficit/(Surplus) for the year transferred to accumulated income in endowment funds                 | 19   | 154                     | 11            | (1,291)                 | (1,357) |
| <b>SURPLUS/(DEFICIT) RETAINED WITHIN GENERAL RESERVES</b>   | 21   | <b>1,011</b>            | <b>904</b>    | (875)                   | (1,088) |

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.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
for the year ended 31 July 2009

|  | Note | Year ended 31 July 2009 |               | Year ended 31 July 2008 |          |
|--|------|-------------------------|---------------|-------------------------|----------|
|  |      | Consolidated            | College       | Consolidated            | College  |
|  |      | £000                    | £000          | £000                    | £000     |
| <b>Surplus on continuing operations after depreciation of assets at valuation and disposal of assets and tax</b> |      | <b>857</b>              | <b>893</b>    | 416                     | 269      |
| Decrease in market value of investments  | 19   | (645)                   | (711)         | (1,805)                 | (1,805)  |
| New endowments   | 19   | 163                     | 242           | 274                     | 78       |
| Unrealised surplus on valuation of heritage assets   | 21   | 1,959                   | 1,959         | -                       | -        |
| <b>TOTAL RECOGNISED GAINS/(LOSSES) RELATING TO THE YEAR</b>  |      | <b>2,334</b>            | <b>2,383</b>  | (1,115)                 | (1,458)  |
| <b>Reconciliation</b>  |      |                         |               |                         |          |
| Opening reserves and endowments  |      | 30,045                  | 28,052        | 33,405                  | 29,725   |
| Prior year adjustment (See Notes 11,12,19 & 20)  |      | -                       | -             | (2,245)                 | (215)    |
| Adjusted opening reserves and endowments   |      | 30,045                  | 28,052        | (31,160)                | (29,510) |
| Total recognised gains relating to the year  |      | 2,334                   | 2,383         | (1,115)                 | (1,458)  |
| <b>CLOSING RESERVES AND ENDOWMENTS</b>   |      | <b>32,379</b>           | <b>30,435</b> | 30,045                  | 28,052   |

## BALANCE SHEETS

as at 31 July 2009

|  | Note | Year ended 31 July 2009 |                 | Year ended 31 July 2008 |                 |
|--|------|-------------------------|-----------------|-------------------------|-----------------|
|  |      | Consolidated<br>£000    | College<br>£000 | Consolidated<br>£000    | College<br>£000 |
| <b>FIXED ASSETS</b>                                      |      |                         |                 |                         |                 |
| Tangible assets  | 11   | 54,682                  | 52,011          | 51,707                  | 48,852          |
| Investments  | 10   | 67                      | 100             | -                       | 100             |
|  |      | <b>54,749</b>           | <b>52,111</b>   | 51,707                  | 48,952          |
| Endowment asset investments                              | 12   | <b>11,288</b>           | <b>10,181</b>   | 11,924                  | 10,661          |
| <b>CURRENT ASSETS</b>                                    |      |                         |                 |                         |                 |
| Stocks   | 13   | 609                     | 600             | 549                     | 541             |
| Debtors - amounts falling due within one year            | 14   | 4,275                   | 4,834           | 4,343                   | 4,774           |
| Debtors - amounts falling due after more than one year   | 14   | 131                     | 692             | -                       | 980             |
| Short term deposits                                      | 17   | 5,992                   | 7,100           | 8,249                   | 9,513           |
| Cash at bank and in hand                                 |      | 1,230                   | 1,076           | 1,531                   | 1,399           |
|  |      | <b>12,237</b>           | <b>14,302</b>   | 14,672                  | 17,207          |
| Creditors - amounts falling due within one year          | 15   | (12,244)                | (13,346)        | (12,604)                | (16,471)        |
| <b>Net current (liabilities)/assets</b>                  |      | <b>(7)</b>              | <b>956</b>      | 2,068                   | 736             |
| <b>Total assets less current liabilities</b>             |      | <b>66,030</b>           | <b>63,248</b>   | 65,699                  | 60,349          |
| Creditors - amounts falling due after more than one year | 16   | (6,940)                 | (6,940)         | (7,212)                 | (7,212)         |
| Provisions for liabilities and charges                   | 18   | -                       | -               | (750)                   | (750)           |
| <b>TOTAL NET ASSETS</b>                                  |      | <b>59,090</b>           | <b>56,308</b>   | 57,737                  | 52,387          |
| Deferred Capital Grants                                  | 20   | 26,711                  | 25,873          | 27,692                  | 24,335          |
| <b>Endowments</b>  |      |                         |                 |                         |                 |
| Expendable   | 19   | 2,486                   | 1,496           | 2,514                   | 1,428           |
| Permanent  | 19   | 8,802                   | 8,685           | 9,410                   | 9,233           |
|  |      | <b>11,288</b>           | <b>10,181</b>   | 11,924                  | 10,661          |
| <b>General Reserve</b>                                   | 21   | <b>21,091</b>           | <b>20,254</b>   | 18,121                  | 17,391          |
| <b>TOTAL FUNDS</b>                                       |      | <b>59,090</b>           | <b>56,308</b>   | 57,737                  | 52,387          |

The financial statements were approved by the Council on 24 November 2009 and signed on its behalf on that date by:

The Right Hon The Baroness Shephard of Northwold  
Chairman

J H Chatfeild-Roberts  
Honorary Treasurer

Professor Q A McKellar  
Principal

**CASH FLOW STATEMENTS**  
for the year ended 31 July 2009

|  | Note | Year ended 31 July 2009 |                 | Year ended 31 July 2008 |                 |
|--|------|-------------------------|-----------------|-------------------------|-----------------|
|  |      | Consolidated<br>£000    | College<br>£000 | Consolidated<br>£000    | College<br>£000 |
| Net cash inflow/(outflow) from operating activities              | 22   | 1,597                   | (1,080)         | 2,122                   | 2,625           |
| Returns on investments and servicing of finance                  | 23   | (180)                   | (26)            | 365                     | 489             |
| Capital expenditure and financial investment                     | 24   | (3,706)                 | (1,137)         | (593)                   | (995)           |
| Management of liquid resources – movement in short term deposits |      | 2,257                   | 2,413           | 1,135                   | 789             |
| Financing  | 25   | (260)                   | (260)           | (243)                   | (243)           |
| <b>(DECREASE)/INCREASE IN CASH IN THE YEAR</b>                   |      | <b>(292)</b>            | <b>(90)</b>     | <b>2,786</b>            | <b>2,665</b>    |

**RECONCILIATION OF CASH FLOW TO MOVEMENT IN NET FUNDS (DEBT)**

|   | Year ended 31 July 2009 |                 | Year ended 31 July 2008 |                 |
|---|-------------------------|-----------------|-------------------------|-----------------|
|   | Consolidated<br>£000    | College<br>£000 | Consolidated<br>£000    | College<br>£000 |
| (Decrease)/increase in cash in the period | (292)                   | (90)            | 2,786                   | 2,665           |
| Change in short term deposits             | (2,257)                 | (2,413)         | (1,135)                 | (789)           |
| Change in debt                            | 260                     | 260             | 243                     | 243             |
| <b>Change in net debt</b>                 | <b>(2,289)</b>          | <b>(2,243)</b>  | <b>1,894</b>            | <b>2,119</b>    |
| Net funds at 1 August                     | 8,354                   | 8,479           | 6,460                   | 6,360           |
| <b>NET FUNDS AT 31 JULY</b>               | <b>6,065</b>            | <b>6,236</b>    | <b>8,354</b>            | <b>8,479</b>    |

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

for the year ended 31 July 2009

### 1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007 and in accordance with applicable accounting standards. The financial statements are prepared in accordance with historical cost convention modified by the revaluation of certain fixed assets.

The College's activities, together with the factors likely to affect its future development, performance and position are set out in the Treasurer's Report on pages 3 to 11. The financial position of the College, its cash flows, liquidity position and borrowing facilities are also described in the Treasurer's Report. The College has considerable financial resources. As a consequence, the College Council believe that the College is well placed to manage its business risks successfully despite the current uncertain economic outlook. The Council have a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### 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 consolidated financial statements do not include those of the Student Union Society because the College does not control those activities.

### 3. RECOGNITION OF INCOME

Funding council block grants are accounted for in the period to which they relate.

Fee income is stated gross and credited to the income and expenditure account over the period in which students are studying. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Recurrent income from grants, contracts and other services rendered are accounted for on an accruals basis and included to the extent of the completion of the contract or service concerned; any payments received in advance of such performance are recognised on the balance sheet as liabilities.

Donations with restrictions are recognised when relevant conditions have been met; in many cases recognition is directly related to expenditure incurred on specific purposes. Donations which are to be retained for the benefit of the institution are recognised in the statement of total recognised gains and losses and in endowments; other donations are recognised by inclusion as other income in the income and expenditure account.

Non-recurrent grants received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants. Such grants are credited to deferred capital grants and an annual transfer made to the income and expenditure account over the useful economic life of the asset, at the same rate as the depreciation charge on the asset for which the grant was awarded.

Income from the sale of goods or services is credited to the income and expenditure account when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Endowment and investment income is credited to the income and expenditure account on a receivable basis. Income from restricted endowments not expended in accordance with the restrictions of the endowment, is transferred from the income and expenditure account to restricted endowments. Any realised gains or losses from dealing in the related assets are retained within the endowment in the balance sheet. Increases or decreases in value arising on the revaluation or disposal of endowment assets i.e. the appreciation or depreciation of endowment assets, is added to or subtracted from the funds concerned and accounted for through the balance sheet by debiting or crediting the endowment asset, crediting or debiting the endowment fund and is reported in the statement of total recognised gains and losses.

### 4. TAXATION STATUS

The College is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of section 506(1) of the Income and Corporation Taxes Act 1988 (ICTA 1988). Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of the ICTA 1988 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The College receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT in relation to tangible fixed assets is included in their cost.

**STATEMENT OF PRINCIPAL ACCOUNTING POLICIES** (continued)  
for the year ended 31 July 2009

**5. LAND AND BUILDINGS**

Land and buildings are stated at historical cost. Costs incurred in relation to a tangible fixed asset, after its initial purchase or production, are capitalised to the extent that they increase the expected future benefits to the institution from the existing tangible fixed asset beyond its previously assessed standard of performance; the cost of any such enhancements are added to the gross carrying amount of the tangible fixed asset concerned.

**5(a) Depreciation**

Freehold land is not depreciated. Buildings are depreciated over their expected useful economic lives to the College of between 20 and 25 years on the amount at which the tangible fixed asset is included in the balance sheet. No depreciation is charged on assets in the course of construction.

**5(b) Repairs and maintenance**

Expenditure to ensure that a tangible fixed asset maintains its previously recognised standard of performance is recognised in the income and expenditure account in the period it is incurred. The College has a planned maintenance programme, which is reviewed on an annual basis.

**5(c) Heritage Assets**

Works of art and other valuable artefacts (heritage assets) and valued at over £5,000 have been capitalised and recognised, based on valuations carried out by specialist valuers. Heritage assets are not depreciated since their long economic life and high residual value mean any depreciation would not be material. The historic library collection was valued, independently, in 2008 by Mr Norman Comben, an expert on antiquarian veterinary books, prints and ephemera.

Works of art classified as Heritage Assets will be formally revalued every 3 years. All other classes of Heritage Asset, which are less material in value, will be reviewed periodically, not more than 5 years from the previous review, to determine whether a formal revaluation is required.

**6. EQUIPMENT**

Equipment and furniture costing less than £5,000 per individual item and which is not part of a bigger piece of equipment, is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. All assets are depreciated over their useful economic lives to the College of between 3 and 7 years.

Where equipment is acquired with the aid of specific grants or donations, it is capitalised and depreciated as above, with the related grant credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

**7. INVESTMENTS**

Listed investments held as fixed assets or endowment assets are shown at market value. Investments in subsidiary undertakings are shown at the lower of cost or net realisable value.

**8. STOCK**

The stock comprises stores held by clinics, farm livestock, produce and consumables. The farm stocks are professionally valued; other stocks are stated at the lower of their cost and net realisable value.

**9. CASH FLOWS AND LIQUID RESOURCES**

Cash flows comprise increases and decreases in cash. Cash includes cash in hand, cash at bank and deposits repayable on demand. Deposits are repayable on demand if they are available within 24 hours without penalty.

Liquid resources comprise assets held as readily disposable store of value. They include term deposits but exclude any such assets held as endowment asset investments.

**10. FOREIGN CURRENCY TRANSLATIONS**

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial year, with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

**11. ACCOUNTING FOR RESEARCH AND DEVELOPMENT**

Expenditure on pure and applied research is treated as part of the continuing activities of the College. Expenditure on development activities is carried forward and amortised over the period expected to benefit where there is a clearly defined project, the related expenditure is separately identifiable and the outcome of the project has been assessed to be reasonably certain.

**12. INTRA-GROUP TRANSACTIONS**

Gains and losses on any intra-group transactions are eliminated in full. Amounts in relation to debts and claims between undertakings included in the consolidation are also eliminated.

**STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)**  
for the year ended 31 July 2009

**13. ACCOUNTING FOR CHARITABLE DONATIONS**

**13(a) Unrestricted donations**

Charitable donations are recognised in the accounts when the charitable donation has been received or if, before receipt, there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability.

**13(b) Endowment funds**

Where charitable donations are to be retained for the benefit of the institution as specified by the donors, these are accounted for as endowments. There are three main types:

1. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the benefit of the institution
2. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the institution can convert the donated sum into income.
3. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective

**13(c) Donations for fixed assets**

Donations received to be applied to the cost of a tangible fixed asset are shown on the balance sheet as a deferred capital grant. The deferred capital grant is released to the income and expenditure account over the same estimated useful life that is used to determine the depreciation charge associated with the tangible fixed asset.

**14. ACCOUNTING FOR RETIREMENT BENEFITS**

The College contributes to the Universities Superannuation Scheme (USS) and the Superannuation Arrangements for the University of London (SAUL). Both schemes are defined benefit schemes and both are multi-employer schemes and it is not possible to identify the assets of these schemes, which are attributable to the College. In accordance with FRS 17 these schemes are accounted for on a defined contribution basis and contributions to these schemes are included as expenditure in the period in which they are payable.

**15. PROVISIONS AND CONTINGENT LIABILITIES**

Provisions are recognised in the financial statements when the College has a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are disclosed by way of note, when the definition of a provision is not met and includes three scenarios: possible rather than a present obligation; a possible rather than a probable outflow of economic benefits; an inability to measure the economic outflow.



**NOTES TO THE ACCOUNTS**  
for the year ended 31 July 2009

|  | Note | Year ended 31 July 2009 |                 | Year ended 31 July 2008 |                 |
|--|------|-------------------------|-----------------|-------------------------|-----------------|
|  |      | Consolidated<br>£000    | College<br>£000 | Consolidated<br>£000    | College<br>£000 |
| <b>1. FUNDING BODY GRANTS - HEFCE</b>          |      |                         |                 |                         |                 |
| Recurrent grants                               |      | 26,077                  | 26,047          | 23,558                  | 23,528          |
| Specific grants                                |      |                         |                 |                         |                 |
| Higher Education Innovation Fund               |      | 642                     | 642             | 435                     | 435             |
| Centre for Excellence in Teaching and Learning |      | 495                     | 495             | 472                     | 472             |
| Lifelong Learning Network                      |      | 1,082                   | 1,082           | 1,069                   | 1,069           |
| Teaching Quality Enhancement Fund              |      | 132                     | 132             | 132                     | 132             |
| Aim higher                                     |      | 19                      | 19              | 308                     | 308             |
| Economic Challenge investment Fund             |      | 17                      | 17              | -                       | -               |
| National Teaching fellowship                   |      | 5                       | 5               | -                       | -               |
| Deferred capital grants released in year:      |      |                         |                 |                         |                 |
| Buildings                                      | 20   | 737                     | 737             | 572                     | 572             |
| Equipment                                      | 20   | 214                     | 214             | 68                      | 68              |
|  |      | <b>29,420</b>           | <b>29,390</b>   | 26,614                  | 26,584          |
| <b>2. TUITION FEES AND EDUCATION CONTRACTS</b> |      |                         |                 |                         |                 |
| Full time home and EU students                 |      | 4,146                   | 4,146           | 3,477                   | 3,477           |
| Full time international students               |      | 2,013                   | 2,013           | 1,783                   | 1,783           |
| Part time students                             |      | 251                     | 251             | 190                     | 190             |
| Research training support grants               |      | 52                      | 52              | 69                      | 69              |
| Short course fees                              |      | 108                     | 108             | 104                     | 104             |
|  |      | <b>6,570</b>            | <b>6,570</b>    | 5,623                   | 5,623           |
| <b>3. RESEARCH GRANTS AND CONTRACTS</b>        |      |                         |                 |                         |                 |
| Research councils and charities                |      | 4,529                   | 4,529           | 4,524                   | 4,524           |
| Industry and commerce                          |      | 1,983                   | 1,983           | 1,951                   | 1,951           |
| Governmental                                   |      | 3,486                   | 3,486           | 2,020                   | 2,020           |
|  |      | <b>9,998</b>            | <b>9,998</b>    | 8,495                   | 8,495           |
| <b>4. OTHER INCOME</b>                         |      |                         |                 |                         |                 |
| Residences, catering and conference            |      | 1,421                   | 1,426           | 1,331                   | 1,331           |
| Clinical and related earnings                  |      | 13,249                  | 12,286          | 12,802                  | 11,555          |
| Release from deferred capital grant            | 20   | 1,107                   | 1,037           | 867                     | 797             |
| Rent and other income                          |      | 116                     | 274             | 94                      | 236             |
|  |      | <b>15,893</b>           | <b>15,023</b>   | 15,094                  | 13,919          |
| <b>5. ENDOWMENT AND INVESTMENT INCOME</b>      |      |                         |                 |                         |                 |
| Income from expendable endowments              | 19   | 43                      | 30              | 339                     | 257             |
| Income from permanent endowments               | 19   | 149                     | 147             | 1,303                   | 1,292           |
| Income from short-term investments             |      | 104                     | 104             | 316                     | 316             |
| Donations, gifts and legacies received         |      | 464                     | 81              | 566                     | 387             |
|  |      | <b>760</b>              | <b>362</b>      | 2,524                   | 2,252           |

**NOTES TO THE ACCOUNTS** (continued)  
for the year ended 31 July 2009

|                                    | Note | Year ended 31 July 2009 |                 | Year ended 31 July 2008 |                 |
|------------------------------------|------|-------------------------|-----------------|-------------------------|-----------------|
|                                    |      | Consolidated<br>£000    | College<br>£000 | Consolidated<br>£000    | College<br>£000 |
| <b>6. STAFF COSTS</b>              |      |                         |                 |                         |                 |
| Wages and salaries                 |      | <b>30,299</b>           | <b>29,934</b>   | 26,883                  | 26,578          |
| Social security costs              |      | <b>2,131</b>            | <b>2,104</b>    | 2,132                   | 2,108           |
| Pension costs                      | 31   | <b>2,847</b>            | <b>2,821</b>    | 2,839                   | 2,812           |
| Restructuring and redundancy costs |      | <b>58</b>               | <b>58</b>       | 117                     | 117             |
|                                    |      | <b>35,335</b>           | <b>34,917</b>   | 31,971                  | 31,615          |

|                                |  |            |            |     |     |
|--------------------------------|--|------------|------------|-----|-----|
| Remuneration of the Principal: |  |            |            |     |     |
| Salary                         |  | <b>194</b> | <b>194</b> | 183 | 183 |
| USS Pension Contributions      |  | <b>27</b>  | <b>27</b>  | 26  | 25  |
| Benefits in kind               |  | <b>18</b>  | <b>18</b>  | 24  | 24  |
|                                |  | <b>239</b> | <b>239</b> | 233 | 232 |

Remuneration of other higher paid staff, excluding employers' pension contributions:

|                      | Number    | Number    | Number | Number |
|----------------------|-----------|-----------|--------|--------|
| £100,001 to £110,000 | 9         | 9         | 1      | 1      |
| £110,001 to £120,000 | 1         | 1         | 3      | 3      |
| £120,001 to £130,000 | 4         | 4         | 3      | 3      |
| £130,001 to £140,000 | 3         | 3         | 2      | 2      |
| £140,001 to £150,000 | 3         | 3         | -      | -      |
| £150,001 to £160,000 | -         | -         | -      | -      |
| £160,001 to £170,000 | 1         | 1         | 1      | 1      |
|                      | <b>21</b> | <b>21</b> | 10     | 10     |

Average staff numbers by major category:

|                                     | Number     | Number     | Number | Number |
|-------------------------------------|------------|------------|--------|--------|
| Teaching and Research Departments   | <b>386</b> | <b>386</b> | 340    | 340    |
| Academic Support Services           | <b>91</b>  | <b>91</b>  | 89     | 89     |
| Administration and Central Services | <b>80</b>  | <b>68</b>  | 70     | 63     |
| Premises                            | <b>58</b>  | <b>58</b>  | 69     | 69     |
| Clinical and related services       | <b>204</b> | <b>204</b> | 207    | 207    |
|                                     | <b>819</b> | <b>807</b> | 775    | 768    |

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

|  | Year ended 31 July 2009 |                 | Year ended 31 July 2008 |                 |
|--|-------------------------|-----------------|-------------------------|-----------------|
|  | Consolidated<br>£000    | College<br>£000 | Consolidated<br>£000    | College<br>£000 |
| <b>7. INTEREST AND OTHER FINANCE COSTS</b>     |                         |                 |                         |                 |
| Bank loans not wholly repayable within 5 years | <b>476</b>              | <b>307</b>      | 492                     | 315             |

**NOTES TO THE ACCOUNTS** (continued)  
for the year ended 31 July 2009

|   | Note | Year ended 31 July 2009 |                 | Year ended 31 July 2008 |                 |
|---|------|-------------------------|-----------------|-------------------------|-----------------|
|   |      | Consolidated<br>£000    | College<br>£000 | Consolidated<br>£000    | College<br>£000 |
| <b>8. ANALYSIS OF TOTAL EXPENDITURE BY ACTIVITY</b>             |      |                         |                 |                         |                 |
| Academic departments  |      | 17,599                  | 17,793          | 15,923                  | 15,923          |
| Academic services   |      | 6,287                   | 6,287           | 6,392                   | 6,392           |
| Research grants and contracts                                   |      | 8,600                   | 8,600           | 7,402                   | 7,402           |
| Residences and catering   |      | 1,382                   | 1,382           | 1,319                   | 1,319           |
| Premises and maintenance  |      | 8,905                   | 8,905           | 8,129                   | 8,129           |
| Administration  |      | 3,178                   | 3,178           | 4,157                   | 4,157           |
| Clinical and other services - College                           |      | 14,187                  | 14,305          | 13,024                  | 13,024          |
| Clinical and other services - Subsidiaries                      |      | 1,646                   | -               | 1,588                   | -               |
|   |      | <b>61,784</b>           | <b>60,450</b>   | 57,934                  | 56,346          |
| Other operating expenses include:                               |      |                         |                 |                         |                 |
| External auditors remuneration in respect of audit services     |      | 48                      | 42              | 48                      | 42              |
| External auditors remuneration in respect of non-audit services |      | 85                      | 85              | 11                      | 11              |
| <b>9. OTHER OPERATING EXPENSES</b>                              |      |                         |                 |                         |                 |
| Catering provisions   |      | 418                     | 407             | 356                     | 356             |
| Consumables and laboratory expenses                             |      | 4,373                   | 4,713           | 4,635                   | 4,624           |
| Stationery and publications                                     |      | 1,306                   | 1,278           | 1,435                   | 1,396           |
| Student and educational expenditure                             |      | 3,010                   | 3,010           | 2,370                   | 2,457           |
| Rent, rates, cleaning and insurance                             |      | 1,128                   | 890             | 1,183                   | 963             |
| Electricity, gas, oil and water                                 |      | 1,433                   | 1,345           | 1,280                   | 1,198           |
| Small equipment and repairs                                     |      | 1,919                   | 1,865           | 1,792                   | 1,774           |
| Minor works and maintenance                                     |      | 1,653                   | 1,601           | 2,181                   | 2,063           |
| External auditors' remuneration                                 |      | 48                      | 42              | 41                      | 52              |
| Internal audit  |      | 38                      | 38              | 39                      | 39              |
| Legal and other outside consultancy                             |      | 4,289                   | 4,223           | 3,288                   | 3,286           |
| Travelling and subsistence                                      |      | 1,637                   | 1,624           | 1,668                   | 1,646           |
| Telephone, fax and postage                                      |      | 574                     | 509             | 642                     | 590             |
| Miscellaneous expenses  |      | 967                     | 726             | 503                     | 383             |
| Change in provisions  | 18   | (750)                   | (750)           | 750                     | 750             |
|   |      | <b>22,043</b>           | <b>21,521</b>   | 22,163                  | 21,577          |
| <b>10. FIXED ASSET INVESTMENTS</b>                              |      |                         |                 |                         |                 |
| Subsidiary companies  |      | -                       | 100             | -                       | 100             |
| UK Equities   |      | 67                      | -               | -                       | -               |
|   |      | <b>67</b>               | <b>100</b>      | -                       | 100             |

The College's subsidiaries and its percentage shareholding in each are as follows:

|   | Nature of Business   | Country of Registration | Shareholding<br>£1 Ord Shares | No. of Shares |
|---|--|-------------------------|-------------------------------|---------------|
| London BioScience Innovation Centre Limited                           | Establishment and operation of biotechnology innovation centre | England & Wales         | 100%                          | 100,000       |
| Royal Veterinary College (Hong Kong) Ltd (incorporated 11th May 2009) | Education  | Hong Kong               | 100%                          | 2             |
| <b>Other shareholdings:</b>   |  |                         |                               |               |
| Medcell Biosciences Limited   | Stem Cell Technology   | England & Wales         | £0.01 Ord Shares<br>2.92%     | 3,990,000     |

The College consolidates the results of the Animal Care Trust.

**NOTES TO THE ACCOUNTS** (continued)  
for the year ended 31 July 2009

**11. TANGIBLE FIXED ASSETS**

|                                       | Freehold<br>Properties | Furniture and<br>Equipment | Assets in the<br>course of<br>construction | Heritage<br>Assets | Total           |
|---------------------------------------|------------------------|----------------------------|--|--------------------|-----------------|
| <b>Consolidated</b>                   | <b>£000</b>            | <b>£000</b>                | <b>£000</b>                                | <b>£000</b>        | <b>£000</b>     |
| <b>COST</b>                           |                        |                            |  |                    |                 |
| At 1 August 2008                      | 55,395                 | 3,530                      | 10,527                                     | 1,648              | <b>71,100</b>   |
| Additions                             | 3,133                  | 668                        | 1,145                                      | -                  | <b>4,946</b>    |
| Revaluation                           | -                      | -                          | -  | 1,959              | <b>1,959</b>    |
| Transfers                             | 9,856                  | 652                        | (10,508)                                   | -                  | -               |
| Disposals                             | -                      | (704)                      | -  | -                  | <b>(704)</b>    |
| <b>At 31 July 2009</b>                | <b>68,384</b>          | <b>4,146</b>               | <b>1,164</b>                               | <b>3,607</b>       | <b>77,301</b>   |
| <b>DEPRECIATION</b>                   |                        |                            |  |                    |                 |
| At 1 August 2008                      | (18,142)               | (1,251)                    | -  | -                  | <b>(19,393)</b> |
| Charge for the year                   | (2,754)                | (1,176)                    | -  | -                  | <b>(3,930)</b>  |
| Disposals                             | -                      | 704                        | -  | -                  | <b>704</b>      |
| <b>At 31 July 2009</b>                | <b>(20,896)</b>        | <b>(1,723)</b>             | <b>-</b>                                   | <b>-</b>           | <b>(22,619)</b> |
| <b>Net Book Value at 31 July 2009</b> | <b>47,488</b>          | <b>2,423</b>               | <b>1,164</b>                               | <b>3,607</b>       | <b>54,682</b>   |
| <hr/>                                 |                        |                            |  |                    |                 |
| Net Book Value at 31 July 2008        | 37,253                 | 2,279                      | 10,527                                     | 1,648              | <b>51,707</b>   |
| <hr/>                                 |                        |                            |  |                    |                 |
| <b>College</b>                        |                        |                            |  |                    |                 |
| <b>COST</b>                           |                        |                            |  |                    |                 |
| At 1 August 2008                      | 51,164                 | 3,530                      | 10,527                                     | 1,648              | <b>66,869</b>   |
| Additions                             | 3,133                  | 627                        | 1,145                                      | -                  | <b>4,905</b>    |
| Revaluation                           | -                      | -                          | -  | 1,959              | <b>1,959</b>    |
| Transfers                             | 9,856                  | 652                        | (10,508)                                   | -                  | -               |
| Disposals                             | -                      | (704)                      | -  | -                  | <b>(704)</b>    |
| <b>At 31 July 2009</b>                | <b>64,153</b>          | <b>4,105</b>               | <b>1,164</b>                               | <b>3,607</b>       | <b>73,029</b>   |
| <b>DEPRECIATION</b>                   |                        |                            |  |                    |                 |
| At 1 August 2008                      | (16,766)               | (1,251)                    | -  | -                  | <b>(18,017)</b> |
| Charge for the year                   | (2,542)                | (1,163)                    | -  | -                  | <b>(3,705)</b>  |
| Disposals                             | -                      | 704                        | -  | -                  | <b>704</b>      |
| <b>At 31 July 2009</b>                | <b>(19,308)</b>        | <b>(1,710)</b>             | <b>-</b>                                   | <b>-</b>           | <b>(21,018)</b> |
| <b>Net Book Value at 31 July 2009</b> | <b>44,845</b>          | <b>2,395</b>               | <b>1,164</b>                               | <b>3,607</b>       | <b>52,011</b>   |
| <hr/>                                 |                        |                            |  |                    |                 |
| Net Book Value at 31 July 2008        | 34,398                 | 2,279                      | 10,527                                     | 1,648              | <b>48,852</b>   |
| <hr/>                                 |                        |                            |  |                    |                 |

Heritage assets are held for their contribution to knowledge and culture. The assets recognised as such are principally works of art and illustrations of the racehorse Eclipse (the post-mortem examination of Eclipse in 1789 was in effect the beginning of the veterinary profession in the UK) and a collection of historic veterinary books and articles dating from the 18th Century. Works of art are stated at their insurance valuation. During the financial year, the valuation was updated, and will be formally revalued every 3 years.

**NOTES TO THE ACCOUNTS** (continued)  
for the year ended 31 July 2009

|  | Year ended 31 July 2009 |                 | Year ended 31 July 2008 |                 |
|--|-------------------------|-----------------|-------------------------|-----------------|
|  | Consolidated<br>£000    | College<br>£000 | Consolidated<br>£000    | College<br>£000 |
| <b>12. ENDOWMENT ASSET INVESTMENTS</b>   |                         |                 |                         |                 |
| Historical Cost at 1 August  | 10,979                  | 9,716           | 9,414                   | 8,281           |
| Market Value Adjustment at 1 August  | 945                     | 945             | 2,750                   | 2,750           |
| <b>Market Value at 1 August</b>  | <b>11,924</b>           | <b>10,661</b>   | 12,164                  | 11,031          |
| Additions  | 3,171                   | 3,171           | 1,074                   | 1,074           |
| Disposals  | (3,171)                 | (3,171)         | (3,476)                 | (3,476)         |
| Market Value Adjustment  | (645)                   | (711)           | (1,805)                 | (1,805)         |
| Cash Movement  | 9                       | 231             | 3,967                   | 3,837           |
| <b>Market Value at 31 July</b>   | <b>11,288</b>           | <b>10,181</b>   | 11,924                  | 10,661          |
| Represented by   |                         |                 |                         |                 |
| UK Equities  | 3,667                   | 3,599           | 4,162                   | 4,162           |
| Overseas Equities  | 1,565                   | 1,565           | 1,715                   | 1,715           |
| Cash at Bank   | 6,065                   | 5,017           | 6,047                   | 4,784           |
| <b>Total endowment assets</b>  | <b>11,288</b>           | <b>10,181</b>   | 11,924                  | 10,661          |
| <b>13. STOCK</b>   |                         |                 |                         |                 |
| Consumables  | 477                     | 468             | 401                     | 393             |
| Farm Stocks  | 132                     | 132             | 148                     | 148             |
|  | <b>609</b>              | <b>600</b>      | 549                     | 541             |
| <b>14. DEBTORS</b>   |                         |                 |                         |                 |
| AMOUNTS FALLING DUE WITHIN ONE YEAR:   |                         |                 |                         |                 |
| Trade debtors  | 1,997                   | 1,997           | 1,516                   | 1,472           |
| Research grant debtors   | 1,595                   | 1,595           | 1,825                   | 1,825           |
| Subsidiary companies   | -                       | 585             | -                       | 520             |
| Taxes receivable   | 2                       | -               | 52                      | 43              |
| Other debtors  | 360                     | 360             | 363                     | 363             |
| Prepaid expenses and accrued income  | 321                     | 297             | 587                     | 551             |
| <b>Sub total</b>   | <b>4,275</b>            | <b>4,834</b>    | 4,343                   | 4,774           |
| AMOUNTS FALLING DUE AFTER ONE YEAR:  |                         |                 |                         |                 |
| Subsidiaries   | -                       | 692             | -                       | 980             |
| Prepaid expenses and accrued income  | 131                     | -               | -                       | -               |
|  | <b>4,406</b>            | <b>5,526</b>    | 4,343                   | 5,754           |
| The total debt with The London Bioscience Innovation Centre Ltd comprises a current account deficit and loan of £2,890,000 (2008: £3,026,000), less a provision made of £2,046,000 (2008: £2,046,000). The loan is not expected to be repaid until 2024. |                         |                 |                         |                 |
| <b>15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>  |                         |                 |                         |                 |
| Unsecured loans  | 271                     | 271             | 259                     | 259             |
| Trade creditors  | 2,131                   | 2,131           | 2,896                   | 2,896           |
| Amounts owed to subsidiary undertakings  | -                       | 1,076           | -                       | 3,872           |
| Research grants creditors  | 7,246                   | 7,246           | 6,659                   | 6,659           |
| Social Security and other taxation payable   | 1,252                   | 1,252           | 1,060                   | 1,060           |
| Other creditors  | 84                      | 84              | 78                      | 78              |
| Accruals and deferred income   | 1,260                   | 1,286           | 1,652                   | 1,647           |
|  | <b>12,244</b>           | <b>13,346</b>   | 12,604                  | 16,471          |

**NOTES TO THE ACCOUNTS** (continued)  
for the year ended 31 July 2009

|  | Year ended 31 July 2009 |                 | Year ended 31 July 2008 |                 |
|--|-------------------------|-----------------|-------------------------|-----------------|
|  | Consolidated<br>£000    | College<br>£000 | Consolidated<br>£000    | College<br>£000 |
| <b>16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b> |                         |                 |                         |                 |
| Analysis of unsecured loans:                                       |                         |                 |                         |                 |
| Due within 1 year  | 271                     | 271             | 259                     | 259             |
| Due between 1 and 2 years  | 293                     | 293             | 276                     | 276             |
| Due between 2 and 5 years  | 1,108                   | 1,108           | 939                     | 939             |
| Due in 5 or more years   | 5,539                   | 5,539           | 5,997                   | 5,997           |
|  | <b>7,211</b>            | <b>7,211</b>    | 7,471                   | 7,471           |
| Due within 1 year  | <b>(271)</b>            | <b>(271)</b>    | (259)                   | (259)           |
| Due after more than one year                                       | <b>6,940</b>            | <b>6,940</b>    | 7,212                   | 7,212           |
| Unsecured loans  | <b>6,940</b>            | <b>6,940</b>    | 7,212                   | 7,212           |
| Obligations under finance lease                                    | -                       | -               | -                       | -               |
|  | <b>6,940</b>            | <b>6,940</b>    | 7,212                   | 7,212           |

Included in the loans are the following:

| Lender                 | Amount<br>£000 | Term     | Interest rate<br>% |
|------------------------|----------------|----------|--------------------|
| Royal Bank of Scotland | 2,072          | Jan 2026 | 7.08               |
| Royal Bank of Scotland | 2,119          | Jan 2026 | 7.51               |
| Royal Bank of Scotland | 3,020          | Mar 2024 | 5.54               |

7,211

All loans are with the College.

**17. SHORT TERM DEPOSITS AND CASH**

On consolidation, £1,108,000 (2008: £3,713,000) 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.

**18. PROVISIONS FOR LIABILITIES**

|  | Year ended 31 July 2009 |                 | Year ended 31 July 2008 |                 |
|--|-------------------------|-----------------|-------------------------|-----------------|
|  | Consolidated<br>£000    | College<br>£000 | Consolidated<br>£000    | College<br>£000 |
| <b>Provision for taxation</b>                |                         |                 |                         |                 |
| Balance at 1 August                          | 750                     | 750             | -                       | -               |
| Additions                                    | -                       | -               | 750                     | 750             |
| Utilised                                     | (194)                   | (194)           | -                       | -               |
| Released to the income & expenditure account | (556)                   | (556)           | -                       | -               |
| Balance at 31 July                           | -                       | -               | 750                     | 750             |

**NOTES TO THE ACCOUNTS** (continued)  
for the year ended 31 July 2009

**19. ENDOWMENTS**

|  | Unrestricted<br>Permanent | Restricted<br>Permanent | Total<br>Permanent | Restricted<br>Expendable | 2009<br>Total | 2008<br>Total |
|--|---------------------------|-------------------------|--------------------|--------------------------|---------------|---------------|
| <b>Consolidated</b>                                |                           |                         |                    |                          |               |               |
| <b>Balances as at 1 August 2008</b>                |                           |                         |                    |                          |               |               |
| Capital  | 1,821                     | 3,542                   | 5,363              | 5,562                    | <b>10,925</b> | 10,575        |
| Accumulated income                                 | 1,289                     | 2,760                   | 4,049              | (3,050)                  | <b>999</b>    | 1,589         |
|  | <b>3,110</b>              | <b>6,302</b>            | <b>9,412</b>       | <b>2,512</b>             | <b>11,924</b> | <b>12,164</b> |
| New endowments                                     | -                         | 8                       | 8                  | 155                      | <b>163</b>    | 274           |
| Investment income                                  | 51                        | 98                      | 149                | 43                       | <b>192</b>    | 1,642         |
| Expenditure  | -                         | (121)                   | (121)              | (225)                    | <b>(346)</b>  | (351)         |
|  | 51                        | (23)                    | 28                 | (182)                    | <b>(154)</b>  | 1,291         |
| (Decrease)/increase in market value of investments | (304)                     | (342)                   | (646)              | 1                        | <b>(645)</b>  | (1,805)       |
| <b>At 31 July 2009</b>                             | <b>2,857</b>              | <b>5,945</b>            | <b>8,802</b>       | <b>2,486</b>             | <b>11,288</b> | <b>11,924</b> |
| <b>Represented by:</b>                             |                           |                         |                    |                          |               |               |
| Capital  | 1,821                     | 3,550                   | 5,371              | 5,780                    | <b>11,151</b> | 10,790        |
| Accumulated income                                 | 1,036                     | 2,395                   | 3,431              | (3,294)                  | <b>137</b>    | 1,134         |
|  | <b>2,857</b>              | <b>5,945</b>            | <b>8,802</b>       | <b>2,486</b>             | <b>11,288</b> | <b>11,924</b> |
| <b>College</b>                                     |                           |                         |                    |                          |               |               |
| <b>Balances as at 1 August 2008</b>                |                           |                         |                    |                          |               |               |
| Capital  | 1,821                     | 3,405                   | 5,226              | 1,517                    | <b>6,743</b>  | 6,742         |
| Accumulated income                                 | 1,289                     | 2,718                   | 4,007              | (89)                     | <b>3,918</b>  | 4,289         |
|  | <b>3,110</b>              | <b>6,123</b>            | <b>9,233</b>       | <b>1,428</b>             | <b>10,661</b> | <b>11,031</b> |
| New endowments                                     | -                         | 8                       | 8                  | 234                      | <b>241</b>    | 78            |
| Investment income                                  | 51                        | 96                      | 147                | 30                       | <b>177</b>    | 1,549         |
| Expenditure  | -                         | (87)                    | (87)               | (101)                    | <b>(188)</b>  | (192)         |
|  | 51                        | 9                       | 60                 | (71)                     | <b>(11)</b>   | 1,357         |
| Decrease in market value of investments            | (212)                     | (404)                   | (616)              | (95)                     | <b>(711)</b>  | (1,805)       |
| <b>At 31 July 2009</b>                             | <b>2,949</b>              | <b>5,736</b>            | <b>8,685</b>       | <b>1,496</b>             | <b>10,181</b> | <b>10,661</b> |
| <b>Represented by:</b>                             |                           |                         |                    |                          |               |               |
| Capital  | 1,821                     | 3,414                   | 5,235              | 1,694                    | <b>6,929</b>  | 6,743         |
| Accumulated income                                 | 1,128                     | 2,322                   | 3,450              | (198)                    | <b>3,252</b>  | 3,918         |
|  | <b>2,949</b>              | <b>5,736</b>            | <b>8,685</b>       | <b>1,496</b>             | <b>10,181</b> | <b>10,661</b> |

**NOTES TO THE ACCOUNTS** (continued)  
for the year ended 31 July 2009

**20. DEFERRED CAPITAL GRANTS**

|   | Funding<br>Council<br>£000 | Other<br>Donors<br>£000 | 2009 Total<br>£000 | 2008 Total<br>£000 |
|---|----------------------------|-------------------------|--------------------|--------------------|
| <b>Consolidated</b>                               |                            |                         |                    |                    |
| <b>At 1 August</b>                                |                            |                         |                    |                    |
| Buildings   | 13,900                     | 11,672                  | <b>25,572</b>      | 23,155             |
| Equipment   | 1,222                      | 898                     | <b>2,120</b>       | 931                |
| <b>Total</b>                                      | <b>15,122</b>              | <b>12,570</b>           | <b>27,692</b>      | 24,086             |
| <b>Cash receivable</b>                            |                            |                         |                    |                    |
| Buildings   | (215)                      | 792                     | <b>577</b>         | 3,537              |
| Equipment   | 159                        | 341                     | <b>500</b>         | 1,576              |
| <b>Total</b>                                      | <b>(56)</b>                | <b>1,133</b>            | <b>1,077</b>       | 5,113              |
| <b>Released to income and expenditure account</b> |                            |                         |                    |                    |
| Buildings   | (737)                      | (731)                   | <b>(1,468)</b>     | (1,120)            |
| Equipment   | (214)                      | (376)                   | <b>(590)</b>       | (387)              |
| <b>Total</b>                                      | <b>(951)</b>               | <b>(1,107)</b>          | <b>(2,058)</b>     | (1,507)            |
| <b>At 31 July</b>                                 |                            |                         |                    |                    |
| Buildings   | 12,948                     | 11,733                  | <b>24,681</b>      | 25,572             |
| Equipment   | 1,167                      | 863                     | <b>2,030</b>       | 2,120              |
| <b>Total</b>                                      | <b>14,115</b>              | <b>12,596</b>           | <b>26,711</b>      | <b>27,692</b>      |
| <b>College</b>                                    |                            |                         |                    |                    |
| <b>At 1 August</b>                                |                            |                         |                    |                    |
| Buildings   | 13,900                     | 8,315                   | <b>22,215</b>      | 19,934             |
| Equipment   | 1,222                      | 898                     | <b>2,120</b>       | 931                |
| <b>Total</b>                                      | <b>15,122</b>              | <b>9,213</b>            | <b>24,335</b>      | 20,865             |
| <b>Cash receivable</b>                            |                            |                         |                    |                    |
| Buildings   | (215)                      | 3,241                   | <b>3,026</b>       | 3,331              |
| Equipment   | 159                        | 341                     | <b>500</b>         | 1,576              |
| <b>Total</b>                                      | <b>(56)</b>                | <b>3,582</b>            | <b>3,526</b>       | 4,907              |
| <b>Released to income and expenditure account</b> |                            |                         |                    |                    |
| Buildings   | (737)                      | (661)                   | <b>(1,398)</b>     | (1,050)            |
| Equipment   | (214)                      | (376)                   | <b>(590)</b>       | (387)              |
| <b>Total</b>                                      | <b>(951)</b>               | <b>(1,037)</b>          | <b>(1,988)</b>     | (1,437)            |
| <b>At 31 July</b>                                 |                            |                         |                    |                    |
| Buildings   | 12,948                     | 10,895                  | <b>23,843</b>      | 22,215             |
| Equipment   | 1,167                      | 863                     | <b>2,030</b>       | 2,120              |
| <b>Total</b>                                      | <b>14,115</b>              | <b>11,758</b>           | <b>25,873</b>      | <b>24,335</b>      |



**NOTES TO THE ACCOUNTS** (continued)  
for the year ended 31 July 2009

**21. RESERVES**

|   | Year ended 31 July 2009 |                 | Year ended 31 July 2008 |                 |
|---|-------------------------|-----------------|-------------------------|-----------------|
|   | Consolidated<br>£000    | College<br>£000 | Consolidated<br>£000    | College<br>£000 |
| <b>Income and expenditure reserve</b>   |                         |                 |                         |                 |
| At 1 August                             | 18,121                  | 17,391          | 18,996                  | 18,479          |
| Movement on Heritage Asset Reserve      | 1,959                   | 1,959           | -                       | -               |
|   | <b>20,080</b>           | <b>19,350</b>   | 18,996                  | 18,479          |
| Surplus/(Deficit) retained for the year | 1,011                   | 904             | (875)                   | (1,088)         |
| At 31 July                              | <b>21,091</b>           | <b>20,254</b>   | 18,121                  | 17,391          |

**22. RECONCILIATION OF SURPLUS BEFORE TAX AND PROFIT ON DISPOSAL OF ASSETS TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

|   | Note | Year ended 31 July 2009 |                 | Year ended 31 July 2008 |                 |
|---|------|-------------------------|-----------------|-------------------------|-----------------|
|   |      | Consolidated<br>£000    | College<br>£000 | Consolidated<br>£000    | College<br>£000 |
| Surplus after depreciation of tangible fixed assets at valuation and before tax |      | 857                     | 893             | 416                     | 269             |
| Depreciation  | 11   | 3,930                   | 3,705           | 3,308                   | 3,097           |
| Deferred capital grants released to income                                      | 20   | (2,058)                 | (1,988)         | (1,507)                 | (1,437)         |
| Investment income   |      | (363)                   | (289)           | (1,958)                 | (1,865)         |
| Interest payable  | 7    | 476                     | 307             | 492                     | 315             |
| (Increase) in stocks  | 13   | (60)                    | (59)            | (122)                   | (122)           |
| Decrease/(increase) in debtors  | 14   | (63)                    | 228             | 125                     | 327             |
| (Decrease)/Increase in creditors  | 15   | (372)                   | (3,127)         | 618                     | 1,291           |
| (Decrease)/Increase in provisions   | 18   | (750)                   | (750)           | 750                     | 750             |
| <b>Net cash inflow/(outflow) from operating activities</b>                      |      | <b>1,597</b>            | <b>(1,080)</b>  | 2,122                   | 2,625           |

**23. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE**

|                         |   |              |             |       |       |
|-------------------------|---|--------------|-------------|-------|-------|
| Income from endowments  | 5 | 192          | 177         | 541   | 488   |
| Other interest received | 5 | 104          | 104         | 316   | 316   |
| Interest paid           | 7 | (476)        | (307)       | (492) | (315) |
|                         |   | <b>(180)</b> | <b>(26)</b> | 365   | 489   |

**24. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT**

|   |    |                |                |          |          |
|---|----|----------------|----------------|----------|----------|
| Payments made to acquire fixed assets   | 11 | (4,946)        | (4,905)        | (9,483)  | (9,483)  |
| Payment for endowment assets  | 12 | (3,171)        | (3,171)        | (1,074)  | (1,074)  |
| Total fixed and endowment assets acquired   |    | <b>(8,117)</b> | <b>(8,076)</b> | (10,557) | (10,557) |
| Proceeds from sales of endowment assets   |    | 3,171          | 3,171          | 4,577    | 4,577    |
| Deferred capital grants received  | 20 | 1,077          | 3,526          | 5,113    | 4,907    |
| New endowments received   | 19 | 163            | 242            | 274      | 78       |
| <b>Net cash (outflow)/inflow for capital expenditure and financial investment</b> |    | <b>(3,706)</b> | <b>(1,137)</b> | (593)    | (995)    |

**25. FINANCING**

|                                |  |       |       |       |       |
|--------------------------------|--|-------|-------|-------|-------|
| Repayments of amounts borrowed |  | (260) | (260) | (243) | (243) |
|--------------------------------|--|-------|-------|-------|-------|

**NOTES TO THE ACCOUNTS** (continued)  
for the year ended 31 July 2009

**26. ANALYSIS OF CHANGES IN NET DEBT**

|                           | At 1 August<br>2008<br>£000 | Cash<br>Flows<br>£000 | Non-cash<br>changes<br>£000 | At 31 July<br>2009<br>£000 |
|---------------------------|-----------------------------|-----------------------|-----------------------------|----------------------------|
| Cash at bank and in hand  |                             |                       |                             |                            |
| Endowments                | 6,047                       | 9                     | -                           | 6,056                      |
| Other                     | 1,531                       | (301)                 | -                           | 1,230                      |
|                           | 7,578                       | (292)                 | -                           | 7,286                      |
| Short-term investments    | 8,249                       | -                     | (2,257)                     | 5,992                      |
| Debts due within one year | (260)                       | 260                   | (271)                       | (271)                      |
| Debts due after one year  | (7,212)                     | -                     | 271                         | (6,940)                    |
|                           | 8,355                       | (32)                  | (2,257)                     | 6,067                      |

**27. CAPITAL COMMITMENTS**

Provision has not been made for the following capital commitments at 31 July 2009:

|                                   | Year ended 31 July 2009 |                 | Year ended           | 31 July 2008    |
|-----------------------------------|-------------------------|-----------------|----------------------|-----------------|
|                                   | Consolidated<br>£000    | College<br>£000 | Consolidated<br>£000 | College<br>£000 |
| Commitments contracted for        | 5,908                   | 5,908           | 1,396                | 1,396           |
| Authorised but not contracted for | 24,141                  | 24,141          | 10,600               | 10,600          |
|                                   | 30,049                  | 30,049          | 11,996               | 11,996          |

**28. AMOUNTS DISBURSED AS AGENT (CONSOLIDATED AND COLLEGE)**

|                                     | Year ended<br>£000 | 31 July 2009<br>£000 | Year ended<br>£000 | 31 July 2008<br>£000 |
|-------------------------------------|--------------------|----------------------|--------------------|----------------------|
| <b>Hardship funds</b>               |                    |                      |                    |                      |
| <b>Income</b>                       |                    |                      |                    |                      |
| Fund balance at 1 August 2008       | (10)               |                      | (12)               |                      |
| Funding Council grants              | 49                 |                      | 60                 |                      |
| Interest earned                     | -                  | 39                   | -                  | 48                   |
| <b>Expenditure</b>                  |                    |                      |                    |                      |
| Disbursed to students               | (49)               |                      | (58)               |                      |
| Fund running costs                  | -                  | (49)                 | -                  | (58)                 |
| <b>Fund balance at 31 July 2009</b> |                    | <b>(10)</b>          |                    | <b>(10)</b>          |

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

**29. DISCLOSURE OF RELATED PARTY TRANSACTIONS**

The College has taken advantage of the exemption conferred by Financial Reporting Standard No 8, 'Related Party Disclosures', to disclose transactions with 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. During the year Immexis paid the College £2,000 and the amount due from Immexis at the year end is £nil (2008: £nil).

The College has a 2.92% shareholding in Medcell BioSciences Ltd. At the Balance Sheet date, Medcell owed the College £52,107. Subsequently, the College has been notified that this debt is unlikely to be paid. The debt is shown at its full value within trade debtors, and has not been adjusted for.

**NOTES TO THE ACCOUNTS (continued)**  
for the year ended 31 July 2009

**29. DISCLOSURE OF RELATED PARTY TRANSACTIONS (continued)**

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 £15,000 (2008: £15,000). The balance of the loan outstanding at 31 July 2009 was £300,000. The loan will be repaid on the event that the property is sold, or at the time the Principal's contract with the College ends, whichever is sooner.

**30. SUBSIDIARY UNDERTAKINGS**

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. The Royal Veterinary College Animal Care Trust (charity 281571) is a wholly owned charitable trust of the College whose function is to support the College activities.

Royal Veterinary College (Hong Kong) Limited (Company Number 1337151) is a wholly owned subsidiary company registered in Hong Kong. Its main business is to facilitate educational activities.

**31. 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).

The total pensions cost for the College and its subsidiaries was:

|   | <b>2009</b>  | <b>2008</b>  |
|---|--------------|--------------|
|   | <b>£000</b>  | <b>£000</b>  |
| USS contributions paid  | 1,992        | 2,008        |
| SAUL contribution paid  | 854          | 826          |
| Other pension payment   | 1            | 1            |
| <b>Total Consolidated Pension costs (note 6)</b>                            | <b>2,847</b> | <b>2,839</b> |
| USS premature retirement payments included in restructuring costs in note 6 | -            | 74           |

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            |
|---|-----------------|-----------------|
|   | 31 Mar 2008     | 31 Mar 2008     |
| Latest actuarial valuations   | 31 Mar 2008     | 31 Mar 2008     |
| Investment returns per annum  | 6.4%            | 6.9%            |
| Salary Increase per annum   | 4.3%            | 4.85%           |
| Pension increase per annum  | 3.3%            | 3.35%           |
| Market value of assets at last valuation                                    | £28,843 million | £1,266 million  |
| Past service liabilities at last valuation                                  | £28,135 million | £ 1,265 million |
| Percentage of members accrued benefits covered by actuarial value of assets | 79%             | 100%            |
| Current employer contribution rate  | 16%             | 13%             |
| Contribution for future service   | 16%             | 13.0%           |
| Next actuarial valuations   | 31 March 2011   | 31 March 2011   |

USS contributions for the year ended 31 July 2009 were 14%. The rate increased to 16% on 1<sup>st</sup> October 2009. Surpluses or deficits which arise at future valuations may impact on the employers future contribution commitment. Both Schemes are being formally reviewed to ensure they are sustainable in the long term.

The Royal Veterinary College  
**UNAUDITED CONSOLIDATED FINANCIAL SUMMARIES**

|  | 2009          | 2008          | 2007          | 2006          | 2005          |
|--|---------------|---------------|---------------|---------------|---------------|
|  | £000          | £000          | £000          | £000          | £000          |
| <b>INCOME &amp; EXPENDITURE ACCOUNT</b>                                  |               |               |               |               |               |
| <b>INCOME</b>  |               |               |               |               |               |
| Funding body grants  | 29,420        | 26,614        | 23,551        | 20,985        | 18,874        |
| Tuition fees and education contracts                                     | 6,570         | 5,623         | 4,903         | 4,049         | 3,572         |
| Research grants and contracts  | 9,998         | 8,495         | 8,708         | 6,195         | 4,781         |
| Other income   | 15,893        | 15,094        | 13,455        | 12,413        | 10,469        |
| Endowment and investment income  | 760           | 2,524         | 847           | 743           | 893           |
| <b>TOTAL INCOME</b>  | <b>62,641</b> | <b>58,350</b> | <b>51,464</b> | <b>44,385</b> | <b>38,589</b> |
| <b>EXPENDITURE</b>   |               |               |               |               |               |
| Staff costs  | 35,335        | 31,971        | 27,927        | 24,630        | 21,250        |
| Other operating expenses   | 22,043        | 22,163        | 18,486        | 14,914        | 13,258        |
| Depreciation   | 3,930         | 3,308         | 3,018         | 3,078         | 2,811         |
| Interest and other finance costs   | 476           | 492           | 505           | 511           | 486           |
| <b>TOTAL EXPENDITURE</b>   | <b>61,784</b> | <b>57,934</b> | <b>49,936</b> | <b>43,133</b> | <b>37,805</b> |
| Surplus after depreciation of tangible assets at valuation and after tax | 857           | 416           | 1,528         | 1,252         | 784           |
| Profit on Disposal of Assets   | -             | -             | 1,966         | -             | -             |
| Surplus before transfer to specific endowments                           | 857           | 416           | 3,494         | 1,252         | 784           |
| Transfer from/(to) specific endowments                                   | 154           | (1,291)       | (693)         | 5             | 122           |
| <b>SURPLUS RETAINED WITHIN GENERAL RESERVES</b>                          | <b>1,011</b>  | <b>(875)</b>  | <b>2,801</b>  | <b>1,258</b>  | <b>906</b>    |
| <b>BALANCE SHEET</b>   |               |               |               |               |               |
| Fixed asset and investments  | 54,749        | 51,707        | 43,884        | 41,571        | 41,530        |
| Endowment assets investments   | 11,288        | 11,924        | 14,409        | 11,646        | 10,174        |
| Cash at bank and in hand and short term deposits                         | 7,222         | 9,780         | 9,851         | 4,779         | 1,728         |
| Net non cash current liabilities   | (7,229)       | (7,712)       | (7,075)       | (4,167)       | (2,978)       |
| Long term loans, creditors and provisions                                | (6,940)       | (7,962)       | (7,471)       | (7,715)       | (7,983)       |
| <b>TOTAL NET ASSETS</b>  | <b>59,090</b> | <b>57,737</b> | <b>53,598</b> | <b>46,114</b> | <b>42,471</b> |
| Deferred capital grants  | 26,711        | 27,692        | 21,841        | 19,921        | 19,007        |
| Endowment funds  | 11,288        | 11,924        | 14,409        | 11,646        | 10,174        |
| Retained earnings  | 21,091        | 18,121        | 17,348        | 14,547        | 13,290        |
| <b>TOTAL FUNDS</b>   | <b>59,090</b> | <b>57,737</b> | <b>53,598</b> | <b>46,114</b> | <b>42,471</b> |

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