



Royal Veterinary College
University of London

Financial Statements
2002

CONSOLIDATED FINANCIAL SUMMARIES

	2002 £000	2001 £000	2000 £000	1999 £000	1998 £000
INCOME AND EXPENDITURE ACCOUNT					
Funding Council grants	12,166	10,886	10,241	8,671	7,688
Academic fees and support grants	3,168	2,926	2,627	2,378	2,717
Research grants and contracts	4,272	3,993	4,105	3,745	3,254
Other operating income	7,655	6,843	5,316	4,560	4,031
Endowment income and interest receivable	693	1,154	941	892	1,383
TOTAL INCOME	27,954	25,802	23,230	20,246	19,073
Staff Costs	14,852	13,379	12,499	10,901	10,346
Depreciation	1,687	1,403	1,250	1,208	1,200
Other operating expenses	10,395	9,645	7,745	7,254	6,860
Interest payable	383	121	-	-	-
TOTAL EXPENDITURE	27,317	24,548	21,494	19,363	18,406
(Loss) / Profit on sale of fixed assets and investments	(42)	44	105	60	124
SURPLUS FOR THE YEAR	595	1,298	1,841	943	791

BALANCE SHEET

Fixed assets and investments	31,030	24,041	19,031	18,446	15,015
Endowment asset investments	6,111	9,236	6,915	5,910	5,535
Cash at bank and in hand	2,307	3,163	2,154	735	3,858
Net non cash current (liabilities) / assets	(2,533)	(1,989)	(1,922)	(1,318)	(1,090)
Long term loans, creditors and provisions	(6,982)	(5,237)	(1,426)	(1,645)	(1,846)
TOTAL NET ASSETS	29,933	29,214	24,752	22,128	21,472
Deferred capital grants	13,115	9,580	8,603	9,114	9,858
Endowment funds	6,111	9,236	6,915	5,910	5,535
Retained earnings	10,707	10,398	9,234	7,104	6,079
TOTAL FUNDS	29,933	29,214	24,752	22,128	21,472

TREASURER'S REPORT

for the year ended 31 July 2002

1 SCOPE OF FINANCIAL STATEMENTS

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

2 RESULTS FOR THE YEAR

	2002	2001
	£000	£000
Income	27,954	25,802
Expenditure	(27,317)	(24,548)
Sale of investments	(42)	44
Surplus for the year	595	1,298

The consolidated surplus includes sums intended for strategic development aimed at further improving the academic performance of the College.

3 INCOME

Total income for the year rose by 11% (2001: 11%). Funding Council grants showed an overall increase of 12% (2001: 6%). 4% (2001: 4%) of the increase in Funding Council grants is as a result of additional student numbers. The increase in student numbers is also reflected in a 16% (2001: 16%) rise in home full-time student fees.

The College's continued success in bidding for additional funded student numbers under the Higher Education Funding Council for England (HEFCE) scheme has a significant beneficial effect on the College's financial position.

The 10% (2001: 12%) increase in full-time overseas and full cost fees reflects the College's continued strong position in the North American market.

Income from research grants and contracts increased by 7% (2001: (3%)). Income resulting from clinical and related earnings increased by 1% (2001: 30%).

4 EXPENDITURE

Overall expenditure increased by 11% (2001: 11%), staff costs rose by 11% (2001: 7%) as a result of the continued increase in academic and academic-related staff, recruited to cope with additional student numbers. Other operating expenses increased by 8% (2001: 25%) mainly due to additional expenditure on estates projects and minor works.

Depreciation charged to general income rose from £868,000 in 2001 to £1,055,000 in 2002.

5 INVESTMENTS

The closing market value of the College's investment portfolio was £6,948,000 (2001: £10,779,000). This is a result of a withdrawal of £1,100,000 as well as poor prevailing market conditions.

6 CAPITAL PROJECTS

Phase 2 of the London BioScience Innovation Centre in the MacFadyean Building was completed. Enabling works for the Large Animal Clinical Centre began in July 2001 having been delayed by the outbreak of foot and mouth disease. Work has begun on the Learning Resources Centre in Hawkshead.

Major works also included Campus infrastructure for Hawkshead; and refurbishment and reorganisation of offices and laboratories at both Camden and Hawkshead.

7 CASH FLOW

Net cash inflow was (£1,268,000) (2001: £73,000) caused predominantly by the major outflow on capital expenditure. Closing net funds stood at (£4,199,000) (2001: £1,309,000).

8 FUTURE DEVELOPMENTS

The main challenge for the College in the immediate future continues to be the securing of adequate funding for capital projects. The College will continue to expand its infrastructure to provide excellent facilities for teaching, research and clinical services, to support additional student numbers and research programmes.

9 CONCLUSION

2002 can be regarded as having been financially satisfactory. However, it is projected that from March 2003 to September 2003, the cashflows will be in deficit. This is a result of a shortfall of funding of capital projects. The College is addressing this by means of obtaining short-term bridging finance. The College remains financially sound and in a strong position to meet future challenges.

INCOME AND EXPENDITURE ACCOUNTS

for the year ended 31 July 2002

	Note	Consolidated		College	
		2002 £000	2001 £000	2002 £000	2001 £000
INCOME					
Funding Council Grants	1	12,166	10,886	12,166	10,886
Academic Fees and Support Grants	2	3,168	2,926	3,168	2,926
Research Grants and Contracts	3	4,272	3,993	4,272	3,993
Other Operating Income	4	7,655	6,843	7,241	6,787
Endowment Income and Interest Receivable	5	693	1,154	481	726
		27,954	25,802	27,328	25,318
EXPENDITURE					
Staff Costs	6	14,852	13,379	14,726	13,259
Depreciation	8	1,687	1,403	1,579	1,403
Other Operating Expenses	7	10,395	9,645	9,677	9,349
Interest Payable	9	383	121	335	121
		27,317	24,548	26,317	24,132
(Loss) / Profit on Sale of Investments		(42)	44	(42)	44
SURPLUS FOR THE YEAR	21	595	1,298	969	1,230

The consolidated income and expenditure relates wholly to continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Surplus for the year	21	595	1,298	969	1,230
Unrealised (loss) / gain on fixed asset investments	19	(286)	(135)	(286)	(135)
Unrealised (loss) / gain on endowment asset investments	20	(1,310)	(737)	(1,310)	(719)
Endowment (expenditure) / income retained for year	20	(2,600)	(144)	67	32
New endowments	20	951	3,067	191	2,434
(Loss) / Profit on disposal of endowment assets	20	(166)	135	(172)	122
TOTAL RECOGNISED GAINS FOR THE YEAR		(2,816)	3,484	(541)	2,964
Prior year adjustments		-	232	-	232
		(2,816)	3,716	(541)	3,196

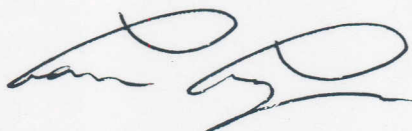
There is no difference between the surplus in each year and their historical cost equivalents.

BALANCE SHEETS

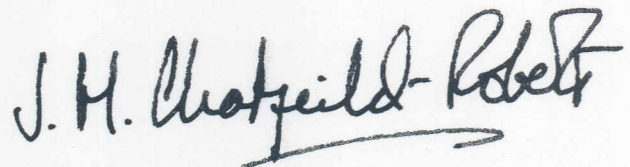
as at 31 July 2002

	Note	Consolidated		College	
		2002 £000	2001 £000	2002 £000	2001 £ 000
FIXED ASSETS					
Tangible assets	12	29,650	22,498	25,135	20,226
Investments	10	1,380	1,543	1,480	1,643
		31,030	24,041	26,615	21,869
Endowment asset investments	13	6,111	9,236	5,180	6,404
		37,141	33,277	31,795	28,273
CURRENT ASSETS					
Stocks	14	420	355	407	344
Debtors	15	2,229	3,093	3,856	3,902
Short term deposits		1,109	2,488	1,652	4,828
Cash at bank and in hand		1,198	675	1,038	660
		4,956	6,611	6,953	9,734
Creditors: due within one year	16	(5,182)	(5,437)	(6,150)	(8,267)
Net current assets		(226)	1,174	803	1,467
Total assets less current liabilities		36,915	34,451	32,598	29,740
Creditors: due after more than one year	17	(6,876)	(4,046)	(4,865)	(3,986)
Provisions for liabilities and charges	18	(106)	(1,191)	(106)	(1,191)
TOTAL NET ASSETS		29,933	29,214	27,627	24,563
Represented by:					
DEFERRED CAPITAL GRANTS	22	13,115	9,580	11,790	8,185
ENDOWMENTS					
Specific	20	4,589	7,449	3,658	4,617
General	20	1,522	1,787	1,522	1,787
		6,111	9,236	5,180	6,404
RESERVES					
Income and expenditure account	21	10,989	10,394	10,939	9,970
Revaluation - fixed asset investments	19	(282)	4	(282)	4
TOTAL FUNDS		29,933	29,214	27,627	24,563

The financial statements on pages 3 to 16 were approved by the Council on 11 December 2002 and signed on its behalf by:



Professor L E Lanyon
Principal



J H Chatfield - Roberts
Chairman of Finance Committee

CASH FLOW STATEMENTS

for the year ended 31 July 2002

	Note	Consolidated		College	
		2002	2001	2002	2001
		£000	£000	£000	£000
Net cash inflow / (outflow) from operating activities	23	1,293	1,695	(1,101)	1,593
Returns on investments and servicing of finance	24	(8)	275	(54)	213
Capital expenditure and financial investment	25	(6,793)	(4,355)	(2,553)	(4,247)
Cash outflow before liquid resources and financing		(5,508)	(2,385)	(3,708)	(2,441)
Management of liquid resources - short-term deposits		1,379	(1,429)	3,176	(1,922)
Financing loan and finance lease	26	2,861	3,887	910	3,952
(DECREASE) / INCREASE IN CASH		(1,268)	73	378	(411)

RECONCILIATION OF CASH FLOW TO MOVEMENT IN FUNDS

(Decrease) / Increase in cash in the period	(1,268)	73	378	(411)
(Decrease) / Increase in short term deposits	(1,379)	1,429	(3,176)	1,922
Repayment of loan and finance lease	150	113	90	48
New loans	(3,011)	(4,000)	(1,000)	(4,000)
Changes in net funds	(5,508)	(2,385)	(3,708)	(2,441)
Opening net funds	1,309	3,695	1,420	3,861
CLOSING NET (DEFICIT) FUNDS	(4,199)	1,310	(2,288)	1,420

	Opening Balance £000	Cash Flows £000	Other Changes £000	Closing Balance £000
CHANGES IN NET FUNDS - Consolidated				
Endowment short term deposits	2,340	(1,797)	-	543
Other cash	674	524	-	1,198
Short term deposits	2,488	(1,379)	-	1,109
Loan and finance lease repayable within one year	(147)	155	(181)	(173)
Loan and finance lease repayable after one year	(4,046)	(3,011)	181	(6,876)
	1,309	(5,508)	-	(4,199)

CHANGES IN NET FUNDS - College				
Other cash	660	378	-	1,038
Short term deposits	4,828	(3,176)	-	1,652
Loan and finance lease repayable within one year	(82)	90	(121)	(113)
Loan and finance lease repayable after one year	(3,986)	(1,000)	121	(4,865)
	1,420	(3,708)	-	(2,288)

NOTES TO THE ACCOUNTS

for the year ended 31 July 2002

	Note	Consolidated		College	
		2002 £000	2001 £000	2002 £000	2001 £000
1 FUNDING COUNCIL GRANTS					
Recurrent grants		10,738	10,379	10,738	10,379
Specific grants		1,117	223	1,117	223
Deferred capital grants released in year: buildings	22	311	284	311	284
		12,166	10,886	12,166	10,886
2 ACADEMIC FEES AND SUPPORT GRANTS					
Student fees - full-time		904	849	904	849
Student fees - full-time overseas and full cost		2,055	1,876	2,055	1,876
Student fees - part-time		78	74	78	74
Research training support grants		36	38	36	38
Short course fees		95	89	95	89
		3,168	2,926	3,168	2,926
3 RESEARCH GRANTS AND CONTRACTS					
Income from research grants		2,520	2,291	2,520	2,291
Income from research contracts		1,752	1,702	1,752	1,702
		4,272	3,993	4,272	3,993
Research Councils		718	486	718	486
UK based charities		1,489	1,529	1,489	1,529
UK government bodies		535	622	535	622
UK industry and commerce		1,096	766	1,096	766
EU government bodies		77	163	77	163
EU business		248	267	248	267
Outside EU		109	160	109	160
		4,272	3,993	4,272	3,993
4 OTHER OPERATING INCOME					
Residences, catering and conference		877	475	877	475
Clinical and related earnings		6,745	6,331	6,367	6,296
Rent and other income		33	37	(3)	16
		7,655	6,843	7,241	6,787

NOTES TO THE ACCOUNTS

for the year ended 31 July 2002

	Note	Consolidated		College	
		2002	2001	2002	2001
5 ENDOWMENT INCOME AND INTEREST RECEIVABLE		£000	£000	£000	£000
Transferred from specific endowments	20	59	285	57	47
Income from short-term investments	24	157	255	157	255
Release from deferred capital grant	22	321	251	251	251
Donations, gifts and legacies received		156	363	16	173
		693	1,154	481	726

6 STAFF COSTS AND STATISTICS

Wages and salaries		12,655	11,418	12,549	11,308
Social security costs		857	819	849	815
Pension costs	30	1,340	1,142	1,328	1,136
	8	14,852	13,379	14,726	13,259

Excluding employer's pension contributions of £18,000 (2001 - £17,000)

AVERAGE STAFF NUMBERS

	Number	Number	Number	Number
Academic	166	174	166	174
Technicians	114	118	114	118
Administrative and academic related	140	125	136	121
Maintenance and manual	47	34	46	34
	467	451	462	447

Remuneration of higher paid staff

£50,001 - £60,000	9	10	9	10
£60,001 - £70,000	8	7	8	7
£70,001 - £80,000	5	-	5	-
£80,001 - £90,000	1	-	1	-

Emoluments of the Principal	132	124	132	124
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7 OTHER OPERATING EXPENSES

	£000	£000	£000	£000
Catering provisions	227	153	227	153
Consumables and laboratory expenses	2,388	2,346	2,375	2,346
Stationery and publications	729	594	714	558
Student and educational expenditure	758	710	758	710
Rates, cleaning and insurance	509	362	386	362
Electricity, gas, oil and water	481	437	461	427
Small equipment and repairs	1,133	1,195	1,116	1,073
Minor works and maintenance	1,393	1,608	1,142	1,603
External auditors' remuneration - audit fees	23	23	21	21
Legal and other outside consultancy	1,310	1,096	1,135	1,044
Travelling and subsistence	818	645	808	638
Telephone, fax and postage	464	347	436	340
Miscellaneous expenses	162	129	98	74
	10,395	9,645	9,677	9,349

NOTES TO THE ACCOUNTS

for the year ended 31 July 2002

	Staff £000	Depn £000	Other Exp £000	Interest £000	Consolidated	
					2002 Total £000	2001 Total £000
8 EXPENDITURE BY ACTIVITIES						
Academic departments	5,369	224	1,493	-	7,086	6,796
Academic services	1,188	153	915	-	2,256	1,980
Research grants and contracts	1,788	-	1,901	-	3,689	3,411
Residences and catering	276	2	340	329	947	560
Premises and maintenance	866	1,004	1,960	-	3,830	4,016
Administration	1,540	55	1,190	-	2,785	2,353
Clinical and other services	3,825	249	2,596	54	6,724	5,432
Consolidated Total	14,852	1,687	10,395	383	27,317	24,548
College Total	14,726	1,579	9,677	335	26,317	24,132

Depreciation charge is funded by:

Deferred capital grant	632	535
General income	1,055	868

	Consolidated		College	
	2002 £000	2001 £000	2002 £000	2001 £000
9 INTEREST PAYABLE				
Bank loans not wholly repayable within 5 years	377	115	329	115
Finance lease	6	6	6	6
	383	121	335	121
10 FIXED ASSET INVESTMENTS				
Historical Cost at 1 August	1,539	1,294	1,539	1,294
Additions	977	502	977	502
Disposals	(854)	(257)	(854)	(257)
Cumulative Market Value Adjustment	(282)	4	(282)	4
Market Value at 31 July	1,380	1,543	1,380	1,543
100% Shares in London Bioscience Innovation Centre Ltd	-	-	100	100
	1,380	1,543	1,480	1,643

11 London BioScience Innovation Centre Ltd (company number 04013123) was formed on 12 June 2000. It is a wholly owned subsidiary company registered in England and Wales. Its main business is to facilitate Biotechnology start up companies.

NOTES TO THE ACCOUNTS
for the year ended 31 July 2002

12 TANGIBLE ASSETS -CONSOLIDATED	Freehold Properties	Furniture and Equipment	2002 Total	2001 Total
COST	£000	£000	£000	£000
Opening balance	27,508	1,406	28,914	23,011
Additions	8,356	482	8,838	6,303
Disposals	(97)	(456)	(553)	(400)
Closing balance	35,767	1,432	37,199	28,914
DEPRECIATION				
Opening Balance	(5,795)	(621)	(6,416)	(5,413)
Charge for the year	(1,084)	(603)	(1,687)	(1,403)
Eliminated on disposals	98	456	554	400
Closing Balance	(6,781)	(768)	(7,549)	(6,416)
Net Book Value at 31 July 2002	28,986	664	29,650	22,498
Net Book Value at 1 August 2001	21,713	785	22,498	17,598

Freehold properties include £7,933,000 (2001 - £6,012,000) building work in progress which is not depreciated. The net book value of an asset held under a finance lease within furniture and equipment is £49,600 (2001 - £74,000). Depreciation on owned assets was £1,554,000 (2001 - £1,378,000) and on leased assets was £25,000 (2001 - £25,000).

TANGIBLE ASSETS -COLLEGE	Freehold Properties	Furniture and Equipment	2002 Total	2001 Total
COST	£000	£000	£000	£000
Cost at 1 August 2001	25,236	1,406	26,642	23,011
Additions	6,005	482	6,487	4,031
Disposals	(97)	(456)	(553)	(400)
Cost at 31 July 2002	31,144	1,432	32,576	26,642
DEPRECIATION				
Depreciation at 1 August 2001	(5,795)	(621)	(6,416)	(5,413)
Charge for the year	(976)	(603)	(1,579)	(1,403)
Eliminated on disposals	98	456	554	400
Depreciation at 31 July 2002	(6,673)	(768)	(7,441)	(6,416)
Net Book Value at 31 July 2002	24,471	664	25,135	20,226
Net Book Value at 31 July 2001	19,441	785	20,226	17,598

Freehold properties include £6,042,000 (2001 - £3,740,000) building work in progress which is not depreciated. The net book value of an asset held under a finance lease within furniture and equipment is £49,600 (2001 - £74,000). Depreciation on owned assets was £1,554,000 (2001 - £1,378,000) and on leased assets was £25,000 (2001 - £25,000).

NOTES TO THE ACCOUNTS
for the year ended 31 July 2002

	Consolidated		College	
	2002	2001	2002	2001
13 ENDOWMENT ASSET INVESTMENTS	£000	£000	£000	£000
Historical Cost at 1 August	8,958	5,900	6,146	3,558
Additions	3,613	3,459	3,613	3,295
Disposals	(3,630)	(894)	(3,526)	(707)
Cumulative Market Value Adjustment	1,072	278	1,052	258
Cash Movement	(3,902)	493	(2,105)	-
Market Value at 31 July	6,111	9,236	5,180	6,404
Represented by				
Fixed Interest Stocks	730	940	342	448
Equities	4,838	5,956	4,838	5,956
Cash at Bank	543	2,340	-	-
Market Value at 31 July	6,111	9,236	5,180	6,404
14 STOCKS				
Consumables	287	240	274	229
Farm Stocks	133	115	133	115
	420	355	407	344
15 DEBTORS: DUE WITHIN ONE YEAR				
Trade debtors	1,375	1,343	1,236	1,326
Research grant debtors	645	903	645	903
London Bioscience Innovation Centre Ltd	-	-	1,770	1,397
Taxes receivable	177	143	173	139
Prepaid expenses and other debtors	32	704	32	137
	2,229	3,093	3,856	3,902
16 CREDITORS: DUE WITHIN ONE YEAR				
Unsecured loan and finance lease	(173)	(147)	(113)	(82)
Trade creditors	(1,690)	(2,063)	(1,690)	(2,063)
Animal Care Trust	-	-	(1,025)	(2,915)
Research grants creditors	(2,809)	(2,664)	(2,809)	(2,664)
Taxes payable	(293)	(311)	(298)	(293)
Other creditors	(192)	(184)	(192)	(184)
Accruals and deferred income	(25)	(68)	(23)	(66)
	(5,182)	(5,437)	(6,150)	(8,267)

NOTES TO THE ACCOUNTS

for the year ended 31 July 2002

	Consolidated		College	
	2002 £000	2001 £000	2002 £000	2001 £000
17 CREDITORS: DUE AFTER ONE YEAR				
Unsecured loans	(6,847)	(3,988)	(4,836)	(3,928)
Obligations under finance lease	(29)	(58)	(29)	(58)
	(6,876)	(4,046)	(4,865)	(3,986)
Unsecured Loans Repayable				
Between 1 and 2 years	(90)	(127)	(90)	(67)
Between 2 and 5 years	(578)	(231)	(312)	(231)
In 5 or more years	(6,179)	(3,630)	(4,434)	(3,630)
	(6,847)	(3,988)	(4,836)	(3,928)
Finance Lease Repayable				
Between 1 and 2 years	(29)	(29)	(29)	(29)
Between 2 and 5 years	-	(29)	-	(29)
	(29)	(58)	(29)	(58)

The unsecured loans are two fixed interest loans for 25 years with Royal Bank of Scotland. Interest is fixed at 7.075625% and 7.505625% respectively; One 15 year Bank of Scotland loan at 2% above the Base Rate,

	Opening Balance £000	(Increase) / Decrease £000	Written off to reserve £000	Closing Balance £000
	18 PROVISIONS FOR LIABILITIES AND CHARGES			
Consolidated and College				
Unutilised backlog maintenance grant (KDK)	(1,075)	1,075	-	-
Contractual early retirement pension	(116)	10	-	(106)
	(1,191)	1,085	-	(106)

The HEFCE has agreed to transfer the overpaid backlog maintenance grant to the Learning Resource Centre currently under construction. The other provision is a contractual early retirement pension enhancement relating to the Principal.

19 REVALUATION - FIXED ASSET INVESTMENTS				
Opening Balance	(4)	(139)	(4)	(139)
Current year movement	286	135	286	135
Closing Balance	282	(4)	282	(4)

NOTES TO THE ACCOUNTS

for the year ended 31 July 2002

	Specific £000	General £000	2002 Total £000	2001 Total £000
20 ENDOWMENTS -CONSOLIDATED				
Opening Balance	(7,449)	(1,787)	(9,236)	(6,915)
Additions	(822)	(129)	(951)	(3,067)
Market value adjustment	930	380	1,310	737
(Loss) / Profit on disposal	116	50	166	(135)
Income for the year	(182)	(36)	(218)	(141)
Transfer to Deferred Capital Grant	2,759	-	2,759	-
Transfer to Income and Expenditure Account	59	-	59	285
Closing Balance	(4,589)	(1,522)	(6,111)	(9,236)
Represented by				
Prize and scholarships	(3,494)	-	(3,494)	(4,461)
Other restricted funds	(1,095)	(1,522)	(2,617)	(4,775)
Closing Balance	(4,589)	(1,522)	(6,111)	(9,236)
 ENDOWMENTS -COLLEGE				
Opening Balance	(4,617)	(1,787)	(6,404)	(4,535)
Additions	(62)	(129)	(191)	(2,434)
Market value adjustment	930	380	1,310	719
Loss / (Profit) on disposal	122	50	172	(122)
Income for the year	(88)	(36)	(124)	(79)
Transfer to Income and Expenditure Account	57	-	57	47
Closing Balance	(3,658)	(1,522)	(5,180)	(6,404)
REPRESENTED BY				
Prize funds	(3,494)	-	(3,494)	(4,461)
Other restricted funds	(164)	(1,522)	(1,686)	(1,943)
Closing Balance	(3,658)	(1,522)	(5,180)	(6,404)
 21 INCOME AND EXPENDITURE ACCOUNT				
	Consolidated		College	
	2002	2001	2002	2001
	£000	£000	£000	£000
Opening Balance	(10,394)	(9,096)	(9,970)	(8,740)
Current year movement	(595)	(1,298)	(969)	(1,230)
Closing Balance	(10,989)	(10,394)	(10,939)	(9,970)

NOTES TO THE ACCOUNTS

for the year ended 31 July 2002

	Funding Council	Other Donors	2002 Total	2001 Total
	£000	£000	£000	£000
22 DEFERRED CAPITAL GRANTS - CONSOLIDATED				
Opening Balance: Buildings	(4,602)	(4,900)	(9,502)	(8,603)
Opening Balance: Equipment	-	(78)	(78)	-
	(4,602)	(4,978)	(9,580)	(8,603)
Cash Received: Buildings	(1,333)	(2,834)	(4,167)	(1,395)
Cash Received: Equipment	-	-	-	(117)
Released to I & E Account - Buildings	311	282	593	496
Released to I & E Account - Equipment	-	39	39	39
Closing Balance: Buildings	(5,624)	(7,452)	(13,076)	(9,502)
Closing Balance: Equipment	-	(39)	(39)	(78)
	(5,624)	(7,491)	(13,115)	(9,580)
DEFERRED CAPITAL GRANTS - COLLEGE	£000	£000	£000	£000
Opening Balance: Buildings	(4,602)	(3,505)	(8,107)	(8,603)
Opening Balance: Equipment	-	(78)	(78)	-
	(4,602)	(3,583)	(8,185)	(8,603)
Cash Received: Buildings	(1,333)	(2,834)	(4,167)	-
Cash Received: Equipment	-	-	-	(117)
Released to I & E Account - Buildings	311	212	523	496
Released to I & E Account - Equipment	-	39	39	39
Closing Balance: Buildings	(5,624)	(6,127)	(11,751)	(8,107)
Closing Balance: Equipment	-	(39)	(39)	(78)
	(5,624)	(6,166)	(11,790)	(8,185)
23 RECONCILIATION OF OPERATING SURPLUS TO	Consolidated		College	
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES <small>€ Note</small>	2002	2001	2002	2001
	£000	£000	£000	£000
Surplus before tax	595	1,298	969	1,230
Interest payment on loans & finance lease	383	121	335	121
Depreciation	12	1,687	1,403	1,579
Deferred capital grants released	22	(632)	(535)	(562)
Investment income	5	(216)	(540)	(214)
Loss / (Profit) on sale of fixed asset investments		42	(44)	42
Decrease / (Increase) in stocks		(65)	11	(63)
Decrease / (Increase) in debtors		864	(1,073)	46
(Decrease) / Increase in creditors		(280)	1,077	(2,148)
(Decrease) / Increase in provisions		(1,085)	(23)	(1,085)
Net cash inflow / (outflow) from operating activities	1,293	1,695	(1,101)	1,593

NOTES TO THE ACCOUNTS

for the year ended 31 July 2002

	Note	Consolidated		College	
		2002 £000	2001 £000	2002 £000	2001 £000
24 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Income from endowments	20	218	141	124	79
Income from short term investments	5	157	255	157	255
Interest paid		(383)	(121)	(335)	(121)
		(8)	275	(54)	213
25 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT					
Payment for tangible assets	12	(8,838)	(6,303)	(6,487)	(4,031)
Payment for fixed asset investments	10	(977)	(502)	(977)	(602)
Payment for endowment assets	13	(3,613)	(3,459)	(3,613)	(3,295)
Total fixed and endowment assets acquired		(13,428)	(10,264)	(11,077)	(7,928)
Proceeds from sale of fixed asset investments		812	301	812	301
Proceeds from sales of endowment assets		3,464	1,029	3,354	829
Deferred capital grants received	22	1,408	1,512	4,167	117
Endowments received	20	951	3,067	191	2,434
		(6,793)	(4,355)	(2,553)	(4,247)
26 FINANCING					
New finance lease and loans		3,011	4,000	1,000	4,000
Capital repayment		(150)	(113)	(90)	(48)
Net cash inflow / (outflow) from financing		2,861	3,887	910	3,952
27 CAPITAL COMMITMENTS					
Contracted at 31 July		2,723	1,135	2,723	1,135
28 ACCESS FUNDS					
Funding Council Grants		36	32	36	32
Distributed to students		(24)	(30)	(24)	(30)
At 31 July		12	2	12	2

The unsecured loans are two fixed interest loans for 25 years with Royal Bank of Scotland. Interest is fixed at 7.075625% and 7.505625% respectively.

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

29 RELATED PARTY DISCLOSURES

The College has taken advantage of the exemption conferred by Financial Reporting Standard No 8, 'Related Party Disclosures', not to disclose transactions with related parties which are eliminated on consolidation.

NOTES TO THE ACCOUNTS

for the year ended 31 July 2002

30 PENSION SCHEMES

The College participates in two centralised defined benefit schemes with the assets held in separate Trustee-administered funds. The College has now adopted FRS17 for accounting for pension costs. It is not possible to identify the College's share of the underlying assets and liabilities of the schemes, therefore contributions are accounted for as if they were defined contribution schemes. The pension costs are based on the amounts actually paid in accordance with paragraphs 8 - 12 of FRS17. The existing prepayment at the point of transition was written off by recognising a corresponding actuarial gain in the statement of recognised gains and losses.

The schemes are subject to triennial valuations by professional qualified and independent actuaries. The last available valuations were carried out as at 31 March 1999 using the projected unit credit methods in which the actuarial liabilities allow for projected earnings. The following assumptions were used to assess the past service funding positions:

	USS	SAUL
Latest actuarial valuations	31 Mar 1999	31 Mar 1999
Investment returns per annum	4.5%	4.5%
Salary Increase per annum	3.6%	4.1%
Pension increase per annum	2.5%	2.6%
Market value of assets at last valuation	£18,870 million	£847 million
Percentage of members accrued benefits covered by actuarial value of assets	108%	120%
Current employer contribution rate	14%	10.5%
Contribution for future service	16.3%	14.4%
Next actuarial valuations	31 March 2002	31 March 2002

The past service allows employers to pay contributions at 14% for USS and 10.5% for SAUL. Surpluses or deficits which arise at future valuations may impact on the employer's future contribution commitment. The next formal actuarial valuations are due at 31 March 2002 when the contribution rates will be reviewed.

	Note	2002 £000	2001 £000
USS contributions		936	847
USS premature retirement provision		(10)	(22)
SAUL contributions		410	313
Other pension payment		3	4
Total Consolidated Pension Costs	6	1,339	1,142

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

for the year ended 31 July 2002

1 ACCOUNTING CONVENTION

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

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 Student Union Society has not been consolidated. The College has no financial interest and no control or significant influence over the Society's policy decisions.

3 RECOGNITION OF INCOME

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

4 PENSION COSTS

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

5 CASH FLOWS AND LIQUID RESOURCES

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

6 FOREIGN CURRENCIES

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

7 FIXED ASSETS

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

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

8 LEASES

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

9 INVESTMENTS

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

10 STOCKS

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

11 TAXATION STATUS

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

RESPONSIBILITIES OF THE COLLEGE COUNCIL

for the year ended 31 July 2002

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

RECORD KEEPING AND ACCOUNTING

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

FINANCIAL STATEMENTS

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

- * that suitable accounting policies are selected and applied consistently;
- * that judgements and estimates are made that are reasonable and prudent;
- * that applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- * that financial statements are prepared on the going concern basis.

The Council has taken reasonable steps to:

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

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

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

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

INTERNAL FINANCIAL CONTROL

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

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

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

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

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

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

- * a professional Internal Audit team whose annual programme is approved by the Audit Committee.

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

CORPORATE GOVERNANCE

for the year ended 31 July 2002

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 in June 1998. Its purpose is to help readers of the financial statements understand how the principles have been applied.

2 Throughout the year ended 31 July 2002, the College has been in compliance with all the provisions set out in Section 1 of the Combined Code on Corporate Governance insofar as they relate to Universities. The College also complies with the Guide for Members of Governing Bodies of Universities and Colleges in England and Wales that was issued by the Committee of University Chairmen in 1998.

The Council of the College is unable to state that the process for identifying, evaluating and managing the university's significant risks has been in place for this year as this period was needed to develop and implement the procedures which the Council agreed should be established.

The Council of the College is of the view that there is an ongoing process for identifying, evaluating and managing the university's significant risks that has been in place for the period from the beginning of August 2002 up to the date of approval of the annual report and accounts. This process will be regularly reviewed by the Council and accords with the internal control guidance for directors on the Combined Code as deemed appropriate for higher education.

3 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.

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

5 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.

6 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.

7 Although the Council ordinarily meets 3 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.

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

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

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 affairs but the Principal remains responsible for the conduct of the College.

12 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.

13 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.

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

INDEPENDENT AUDITORS' REPORT

to the Council of the Royal Veterinary College
for the year ended 31 July 2002

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

RESPECTIVE RESPONSIBILITIES OF THE COUNCIL AND AUDITORS

As described in the Responsibilities of the College Council, the Council is responsible for ensuring that financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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

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

At the request of the Treasurer we also review whether the corporate governance statement reflects the College's compliance with the relevant provisions of the Combined Code specified for our review by the Governing Body and we report if it does not.

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

BASIS OF OPINION

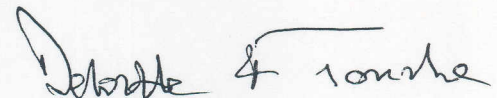
We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board and the Audit Code of Practice issued by the Higher Education Funding Council for England. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council in the preparation of the financial statements, and whether the accounting policies are appropriate to the College's and group's circumstances, consistently applied and adequately disclosed.

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

OPINION

In our opinion:

- * the financial statements give a true and fair view of the state of the affairs of the College and the group as at 31 July 2002 and of the College's and group's surplus of income and expenditure, recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Statement of Recommended Practice on Accounting for Further and Higher Education and with the College's Charter and Statutes;
- * in all material respects funds from the Higher Education Funding Council for England, grants and income for specific purposes and from other restricted funds administered by the College have been applied for the purposes for which they were received; and
- * in all material respects income has been applied in accordance with the College's Charter and Statutes and where appropriate with the Financial Memorandum dated March 1996 with the Higher Education Funding Council for England.



DELOITTE & TOUCHE
Chartered Accountants and Registered Auditors
London

19 December 2002