



THE ROYAL VETERINARY COLLEGE
UNIVERSITY OF LONDON

FINANCIAL STATEMENTS

2003

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CONSOLIDATED FINANCIAL SUMMARIES

	2003 £000	2002 £000	2001 £000	2000 £000	1999 £000
INCOME AND EXPENDITURE ACCOUNT					
Funding Council grants	13,489	12,166	10,886	10,241	8,671
Academic fees and support grants	3,097	3,168	2,926	2,627	2,378
Research grants and contracts	4,288	4,272	3,993	4,105	3,745
Other operating income	8,870	7,655	6,843	5,316	4,560
Endowment income and interest receivable	887	693	1,154	941	892
TOTAL INCOME	30,631	27,954	25,802	23,230	20,246
Staff Costs	16,652	14,852	13,379	12,499	10,901
Depreciation	1,932	1,687	1,403	1,250	1,208
Other operating expenses	10,265	10,395	9,645	7,745	7,254
Interest payable	523	383	121	-	-
TOTAL EXPENDITURE	29,372	27,317	24,548	21,494	19,363
(Loss) / Profit on sale of fixed assets and investments	(242)	(42)	44	105	60
SURPLUS FOR THE YEAR	1,017	595	1,298	1,841	943

BALANCE SHEET

Fixed assets and investments	36,703	31,030	24,041	19,031	18,446
Endowment asset investments	6,939	6,111	9,236	6,915	5,910
Cash at bank and in hand	947	2,307	3,163	2,154	735
Net non cash current (liabilities) / assets	(3,685)	(2,533)	(1,989)	(1,922)	(1,318)
Long term loans, creditors and provisions	(7,961)	(6,982)	(5,237)	(1,426)	(1,645)
TOTAL NET ASSETS	32,943	29,933	29,214	24,752	22,128
Deferred capital grants	13,998	13,115	9,580	8,603	9,114
Endowment funds	6,939	6,111	9,236	6,915	5,910
Retained earnings	12,006	10,707	10,398	9,234	7,104
TOTAL FUNDS	32,943	29,933	29,214	24,752	22,128

TREASURER'S REPORT

for the year ended 31 July 2003

1 SCOPE OF FINANCIAL STATEMENTS

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

2 CONSOLIDATED RESULTS FOR THE YEAR

	2003	2002
	£000	£000
Income	30,631	27,954
Expenditure	(29,372)	(27,317)
Sale of investments	(242)	(42)
Surplus for the year	1,017	595

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

3 INCOME

Total income for the year rose by 10% (2002: 8%). Funding Council grants showed an overall increase of 11% (2002: 12%). 8% (2002: 5%) of the increase in Funding Council grants is due to additional student numbers. The increase is also reflected in a 11% (2002: 6%) rise in home tuition fees.

The College's continued success in bidding for additional funds from the Higher Education Funding Council for England (HEFCE) had a significant beneficial effect on the College's financial position.

The 10% decrease (2002: 10% increase) in full-time overseas tuition fees reflected the difficulties in recruiting overseas post-graduate students in 2003.

Income from research grants and contracts remained the same as 2002. Income resulting from clinical and related earnings increased by 18% (2002: 7%), primarily as a result of increased activity in the Queen Mother Hospital for Animals.

4 EXPENDITURE

Overall expenditure increased by 8% (2002: 11%), staff costs rose by 12% (2002: 11%) as a result of the continued increase in academic and academic-related staff, recruited to cope with additional student numbers. Other operating expenses decreased by 1% (2002: +8%) as a result of spending restrictions in place to assist in the management of cash flow during a period of significant expenditure on capital projects.

Depreciation charged to general income rose from £1,055,000 in 2002 to £1,312,000 in 2003.

5 INVESTMENTS

The closing market value of the College's investment portfolio was £5,884,000 (2002: £6,948,000). This is a result of a withdrawal of £1,496,000 to fund the capital programme.

6 CAPITAL PROJECTS

Work has been completed on the Eclipse Building and the Large Animal Clinical Centre in Hawkshead.

7 CASH FLOW

Net cash outflow was £278,000 (2002: £1,268,000) caused predominantly by the major outflow on capital expenditure. Closing net funds stood at a deficit of £6,194,000 (2002: a deficit of £4,199,000).

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 surplus reflects the fact that the College has made significant savings during 2003 in order to support the capital programme. The College will continue to expand its infrastructure to provide excellent facilities for teaching, research and clinical services.

9 CONCLUSION

2003 can be regarded as having been financially satisfactory. However, the necessity to manage cashflows carefully will be required as the College continues its capital programme. The College remains financially sound and in a strong position to meet future challenges.

J H Chatfeild-Roberts
Honorary Treasurer

INCOME AND EXPENDITURE ACCOUNTS

for the year ended 31 July 2003

	Note	Consolidated		College	
		2003 £000	2002 £000	2003 £000	2002 £000
INCOME					
Funding Council Grants	1	13,489	12,166	13,489	12,166
Academic Fees and Support Grants	2	3,097	3,168	3,097	3,168
Research Grants and Contracts	3	4,288	4,272	4,288	4,272
Other Operating Income	4	8,870	7,655	8,301	7,241
Endowment Income and Interest Receivable	5	887	693	521	481
TOTAL INCOME		30,631	27,954	29,696	27,328
EXPENDITURE					
Staff Costs	6	16,652	14,852	16,486	14,726
Depreciation	8	1,932	1,687	1,721	1,579
Other Operating Expenses	7	10,265	10,395	9,808	9,677
Interest Payable	9	523	383	356	335
TOTAL EXPENDITURE		29,372	27,317	28,371	26,317
(Loss) / Profit on Sale of Investments		(242)	(42)	(242)	(42)
SURPLUS FOR THE YEAR	22	1,017	595	1,083	969

The consolidated income and expenditure relates wholly to continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Surplus for the year	22	1,017	595	1,083	969
Unrealised gain / (loss) on fixed asset investments	18	282	(286)	282	(286)
Unrealised gain / (loss) on endowment asset investments	21	150	(1,310)	169	(1,310)
Endowment (expenditure) / income retained for year	21	(117)	(2,600)	113	67
New endowments	21	813	951	267	191
(Loss) / Profit on disposal of endowment assets	21	(18)	(166)	(18)	(172)
TOTAL RECOGNISED GAINS / (LOSSES) FOR THE YEAR		2,127	(2,816)	1,896	(541)


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

BALANCE SHEETS


as at 31 July 2003

	Note	Consolidated		College	
		2003 £000	2002 £000	2003 £000	2002 £ 000
FIXED ASSETS					
Investments	10	173	1,380	273	1,480
Tangible assets	12	36,530	29,650	32,635	25,135
		36,703	31,030	32,908	26,615
Endowment asset investments	13	6,939	6,111	5,711	5,180
		43,642	37,141	38,619	31,795
CURRENT ASSETS					
Stocks	14	428	420	412	407
Debtors	15	2,261	2,229	2,989	3,856
Short term deposits		712	1,109	1,940	1,652
Cash at bank and in hand		235	1,198	89	1,038
		3,636	4,956	5,430	6,953
Creditors: due within one year	16	(6,374)	(5,182)	(8,116)	(6,150)
Net current assets		(2,738)	(226)	(2,686)	803
Total assets less current liabilities		40,904	36,915	35,933	32,598
Creditors: due after more than one year	17	(7,875)	(6,876)	(5,371)	(4,865)
Provisions for liabilities and charges	19	(86)	(106)	(86)	(106)
TOTAL NET ASSETS		32,943	29,933	30,476	27,627
Represented by:					
DEFERRED CAPITAL GRANTS	23	13,998	13,115	12,743	11,790
ENDOWMENTS					
Specific	21	5,300	4,589	4,072	3,658
General	21	1,639	1,522	1,639	1,522
		6,939	6,111	5,711	5,180
RESERVES					
Income and expenditure account	22	12,006	10,989	12,022	10,939
Revaluation - fixed asset investments	18	-	(282)	-	(282)
TOTAL FUNDS		32,943	29,933	30,476	27,627

The financial statements on pages 3 to 16 were approved by the Council on 10 December 2003 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 2003

	Note	Consolidated		College	
		2003 £000	2002 £000	2003 £000	2002 £000
Net cash inflow / (outflow) from operating activities	24	3,690	1,293	5,132	(1,101)
Returns on investments and servicing of finance	25	(245)	(8)	(96)	(54)
Capital expenditure and financial investment	26	(5,440)	(6,793)	(6,584)	(2,553)
Cash outflow before liquid resources and financing		(1,995)	(5,508)	(1,548)	(3,708)
Management of liquid resources - short-term deposits		397	1,379	(288)	3,176
Financing loan and finance lease	27	1,320	2,861	887	910
(DECREASE) / INCREASE IN CASH		(278)	(1,268)	(949)	378

RECONCILIATION OF CASH FLOW TO MOVEMENT IN FUNDS

(Decrease) / Increase in cash in the period	(278)	(1,268)	(949)	378
(Decrease) / Increase in short term deposits	(397)	(1,379)	288	(3,176)
Repayment of loan and finance lease	157	150	113	90
New loans	(1,477)	(3,011)	(1,000)	(1,000)
Changes in net funds	(1,995)	(5,508)	(1,548)	(3,708)
Opening net funds	(4,199)	1,309	(2,288)	1,420
CLOSING NET (DEFICIT) FUNDS	(6,194)	(4,199)	(3,836)	(2,288)

	Opening Balance £000	Cash Flows £000	Other Changes £000	Closing Balance £000
CHANGES IN NET FUNDS - Consolidated				
Endowment short term deposits	543	685	-	1,228
Other cash	1,198	(963)	-	235
Short term deposits	1,109	(397)	-	712
Loan and finance lease repayable within one year	(173)	157	(478)	(494)
Loan and finance lease repayable after one year	(6,876)	(1,477)	478	(7,875)
	(4,199)	(1,995)	-	(6,194)

CHANGES IN NET FUNDS - College				
Other cash	1,038	(949)	-	89
Short term deposits	1,652	288	-	1,940
Loan and finance lease repayable within one year	(113)	113	(494)	(494)
Loan and finance lease repayable after one year	(4,865)	(1,000)	494	(5,371)
	(2,288)	(1,548)	-	(3,836)

NOTES TO THE ACCOUNTS

for the year ended 31 July 2003

	Note	Consolidated		College	
		2003 £000	2002 £000	2003 £000	2002 £000
1 FUNDING COUNCIL GRANTS					
Recurrent grants		12,123	10,738	12,123	10,738
Specific grants		1,067	1,117	1,067	1,117
Deferred capital grants released in year: buildings	23	299	311	299	311
		<u>13,489</u>	<u>12,166</u>	<u>13,489</u>	<u>12,166</u>
2 ACADEMIC FEES AND SUPPORT GRANTS					
Student fees - full-time		1,004	904	1,004	904
Student fees - full-time overseas and full cost		1,845	2,055	1,845	2,055
Student fees - part-time		86	78	86	78
Research training support grants		60	36	60	36
Short course fees		102	95	102	95
		<u>3,097</u>	<u>3,168</u>	<u>3,097</u>	<u>3,168</u>
3 RESEARCH GRANTS AND CONTRACTS					
Income from research grants		2,632	2,520	2,632	2,520
Income from research contracts		1,656	1,752	1,656	1,752
		<u>4,288</u>	<u>4,272</u>	<u>4,288</u>	<u>4,272</u>
Research Councils		773	718	773	718
UK based charities		1,506	1,489	1,506	1,489
UK government bodies		422	535	422	535
UK industry and commerce		701	1,096	701	1,096
EU government bodies		458	77	458	77
EU business		69	248	69	248
Outside EU		359	109	359	109
		<u>4,288</u>	<u>4,272</u>	<u>4,288</u>	<u>4,272</u>
4 OTHER OPERATING INCOME					
Residences, catering and conference		1,007	877	1,007	877
Clinical and related earnings		7,831	6,745	7,299	6,367
Rent and other income		32	33	(5)	(3)
		<u>8,870</u>	<u>7,655</u>	<u>8,301</u>	<u>7,241</u>

NOTES TO THE ACCOUNTS

for the year ended 31 July 2003

	Note	Consolidated		College	
		2003 £000	2002 £000	2003 £000	2002 £000
5 ENDOWMENT INCOME AND INTEREST RECEIVABLE					
Transferred from specific endowments	21	119	59	50	57
Income from short-term investments	25	97	157	97	157
Release from deferred capital grant	23	321	321	251	251
Donations, gifts and legacies received		350	156	123	16
		887	693	521	481

6 STAFF COSTS AND STATISTICS

Wages and salaries		14,446	12,655	14,293	12,549
Social security costs		809	857	796	849
Pension costs	30	1,397	1,340	1,397	1,328
	8	16,652	14,852	16,486	14,726

Emoluments of the Principal		142	132	142	132
Excluding employer's pension contributions of £20,000 (2002 - £18,000)					

AVERAGE STAFF NUMBERS

	Number	Number	Number	Number
Academic	195	167	195	167
Technicians	122	117	122	117
Administrative and academic related	165	152	162	148
Maintenance and manual	64	63	61	62
	546	499	540	494

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

Remuneration of higher paid staff

£70,001 - £80,000	4	5	4	5
£80,001 - £90,000	2	1	2	1
£90,001 - £100,000	1	-	1	-

7 OTHER OPERATING EXPENSES

	£000	£000	£000	£000
Catering provisions	244	227	244	227
Consumables and laboratory expenses	3,015	2,388	3,008	2,375
Stationery and publications	771	729	756	714
Student and educational expenditure	770	758	770	758
Rates, cleaning and insurance	414	509	331	386
Electricity, gas, oil and water	668	481	637	461
Small equipment and repairs	881	1,133	877	1,116
Minor works and maintenance	864	1,393	847	1,142
External auditors' remuneration - audit fees	25	23	23	21
Legal and other outside consultancy	1,167	1,310	1,039	1,135
Travelling and subsistence	766	818	748	808
Telephone, fax and postage	366	464	345	436
Miscellaneous expenses	314	162	183	98
	10,265	10,395	9,808	9,677

NOTES TO THE ACCOUNTS

for the year ended 31 July 2003

	Staff £000	Depn £000	Other Exp £000	Interest £000	Consolidated	
					2003 £000	2002 £000
8 EXPENDITURE BY ACTIVITIES						
Academic departments	6,130	195	1,293	-	7,618	7,086
Academic services	1,642	201	865	-	2,708	2,256
Research grants and contracts	1,676	-	1,994	-	3,670	3,689
Residences and catering	327	-	240	350	917	947
Premises and maintenance	902	1,032	1,524	-	3,458	3,830
Administration	1,690	58	1,488	-	3,236	2,785
Clinical and other services	4,285	446	2,861	173	7,765	6,724
Consolidated Total	16,652	1,932	10,265	523	29,372	27,317
College Total	16,486	1,721	9,808	356	28,371	26,317

Depreciation charge is funded by:

Deferred capital grant	620	632
General income	1,312	1,055

	Note	Consolidated		College	
		2003 £000	2002 £000	2003 £000	2002 £000
9 INTEREST PAYABLE					
Bank loans not wholly repayable within 5 years		517	377	350	115
Finance lease		6	6	6	6
	8	523	383	356	121

10 FIXED ASSET INVESTMENTS					
Historical Cost at 1 August		1,662	1,539	1,662	1,539
Additions		-	977	-	977
Disposals		(1,489)	(854)	(1,489)	(854)
Cumulative Market Value Adjustment		-	(282)	-	(282)
Market Value at 31 July		173	1,380	173	1,380
100% Shares in London Bioscience Innovation Centre Ltd		-	-	100	100
		173	1,380	273	1,480

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

NOTES TO THE ACCOUNTS

for the year ended 31 July 2003

12 TANGIBLE ASSETS -CONSOLIDATED	Freehold Properties	Furniture and Equipment	2003 Total	2002 Total
COST	£000	£000	£000	£000
At 1 August 2002	35,767	1,432	37,199	28,914
Additions	8,045	767	8,812	8,838
Elimination of fully depreciated assests	-	(752)	(752)	(553)
At 31 July 2003	43,812	1,447	45,259	37,199
DEPRECIATION				
At 1 August 2002	(6,781)	(768)	(7,549)	(6,416)
Charge for the year	(1,333)	(599)	(1,932)	(1,687)
Elimination of fully depreciated assests	-	752	752	554
At 31 July 2003	(8,114)	(615)	(8,729)	(7,549)
Net Book Value at 31 July 2003	35,698	832	36,530	29,650
Net Book Value at 1 August 2002	28,986	664	29,650	22,498

Freehold properties include £7,493,000 (2002 - £7,933,000) 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 £25,000 (2002 - £50,000). Depreciation on owned assets was £1,907,000 (2002 - £1,662,000) and on leased assets was £25,000 (2001 - £25,000).

TANGIBLE ASSETS -COLLEGE	Freehold Properties	Furniture and Equipment	2003 Total	2002 Total
COST	£000	£000	£000	£000
At 1 August 2002	31,144	1,432	32,576	26,642
Additions	8,454	767	9,221	6,487
Elimination of fully depreciated assests	-	(752)	(752)	(553)
At 31 July 2003	39,598	1,447	41,045	32,576
DEPRECIATION				
At 1 August 2002	(6,673)	(768)	(7,441)	(6,416)
Charge for the year	(1,014)	(707)	(1,721)	(1,579)
Elimination of fully depreciated assests	-	752	752	554
At 31 July 2003	(7,687)	(723)	(8,410)	(7,441)
Net Book Value at 31 July 2003	31,911	724	32,635	25,135
Net Book Value at 31 July 2002	24,471	664	25,135	20,226

Freehold properties include £7,493,000 (2002 - £6,042,000) 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 £25,000 (2002 - £50,000). Depreciation on owned assets was £1,696,000 (2002 - £1,554,000) and on leased assets was £25,000 (2002 - £25,000).

NOTES TO THE ACCOUNTS

for the year ended 31 July 2003

	Consolidated		College	
	2003	2002	2003	2002
13 ENDOWMENT ASSET INVESTMENTS	£000	£000	£000	£000
Historical Cost at 1 August	7,143	8,958	6,232	6,145
Additions	102	3,613	470	3,613
Disposals	(108)	(3,630)	(108)	(3,526)
Cumulative Market Value Adjustment	(883)	(1,032)	(883)	(1,052)
Cash Movement	685	(1,798)	-	-
Market Value at 31 July	6,939	6,111	5,711	5,180
Represented by				
Fixed Interest Stocks	764	730	764	342
Equities	4,947	4,838	4,947	4,838
Cash at Bank	1,228	543	-	-
Market Value at 31 July	6,939	6,111	5,711	5,180
14 STOCKS				
Consumables	302	287	286	274
Farm Stocks	126	133	126	133
	428	420	412	407
15 DEBTORS: DUE WITHIN ONE YEAR				
Trade debtors	1,339	1,375	1,257	1,236
Research grant debtors	864	645	864	645
London Bioscience Innovation Centre Ltd	-	-	815	1,770
Taxes receivable	12	177	7	173
Other debtors	46	32	46	32
	2,261	2,229	2,989	3,856
16 CREDITORS: DUE WITHIN ONE YEAR				
Unsecured loans	(494)	(173)	(494)	(113)
Trade creditors	(2,047)	(1,690)	(2,047)	(1,690)
Animal Care Trust	-	-	(1,744)	(1,025)
Research grants creditors	(2,995)	(2,809)	(2,995)	(2,809)
Social Security and other taxation payable	(408)	(293)	(408)	(298)
Other creditors	(235)	(192)	(235)	(192)
Accruals and deferred income	(195)	(25)	(193)	(23)
	(6,374)	(5,182)	(8,116)	(6,150)

NOTES TO THE ACCOUNTS

for the year ended 31 July 2003

	Consolidated		College	
	2003 £000	2002 £000	2003 £000	2002 £000
17 CREDITORS: DUE AFTER ONE YEAR				
Unsecured loans	(7,875)	(6,847)	(5,371)	(4,836)
Obligations under finance lease	-	(29)	-	(29)
	(7,875)	(6,876)	(5,371)	(4,865)
Unsecured Loans Repayable				
Between 1 and 2 years	(597)	(90)	(597)	(90)
Between 2 and 5 years	(893)	(578)	(400)	(312)
In 5 or more years	(6,385)	(6,179)	(4,374)	(4,434)
	(7,875)	(6,847)	(5,371)	(4,836)
Finance Lease Repayable				
Between 1 and 2 years	-	(29)	-	(29)
	-	(29)	-	(29)

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; The other is a 15 year Bank of Scotland loan at 1.75% above the Base Rate, repayment is by instalments due to start in July 2005.

18 REVALUATION - FIXED ASSET INVESTMENTS				
At 1 August 2002	282	(4)	282	(4)
Revaluation in the period	(282)	286	(282)	286
At 31 July 2003	-	282	-	282

	Opening Balance £000	Transfer to I&E £000	Closing Balance £000
19 PROVISIONS FOR LIABILITIES AND CHARGES			
Consolidated and College			
Contractual early retirement pension for the Principal	(106)	20	(86)

20 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 2003

	Specific £000	General £000	2003 Total £000	2002 Total £000
21 ENDOWMENTS -CONSOLIDATED				
At 1 August 2002	(4,589)	(1,522)	(6,111)	(9,236)
Additions	(811)	(2)	(813)	(951)
Market value adjustment	(88)	(62)	(150)	1,310
(Loss) / Profit on disposal	11	7	18	166
Income for the year	(121)	(60)	(181)	(218)
Transfer to Deferred Capital Grant	179	-	179	2,759
Transfer to Income and Expenditure Account	119	-	119	59
At 31 July 2003	(5,300)	(1,639)	(6,939)	(6,111)
REPRESENTED BY				
Prize and scholarships	(3,831)	-	(3,831)	(3,494)
Other restricted funds	(1,469)	(1,639)	(3,108)	(2,617)
Total Funds	(5,300)	(1,639)	(6,939)	(6,111)

ENDOWMENTS -COLLEGE

At 1 August 2002	(3,658)	(1,522)	(5,180)	(6,404)
Additions	(265)	(2)	(267)	(191)
Market value adjustment	(107)	(62)	(169)	1,310
Loss / (Profit) on disposal	11	7	18	172
Income for the year	(103)	(60)	(163)	(124)
Transfer to Income and Expenditure Account	50	-	50	57
At 31 July 2003	(4,072)	(1,639)	(5,711)	(5,180)
REPRESENTED BY				
Prize funds	(3,831)	-	(3,831)	(3,494)
Other restricted funds	(241)	(1,639)	(1,880)	(1,686)
Total Funds	(4,072)	(1,639)	(5,711)	(5,180)

	Consolidated		College	
	2003 £000	2002 £000	2003 £000	2002 £000
22 INCOME AND EXPENDITURE ACCOUNT				
At 1 August 2002	(10,989)	(10,394)	(10,939)	(9,970)
Current year movement	(1,017)	(595)	(1,083)	(969)
At 31 July 2003	(12,006)	(10,989)	(12,022)	(10,939)

NOTES TO THE ACCOUNTS

for the year ended 31 July 2003

		Funding Council	Other Donors	2003 Total	2002 Total
		£000	£000	£000	£000
23	DEFERRED CAPITAL GRANTS - CONSOLIDATED				
	At 1 August 2002				
	Buildings	(5,624)	(7,452)	(13,076)	(9,502)
	Equipment	-	(39)	(39)	(78)
		(5,624)	(7,491)	(13,115)	(9,580)
	Cash Received: Buildings	(1,263)	(190)	(1,453)	(4,167)
	Released to I & E Account - Buildings	299	282	581	593
	Released to I & E Account - Equipment	-	39	39	39
	At 31 July 2003				
	Buildings	(6,588)	(7,360)	(13,948)	(13,076)
	Equipment	-	(50)	(50)	(39)
		(6,588)	(7,410)	(13,998)	(13,115)
	 DEFERRED CAPITAL GRANTS - COLLEGE	 £000	 £000	 £000	 £000
	At 1 August 2002				
	Buildings	(5,624)	(6,127)	(11,751)	(8,107)
	Equipment	-	(39)	(39)	(78)
		(5,624)	(6,166)	(11,790)	(8,185)
	Cash Received: Buildings	(1,263)	(190)	(1,453)	(4,167)
	Cash Received: Equipment	-	(50)	(50)	-
	Released to I & E Account - Buildings	299	212	511	523
	Released to I & E Account - Equipment	-	39	39	39
	At 31 July 2003				
	Buildings	(6,588)	(6,105)	(12,693)	(11,751)
	Equipment	-	(50)	(50)	(39)
		(6,588)	(6,155)	(12,743)	(11,790)
24	RECONCILIATION OF OPERATING SURPLUS TO	Consolidated		College	
	NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	2003	2002	2003	2002
		£000	£000	£000	£000
	Surplus before tax	1,017	595	1,083	969
	Interest payment on loans & finance lease	523	383	356	335
	Depreciation	1,932	1,687	1,721	1,579
	Deferred capital grants released	(620)	(632)	(550)	(562)
	Investment income	(216)	(216)	(147)	(214)
	Loss / (Profit) on sale of fixed asset investments	242	42	242	42
	Decrease / (Increase) in stocks	(8)	(65)	(5)	(63)
	Decrease / (Increase) in debtors	(31)	864	867	46
	(Decrease) / Increase in creditors	871	(280)	1,585	(2,148)
	(Decrease) / Increase in provisions	(20)	(1,085)	(20)	(1,085)
	Net cash inflow / (outflow) from operating activities	3,690	1,293	5,132	(1,101)

NOTES TO THE ACCOUNTS

for the year ended 31 July 2003

	Note	Consolidated		College	
		2003 £000	2002 £000	2003 £000	2002 £000
25 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Income from endowments	21	181	218	163	124
Income from short term investments	5	97	157	97	157
Interest paid		(523)	(383)	(356)	(335)
		(245)	(8)	(96)	(54)
26 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT					
Payment for tangible assets	12	(8,812)	(8,838)	(9,221)	(6,487)
Payment for fixed asset investments	10	-	(977)	-	(977)
Payment for endowment assets	13	(102)	(3,613)	(470)	(3,613)
Total fixed and endowment assets acquired		(8,914)	(13,428)	(9,691)	(11,077)
Proceeds from sale of fixed asset investments		1,247	812	1,247	812
Proceeds from sales of endowment assets		90	3,464	90	3,354
Deferred capital grants received	23	1,324	1,408	1,503	4,167
Endowments received	21	813	951	267	191
		(5,440)	(6,793)	(6,584)	(2,553)
27 FINANCING LOANS					
New loans		1,477	3,011	1,000	1,000
Capital repayment		(157)	(150)	(113)	(90)
Net cash inflow / (outflow) from financing		1,320	2,861	887	910
28 CAPITAL COMMITMENTS					
Contracted at 31 July		4,025	2,723	4,025	2,723
29 ACCESS FUNDS					
Funding Council Grants		32	36	32	36
Distributed to students		(33)	(24)	(33)	(24)
At 31 July		(1)	12	(1)	12

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

30 TAXATION

Its subsidiary, the Animal Care Trust is also a registered charity benefiting from charitable tax exemptions. Its other subsidiary, the London Bioscience Innovation Centre, has not incurred a tax liability in 2003 as it has incurred tax losses.

NOTES TO THE ACCOUNTS

for the year ended 31 July 2003

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

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

	Note	2003 £000	2002 £000
USS contributions		1,051	936
USS premature retirement provision		(20)	(10)
SAUL contributions		363	410
Other pension payment		3	3
Total Consolidated Pension Costs	6	1,397	1,339

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

for the year ended 31 July 2003

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 Student Union Society's policy decisions.

3 RECOGNITION OF INCOME

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

4 PENSION COSTS

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

5 CASH FLOWS AND LIQUID RESOURCES

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

6 FOREIGN CURRENCIES

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

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for the year ended 31 July 2003

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RESPONSIBILITIES OF THE COLLEGE COUNCIL

for the year ended 31 July 2003

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 is satisfied that it has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Council has taken reasonable steps to:

- * ensure that funds from the HEFCE are used only for the purposes for which they have been given and in accordance with the Financial 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, 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 financial control, and found it provides reasonable assurance against material misstatement or loss.

CORPORATE GOVERNANCE

for the year ended 31 July 2003

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 2003, the College has been in compliance with all the provisions set out in Section 1 of the Combined Code on Corporate Governance insofar as they relate to Universities. The College also complies with the Guide for Members of Governing Bodies of Universities and Colleges in England and Wales that was issued by the Committee of University Chairmen in 1998.

3 The Council of the College is of the view that there is an ongoing process for identifying, evaluating and managing the College's significant risks, that it has been in place for the year ended 31 July 2003 and up to the date of approval of the annual report and accounts, that it is regularly reviewed by the Council and that it accords with the internal control guidance for directors on the Combined Code as deemed appropriate for higher education.

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

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

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

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

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

9 A majority of the lay members of Council 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.

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

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

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

CORPORATE GOVERNANCE

for the year ended 31 July 2003

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

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

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

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

INDEPENDENT AUDITORS' REPORT

to the Council of the Royal Veterinary College

for the year ended 31 July 2003

We have audited the financial statements of Royal Veterinary College which comprise income and expenditure accounts, balance sheets, cash flow statements, reconciliation of cash flow to movement in funds, statements of changes in net funds, statement of total recognised gains and losses, the notes 1 to 31 and the statement of principal accounting policies, which have been prepared under the accounting policies set out therein.

This report is made solely to the Council of the Royal Veterinary College as a body, in accordance with the Financial Memorandum of 22 July 2002. Our audit work has been undertaken so that we might state to the Council's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Council as a body for our audit work, for this report, or for other opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE COUNCIL AND AUDITORS

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

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

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

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

BASIS OF OPINION

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

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

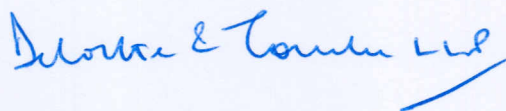
OPINION

In our opinion:

* the financial statements give a true and fair view of the state of the affairs of the College and the group as at 31 July 2003 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 LLP
Chartered Accountants and Registered Auditors
London

19 December 2003