



Annual Report and Financial Statements

2021/22

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CHAIR OF COUNCIL'S INTRODUCTION for the year ended 31 July 2022

It is my pleasure to introduce the Annual Report and Financial Statements of the Royal Veterinary College for the financial year 21/22, and to offer some reflections on what has been another testing period in our history.

In accepting what is our new normal, we forget at our peril that those living, working and studying through the last 12 months carried with them the impact of the preceding years – logistical, physical and psychological – as we all played catch-up for time lost and experiences unfulfilled. The resilience and commitment of both students and staff have been remarkable and contributed significantly to the very positive position we report here. It has been a joy to see students and staff returning to our campuses and bringing them to life again. My first set of face-to-face graduations was truly uplifting as proud families and friends celebrated the success of their new graduates.

With a track record of over 230 years, one might expect there to be few surprises but with cumulative impact of COVID-19, our departure from the EU, and the tragic invasion of Ukraine, surprises in the sector have not been in short supply. Add to this the expansion of the pet population, the shortage of qualified veterinary professionals and a new world order in food security and supply chains, and one can see that challenges continue. But with each is an opportunity, and I hope that in the pages that follow you will see just how the RVC sees itself as part of the solution not only to profession-specific issues but also to wider societal needs.

Our success in the global QS ranking, the positive outcome from the Research Excellence Framework and continued recognition as being internationally excellent are critically important markers in our own assessment of worth which, when married to the clinical and educational accreditations, point towards an organisation still focused on the quality of its provision. We relish that there are further areas for development and, launched during this reporting period, our new 5-year Strategic Plan is central to ensuring a programme of improvement in all our missions.

Our prudent budgeting and ongoing governance review are underpinning important steps in our lives on both campuses – formal recognition as a university in our own right is now a whisper away and the completion of our £60M capital programme will see transformed campuses as we serve students and clients and, importantly, our own staff in a new era in Higher Education.

It only remains for me to thank my Council, the Principal and his staff, and our wonderful students for continuing to make the RVC what it is today. We have many new stories to tell and, as ever, whilst this report closes one chapter, a new and exciting one opens up in front of us. Thank you for your interest in our community.

With best wishes,

Barbara, Baroness Young of Old Scone
Chair of Council

PRESIDENT AND PRINCIPAL'S REPORT for the year ended 31 July 2022

I am delighted to add my welcome to that of my Chair of Council, and to commend to you the figures, facts and narrative that follow. I am sure you will take assurance from the positive outturn and achievements in what has been another year significantly affected by the global pandemic.

As Baroness Young implies, the combined impact of this and several other external factors has meant there has been much to do reactively; however, we have retained our proactive focus, culminating in the launch of our new Strategic Plan. With this, the third for which I have been responsible, it has been heartening to witness the breadth and depth of engagement from across the RVC as we have sought to deliver a vision of which everyone feels ownership.

But to the year just gone – there is no doubt that, had we been offered 12 months ago the outturn reported here, we would have accepted gratefully. That is not say there are not things we could, and should, have done better, but, in essence, continuing to conduct a “live” experiment in delivering education, research and clinical services against a backdrop of uncertain policy and in a

precarious public health setting, has been both challenging and rewarding in equal measure.

I think it is true to say that, whilst customer and client satisfaction are key, in all their manifestations, the pandemic has exposed just how diverse and disparate individual expectations can be, and keeping “all of the people happy all of the time” may be a worthy ambition, but an unattainable one. Needless to say, it will not stop us trying and our blended learning, working from home policies, accessibility to clinical care, balance of blue sky and impact in our research, and investment in Equality, Diversity and Inclusion at the highest level, are all evidence of our evolution as an organisation.

None of this is possible without a community committed to the cause and, whether supporter, student, colleague, collaborator or trustee, thank you for your investment in us. We could not do it without you.

With all best wishes,

Stuart WJ Reid
President & Principal

STRATEGIC AND FINANCIAL REVIEW for the year ended 31 July 2022

Context and Risk Analysis

Founded in 1791, the Royal Veterinary College (RVC) was the first of its kind in the UK and remains the only independent Higher Education institution dedicated to teaching and research in the veterinary and allied sciences, whilst also benefiting from being a member institution of the federal University of London. As one of the largest veterinary schools in Europe, RVC also provides the most extensive veterinary, para-veterinary and animal science undergraduate and postgraduate courses of any veterinary school in the world.

The RVC's strategic objectives are set out in its new Strategic Plan 2022-2026, which was launched during the year. This again focuses on the three pillars of our mission: education, discovery and translation of new knowledge and delivery of optimal clinical care and opinion, as the RVC seeks to push back the frontiers of what is possible in veterinary medicine and its associated sciences.

Key Performance Indicators are being refreshed to ensure effective monitoring of progress against delivery of the objectives set out in the Strategic Plan.

The Strategic Risk Register focuses on the College's key strategic risks. These are regularly reviewed and re-assessed and new risks identified. All risks are rated based on their likelihood and impact and the extent to which they can be, and have been, mitigated. The process is led by the College Executive Committee (CEC) and, at the governance level, by the Council. The risks are reviewed on a quarterly basis and reported to Audit & Risk Committee with a focus on changes in rating from one period to the next. Risk is a standing item on all of the RVC's management and governance committees.

Operational level risks across the College are collated and regularly reviewed, ensuring that mitigating actions are aligned with strategic level risks and objectives.

The following themes inform the risks in the Strategic Risk Register:

- Financial sustainability.
- Business continuity.
- Infrastructure investment and resilience.
- Student recruitment, experience, wellbeing and outcomes.
- Staff recruitment and retention, including succession planning and staff engagement.
- Leadership and governance.
- Reputation and competitiveness.
- Compliance.
- Data capability.

The RVC Council's appetite to risk is reflected in the following statement:

"The RVC endeavours to minimise impact arising from strategic and operational risks including but not limited to, financial sustainability, student progress and outcomes, community wellbeing, operational efficacy and reputation - and commits to manage and invest resources in mitigating these to tolerable levels. However, the RVC is alert to both opportunities and threats. This 'risk aware' approach means that the RVC will manage risks using the established risk management process but where specific activities have potentially substantial benefits, a higher level of risk may be tolerable. Taking such risks must be approved by Council."

The RVC's internal auditors, undertook a two-part review of the College's risk management processes and controls during the year. Part A of the review focused on the re-establishment of the risk management framework following Covid-19, including the lessons learned from this process, and gave an assurance ratings of "significant assurance". Part B of the review assessed the operation of controls relating to operational risk management, with an overall assurance rating of "significant assurance with minor improvement opportunities".

Strategic Review

Our Learning and Teaching

The COVID-19 pandemic significantly disrupted the beginning of the academic year 2021-2022, posing challenges particularly in the RVC's ability to deliver large group teaching, assessment and face-to-face student recruitment for the first term of the academic year. We were, however, able to deliver a full schedule of practical and clinical rotation teaching, observing appropriate precautions. The significant investment the RVC had, and continues to make in additional resources to enable us to deliver a high-quality blended learning experience for our students ensured we managed to deliver education for all student cohorts successfully. Those students scheduled to graduate in 2022 were able to do so with, where relevant, full accreditation from the professional regulatory bodies. We also successfully completed a recruitment cycle for 2022-23 ensuring continuity of admissions and progression.

Despite the disruption, several strategic goals were achieved this year. We completed the first recruitment to our joint BVSc degree, offered in partnership with the University of Aberystwyth. The course recruited to target in its first year. We validated and successfully achieved Royal College of Veterinary Surgeons accreditation for two new certificates in Advanced Veterinary Nursing. These are post-registration nursing qualifications which will provide clearer pathways to advanced careers for registered veterinary nurses. Although delayed by one year, we introduced a new curriculum for our BVetMed programme with the 2021 intake. The first graduates from this new curriculum are, therefore, set to qualify in 2026.

Applicant numbers for most of our courses have increased for the upcoming academic year. There has been continued substantial growth in the number of international applicants for our 4 and 5-year BVetMed programmes and modest growth in international applicants to our other courses. Home students taking A-levels in 2022 sat in person examinations for the first time since 2019. This

eliminated some of the uncertainty seen in preceding years associated with the impact of using teacher assessed grades in the admissions process. There were still some uncertainties associated with the impact of sitting major examinations for a cohort of students that had not sat GCSEs and the reduction in predicted numbers of students achieving the highest grades. Despite all these challenges, the RVC managed to recruit well to all its courses.

In summary, teaching and learning in the academic year 2021-22 was a continuing success in the face of significant challenges. The gradually diminishing impact of the COVID pandemic on the RVC's activities promises a return to more normal times in the academic year 2022-23, but the longer-term impact of the pandemic on the wellbeing and learning of a generation of young people should not be underestimated.

Our Student Experience

Our commitment to build a diverse and inclusive student body has seen an increasing proportion of students admitted from non-traditional backgrounds across all undergraduate courses. Work across our widening participation, academic and student support teams is strengthening and diversifying the support we provide to meet the needs of this changing student body.

With all students returning to a full timetable of in-person learning for the first time since the start of the COVID-19 pandemic, our student support services have evolved to meet the needs of students who are now used to a more blended experience. All services are now being delivered as both in-person or online and this has proved effective in giving students more choice and opportunity to access these services.

Significant work was done by the widening participation and recruitment teams to further increase applications and admission from under-represented groups exceeding the ambitious targets we set in our Access and Participation Plan 2020-25. By offering a blend of online and in-person activities, this has resulted in a significant increase in outreach and engagement with students from these groups across a wide

geographical area. We have continued to enhance the academic and personal support they receive in their transition to university, given the disruption they have experienced to their secondary education.

Collaborative work between the RVC and the RVC Students' Union strengthened during the pandemic, leading to a number of joint initiatives, in particular the Race Equality Task Group, which aims to raise awareness of race equality issues across the RVC community.

The Learning and Wellbeing Directorate focused efforts on supporting all students to reach their potential through managing their health and wellbeing. Combined with a sustained programme of enhanced student engagement and representation, this reinforced the place of the student at the centre of our mission.

In common with others in the sector, the ongoing adverse impact of the pandemic was reflected in our UK NSS results and we continue to work with students to improve their experience on all our programmes. On the international front, we were pleased to be ranked globally number 1 among veterinary educational establishments in the QS World University Subject Rankings. We have been ranked first in three out of the past four years (2019, 2021 and 2022) and second in 2020. This is a significant metric with regard to recruitment of international students and evidences the continuing high quality educational experience we offer.

Our Research and Innovation

The overall level of externally-sponsored funding for research at the RVC remains positive, with a total of £12.4m awarded in grants during the 2021 calendar year (2020: £10.9m). To date, a total of £6.3m of research grants has been awarded in the calendar year 2022.

Newly awarded research projects in this financial year illustrate the breadth of our research topics and funding sources. These include two significant BBSRC grants: to investigate the causes of ageing-related tendon disease; and the use of genomics to track the transmission of pathogenic viruses in

farmed salmon. Three separate awards from the UK Horserace Betting Levy Board and the Hong Kong Jockey Club will support research into the welfare of racehorses. The RVC is a leading authority in "One Health": the transmission of viruses from animals to humans (zoonotic transmission) and, as reported previously, has been awarded and is now delivering a number of major grants in this field. RVC researchers are core members of UK FluMap: a £1.5m consortium project that aims to understand and combat the highly pathogenic strain of avian influenza virus that has caused an unprecedented number of outbreaks in wild and farmed birds in the last year. Two new commercial partnership grants will sustain our internationally-leading clinical research into feline kidney disease, and a new grant from the British Heath Foundation will support fundamental biomedical research into how insulin modulates inflammation.

A significant event in the RVC's research life this year was the publication of the results of the 2021 Research Excellence Framework (REF2021) evaluation. This is a sector-wide exercise conducted every 5 to 7 years to assess the quality of research undertaken at UK universities and determines the size of the "mainstream quality-related" recurrent grant institutions receive from Research England (RE). The RVC's REF2021 results were strong, with an increase in both the amount and the quality of research submitted for evaluation compared to the previous REF2014 results. RVC now has the greatest "research power" in the UK's agricultural and veterinary research sector (RVC was ranked third by this measure in REF2014), which points towards a favourable outcome for our quality-related research funding in the future.

RVC academics have also this year been recognised individually; Prof Oliver Pybus was elected a Fellow of the Royal Society; Prof Joanne Webster was elected a Fellow of the Academy of Medical Sciences, and Prof Dominic Wells was awarded the President's Medal of the Royal Society of Biology.

This year will see completion of the Bloomsbury SET "follow on" grant (£1.9m from Research England), focussed on infectious disease and antimicrobial resistance. The Bloomsbury SET and similar grants have increased the profile of translational research

and commercial partnerships at RVC. This activity is reflected in the REF2021 results, which gave the RVC's "research impact case studies" the highest score in the sector.

The building of the Centre for Vaccinology and Regenerative Medicine (CVRM), part funded by £7.0m from the Hertfordshire Local Enterprise Partnership (LEP), at Hawkshead is now complete. The CVRM has recruited a scientific advisory board and is developing its research strategy. The Centre for Translational Research & Clinical Imaging (TRACI), which received £2.1m support from the Hertfordshire LEP, is expected to be fully operational later in 2022 following the installation of its cornerstone MRI machine.

Throughout the year there has been a return to in-person working in laboratories, animal facilities and at field sites. Despite this, many research projects are still affected by COVID-19 delays and there continue to be requests for financial support for impacted projects. As in other sectors of the economy, resumption of research activity is generating logistics backlogs and delays, in areas such as purchasing and equipment maintenance.

The London Bioscience Innovation Centre (LBIC) has enjoyed another successful year, with an occupancy level averaging 93% and a net surplus of £0.5M. The presence of clients physically on-site is now at pre-pandemic levels and there has been a resumption of in-person networking events, with a full programme planned for the next financial year. The new SME space within the CVRM at Hawkshead is now ready for activity and LBIC is managing this on behalf of the RVC.

Our Clients and Patients

Our mission is to deliver outstanding compassionate clinical care and expert advice to stakeholders through our veterinary teaching hospitals and affiliated clinical centres, simultaneously supporting delivery of our undergraduate and postgraduate educational objectives, our research and providing a contribution to the financial sustainability of the RVC.

We continue to focus on two broad areas. First, the provision and expansion of a range of clinical centres allowing enhanced experiential learning opportunities for our undergraduate and postgraduate students in veterinary medicine and nursing, both in general and specialist veterinary practice and related activities.

Second, the development of our teaching hospitals as true centres of excellence, offering the most advanced diagnostic and therapeutic clinical facilities and services, while effectively being the "clinical laboratories" bringing to fruition the results of our national and international collaborative biomedical research activities.

During the past year we have:

1. Continued to expand opportunities for students to undertake training in a range of different practice types, embedding our two new tracking rotations in zoo animals and pig production and increasing teaching opportunities in our second small animal practice, Acorn House Veterinary Hospital.
2. Despite the ongoing challenges of maintaining caseload in the face of staff reductions due to the pandemic, the RVC's clinical centres continued to provide comprehensive clinical services in both small animals, equine and exotics. The exotics case load at the Beaumont Sainsbury Animal Hospital (BSAH) continues to grow as does the demand for our out-of-hours services with over 50 practices now signed up to these.
3. Expanded our tertiary referral activities in the areas of advanced cardiothoracic, orthopaedic and neurological surgery as well as ongoing expansion of specialist and ophthalmology and oncology caseloads.

Our People

As a leading provider of higher education in veterinary and biosciences, the RVC aims to be an employer of choice for those seeking to work in the veterinary, biosciences and one health sectors. We recognise that, in order to succeed, we

STRATEGIC AND FINANCIAL REVIEW *continued*

need to attract, develop and retain a highly skilled workforce from a range of diverse backgrounds to work in a collaborative and supportive way in line with the RVC Behaviours Framework.

Employment strategy is considered by the RVC Council, through the Finance & General Purposes Committee and the Remuneration Committee. In addition, regular meetings are held between management and Recognised Trade Unions (RTUs). The RVC strives to work collaboratively and constructively with the RTUs locally and contributes nationally to the aims and objectives of the Universities & Colleges Employers Association through participation in annual consultations about national pay award negotiations and other matters.

The RVC continues to support its highly skilled workforce through the provision of a varied and dynamic Learning and Development (L&D) programme. Following the transition from remote to hybrid working, the L&D programme is now offered in a range of formats as we adapt to changed expectations of how training is delivered.

The Management Development Programme (MDP) is a core element of our L&D provision and, this year, wellbeing has been added as a mandatory module for all managers. We have enhanced our provision for women's leadership development by participating in a collaborative action learning programme - SEAL, South East Action Learning. We continue to promote the use of our internal coaches and mentors to support staff throughout the RVC and further develop the skills of our qualified coaches.

All staff development is underpinned by personal development objectives agreed via the Annual Appraisal and Review process.

Staff wellbeing is supported through encouraging open communication between staff and managers, access to an occupational health service, onsite gym facilities and an Employee Assistance Programme that includes a free 24-hour telephone advice line available to all employees. In light of the economic challenges facing many employees, we will be offering

financial advice drop-in session facilitated by our existing provider of pension advice. In addition to our Flexible Working policy, eligible employees have the option to apply to work for up to 40% of their contractual hours from home under our Working from Home Policy.

A Staff Health & Wellbeing Group, reporting to the Safety Committee, works to develop good practice in supporting staff health and wellbeing. It also takes account of the work of the Equality and Diversity Committee (EDC) and the Student Development Committee.

As part of staff induction, employees are required to undertake mandatory training that is deemed essential by the RVC for the safe and efficient delivery of services for their role. This training is designed to reduce organisational risk, comply with policies and guidelines and covers health and safety, equality, diversity and inclusion, data awareness and GDPR.

Equality, Diversity and Inclusion

We continue to advance and embed equality, diversity and inclusion throughout the RVC. The EDC is responsible for developing strategy, policy and monitoring compliance. Each area of the RVC is represented by an Equality Champion. A package of training and development interventions is being created to support them in delivering impact and advancing equality in their local areas.

Like many higher education institutions, the RVC has reflected on its race equality journey, to grapple with understanding the lived experiences and challenges faced by many within its community, and to progress an effective race equality agenda. In the summer of 2020, the Race Equality Task Group (RETG) was commissioned and tasked to explore issues relating to race equality and produce a set of recommendations for the RVC to implement. The report has now been published and includes a recommendation to raise the profile of Equality, Diversity and Inclusion (EDI) and increase staffing resource in this area. The RVC has, for the first time, appointed a Vice Principal for EDI to act as the strategic lead. A full time Head of EDI is being recruited along with additional dedicated EDI

resource. This new structure will better support the achievement of the strategic and operational EDI aims and objectives of the RVC.

As an institution, we currently hold the Athena SWAN Bronze award and have submitted our renewal application for this award in 2022.

Environmental, Social and Governance

The RVC is committed to tackling environmental, social and governance (ESG) issues. Our Environmental Sustainability Strategy is being renewed in support of the new Strategic Plan. Further details of our initiatives in this area are provided under our public benefit statement on page 19. Our published Modern Slavery Statement sets out the measures we have in place to tackle modern slavery and human trafficking.

Financial review

Scope of the Financial Statements

The Consolidated Financial Statements cover the activities of the Royal Veterinary College (RVC), the Royal Veterinary College Animal Care Trust (ACT), London BioScience Innovation Centre Limited (LBIC) and RVC Veterinary Practices Limited (RVP). Two further subsidiaries, RVC Developments Limited and Royal Veterinary College (Hong Kong) Limited, are no longer actively trading and are not reported in these accounts.

The Financial Statements have been prepared in accordance with the Financial Reporting Standard 102 ("FRS 102") and the Statement of Recommended Practice 2019: Accounting for Further and Higher Education ("SORP 2019"). Accounting policies are presented in the Statement of Principal Accounting Policies.

Results for the year

The RVC's consolidated results for the period to 31 July 2022, compared to the prior year, are presented in the following table:

£'m	2021-22	2020-21	Change
Income	110.7	111.4	(0.7)
Expenditure	(120.1)	(102.5)	(17.6)
(Loss)/surplus before gains and taxation	(9.4)	8.9	(18.3)
Gain on investments	0.3	2.4	(2.1)
Taxation	(0.1)	(0.1)	-
(Loss)/surplus for the year	(9.2)	11.2	(20.4)

The movement in the outturn between the two financial years includes accounting adjustments required under FRS 102. These can give rise to significant volatility in the outturn from year to year which is not representative of underlying operating performance. For this reason, management excludes these adjustments for internal budgeting and management accounts reporting purposes.

As in previous years, the most material of these adjustments relates to the movement in the USS pension provision, for which there was a £16.6m charge to the Statement of Comprehensive Income (SOC) in 2021-22 compared to a charge of £0.8m in 2020-21: a swing of £15.8m.

Other significant items which give rise to year-on-year volatility include the movement in the year-end valuation of the investment fund portfolio and foreign currency accounts, one-off capital grants, and restricted donations and endowments, which are ring-fenced for specific purposes and not available to support general activity.

As reported in last year's accounts, the 2020-21 surplus was boosted by the following one-off items:

- a change in accounting treatment relating to Higher Education Innovation Fund (HEIF) grant funding, resulting in a release to income of prior year balances (£1.6m);
- resolution of prior year VAT settlements (£0.5m); and
- release of residual balances on expired research grants (£0.2m).

Adjusting for the above items, the following table provides a more representative view of the underlying operating performance for each year:

£'m	2021-22	2020-21
(Loss)/surplus for the year	(9.2)	11.2
USS pension provision	16.6	0.8
Capital grants	(1.8)	(4.0)
(Gain) on investments	(0.3)	(2.4)
(Gain)/loss on foreign exchange	(0.7)	0.4
Restricted donations and endowments	-	0.8
Release of HEIF/research balances	-	(1.8)
VAT settlement	-	(0.5)
Operating contribution	4.6	4.5

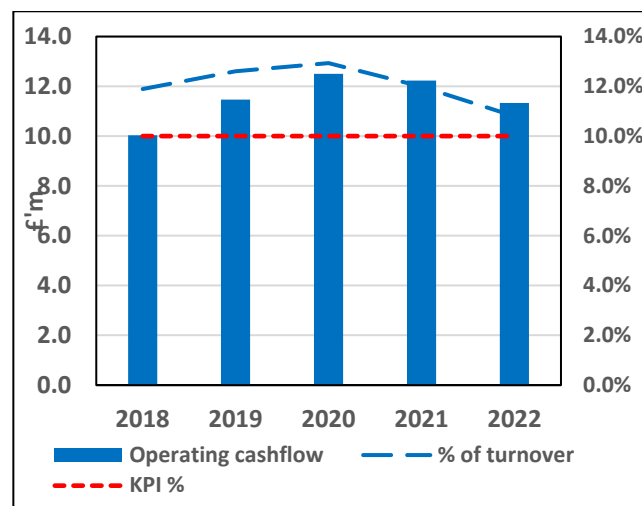
The operating contribution, at £4.6m, was £0.1m above the prior year.

At the time the 2021-22 budget was approved by the RVC Council in July 2021, the RVC was planning for a transitional return to normal business following the pandemic restrictions. With some delay, due to the emergence of the Omicron variant, and retention of health and safety precautions for a period, there was a return to large scale lectures and all other on-campus activities. However, other challenges arose during the year, notably the war in Ukraine, which, along with the ongoing impact of EU exit, are giving rise to inflationary growth not experienced in the UK for many years.

Despite this, the RVC has again delivered a positive and resilient financial performance. The operating contribution of £4.6m represented a £1.0m improvement against budget.

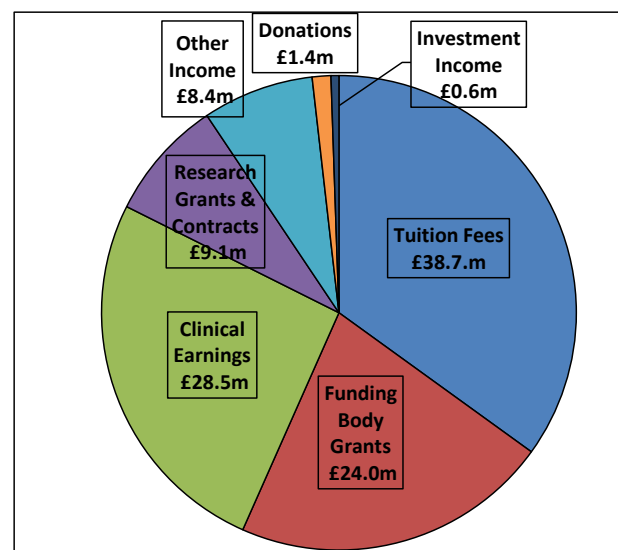
The RVC uses operating cash flow as a key metric of financial performance. Generating sufficient operating cash is essential to providing the funds for future capital investment and servicing debt. The RVC has set a target for operating cash flow of >10% of turnover over a three-year rolling period. In the 3-year period to 2021-22, this averaged £11.3m p.a., representing 10.8% of operating turnover. Equivalent figures for the period to 2020-21 were £12.2m p.a. and 12.0%.

The trend over the past five years, and against the 10% KPI, was as follows:



Income

Total income in the year was £110.7m, compared to £111.4m in 2020-21: a decrease of 0.6%. Sources of income in 2021-22 are shown in the following chart:



Tuition fees, at £38.7m, are the RVC's main income stream. These increased by 7.8% (£2.8m) on the prior year. Fees from international students increased by £3.4m to £22.9m, accounting for 59% (2021: 54%) of total tuition fee income. Fees from home students (undergraduate and postgraduate) reduced by £0.6m to £14.0m. Income for short courses and research support training grants was in line with the prior year, at £1.8m.

Funding body grants, at £24.0m, reduced by £0.6m.

Funding for teaching (£12.5m) is provided by the Office for Students (OfS) and remains an important income stream to the RVC, as its programmes are in high-cost, primarily clinical, subject areas. There was a small £0.1m reduction in the grant due to a combination of there being fewer UK/EU students, offset by an increase in institution-specific funding (from £1.3m to £1.5m), which is awarded in recognition of the RVC’s international teaching excellence.

Research (QR) funding, provided by Research England (RE), was £6.3m, representing an increase of £1.1m. This reflects the introduction of a new recurrent funding stream for specialist institutions from which the RVC received £1m. Other QR funding streams tend to remain relatively stable in the period between Research Excellence Framework (REF) exercises. The outcome of the latest REF will impact on funding from 2022-23.

There was a £1.2m decrease in Higher Education Innovation funding (HEIF) to £2.5m. This was due to a change in accounting treatment in 2020-21, which resulted in prior year balances being released to income in the year. Excluding these sums, there was a year-on-year increase of £0.6m.

Income reported under Specific Grants reduced significantly from £1.7m to £0.4m as a result of the winding down of a project funded under the RE Connecting Capabilities Fund. RVC was the lead partner in the initiative, funded in two phases (£5m and £1.9m), to develop innovative and technical solutions to combat infectious disease and antimicrobial resistance.

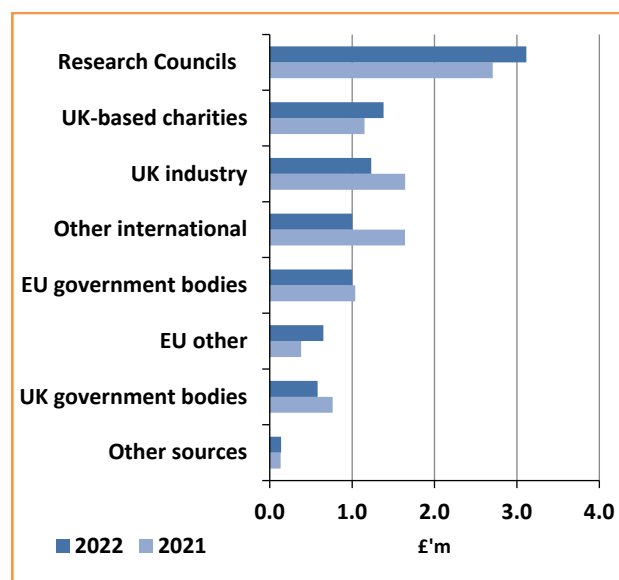
Capital grants received from the OfS and RE are also reported under this category. During the year, the OfS moved from a formula-based to a bidding process for allocating capital funding. The RVC was successful in its bid for £1.8m in support of teaching facilities within the Hawkshead development. RE capital funding is formula-driven and the RVC received an allocation of £0.5m. There was a similar allocation in the prior year; however, this was supplemented by a £0.6m one-off grant from the World Class Laboratories Fund.

Clinical and related income, at £28.5m, was in line with the prior year. Clinical operations comprise the RVC’s veterinary teaching first opinion and referral

hospitals, diagnostic laboratories and RVC Veterinary Practices Ltd. Whilst client demand remains strong, the business has been impacted by clinical staff shortages (a national problem), which have reduced capacity to handle caseload.

Income from externally-funded **Research grants and contracts** was £9.1m compared to £12.8m in the prior year. The reduction is primarily due to one-off capital grants of £3.35m being received in 2020-21 in support of the Centre for Translational Research & Clinical Imaging and the Hawkshead capital project.

The breakdown of funding by research sponsor type in each year (excluding capital grants) was as follows:



As in the prior year, Research Council funding was the main source of research grant income and increased by 15%. This was due in part to a partial restoration of funding from Official Development Assistance (ODA) which had been subject to cuts in 2020-21. Income from UK charities and non-governmental EU bodies also increased; however, was offset by reductions in income from other sponsor types.

As research income is reported in line with the related expenditure, there is a time lag before the full impact of changes in the proportion and volume of awards by sponsor type is reflected in the financial accounts data.

Other income increased by £0.8m to £8.4m. This category comprises student residential fees and catering, rental of office and laboratory space by external clients of the London BioScience Innovation Centre (LBIC), and services provided under commercial contracts for use of the College's research facilities.

The improvement relates to residence and catering income which had been affected in the prior year by the pandemic. Residence fees were waived in the first term of the 2020-21 year for students whose learning was delivered fully online. Catering income has also increased with a greater footfall of students and staff on campus.

LBIC's business remained resilient, with 93% occupancy, generating income from external clients of £2.7m which was in line with the previous year. LBIC's profits are gift-aided to the RVC and amounted to £0.5m (2021: £0.7m).

Investment income comprises income (interest, dividends) earned through the RVC's investment fund portfolio, managed by UBS AG, and interest on short-term cash balances held in fixed and notice deposits. At £0.6m, this was in line with the prior year.

Income from **Donations**, at £1.4m, was £0.2m higher than the previous year.

There was a modest £0.3m improvement in the value of the investment portfolio following the significant gain in the prior year (£2.4m). Recovery in economic markets as the pandemic abated has been slowed by the repercussions of the Ukraine conflict.

Expenditure

Expenditure, at £120.1m, increased by £17.6m (17.2%) compared to 2020-21. As discussed earlier, the year-on-year variance has been distorted by the impact of the reporting of movements in the valuation of the pension provision. The overall movement on this was a debit of £16.6m compared to 0.8m in 2020-21. Adjusting for this, the year-on-year increase was £1.8m (1.8%) which is explained in the following paragraphs.

Staff costs, excluding the pension provision adjustment, were £59.3m and in line with the prior year, representing 54% of turnover (2021: 54%). The prior year included the bulk of the settlement costs associated with a Voluntary Service Scheme (VSS). These, along with other redundancy costs, amounted to £1.2m compared to £0.5m in 2021-22. A 1.5% national pay award, increases in both USS and SAUL pension contribution rates and the 1.25% increase in national insurance from April 2022, added to the pay bill, along with annual incremental pay progression. These increases were offset by savings arising from the VSS, as well as a high level of staff vacancies, notably in clinical areas, as mentioned earlier. Expressed as full-time equivalents (ftes), staff numbers reduced by 3.3% to 959.

Other operating expenses, at £35.2m, increased by 9%. This reflects a return to more normal levels of activity compared to 2020-21, when spend was necessarily curtailed in a number of areas due to the pandemic. There has also been enhanced investment in IT to improve services and systems, with a particular emphasis on security and resilience. This has been particularly important given the shift to hybrid working arrangements for many staff. Inflationary pressures have also been a factor, particularly in estates-related costs, although the RVC is benefiting from having fixed its utility costs until July 2024.

Depreciation and amortisation costs, at £8.4m, were in line with the prior year, as there were no major assets completed or bought into use in the year. Amortisation costs (£0.4m) represent the write-off over a 10-year period of goodwill relating to the acquisition of Acorn House Veterinary Hospital through RVC Veterinary Practices Ltd.

Interest and other finance costs, at £0.6m, were significantly lower than in 2020-21 (£1.7m). Interest charges (£1.2m) relating to external financing (£45m private placement) were partially offset by exchange rate gains of £0.7m (2021: £0.4m loss) relating to euro and dollar cash balances.

Capital investment

The RVC has been undertaking a substantial programme of capital investment at both campuses

over recent years. All new building developments are designed to be energy efficient and environmentally sustainable.

Following extensive refurbishment work at the Camden Campus (£15m), completed in 2019, a £43m project to re-develop the heart of the Hawkshead campus is well advanced. This involves replacing obsolete teaching, research and office space with state-of-the art and sustainable facilities including a major new lecture theatre and a Centre for Vaccinology and Regenerative Medicine. Construction work has progressed throughout the financial year, although has been delayed due to labour shortages and supply chain issues, particularly during the height of the pandemic.

As reported last year, the RVC was successful in an application to the Hertfordshire Local Enterprise Partnership for a £2.1m grant towards a Centre for Translational Research and Clinical Imaging based around a 3T MRI scanner. The facility, which adjoins the Queen Mother Hospital for Animals (QMHA), is due to be completed this calendar year.

Routine capital refurbishment and upgrade work has accelerated, following a period of reduced activity during the pandemic. Inflation in the construction industry, driven by increased demand coupled with materials shortages is proving challenging.

Investment has also been made in research and clinical equipment; some of the latter funded by grants from the Animal Care Trust.

Borrowing

In 2018, the RVC restructured and increased its borrowing to support its capital plans, concluding a notes issue for a £45m private placement with Sun Life Assurance Company of Canada. The notes are fixed rate and unsecured with 15 to 25-year maturities. The funds raised were deployed in part to pay off existing long-term debt and associated breakage costs (£23.6m in total).

Salix interest-free loan funding of £0.8m has been secured to support an LED lighting project. The funds are repayable over five years.

Treasury policy and investments

The RVC's Treasury Policy seeks to ensure an appropriate return on investments at a level of risk agreed by the RVC Council. For long-term reserves, the objective is to achieve a total return above inflation (CPI) of at least 3.5% p.a. (net of fees) over a rolling three-year period.

The investment portfolio has been managed by UBS AG since January 2018. At 31 July 2022, the value of the portfolio was £16.7m (2021: £16.2m) comprising a range of equity, fixed interest and cash funds. Following significant gains (£2.4m) in 2020-21, the portfolio was impacted by the volatility in the economic markets associated with the Ukraine conflict, returning a modest gain of £0.3m in 2021-22. Since its inception, the fund has achieved an annualised return of 6.4%.

Cash, cash equivalents and short-term deposits

Cash, cash equivalents and short-term deposits at 31 July 2022 were £49.0m compared to £48.0m at 31 July 2021.

On securing of the private placement funds in July 2018, the RVC consolidated its cash holdings and the majority of surplus cash is also now administered by UBS AG. For short-term reserves, our policy is to achieve the best possible return whilst preserving the capital value with a minimum level of risk. Funds are placed in fixed-term and notice deposits with counterparties meeting criteria set out in the Treasury Policy. At 31 July 2022, £28.7m was under such arrangements.

Excluding endowment fund cash of £0.3m (2021: £0.4m), net liquidity days at the end of the year were 186, as was the case in July 2021. This is well in excess of the RVC's KPI of 90 days.

Investment returns on short-term deposits are not keeping pace with escalating inflation. Whilst cash reserves are earmarked for completion of capital works currently underway, and future infrastructure investment in support of the new Strategic Plan, the RVC is reviewing its treasury strategy to ensure returns are optimised without putting the underlying capital at undue risk.

Pension funds

Staff at the College are entitled to join either the Universities Superannuation Scheme (USS) or the Superannuation Arrangements of the University of London (SAUL).

In common with the rest of the Higher Education sector, pension costs represent a significant risk to the RVC. Both USS and SAUL are pooled multi-employer schemes and, as such, it is not possible to separately identify each employer's share of the schemes' assets and liabilities. Institutions are, however, required to recognise their liability for any pension deficit recovery plans put in place.

The USS was subject to a 31 March 2020 valuation. Resolution of this was significantly delayed due to the various parties being unable reach agreement on how to address the scheme's deficit. During the course of 2021-22, the valuation was finally concluded. Employer contribution rates increased from 21.1% to 21.6% and those for employees from 9.6% to 9.8%. Agreement to enhanced employer covenants and a commitment to address benefit reforms avoided the requirement for further contribution increases. The valuation resulted in a new deficit recovery plan which, as reported elsewhere, has given rise to a substantial increase in the RVC's pension liability which now stands at £27.0m. The next valuation is due in March 2023.

A formal actuarial revaluation of SAUL is undertaken every three years with the last valuation at 31 March 2020. The performance of the scheme did not require a deficit recovery plan to be put in place; however, employer contributions are subject to a phased increase from 16% to 21% between April 2022 and January 2023.

Please refer to *Note 37: Pension Schemes* for further information.

Future outlook

Over the period of the previous Strategic Plan, the RVC achieved considerable success in all its mission areas, consolidating its position as a world-leading

institution. It has been ranked #1 for Veterinary Sciences in the prestigious QS World University Subject Rankings in the past two years¹. It remains one of the few veterinary schools in the world to hold accreditations from all the major regulatory bodies, following visits in 2018 and 2021.

The RVC's international reputation has been further endorsed through its designation as a Food and Health Organisation (FAO) Reference Centre for Veterinary Epidemiology and a World Organisation for Animal Health (WOAH, formerly OIE) Collaborating Centre in Risk Analysis & Modelling. Recent strong performance in REF 2021 is testament to the RVC's research strengths.

Clinical excellence has been demonstrated under the Royal College of Veterinary Surgeons Practice Standards Scheme with all the RVC's veterinary hospitals being ranked as "outstanding" under the assessment categories.

These successes have been underpinned by robust and consistent financial performance, achieved despite considerable external financial pressures, some new and some which have been with us for some time.

The impact of the COVID-19 pandemic was a real test of the RVC's business continuity. The resilience and agility demonstrated during this period are important lessons for the next phase of the RVC's development under the new Strategic Plan. Anticipating, managing and mitigating risks proactively will remain essential.

We do not underestimate the immediate and impending challenges, nor the financial rigour required to address them. However, we believe our underlying business model is robust and sustainable with the potential for all three mission areas to grow, diversify and innovate. We, therefore, enter the next phase of our strategic development with optimism.

Learning and teaching

There continues to be strong demand for our courses from both UK and international students.

¹ 2022 and 2021 1st, 2020 2nd, 2019 1st, 2015-2018 3rd

Recruitment to our veterinary medicine programmes for the 2022-23 academic year has met budgeted targets. The RVC has a relatively small number of EU students and is less exposed to the ramifications of EU exit in this regard than many other UK Higher Education Institutions. Recent efforts to diversify our international student base and reduce over-reliance on specific countries have been successful.

We have progressed our plans for establishing collaborative teaching programmes through partnerships with other institutions. A new joint Bachelors degree in Veterinary Sciences with Aberystwyth University had its first intake in the 2021-22 academic year. We continue to pursue strategic partnerships at home and abroad, both in veterinary medicine and biological sciences, as we seek to establish a portfolio approach to student recruitment and teaching-related income.

To ensure the RVC continues to offer an excellent study environment for current and future students, recent and ongoing capital investment has been focused on enhancing the teaching and learning infrastructure both in the form of on-campus facilities and digital resources. Regarding the latter, the pandemic necessarily accelerated our planned developments in this field. Investment in these digital resources will realise longer term benefits by facilitating more flexible and competitive offerings, particularly in our postgraduate programmes.

Although its launch was delayed due to the pandemic, the curriculum for our veterinary medicine programme has undergone a major refresh to ensure it remains at the forefront of veterinary teaching practice. The new curriculum was introduced for the intake of 2021 and the gradual replacement of our existing curriculum over the next four years will result in an update of our professional veterinary degree in its entirety. This will enable the RVC to ensure its course remains current, prepares our graduates appropriately for the modern workplace and satisfies the rigorous demands of our accreditors.

The renewal of the Advanced Accreditation of all of our MSci and BSc Biological science pathways by the Royal Society of Biology in February 2021 is evidence of our continued commitment to innovation and excellence in science education and the production of highly skilled science graduates. Further commitment to the advancement of the veterinary nursing profession is illustrated by the ongoing development of graduate and post-graduate certificates in Advanced Veterinary Nursing. The first cohort of students on these new programmes began their studies in 2021 and recruited numbers exceeded expectations. Further pathways within these certificates have recently been accredited by the Royal College of Veterinary Surgeons and are expected to be similarly popular. These qualifications allow registered nurses, already practising, to develop additional skills while in employment; helping shape the future of their profession.

Finally, the RVC, in common with some other member institutions, has applied to acquire university status under the University of London Act 2018². This offers a number of benefits including the potential to market and brand the College more effectively on the international stage.

Research and innovation

The external research funding environment continues to be highly competitive and turbulent. In recent years we have experienced substantial change and cuts to projects underpinned by UK Official Development Assistance, notably the RVC-led One Health Poultry Hub, a large Global Challenges Research Fund (GCRF) project, and the GCRF Action Against Stunting Hub (led by LSHTM), to which RVC contributes. Whilst some cuts were partially restored, the impact of frequent changes in funding, sometimes announced at short notice, is hard to manage for smaller institutions with fewer administrative resources.

It is still unclear whether the UK government will continue to remain a full member of Horizon Europe, and therefore whether UK researchers will have current access to EU research funding

² The Act enables the member institutions of the federal University of London to seek university status in their own right whilst remaining part of the federation.

and collaborations into the future. Some details are now available regarding the UK government's "plan B", which is the set of funding schemes that would be put in place if the UK were to cease participation in Horizon Europe. Whilst it is reassuring that, if this happens, EU funding sources will be replaced by new UK ones, the result will be yet more change to funding procedures, terms and conditions, and the strength of research collaborations with European partners will undoubtedly suffer. Outside of Europe, the regulatory burden of working with international partners is increasing, and most research links with institutions in Russia have ceased due to the ongoing war in Ukraine. The research sector is waiting to hear if there will be changes to the nature or oversight of research collaborations with China.

The RVC is actively involved in the fields of One Health, Emerging Infectious Disease, Animal Welfare, and Comparative Medicine, and we are committed to improving human and animal health and wellbeing. Our research strengths in epidemiology are internationally recognised and the RVC is both an FAO Reference Centre and WOAHC Collaborating Centre. The COVID-19 pandemic has raised the profile internationally of One Health and animal health approaches to infectious disease research. It is hoped that these topics will see an increase in funding opportunities in the future, and the RVC is well positioned to benefit from any such change.

Research commercialisation and knowledge exchange are also areas with potential for further growth. RVC has previously secured funding through the Connecting Capability Fund (Research England) and continues to receive funding from industrial partners. The establishment of the Centres for Vaccinology and Regenerative Medicine and Translational Research and Clinical Imaging at the Hawkshead campus will further increase our capacity for translational research.

LBIC is a key component of the RVC's knowledge exchange and innovation agenda and is well placed to capitalise on predicted growth in the UK's commercial bioscience sector. Demand for space from bioscience companies is at an unprecedented high level. Situated within the heart of the King's Cross Knowledge Quarter, LBIC is a preferred

location due to the presence of prestigious research institutions, including the Francis Crick Institute, and an influx of innovative biopharma companies including MSD (an LBIC anchor tenant), AstraZeneca, and GSK. The "London Life Sciences Real Estate Demand Report" published by MedCity this year confirmed that demand is up fourfold since 2016, with 500,000 sq feet of unmet demand. Against this backdrop, and in the context of sustained high occupancy, LBIC is opening a new innovation centre close to the RVC's Camden campus within the new Tribeca development which is dedicated to bioscience companies. This will double its available space for client companies and enable larger companies from LBIC to occupy nearby state-of-the-art "grow-on" space, allowing them to retain staff and continue their growth and expansion with minimal disruption. The new facilities should be available from the start of 2024.

Clinical services

In essence, the clinical centres fulfil three principal roles:

1. Providing clinical case material for both undergraduate and postgraduate teaching.
2. Delivering veterinary services to improve the health and welfare of animals and their owners; both directly through the cases seen in the centres and indirectly through training the specialists and experts of tomorrow, while continuously raising the general standard of care through Continuing Professional Development.
3. Providing the research environment and access to naturally occurring cases of disease. Our clinical activities constantly generate research questions for which the answers facilitate better understanding of both physiology and pathology, as well as influencing best clinical practice.

Future priorities relate to expansion of our clinical facilities to cater for increased undergraduate and postgraduate teaching opportunities, as well as remaining at the forefront of tertiary referral activities through application of our research to progressing clinical practices. These include:

- i. continued expansion of our first opinion practice network – including small animal, equine and food animal practices;
- ii. planning for expansion of our small animal referral hospital with a particular focus on increasing inpatient facilities and enhanced after hours services;
- iii. ongoing development of our capability to implement “individualised medicine” by:
 - o using an individual’s genetic profile to enhance diagnostic and therapeutic precision while minimising potential adverse events; and
 - o therapies targeted to individual organs or parts of organs through selected penetration and cell-signalling technologies.
- iv. expansion of our telemedicine services through:
 - o providing remote advice for the management of problems within various specific disciplines such as ophthalmology, dermatology and cardiology;
 - o providing guidance to owners and their first opinion veterinary team about the options and benefits of specialist referral or ongoing management in their first opinion practice; and
 - o use of digital technologies to extend our specialist inputs into a broad range of diagnostic services such as anatomic pathology, diagnostic imaging.

The financial contribution from our clinical services is necessarily constrained by their primary purpose being the education and training of both undergraduate and postgraduate students. Nevertheless, there is potential to deliver a higher financial return through improved business systems and processes. Several projects are currently underway and include replacing our laboratory management information system and implementing a digital system for documenting all activities undertaken on our inpatients.

The principal risk lies in the recruitment and retention of veterinarians and veterinary nurses in a highly competitive environment driven by skills shortages within the profession nationally.

Financial sustainability and going concern

The RVC has delivered a positive financial operating return over the past decade, generally exceeding budgeted projections. This has been achieved despite significant public funding challenges and expenditure pressures and, more recently, major disruption due to the pandemic and ongoing volatility in the economy.

In terms of materiality, the key risks to the RVC’s financial sustainability are loss of teaching income and escalating staff costs.

Tuition fees are the RVC’s major income stream and have increased significantly in recent years due to a successful strategy to increase the proportion of international students on our BVetMed programmes, particularly the 4-year graduate entry. As international fees are non-regulated, this has enabled us to partially mitigate the impact of the erosion of the unit of resource for home undergraduate students, resulting from government funding cuts and the freezing of regulated tuition fees since 2012-13.

Our courses are exclusively in clinical and high-cost disciplines with Veterinary Sciences being the most expensive of all subjects to teach³. The re-balancing of funding in the 2021-22 teaching grants towards high-cost and strategically important subjects and specialist institutions was welcome; however, in RVC’s case, the financial gain was eliminated by the removal of the premium for London-based institutions. The benefit of a further increase in the 2022-23 grant settlement for high-cost subjects is, unfortunately, likely to be more than offset by current inflationary cost pressures.

We look to government to properly recognise high-cost subject provision in strategically important and shortage disciplines, as well as the unique contribution of specialist institutions to the UK’s

³ Measuring the cost of provision using Transparent Approach to Costing data, Department for Education, May 2019

reputation for world-class education. Demand from Home students for our BVM programmes significantly outstrips the places available such that the RVC is well placed to address the escalating national shortage of veterinary graduates, if the costs of such provision are appropriately resourced.

Our latest forecasts continue to reflect a strategy of growth in sources of non-regulated tuition fee income. Although international student recruitment is by its nature uncertain, recruitment to our BVetMed programmes for the 2022-23 academic year has once again been positive. Options for further increasing and diversifying the proportion of non-regulated fee-paying students in future are being actively explored.

The RVC acknowledges it must demonstrate value for money by delivering its activities as efficiently and effectively as possible. Several major cost items are, however, outside our direct control. Principal among these are pay costs which represent the biggest area of spend and are subject to pressures on a number of fronts, including pensions, national pay awards, employment taxes, competition for specialist staff, the latter particularly in clinical disciplines.

Managing the pay bill is critical. As reported last year, a Voluntary Severance Scheme was implemented and has delivered recurrent savings of £0.7m p.a. Measures to achieve further savings have been linked to targeted restructuring exercises, alongside strict controls on the approval of new and replacement posts. There is no doubt that current inflation levels, if they persist, will put pressure on future pay awards and, hence, the pay bill. This will be kept under review.

The RVC Council approved the 2022-23 Budget and 5-year Financial Forecasts. With strong student recruitment, confirmed government grant funding, a positive REF performance and consistent demand for clinical services, the outlook for the current financial year is encouraging, though, as outlined earlier, subject to uncertainty on a number of fronts. Given the nature of the environment in which we now operate, a financial planning approach based on rolling forecasts, which are regularly updated to reflect changing circumstances, is being adopted.

Against this backdrop, our strong liquidity is an important consideration. As capital expenditure has ramped up, cash reserves have been replenished by cash generated from our operations. At the 31 July 2022, cash and short-term deposits amounted to £49m, representing 186 days' spend, well above the 90 days' KPI. Significant headroom in the cash position is forecast over the next few years. Loan covenants are not at risk of being breached.

To support delivery of the new Strategic Plan, underpinning sub-strategies are currently being developed, of which a new Finance Strategy is one. This will set out the financial parameters within which our future plans must fit, ensuring that we optimise opportunities within the bounds of affordability. Long-term financial sustainability is a balance between living within our means whilst investing smartly to remain competitive.

Pivotal to the Financial Strategy will be a set of financial KPIs. As previously, these will be focused on cash generation, maintaining adequate cash reserves and compliance with debt obligations. Performance against the KPIs will be monitored and reported regularly to provide early warning of emerging issues.

Based on the above, the Council is satisfied that the RVC has adequate resources to continue in operation for a period of at least 12 months from the date of approval of these financial statements. For this reason, the Council considers that the RVC's financial statements should be prepared on a going concern basis.

The Strategic and Financial Review was approved by the Council on 30 November 2022 and signed on its behalf by:

Barbara, Baroness Young of Old Scone
Chair of Council

CHARITABLE STATUS AND PUBLIC BENEFIT STATEMENT for the year ended 31 July 2022

The Royal Veterinary College is an exempt charity under the terms of the Charities Act 2011⁴. The Office for Students (OfS) has been the principal regulator for higher education providers since April 2018.

In setting and reviewing the RVC's objectives and activities, the Council has had due regard to the Charity Commission's guidance on the reporting of public benefit and particularly to its supplementary public benefit guidance on the advancement of education. Attention is also paid to guidance (Regulatory Advice 5) issued by the OfS in its role as principal regulator on behalf of the Charities Commission.

General principles of public benefit

The public benefit requirement of the Charities Act 2011 has two aspects:

1. The 'benefit aspect' - to satisfy this aspect there must be an identifiable benefit or benefits:
 - (a) it must be clear what the benefits are;
 - (b) the benefits must be related to the aims; and
 - (c) benefits must be balanced against any detriment or harm.
2. The 'public aspect' - to satisfy this aspect the benefit must be to the public, or section of the public:
 - (a) the beneficiaries must be appropriate to the aims;
 - (b) where benefit is to a section of the public, the opportunity to benefit must not be unreasonably restricted by geographical or other restrictions;
 - (c) people in poverty must not be excluded from the opportunity to benefit; and
 - (d) any private benefit must be incidental.

In general, for a purpose to be a charitable purpose it must satisfy both the benefit and the public aspects.

Delivery of public benefit from the mission and strategic goals

The RVC's mission and goals, approved by the Council in the new Strategic Plan 2022-2026, address this directly.

Our mission:

Our mission is to be a leading international authority in education, clinical care, research, expert opinion and employment in veterinary and biomedical sciences.

Our goals:

- to be a world-leading organisation in the discovery and dissemination of impactful knowledge in veterinary, biomedical and allied sciences, food sustainability, zoonotic disease control and translational medicine;
- to be recognised as world leaders in veterinary science, the biological and biomedical sciences and veterinary nursing education, and the delivery of a student-focused university experience; and
- to be regarded as a leading authority in animal health and welfare by innovating, advancing and providing the highest levels of clinical practice.

Delivery of public benefit through education and training

The provision of undergraduate and postgraduate higher education remains the principal reason for the RVC's existence. Ultimately these programmes produce a skilled population able to contribute to the enhancement of society and the economy. In 2021-22, despite the challenges caused by the COVID-19 pandemic, approximately 700 RVC students graduated from undergraduate and postgraduate programmes,

⁴ Charities Act 2011, s 22 schedule 3.

including research study. Graduates of the largest undergraduate degree, the Bachelor of Veterinary Medicine, are admitted to membership of the Royal College of Veterinary Surgeons and many engage in a range of activities providing expert advice and treatment for the benefit of animals, their owners and wider society. Graduates of the Foundation degree in Veterinary Nursing become Registered Veterinary Nurses, providing skilled nursing care to veterinary patients. The RVC recognises the growing relevance to society and the economy of the veterinary profession's contribution to food production, the control of disease and animal welfare, and has modified its academic activities in response to this.

The COVID-19 pandemic and the Monkeypox global public health emergency both illustrate the importance to society of individuals trained in the investigation and management of disease outbreaks, particularly those that emerge at the interface between human and animal populations. The RVC offers a unique combination of post-graduate qualifications including an MSc in Veterinary Epidemiology, an MSc in One Health and MScs in Wild Animal Health and Biology. These provide advanced training and equip graduates with unique sets of skills.

The UK is a world leader in life and biological sciences research which has been identified as a key future growth area for the economy, requiring highly skilled graduates. The RVC continues to develop and expand its BSc and MSc Biosciences pathways; their Advanced Accreditation by the Royal Society of Biology acknowledges the RVC's excellence in education and in equipping students with the skills highly desired by employers, not only in the UK but also globally.

The RVC is one of the largest providers of clinical specialist training in Europe through programmes like the Postgraduate Certification in Veterinary Clinical Practice, the Postgraduate Certificate in Advanced Veterinary Nursing and the Masters in Veterinary Medicine. It is also a major supplier of veterinary Continuing Professional Development (CPD) and postgraduate professional certificates accredited by the Royal College of Veterinary Surgeons. It, therefore, contributes substantially to the public good through promoting state-of-the-art veterinary services.

The RVC continues to develop its pedagogical expertise and enhance its technological capacity to support distance education courses at both undergraduate and postgraduate levels. These programmes allow students to study at their own pace from any location globally. In some highly specialised subject areas, this creates a critical cohort mass of students and, thereby, supports the sustainable sharing of knowledge. The knowledge gained, especially by those from developing countries, is used directly to influence key decisions in the veterinary profession in those countries.

Through its LIVE (Lifelong, Independent Veterinary Education) Centre, the RVC drives innovation and best practice in veterinary teaching and learning nationally and internationally. It provides postgraduate courses that develop teachers of future veterinary surgeons in many countries around the world. A growth in international students on these programmes provides clear evidence of the RVC's international reach and influence.

The RVC actively engages in widening participation activities aiming to broaden access to the professions, seeking to recruit to its programmes students from a wide variety of backgrounds, aiming to ensure the professionals it educates are reflective of the society they will serve. In widening access to study and actively supporting students through their degree courses, the RVC contributes to the societal benefit brought about through greater social mobility.

Delivery of public benefit through research

Research is undertaken to enhance or change society for the better through increasing knowledge and understanding and, thereby, influencing behaviors, informing policy, and creating new economic opportunities. Researchers at the RVC are actively engaged in creating and applying knowledge in the fields of basic biomedical science, animal and population health, and the veterinary sciences. Research typically results in the publication of peer-reviewed scientific articles, an increasing proportion of which are published under open-access principles and are, therefore, freely available for anyone worldwide to read and use.

CHARITABLE STATUS AND PUBLIC BENEFIT STATEMENT *continued*

The RVC is actively involved in the field of Comparative Medicine. Increasingly, the outcomes of research into improving animal health and wellbeing are also applicable to understanding and improving human health. These include research into antimicrobial resistance, arthritis, bone pain following fracture, food safety, neuromuscular disorders, brain ischaemia, degenerative brain diseases such as Parkinson's Disease, Duchenne Muscular Dystrophy, tendon disease, type II diabetes, and the effect of dietary factors on vascular function. Findings are being used to inform research into these conditions in humans.

The RVC is also an international leader in research that takes a One Health perspective, which views the health of humans, domestic and wild animals, plants and ecosystems as closely linked and inter-dependent. The COVID-19 pandemic has highlighted the importance of this approach and RVC researchers contributed to pandemic responses in many ways, for example, by advising the UK government, developing guidelines for the World Health Organisation (WHO), communicating science to the public on behalf of the NHS, and investigating transmission of the virus worldwide.

The RVC has expertise in studying infectious diseases in animals, as well as those that move between wild and domestic animals and humans. RVC's epidemiological research includes diseases such as Avian Influenza, Middle Eastern Respiratory Syndrome (MERS), Tuberculosis, Brucellosis, Schistosomiasis, Toxoplasmosis, Campylobacter infections, and antimicrobial resistance. The RVC's work on Schistosomiasis is influencing WHO guidelines for prevention of this disease in people, with the recognition that animals need to be treated as part of control campaigns.

Reflecting this capability, the RVC is recognised by both the FAO, as a Reference Centre in Veterinary Epidemiology, and by the WOAH (World Organisation for Animal Health), as a Collaborating Centre in Risk Analysis and Modelling. The latter Centre is in partnership with the UK's Animal and Plant Health Agency. Further, Prof Joanne Webster was appointed this year as Director of the London Centre for Neglected Tropical Disease Research. The RVC also participates with four other institutions in the London International Development Centre (LIDC), whose focus is cross-disciplinary research,

training and capacity-building in low-resource settings. Through the LIDC, the RVC is involved in projects in which animal, medical and social science researchers collaborate with the goal of improving the health and welfare of both humans and animals in low-to-middle-income countries.

Intellectual property (IP) from the RVC's research is being identified, protected, and taken forward to early-stage commercialisation and impact within diverse areas including flight, cancer, infection, and therapy development. In one example, novel technology developed by RVC researchers enables antimicrobial drugs to be delivered into human and bacterial cells more effectively and is being used in a human clinical trial. This advance is a potentially important one in the global fight against antimicrobial resistance. In addition, the use of phage technology is being developed to diagnose bacterial infections and identify whether they are resistant to antibiotics, providing more rapid assessment than currently possible.

The RVC is also active in research to develop new vaccines for poultry and pigs. By reducing the need to use antibiotics in animal production, such vaccines would improve animal health and help to address problems of antimicrobial resistance. Yeast-based antigen delivery systems for vaccines are also being developed which are stable in a freeze-dried form making them accessible for use in animals kept in low-resource countries.

Delivery of public benefit through outstanding clinical activity

The RVC's veterinary teaching hospitals are staffed and equipped to cater for the full range of companion animal species from dogs, cats, and horses through to exotic pets. There were over 26,000 first consultations with animal owners during the year.

Our capabilities range from the provision of routine basic health care and shelter medicine services for all species to highly complex, tertiary referral procedures uniquely offered by the RVC, such as open-heart surgery in dogs, hypophysectomy for cats and dogs and laryngeal nerve grafts for horses.

A number of specific services for clients in demonstrable hardship are underpinned by

CHARITABLE STATUS AND PUBLIC BENEFIT STATEMENT *continued*

charitable donations or supported by endowment funds.

Our clinical teams offer a very broad range of diagnostic techniques and treatment options to provide optimal care for all animals, whether presented directly by their owners or referred at the request of professional colleagues for secondary and tertiary services.

The RVC also provides support for wider public awareness of veterinary and allied health issues by supporting clinical employees to attend external events, such as talks, shows and professional exhibitions, to deliver lectures and workshops and to give media broadcasts to audiences, including the general public and farmers, as well as veterinary surgeons.

The RVC works in partnership with shelter medicine organisations providing veterinary care to stray and abandoned animals. In addition, these activities provide experiential learning opportunities in shelter medicine and accessible care for the veterinarians and veterinary nurses of the future.

The Veterinary Companion Animal Surveillance System (VetCompass™) is an RVC initiative focused on improving companion animal health through the collection and analysis of clinical data provided by participating veterinary practices in the UK and a number of other countries. In 2022, over 35% of all UK veterinary practices are now contributing all of their clinical data to the VetCompass database. This is, therefore, a truly unique resource, not only for better understanding how best to prioritise managing animal health and identify important risk factors for the most common disorders, but also providing an opportunity to develop machine learning and AI algorithms for investigating medical data.

Delivery of public benefit through access to opportunity

With continued relaxation of COVID-related regulations, we were able to undertake both face to face and online activity with a range of schools, cohorts and individuals. This was particularly useful in terms of vacation schools for school students in Years 10-12. The Year 12 summer school, supported by the Sutton Trust, opens up a valuable pathway to

veterinary medicine for a substantial number of young people. Such face-to-face activity has been complemented by our use of digital technology to deliver access to opportunity. Much of our work in this area is now a hybrid format enabling greater access for a larger number of eligible young people.

We are also conscious of the need to continue to work within the parameters of our ambitious five-year Access and Participation Plan to increase access for students from disadvantaged and low participation backgrounds and to narrow the gap between the highest and lowest socio-economic quintiles. Our targeting of these cohorts has been refined and improved and we are increasingly confident that our contribution to public benefit is positive.

The Veterinary Gateway Programme continues to provide an important and successful pathway towards the BVetMed degree for a significant number of our widening participation (WP) cohort of students. Again, by means of greater online and digital activity and much-improved targeting, we are confident that our work is reaching and benefitting more eligible students. To this end, initiatives such as Animal Academy, Summer Schools and working with Animal Aspirations, an RVC student-led project to increase diversity in veterinary medicine and animal-related careers, have been particularly valuable.

We seek to raise the awareness and ambitions of WP students to tertiary education in general and are an active partner in the Uni Connect Programme. This is a national project which seeks to further the aims and aspirations of young people from areas of the country where progress to higher education is low. As part of this work, we collaborate with Uni Connect teams across London, Hertfordshire and beyond. We also continue to be active contributors to the work and projects of networks including AccessHE, Aim Higher London South, and NEON.

The RVC engages with secondary schools and further education colleges, basing our activity strategically around the student lifecycle to increase the academic attainment of students in our target institutions. We are developing processes and support mechanisms to ensure that students who enter the RVC via our various WP routes have both

CHARITABLE STATUS AND PUBLIC BENEFIT STATEMENT *continued*

the educational, professional and pastoral support to succeed in their degree and career outcomes.

Our Widening Participation team works to ensure that the wider community, locally, nationally and internationally, has access to, and an understanding of, the educational and training opportunities offered by the RVC. So as not to deter aspiring students from studying due to financial disadvantage, we offer generous scholarships and bursaries to assist with tuition fees and living costs and are seeking further opportunities to increase and enhance our provision in this area of work.

Delivery of public benefit through public and community engagement

The RVC also promotes knowledge and understanding of bio-sciences and veterinary sciences among the wider community, contributing to adult learning and the enhancement of social, cultural and economic wellbeing.

The ongoing restrictions placed on educational and public activity which extended into 2021-22 resulted in the cancellation of most of the RVC's "face to face" teaching in schools and in the public domain. Nevertheless, it was still possible to contribute to a number of events organised by partners. These included the Biology Week run by the Royal Society of Biology and the Royal Society's annual science summer school.

Having devoted considerable time and energy to developing digital resources for use by younger cohorts, the RVC continues to work in partnership for the public good with a range of organisations and societies including: the Royal Society of Biology, the Royal Society of Chemistry, the Knowledge Quarter (Kings Cross/Bloomsbury), Zoological Society of London and City Farms, as well as educational establishments. We have a great deal of experience in developing webinars and other digital activity and will carry this forward in partnership work for the benefit of the general public and communities local to our two campuses alongside traditional face-to-face activities.

Our local community events and activities were curtailed throughout the pandemic. However, we have worked to ensure proactive communication with local influencers and stakeholders through

continued engagement with Camden Council, Hertfordshire County Council, Welwyn Hatfield Borough Council (WHBC), Camden local Councillors and Parish Councils together with local residents, schools and community groups. In addition to our usual programme of educational and local interest support, we continued to provide COVID-19 related advice (particularly around zoonosis) and community support on a practical level, which included providing PPE, scrubs and critical clinical equipment to local hospital and care homes.

With restrictions lifting we were able to re-introduce farm visits for local schools and we are in contact with an increased number of local groups and schools to make plans for more farm visits. We have built new relationships with relevant partners, for example the Country Trust, and, in conjunction with them, invited primary schools with high percentages of pupils on free school meals to visit the farm on their Farm to Fork/Food Discovery & Farm in a Box initiatives. Our online offerings have included the 'facetime a farmer' project with schools across the UK.

Working in partnership with the local police constabulary, we plan to run educational events for local dog owners, including our own student community and farm visitors to encourage responsible behaviour around farm livestock. We continue to contribute to matters of development and local concern including traffic, travel and environmental plans working with WHBC and local residents.

In association with Leaf, we contributed to the national Open Farm Sunday project and opened our farm to over 1,000 people this summer. They were able to enjoy access to information, advice, teaching and interactive experiences relating to animal husbandry, land stewardship, farm produce and research.

This year we have re-introduced a variety of educational events for animal owners including small holders and sheep flock managers, equine and first aid for smaller pets. This information is also hosted online and actively promoted via social media to increase accessibility of this valuable animal welfare content.

CHARITABLE STATUS AND PUBLIC BENEFIT STATEMENT *continued*

Sales of farm produce continue to evolve and we have plans to offer fresh, self-service milk to the community soon alongside our egg and meat products.

Delivery of public benefit through sustainability

The RVC is currently renewing its Environmental Sustainability Strategy in support of the new Strategic Plan and is expected to be launched by the end of 2022.

We hold Silver accreditation under the EcoCampus accreditation scheme: a dedicated environmental management system for higher and further education meeting International standard ISO 14001. Work is progressing towards achieving Gold.

Energy

The RVC has brought forward by ten years its commitment to achieve net zero, with a target date of 2040. As part of this commitment, a heat decarbonisation plan has been produced with funding from the Public Sector Decarbonisation Scheme. This will inform future investment in measures to reduce heating requirements and improve energy efficiency.

Our carbon emissions associated with onsite energy use have decreased by 9% since 2020-2021. A Christmas shutdown was undertaken to encourage staff to turn off any unnecessary electrical equipment. This saved £16,000 and 43 tonnes of carbon compared to the previous year. A new milking parlour has been installed at the Farm with variable rate pumps to reduce energy consumption. Plant operating hours have been altered to bring back energy consumption in line with pre-pandemic levels.

The RVC continues to purchase all its energy from 100% renewable sources.

Waste

We try to use waste as a resource, wherever possible. First aid kits, nearing the end of their shelf life, were sent to the Ukraine appeal; leftover vegetables from catering are used to make soup; pallets used for delivery have been given for upcycling projects from desks to decking.

We have introduced a furniture reuse platform to find new homes for furniture and other items that are no longer required. To date, 4.2 tonnes of furniture have been rehomed. Furniture and stationery has also been donated to local schools and nurseries. Abandoned bikes have been donated to Hertfordshire Disability Sports Foundation.

We are working to increase our recycling rates through updating our recycling posters and introducing new collection points for hard to recycle items such as pens and PPE through Terracycle schemes. Our IT recycling service plants a tree for every collection they make and delivers our items in 100% recyclable packaging.

We have implemented a residential halls clear-out scheme with household items being donated to RVC's Freecycle and food being donated to the Trussell Trust. Over 100 lab coats, 100 boiler suits and 30 pairs of boots will be given to new students. Our Freecycle room was used to donate boots and waterproofs to local schools visiting our farm.

Biodiversity

Our Biodiversity Action Plan is being updated in conjunction with the Herts and Middlesex Wildlife Trust. This includes student projects and will link up with our biodiversity module. Volunteers from the Wildlife Trust have surveyed two of our woods to ascertain their biodiversity.

Two new areas of wildflowers have been planted at Hawkshead campus as part of the development works. Over 6 hectares of wildflower seeds have been planted at the Farm over the past year. A Students' Union Gardening Club has been established and has created new borders at Hawkshead House, using existing planters to grow vegetables and herbs.

The Farm has joined the Countryside Stewardship scheme. It has reduced its ploughing rate and man-made fertiliser usage. To prevent run-off from soil, fields are always planted.

The RVC will be taking part in a pilot scheme run by Students Organising for Sustainability called Farming for Carbon and Nature, which is focused on the use of nature friendly farming practices.

CHARITABLE STATUS AND PUBLIC BENEFIT STATEMENT *continued*

Development

The Hawkshead capital development includes a number of sustainability measures. The building has been designed to achieve a better Energy Performance Ratio than required by building regulations.

A life cycle assessment of the embodied carbon was undertaken prior to construction to provide advice on reducing the carbon impact of the building. Renewable energy in the form of air source heat pumps has been used. Lighting in the perimeter areas has daylight dimming and all other lights have motion sensors. All lighting installed is LED.

The building has energy monitoring to help identify areas where consumption can be reduced. Natural ventilation has been used, wherever possible. The building has been designed with a high thermal mass to reduce the need for electricity to be used for cooling. Air handling units are controlled via CO2 sensors to regulate usage in line with room requirements.

All wood specified has Programme for the Endorsement of Forest Certification (PEFC) to ensure it has come from a sustainably managed source. The floor coverings have been manufactured using 100% renewable energy. The carpet tiles contain at least 60% recycled content and the lino flooring a minimum of 40%.

Ground granulated blast furnace slag (a waste product) was used in the cement to reduce the carbon impact of the concrete production and provides increased thermal mass to reduce the need for cooling.

The RVC secured £0.8m in Salix funding to support a project to install LED lighting across the College.

Transport

The RVC has a Green Travel Plan to encourage more sustainable travel to and from our campuses including reducing the number of single occupancy car journeys. Staff and students are encouraged to use bicycles and have access to discount purchase schemes. Bike repair stations have been installed at both campuses. There is a Transport Management Group which meets regularly to develop and implement new measures for sustainable travel.

Shuttle bus times are regularly reviewed to ensure that the frequency of the service matches the demand and any changes to train times. The level of service has been increased with a greater frequency of buses which run for longer hours, including a weekend service.

Electric vehicle charging points have been installed at both campuses and an Electric Vehicle Salary Sacrifice Scheme is being introduced.

The footpath between the Hawkshead campus and Potters Bar station has been upgraded to encourage people to walk/cycle to campus.

Food

Working with its catering provider, the RVC is ensuring that the food served in its canteens is sustainable. This includes the following:

- fish is Marine Stewardship Council approved;
- meat has Red Tractor certification;
- eggs are Red Lion/ free range;
- coffee is ethically sourced and either Fairtrade or Rainforest Alliance certified;
- oil recycled is into Biodiesel;
- food waste is minimised by reusing left over vegetables for soup, fruit peelings to make flavoured water etc; and
- coffee grounds are given away to be used as compost.

The RVC is working towards Food for Life Served Here bronze accreditation which sets criteria for animal welfare standards, freshly prepared and seasonal food, and information on sourcing ingredients.

Awareness

A staff and student survey was undertaken to help identify the environmental issues that were most important to our RVC community and ensure the updated Environmental Strategy would tackle those areas people are passionate about. This highlighted climate change, reducing single use plastic and reducing/reusing waste as the key areas.

To drive environmental improvements, an Environmental Sustainability Committee has been established with representatives from across the RVC.

We have been raising awareness of the Farm through holding an Open Farm Sunday, having local schools visit and doing “Farmer Time” once a month to allow urban schools to experience a farm through video calls.

We have updated our Resident Co-ordinators job description to include sustainability responsibilities in managing the student accommodation. This will assist in the launch of the Student Halls Switch-Off Campaign in 2022-23.

The Students’ Union has held awareness raising events and has its own Environmental Officer.

Procurement

Sustainable procurement is encouraged. Potential suppliers are explicitly required to comment in their tender proposals on how they will contribute to the RVC’s sustainability in reducing adverse environmental impacts. Suppliers are also required to address modern slavery requirements.

Investments

The RVC’s externally managed investment portfolio is subject to sustainable screens, which seek to identify companies with the strongest environmental, social and governance characteristics. During the year, members of the Finance & General Purposes Committee received an in-depth briefing from the RVC’s fund managers on their ESG strategy.

STATEMENT OF RESPONSIBILITIES OF THE COLLEGE COUNCIL
in respect of the Annual Report and the Financial Statements
for the year ended 31 July 2022

The Council is responsible for preparing the Annual Report and Financial Statements in accordance with the requirements of the Office for Students' Terms and conditions of funding for higher education institutions and Research England's Terms and conditions of Research England grant and applicable law and regulations.

Members of the Council are required to prepare Consolidated ("Group") and parent RVC ("College") financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The terms and conditions of funding further require the financial statements to be prepared in accordance with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education, in accordance with the requirements of the Accounts Direction issued by the Office for Students. The Council is required to prepare financial statements which give a true and fair view of the state of affairs of the Group and parent College and of their income and expenditure, gains and losses and changes in reserves for that period.

In preparing the Group and parent College financial statements, the Council is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent College or to cease operations, or have no realistic alternative but to do so.

The Council is responsible for keeping proper accounts and proper records in relation to the accounts. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Council is also responsible for ensuring that:

- funds from whatever source administered by the Group or the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students and Research England have been applied in accordance with the terms and conditions attached to them;
- there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- securing the economical, efficient and effective management of the College's resources and expenditure.

The Council is responsible for the maintenance and integrity of the corporate and financial information included on the College's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CORPORATE GOVERNANCE STATEMENT for the year ended 31 July 2022

The Royal Veterinary College (RVC) is committed to ensuring it operates in accordance with identified good practice in all aspects of its corporate governance. The RVC is confident that for the year ended 31 July 2022, and up to the date the annual report and financial statements are approved, it is compliant with all those elements of the Higher Education Code of Governance issued by the Committee of University Chairs (CUC) in September 2020. It continues to monitor and ensure that its compliance with the Code is as effective and efficient as it should be and that the recommendations are met in an appropriate manner. In accordance with the CUC Code, the RVC has adopted a Statement of Primary Responsibilities as part of its governance arrangements. The RVC, through the management and governance arrangements detailed below also monitors compliance with, and maintains appropriate controls to ensure that it meets, the conditions of registration with the Office for Students (OfS), as well as other relevant regulatory responsibilities, including the OfS Accounts Direction and Research England conditions of funding. An external review of our Governance arrangements has been commissioned for the Autumn term 2022-23.

The Council of the RVC has an on-going process for identifying, evaluating and managing significant risks relating to the delivery of institutional strategic and operational objectives. This process has been in place for the year ending 31 July 2022 and up to the date of the Council's approval of the Annual Report and Accounts. The risk register is subject to regular review by the Council and is available to the Council members at every meeting.

The RVC can trace its history as a corporate body back to 1791 and is an independent body, whose legal status derives from its Royal Charter. Its objects, powers and framework of governance are set out in the Charter and its supporting Statutes, which were most recently revised in 2021 (the revisions were approved by the Privy Council on the 26th May 2021). The revisions reflect changes arising as a consequence of amendments to the University of London Act, the OfS's conditions for registration and the RVC's application for University title - which we expect to be completed by November 2022.

[Annual Report and Financial Statements 2021/22](#)

The Charter and Statutes require that the governance of the RVC shall be vested in the Council, which, as the governing body, is collectively responsible for overseeing the institution's activities, determining its future direction and fostering an environment to achieve the institutional mission.

The Council has a majority of members from outside the RVC (known as independent members and numbering 11 out of 15 Council Members) from whom the Chair, Vice-Chair and Honorary Treasurer are elected annually. None of the independent members receives any payment for the work done for the RVC, apart from the reimbursement of expenses, if claimed. Internal members consist of the Principal, two elected representatives of the Academic Board and the annually elected President of the Students' Union.

The Principal is the Chief Executive of the College, who, under the Statutes, is responsible for the conduct of the RVC and exercises considerable influence on the development of institutional strategy, the identification and planning of new developments and the shaping of the institutional ethos. In these aspects of the Principal's portfolio of responsibilities, senior staff contribute collaboratively. In accordance with the Terms and Conditions of Funding for 2021-22 (OfS 2021.30) and Regulatory Advice 10: Accountable Officers (OfS 2018.29), the Principal is the Accountable Officer of the RVC and, in that capacity, can be summoned to appear before the Public Accounts Committee of the House of Commons.

Although the Council ordinarily meets four times a year, much of its detailed work is initially discussed at its Sub-Committees. All Council Committees are formally constituted with terms of reference and a specified membership and all report to the Council.

The Finance & General Purposes Committee normally meets three to four times a year and, *inter alia*, recommends to the Council the adoption of the College's Financial, Estates and Human Resource Strategies. It recommends to the Council the annual revenue and capital budgets and monitors

CORPORATE GOVERNANCE STATEMENT continued

performance in relation to the approved budgets. It also monitors the performance of the RVC's investments and progress with capital projects.

There is a Senior Staff Remuneration Committee (SSRC), which is comprised of independent members of the Council, including the Chair and Honorary Treasurer. The SSRC meets annually to determine the remuneration of the Principal and other senior staff. The Committee's decisions are informed by the professional advice of the Director of Human Resources, appropriate sector benchmarking and other relevant factors. The SSRC operates in accordance with the CUC's Higher Education Senior Staff Remuneration Code. An internal informal review of the SSRC's Terms of Reference took place in 2020-21 to further ensure it is operating effectively.

The Audit & Risk Committee meets four times a year (with the RVC's external/internal auditors in attendance as appropriate) and considers detailed audit reports, together with recommendations for the improvement of the RVC's systems of internal control and management's response thereto. It also receives and considers relevant publications from the OfS as they affect the RVC's business and monitors the RVC's adherence to regulatory requirements in the context of our assurance universe. The Audit Committee adheres to the CUC Higher Education Audit Committee's Code of Practice (May 2020).

Whilst some senior staff attend Audit & Risk Committee meetings, they are not members of the Committee. The Committee normally has a pre-meeting of members only, meets with internal and external auditors without College staff present and retains the right to hold its full meetings in their absence.

The Council receives reports on risk and control from the Audit & Risk Committee, whose emphasis is on ensuring that the relevant degree of assurance is provided and is not merely reporting by exception. It separately, but in tandem with, Finance & General Purposes Committee, ensures via internal and external reports, as well as lines of assurance and reports from management, the regularity and propriety of the use of public funds.

The Statutes require that there shall be an Academic Board, chaired by the Principal. Membership of Academic Board consists of Professors and Readers of the RVC, Chairs of the Board's Sub-Committees, representatives of the teaching staff, the Academic Registrar and the Director of Learning and Wellbeing. The Board reports to, and advises, the Council on all substantive academic matters. Academic assurance is provided to the Council via reports from the Vice-Principals leading each mission area (Learning and Teaching, Students, Research & Innovation and Clinical Services) and from the Academic Board. Substantive reports detailing the RVC's arrangements and approach to quality assurance, teaching excellence and the student experience, and external judgements of these, are also provided. In 2021-22 the Audit Committee and Council has received specific briefings from the College Secretary on arrangements for Academic Assurance and on changes in the regulatory environment.

The Council also receives reports and recommendations from the Safety Committee, the Ethics and Welfare Committee, and the Nominations and Fellows Committee.

The Principal and the College Executive Committee regularly review and amend as appropriate the Strategic Risk Register. The RVC's Risk Management Policy and Procedures are overseen by Audit & Risk Committee. Risk management processes have been reviewed and refreshed in recent years and work continues to embed a risk management culture within the organisation from operational through to strategic risks.

In compliance with the Charity Commission [www.charitycommission.gov.uk], the RVC maintains a Register of Interests of members of the Council which is published on our website alongside details of governance and management arrangements and our financial statements. Any enquiries about the constitution and governance of the RVC should be addressed to the Secretary to Council.

Statement of internal control

The Council, as governing body, is responsible for ensuring that the RVC has a sound system of internal control and for reviewing its effectiveness. Such a

CORPORATE GOVERNANCE STATEMENT continued

system is designed to understand and manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The risk management process covers business, operational and compliance risks as well as financial risks.

The RVC's system of internal control, which is designed to discharge the responsibilities set out in the Statement of Responsibilities of the Council, includes the following elements:

- 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;
- regular reviews of academic performance and monthly reviews of financial results involving variance reporting and quarterly updates of forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal appraisal and review according to approval limits set by the Council;
- Financial Regulations, together with supporting financial policies and procedures, approved by Finance & General Purposes Committee and/or Audit & Risk Committee as appropriate; and
- a professional Internal Audit team, provided by an external firm, whose annual programme is approved by the Audit & Risk Committee, and endorsed by Council. The Head of Internal Audit provides Council with an annual report on internal audit activity within the RVC, and a view on the adequacy and effectiveness of the system of internal control, including internal financial controls.

Planning of both external and internal audit work is risk-based informed by the Strategic Risk Register. On the recommendation of Audit & Risk Committee, the Council has adopted a Risk Management Strategy and Policy which sets out the RVC's approach to risk management. It ensures that key risks are identified and managed appropriately, and that risk management is integrated with planning

activity, operational plans and performance monitoring.

In accordance with the Strategy and Policy:

- the Council has charged Audit & Risk Committee with keeping the integrity and effectiveness of the organisation's risk management under review which duty is discharged by regular oversight of the Strategic Risk Register; and
- the College Executive Committee supports the Principal in discharging the responsibility for implementation of the Strategy and Policy, as well as ensuring that risk management is embedded in strategic and operational decision-making processes. It also ensures ownership of risk management throughout the organisation (including the identification and management of risks) and regularly reviews strategic and operational risk registers.

The Audit & Risk 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.

The Council ensures there are adequate and effective arrangements in place to manage public funds appropriately in line with the conditions of grant and the principles of regularity, propriety and value for money and to protect the interests of taxpayers and other stakeholders. This is achieved through the operation of policies, which are regularly tested by internal and external audit, or other internal monitoring with appropriate reports through to the Council after consideration by sub-committees as appropriate.

The Council is of the view that there is a robust process for identifying, evaluating and managing the principal risks to achievement of the RVC's objectives; that it has been in place for the year ended 31 July 2022 and up to the date of approval of the financial statements and that it accords with OfS guidance.

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF THE ROYAL VETERINARY COLLEGE

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2022 and of the Group's and the College's income and expenditure, gains and losses, changes in reserves and of the Group's and the College's cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

We have audited the financial statements of The Royal Veterinary College ("the College") and its subsidiaries ("the Group") for the year ended 31 July 2022 which comprise the Consolidated and RVC statement of comprehensive income, the Consolidated and RVC statement of changes in reserves, the Consolidated and RVC statement of financial position, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Council members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the College's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the board members with respect to going concern are described in the relevant sections of this report.

Other information

The board is responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters required by the Office for Students (“OfS”) and UK Research and Innovation (including Research England)

In our opinion, in all material respects:

- Funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.
- Funds provided by the OfS and UK Research and Innovation (including Research England) have been applied in accordance with the relevant terms and conditions.
- The requirements of the OfS’s Accounts Direction (OfS 2019.41) have been met.

We have nothing to report in respect of the following matters in relation to which the OfS requires us to report to you if, in our opinion:

- The College’s grant and fee income, as disclosed in note 2 to the accounts, has been materially misstated.
- The College’s expenditure on access and participation activities for the financial year, as has been disclosed in note 13 to the accounts, has been materially misstated.

Responsibilities of the Council

As explained more fully in the Statement of Responsibilities of the College Council, the Council members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Council members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council members are responsible for assessing the Group and the College’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council members either intend to liquidate the Group or the College or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on our understanding of the Group and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations are related to their registration with the Office for Students ("OfS) and their ongoing conditions of registration, and we considered the extent to which non-compliance might have a material effect on the Group financial statements or their continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the OfS Accounts Direction and tax legislation. In order to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, we made enquiries of management and Those Charged With Governance about whether the entity is in compliance with such laws and regulations and we inspected any relevant regulatory and legal correspondence.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

The audit procedures to address the risks identified included:

- Performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud. Areas of identified risk are then tested substantively;
- Challenging assumptions made by management in their significant accounting estimates in particular in relation to the actuarial assumptions used in the defined benefit pension scheme and the Universities Superannuation Scheme, calculations of impairment provisions and the useful economic lives of pension schemes and fixed assets;
- Identifying and testing journal entries, in particular any journal entries posted from staff members with privilege access rights, journals posted by related parties and key management, journals posted by individuals outside of their expected job roles, unusual journal combinations and other journals deemed unusual based on our expectations;
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and relevant regulators to identify any actual or potential frauds or any potential weaknesses in internal control which could result in fraud susceptibility.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

In addition, 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 the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Terms and Conditions of Funding with the OfS and UK Research and Innovation (including Research England).

Use of our report

This report is made solely to the governors, as a body, in accordance with Section 75 of the Higher Education Research Act 2017. Our audit work has been undertaken so that we might state to the College's Council those matters we are required to state to them in an auditor's 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 College and the Council members as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Jagger (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick

Date: 14 December 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED AND RVC STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 July 2022

	Note	2022		2021	
		Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
Income					
Tuition fees and education contracts	1	38,732	38,732	35,858	35,858
Funding body grants	2	24,003	24,003	24,584	24,584
Research grants and contracts	3	9,105	9,105	12,838	12,838
Clinical and related income	4	28,474	25,102	28,752	25,597
Other income	4	8,416	5,957	7,609	4,971
Investment income	5	554	495	541	490
Total income before donations and endowments		109,284	103,394	110,182	104,338
Donations and endowments	6	1,417	1,601	1,178	1,654
Total income		110,701	104,995	111,360	105,992
Expenditure					
Staff costs		59,331	56,911	59,573	57,471
Provisions for pension obligations charged to staff costs		16,536	16,358	754	748
Staff costs - total	8	75,867	73,269	60,327	58,219
Other operating expenses	12	35,219	32,952	32,190	30,192
Depreciation and amortisation	10	8,386	7,854	8,286	7,653
Interest and other finance costs	11	624	624	1,685	1,684
Total expenditure		120,096	114,699	102,488	97,748
(Loss) / Surplus before other gains		(9,395)	(9,704)	8,872	8,244
Gain / (Loss) on disposal of fixed assets	14	(2)	-	-	-
Gain on investments	15	253	195	2,438	1,877
(Loss) / surplus before tax		(9,144)	(9,509)	11,310	10,121
Taxation	16	(77)	-	(98)	-
(Loss) / surplus for the year		(9,221)	(9,509)	11,212	10,121
Total comprehensive (expense) / income for the year		(9,221)	(9,509)	11,212	10,121
Represented by:					
Endowment comprehensive income for the year		158	158	1,867	1,863
Restricted comprehensive income for the year		2,399	2,372	1,209	635
Unrestricted comprehensive (expense) / income for the year		(11,778)	(12,039)	8,136	7,623
		(9,221)	(9,509)	11,212	10,121
All items of income and expenditure relate to continuing activities.					

The accompanying policies and notes on pages 39 to 79 form part of these financial statements.

CONSOLIDATED AND RVC STATEMENT OF CHANGES IN RESERVES
for the year ended 31 July 2022

	Income and expenditure account			Revaluation	Total £'000
	Endowment £'000	Restricted £'000	Unrestricted £'000	Reserve £'000	
Consolidated					
Balance at 1 August 2021	10,536	3,356	166,970	5,898	186,760
Total Comprehensive income / (expenditure) for the year	158	2,399	(11,778)	-	(9,221)
Other comprehensive income	-	-	(2)	-	(2)
Release of restricted funds spent in year	-	(2,353)	2,353	-	-
Total comprehensive income / (expenditure) for the year	158	46	(9,427)	-	(9,223)
Balance at 31 July 2022	10,694	3,402	157,543	5,898	177,537
RVC					
Balance at 1 August 2021	10,518	274	166,010	5,898	182,700
Total Comprehensive income / (expenditure) for the year	158	2,372	(12,039)	-	(9,509)
Other comprehensive income	1	-	(3)	-	(2)
Release of restricted funds spent in year	-	(2,353)	2,353	-	-
Total comprehensive income / (expenditure) for the year	159	19	(9,689)	-	(9,511)
Balance at 31 July 2022	10,677	293	156,321	5,898	173,189

The accompanying policies and notes on pages 39 to 79 form part of these financial statements.

CONSOLIDATED AND RVC STATEMENT OF FINANCIAL POSITION
for the year ended 31 July 2022

	Note	2022		2021	
		Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
Non-current assets					
Intangible assets and goodwill	17	2,321	80	2,742	124
Tangible assets	18	184,253	183,998	181,174	180,850
Heritage assets	19	5,898	5,898	5,898	5,898
Investments	20	16,529	12,748	15,788	12,177
Investments in subsidiaries	21	-	4,273	-	4,273
Non-current receivables	23	-	219	-	497
		<u>209,001</u>	<u>207,216</u>	<u>205,602</u>	<u>203,819</u>
Current assets					
Stock	24	1,669	1,521	2,000	1,864
Trade and other receivables	25	12,063	12,085	10,498	11,281
Investments - short-term	26	23,274	23,274	10,021	10,021
Cash and cash equivalents	27	25,745	21,914	37,954	33,754
		<u>62,751</u>	<u>58,794</u>	<u>60,473</u>	<u>56,920</u>
Less: Creditors, amounts falling due within one year	28	(20,963)	(20,138)	(23,364)	(22,516)
Net current assets		<u>41,788</u>	<u>38,656</u>	<u>37,109</u>	<u>34,404</u>
Total assets less current liabilities		<u>250,789</u>	<u>245,872</u>	<u>242,711</u>	<u>238,223</u>
Creditors - amounts due after more than one year	29	45,960	45,762	45,251	45,015
Provisions					
Pension provisions	30	27,043	26,752	10,416	10,304
Other provisions	30	249	169	284	204
Total net assets		<u>177,537</u>	<u>173,189</u>	<u>186,760</u>	<u>182,700</u>
Restricted reserves					
Income and expenditure reserve - endowment reserves	31	10,694	10,677	10,536	10,518
Income and expenditure reserve - restricted reserves	32	3,402	293	3,356	274
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		157,543	156,321	166,970	166,010
Income and expenditure reserve - revaluation reserve		5,898	5,898	5,898	5,898
Total Reserves		<u>177,537</u>	<u>173,189</u>	<u>186,760</u>	<u>182,700</u>

The financial statements on pages 35 to 79 were approved and authorised for issue by Council on 30 November 2022 and signed on its behalf by:

Baroness Young of Old Scone
Chair of Council

Mr Roger Bright
Vice Chair of Council and
Honorary Treasurer

Professor Stuart Reid
Principal and President

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 July 2022

	Consolidated	
	2022	2021
	£'000	£'000
Cash flow from operating activities		
(Loss) / Surplus for the year	(9,221)	11,212
Adjustment for non-cash items		
Depreciation and amortisation	8,386	8,286
Unrealised (gain) / loss on investments	240	(2,096)
Decrease / (increase) in stock	331	(102)
(Increase) in trade and other receivables	(1,564)	(361)
(Decrease) in trade and other payables	(2,402)	(1,338)
Increase in pension provision	16,626	824
(Decrease) in other provisions	(34)	(129)
Other non-cash items	(190)	(229)
<i>Adjustment for non-cash items</i>	<u>21,393</u>	<u>4,855</u>
Adjustment for investing or financing activities		
Investment income	(554)	(541)
Interest payable	1,226	1,221
Endowment income	(8)	-
Realised (gain) on investments	(493)	(341)
New restricted funds	(524)	(521)
Capital grant income	(2,353)	(4,809)
Net cash inflow from operating activities	<u>9,466</u>	<u>11,076</u>
Cash flows from investing activities		
Capital grants receipts	2,353	4,809
Disposal of non-current asset investments	4,467	5,411
(New deposits)/Withdrawal of deposits	(13,253)	4,978
New restricted funds	524	521
Investment income	554	541
Realised gain on investments	493	341
Payments made to acquire fixed assets	(11,046)	(17,893)
New non-current asset investments	(4,966)	(5,748)
Net cash (outflow) from investing activities	<u>(20,874)</u>	<u>(7,040)</u>
Cash flows from financing activities		
Loan interest	(1,214)	(1,214)
Finance lease interest	(11)	(7)
New unsecured loans	839	-
Loan capital repayments	(214)	(214)
Finance lease capital repayments	(201)	(239)
Net cash (outflow) from financing activities	<u>(801)</u>	<u>(1,674)</u>
(Decrease) / increase in cash and cash equivalents in the year	<u>(12,209)</u>	<u>2,362</u>
Cash and cash equivalents at beginning of the year	37,954	35,592
Cash and cash equivalents at end of the year	<u>25,745</u>	<u>37,954</u>
Movement in the year	<u>(12,209)</u>	<u>2,362</u>

The accompanying policies and notes on pages 39 to 79 form part of these financial statements.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES for the year ended 31 July 2022

a. Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education, 2019 edition ("FEHE SORP 2019") and in accordance with Financial Reporting Standards ("FRS 102").

The Royal Veterinary College ("RVC") is a public benefit entity and therefore has applied the relevant public benefit requirements of FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of land and of heritage assets). They conform to guidance published by the Office for Students.

b. Going concern

The activities of the RVC and its subsidiary undertakings, together with the factors likely to affect its future development, performance and position are set out in the Strategic and Financial Review, along with the financial position of the RVC and its subsidiaries, its cash flows, liquidity position and borrowing facilities. The Council has a reasonable expectation that the RVC and its subsidiary undertakings have adequate resources to continue in operational existence for a period of no less than 12 months from the date of approval of these financial statements and has set out the basis for this assessment in the Going Concern section of the Strategic and Financial Review. Accordingly, the Council continues to adopt the going concern basis of preparation for the annual financial statements.

c. Parent disclosure exemptions

In preparing the separate financial statements of the RVC, advantage has been taken of the following disclosure exemptions available in FRS 102:

- no cash flow statement has been presented for the RVC; and

- no disclosure has been given for the aggregate remuneration of the key management personnel of the RVC as their remuneration is included in the totals for the Group as a whole.

d. Basis of consolidation

The consolidated financial statements include the RVC and all undertakings in which it has a controlling interest (or over which it has control) for the financial year to 31 July 2022. Intra-Group transactions are eliminated on consolidation.

The consolidated financial statements do not include the income and expenditure of the Royal Veterinary College Students' Union as the RVC does not exert control or dominant influence over its policy decisions.

e. Income recognition

Tuition fees and education contracts

Tuition fee income represents all fees chargeable to students or their sponsors, received and receivable, which are attributed to the current accounting period. Fee income is stated gross of any expenditure which is not a discount and credited to the Statement of Income and Comprehensive Expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Revenue grant funding

Grant funding including funding council block grants, research grants from government sources, and grants (including research grants) from non-government sources, are recognised as income when the RVC is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES continued

income within creditors on the Statement of Financial Position and released to income as the conditions are met.

Funds the RVC receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the RVC where the RVC is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Capital grants

Capital grants are recognised in income when the RVC is entitled to the funds subject to any performance related conditions being met.

Other income

Income from the sale of goods or services is credited to the Statement of Comprehensive Income when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Investment income

Investment income is credited to the Statement of Comprehensive Income on a receivable basis.

Donations and endowments

Non-exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor-imposed restrictions are recognised in income when the RVC (or Royal Veterinary College Animal Care Trust ("the ACT")) as applicable) is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the RVC is entitled to the funds.

Investment income relating to endowments and appreciation of endowment assets is recorded in income in the year in which it arises and is recognised in line with the RVC's right to the investment income.

There are four main types of donations and endowments identified within reserves:

- (a) Restricted donations - the donor has specified that the donation must be used for a particular objective, which may include the acquisition or construction of fixed assets.
- (b) Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the RVC.
- (c) Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the RVC has the power to use the capital.
- (d) 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.

f. Accounting for retirement benefits

Defined benefit schemes

The two principal pension schemes for the RVC's staff are the Universities Superannuation Scheme (USS) and the Superannuation Arrangements of the University of London (SAUL). The schemes are defined benefit schemes which are externally funded. Each fund is valued every three years by professionally qualified independent actuaries.

Both the USS and SAUL are multi-employer schemes for which it is not possible to identify the assets and liabilities to RVC and other members due to the mutual nature of the schemes and therefore these schemes are accounted for as defined contribution retirement benefit schemes.

A liability is recorded within provisions for any contractual commitment to fund past deficits within the schemes. The liability is discounted, and the discounted amount is unwound annually. The unwound discounted amount is recognised within interest payable and other finance costs.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the RVC pays fixed contributions into a separate entity. The RVC will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

g. Employment benefits

Short-term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the RVC. Any unused benefits (such as holiday entitlements not utilised in the year) are accrued and measured as the additional amount the RVC expects to pay as a result of the unused entitlement.

h. Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

i. Finance leases

Leases in which the RVC assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

j. Interest and other finance costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

k. Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of RVC and subsidiary entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the surplus or deficit of the Statement of Comprehensive Income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

l. Taxation

The RVC is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Paragraph 1 of Schedule 6 to the Finance Act 2010 and accordingly, the RVC is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478 to 488 of the Corporation Tax Act 2010 (CTA 2010) 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 ACT is a charity registered in England and Wales with the Charity Commission (charity no. 281571).

The subsidiary companies are each subject to Corporation Tax in the same way as any other commercial organisation but can reduce their profits subject to Corporation Tax to the extent that these profits are gift aided to the RVC.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES continued

The RVC, London BioScience Innovation Centre Limited (LBIC) and the ACT are VAT registered as part of the RVC's VAT Group; RVC Veterinary Practices Limited has separate VAT registration. The RVC and its subsidiaries receive no exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

Deferred tax is provided in full on timing differences which result in an obligation at the Statement of Financial Position date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are more likely than not to be recovered. Deferred tax assets and liabilities are not discounted.

m. Intangible assets and goodwill

Goodwill arises on consolidation and is based on the difference between the fair value of the consideration given for the undertaking acquired and the fair value of its separable net assets at the date of acquisition.

Goodwill is amortised over 10 years representing the remaining expected economic lives of the long-life assets to which the goodwill relates.

Other intangible assets are amortised between 3 and 10 years representing the remaining estimated economic life of the assets.

Goodwill and intangible assets are subject to periodic impairment reviews as appropriate.

n. Fixed assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets (itemised below) that had been revalued to fair value on or prior to the

date of transition to the FEHE SORP 2015, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets (components). No depreciation is charged on assets in the course of construction.

Land

Land was revalued at the date of transition to the FEHE SORP 2015 (1 August 2014) and is held at deemed cost. Freehold land is not depreciated as it is considered to have an indefinite useful life.

Buildings

Costs incurred in relation to buildings after initial purchase or construction are capitalised to the extent that they increase the expected future benefits to the RVC. From 1 August 2015, a de minimis of £10,000 was applied for any individual project. Where applicable, projects are divided into three components: structure; fit-out; and plant and machinery provided that any individual component exceeds the de minimis of £10,000 per component.

Components of freehold buildings are depreciated on a straight-line basis based on the expected useful economic life of each component for between 10 and 50 years.

From 1 August 2015, depreciation is charged on the individual building component in the financial year following completion or acquisition of the specific component. Depreciation is charged on a straight-line annual basis over the expected remaining useful economic life.

Equipment

Equipment, including computers and software, costing less than £5,000 per individual item and which does not form part of a larger set of equipment, is recognised as expenditure. All other equipment is capitalised at cost.

All assets are depreciated over their useful economic lives to the relevant entity of between 3 and 10 years, except that any equipment integral to

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES *continued*

a leasehold building is depreciated over the shorter of the remaining lease term and the equipment's expected useful economic life. No depreciation is charged on assets not yet deployed, which will be shown as work in progress. Depreciation is charged in the year in which the asset is brought into use with the depreciation being charged on a straight-line monthly basis beginning the first full month after deployment.

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Statement of Financial Position.

o. Heritage assets

A heritage asset is a tangible or intangible asset with historic, artistic, scientific, technological, geophysical, or environmental qualities that is held and maintained principally for its contribution to knowledge and culture. Heritage assets held at RVC include works of art, valuable publications and other artefacts.

These assets are mostly individually listed, have been gifted to or purchased by the RVC over the years since its establishment in 1791 and, if capitalised originally, no longer feature in the fixed asset register. The two groups of assets are stated at valuation in the financial statements based on periodic valuations carried out, most recently in the year ending 31 July 2021 by experienced fine arts and books' valuers. Valuation reviews are expected to be carried out every four years.

Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

With many of the Heritage Assets on view or accessible, their condition is regularly assessed and, therefore, there has been no impairment in the value of these assets.

p. Investments

Non-current asset investments are held on the Statement of Financial Position at amortised cost less impairment.

Investments in jointly controlled entities, associates and subsidiaries are carried at cost less impairment in the RVC's accounts.

Current asset investments are held at fair value with movements recognised in Statement of Comprehensive Income.

q. Stock

Stock comprises stores held by clinical services, farm livestock and produce, some building maintenance supplies and some operational stocks.

Farm stocks comprises biological assets, farm produce and farm consumables. Biological assets are living animals or plants held as assets from which economic benefits flow to the RVC.

Agricultural produce is the harvested product of a biological asset. The RVC's farming operations to support student learning include breeding sheep. RVC has elected to account for these under the fair value model of accounting under section 34 of FRS102, with the assets valued at their fair value less costs to sell at recognition and then at each reporting date. Changes in the fair value less costs to sell are recognised in the Statement of Comprehensive Income.

The values held for these assets are not considered material for separate disclosure as a non-current asset and are shown as a current asset within Farm stocks. Changes in fair value less costs to sell are recognised in the Statement of Comprehensive Income.

Other stocks are stated at the lower of their cost and net realisable value. For practical purposes, it is assumed that net realisable value is the same as either the cost charged on to external customers or the cost of the equivalent item most recently purchased. Stock counts are carried out as close to the year end as is practically feasible with estimates for stock movements being used where appropriate. Stocks of consumables held for administrative purposes and in academic departments are

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES continued

expensed during the year and are not valued on the Statement of Financial Position.

r. Cash and cash equivalents

Cash includes cash in hand and deposits repayable on demand.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value, typically with a term less than three months.

s. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- (a) the RVC (or one of its subsidiaries) has a present obligation (legal or constructive) as a result of a past event;
- (b) it is probable that an outflow of economic benefits will be required to settle the obligation; and
- (c) a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the RVC (or a subsidiary entity) a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the relevant entity. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the RVC (or a subsidiary entity) a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the relevant entity.

Contingent assets and liabilities are not recognised in the Statement of Financial Position but are disclosed in the notes to the Financial Statements.

t. Reserves

Reserves are classified as restricted or unrestricted funds and comprise the following:

- (a) reserves with restricted purposes consist of endowment reserves and restricted reserves. Restricted endowment reserves include balances which, through endowment to the RVC (or the ACT), are held as a permanently restricted fund which the RVC (or the ACT) must hold in perpetuity. Other restricted reserves include balances where the donor has designated a specific purpose and therefore the RVC or the ACT is restricted in the use of these funds;
- (b) unrestricted reserves include general unrestricted funds and funds designated by the Council; and
- (c) the revaluation reserve arises from the periodic revaluation of heritage assets.

u. Management estimates and judgements

Corporation Tax

Corporation tax payable for 2021/22 has been estimated (based on information available from the prior year and an initial calculation by RVC staff) and will be subject to independent corporation tax calculations after these Financial Statements have been approved.

Intangible assets - Goodwill

Goodwill arises from the acquisition in July 2018 of Acorn House Veterinary Hospital in Bedford by the RVC's subsidiary company, RVC Veterinary Practices Limited ("RVP"). Income levels at RVP continue to meet RVP's expectations on acquisition of Acorn House and RVP therefore considers that the net book value of goodwill is reasonable.

Tangible assets

The RVC carries out an annual impairment review of fixed assets.

The RVC is confident that it is reasonable to continue with current valuations for its buildings as, at the last valuation of the RVC's property portfolio as at 31 July 2014, the RVC's buildings were identified as significantly under-valued overall. Income generated by the RVC's operational properties continues to be positive and therefore supports this approach.

Provision for Pensions liabilities

FRS 102 distinguishes between a group pension plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as those provided by the Universities Superannuation Scheme (USS) and the Superannuation Arrangements of the University of London (SAUL) – both of which the RVC is party to. Further details of the pension schemes are provided

in Note 37 to these Financial Statements. The accounting for a multi-employer scheme, where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit, results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit). The resulting expense is recognised in the Statement of Comprehensive Income in accordance with section 28 of FRS 102. The Council is satisfied that the schemes provided by USS and SAUL meet the definition of a multi-employer scheme.

The RVC Group and the RVC's provision for USS pension liabilities has been calculated using a discounted cash flow calculation, with the contractual payments under the agreed deficit recovery plans recognised at their discounted present value at the reporting date.

The RVC has therefore recognised the discounted fair value of the contractual contributions under the funding plans in existence at the date of approving the financial statement

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 July 2022

1. Tuition Fees and Education Contracts

	2022		2021	
	Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
Full-time undergraduate students - UK and EU	13,002	13,002	13,562	13,562
Full-time postgraduate students - UK and EU	683	683	858	858
Part-time undergraduate students - UK and EU	45	45	14	14
Part-time postgraduate students - UK and EU	263	263	188	188
International students	22,914	22,914	19,475	19,475
Higher Education course fees	36,907	36,907	34,097	34,097
Research training support grants	794	794	823	823
Short course fees	1,031	1,031	938	938
	38,732	38,732	35,858	35,858

2. Funding Body Grants

	Note	2022	2021
		Consolidated and RVC £'000	Consolidated and RVC £'000
Recurrent grants			
Office for Students		12,467	12,575
Research England		6,305	5,161
Office for Students - capital grants	32	1,841	347
Specific grants			
Higher Education Innovation Fund		2,514	3,705
Other specific grants		364	1,712
Research England - capital grants	32	512	1,084
		24,003	24,584

3. Research Grants and Contracts

	2022 Consolidated and RVC £'000	2021 Consolidated and RVC £'000
Research councils	3,115	2,707
UK based charities	1,382	2,401
UK government, local and health bodies	582	2,892
UK industry, commerce, public corporations	1,233	1,644
EU government bodies	1,001	1,037
EU other	651	382
Other international	1,003	1,643
Other source of funding	138	132
	<u>9,105</u>	<u>12,838</u>

Included under UK government, local and health bodies in 2021 is a sum of £2.1m received from the Hertfordshire Local Enterprise Partnership (LEP) relating to a capital grant for the Centre for Translational Research and Clinical Imaging. Also included under UK-based charities in 2021 is a sum of £1.25m received from the Wolfson Trust towards research facilities as part of the Hawkshead campus development. No capital grant funds were received in 2022.

4. Other Income (including Clinical and Related Income)

	2022		2021	
	Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
Residences, catering and conferences	2,823	2,679	1,941	1,786
Rent and other income	2,926	3,278	2,856	3,062
Subsidiaries trading income	2,667	-	2,689	-
Government grant - CJRS	-	-	123	123
Other income	<u>8,416</u>	<u>5,957</u>	<u>7,609</u>	<u>4,971</u>
Clinical and related income	28,474	25,102	28,752	25,597
	<u>36,890</u>	<u>31,059</u>	<u>36,361</u>	<u>30,568</u>

RVC and its subsidiary entities did not receive Coronavirus Job Retention Scheme (CJRS) government grant in this financial year. Last year (2021), RVC and its subsidiary entities received £123k.

5. Investment Income

	Note	2022		2021	
		Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
Investment income on endowments	31	313	313	334	334
Investment income on restricted reserves	32	88	-	94	-
Other investment income		153	182	113	156
		<u>554</u>	<u>495</u>	<u>541</u>	<u>490</u>

6. Donations and Endowments

	Note	2022		2021	
		Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
New endowments	31	8	8	1	1
Donations with restrictions	32	524	170	521	32
Unrestricted donations		885	1,423	656	1,621
		<u>1,417</u>	<u>1,601</u>	<u>1,178</u>	<u>1,654</u>

Unrestricted donations under RVC includes a gift aid payment from LBIC of £489k (2021: £735k).

7. Grant and Fee Income

	2022 Consolidated £'000	2021 Consolidated £'000
Grant income from the Office for Students	14,308	12,922
Grant income from other bodies	16,060	21,053
Fee income for research awards (exclusive of VAT)	580	494
Fee income from non-qualifying courses (exclusive of VAT)	1,760	1,661
Fee income for taught awards (exclusive of VAT)	36,392	33,703
Total Grant and fee income	<u>69,100</u>	<u>69,833</u>

8. Staff Costs

The average number of staff (including senior post holders) employed by the RVC Group during the year ended 31 July 2022, expressed as full-time equivalents, was:

	2022	2021
	Consolidated	Consolidated
	Number	Number
Academic departments	223	223
Academic services	61	68
Clinical services	376	379
Research grants and contracts	60	65
General education expenditure	30	27
Residences, catering and conference services	6	8
Premises	53	57
Staff and student facilities	18	19
Subsidiary undertakings	9	9
Administration and central services	101	111
Other services	22	26
	<u>959</u>	<u>992</u>

Staff costs for the above:

		2022	2021
		Consolidated	Consolidated
	Note	£'000	£'000
Salaries		46,347	46,304
Social security costs		4,651	4,548
Pension schemes - employer contributions	37	7,848	7,555
Restructuring and redundancy costs		485	1,166
Staff costs (excluding pensions provision)		<u>59,331</u>	<u>59,573</u>
Movement on pension provision			
- Universities Superannuation Scheme	37	16,536	754
Total staff costs		<u>75,867</u>	<u>60,327</u>

9. Remuneration of Senior and Higher Paid Staff

	2022 £'000	2021 £'000
Emoluments of the Principal:		
Salary	265	261
Bonus	15	-
Allowance - travel	12	12
Allowance - accommodation	41	40
	333	313
Pension contributions to USS	59	58
	392	371

All emoluments are payrolled and subject to tax.

Justification for the Principal (Head of Institution)'s Remuneration

The remuneration of the Principal, Professor Stuart Reid, along with other senior staff, is determined by the Senior Staff Remuneration Committee (SSRC) which meets annually and comprises independent members of the Council, including the Chair and Honorary Treasurer. The Committee adheres to the Higher Education Senior Staff Remuneration Code and has a duty to ensure that the Principal's remuneration is appropriate to attract and retain the calibre of individual required to lead a complex world-leading specialist institution delivering across three core mission areas: teaching, research and clinical services. The Committee's decisions are informed by the professional advice of the Secretary to Council and the Director of Human Resources, appropriate benchmarking and other relevant factors. In this context, salaries on offer in the private veterinary market and at veterinary schools overseas, notably the United States, are an important consideration. Deans of US Veterinary Schools, though not heads of institutions, are remunerated at a level equivalent to, and in some cases higher than, the College Principal. The Principal is engaged on the same general terms and conditions as all other RVC employees, including membership of the USS, and the Committee is confident that the current remuneration for the Principal is fair and proportionate taking into account market factors.

The RVC is the largest and longest established veterinary school in the English-speaking world and one of the few globally to hold accreditations from all the major regulatory veterinary bodies. RVC produces world-class research and supports the veterinary profession through its referral hospitals, including the Queen Mother Hospital for Animals, Europe's largest small animal hospital. It also owns a number of subsidiary entities including a registered charity, a centre for innovation in biosciences and a first opinion veterinary hospital. Given the RVC's specialist status, the Principal represents the College, not only as the head of an academic institution but also as a leading veterinary professional and, in this capacity, is a member of a number of national and international statutory and regulatory bodies. During his RVC tenure, Professor Reid has served as the President of the Royal College of Veterinary Surgeons. He has also been recognised at the highest levels, having been awarded a CBE in 2018 for his contributions to the veterinary profession and higher education and was elected as an international member to the prestigious US National Academy of Medicine for his professional leadership and commitment to science.

9. Remuneration of Senior and Higher Paid Staff *continued*

In 2021/22, the remuneration for Professor Reid, increased by 1.5%, in line with the nationally negotiated salaries of other RVC employees. Since his appointment in January 2011, the Principal's base salary has increased by an average of 2.3% p.a. Under Professor Reid's leadership, the RVC has had notable successes including TEF Gold, re-accreditation from all the major regulatory veterinary bodies, and robust financial performance. In 2022, the College was once again, ranked number one veterinary school in the QS World University Rankings by subject. The Research Excellence Framework (REF) 2021 results demonstrate the RVC's breadth and depth of research excellence, celebrating 88% of research being rated as world-leading (4*) or internationally excellent (3*).

Professor Reid has displayed exceptional and exemplary leadership and, in light of the careful management of the impact of the pandemic, which had led to the stabilisation of the current position, the Committee felt it appropriate to recognise the Principal's outstanding performance through the award of an additional, one-off, non-consolidated payment of £15k.

Professor Reid's remuneration also includes (taxable) allowances for accommodation and travel of £40.7k and £12k respectively. As the Principal is required to live within a reasonable travelling distance of the College, the accommodation allowance is provided to meet the rental costs of a property located close to the Hawkshead Campus and on a direct train route to London (Camden Campus).

Median Pay

The disclosures made in this note reflect judgements made in accordance with the annual accounts direction issued by the Office for Students and sector guidance.

The Principal's basic salary is 7.4 times (2021: 7.4 times) the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the RVC to its staff.

The Principal's total remuneration is 9.4 times (2021: 9.1 times) the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the RVC to its staff.

9. Remuneration of Senior and Higher Paid Staff *continued*

Key Management Personnel

The College Executive Committee (CEC) comprises those persons having authority for operational planning, directing, and controlling the activities of the RVC. Staff costs reported above responsibility include compensation paid to members of the CEC.

	2022	2021
	£	£
Key management personnel:		
Compensation paid or accrued in year	2,807,890	2,956,111
Movement on USS pension provisions	<u>1,408,268</u>	<u>73,481</u>
Total key management personnel compensation	4,216,158	3,029,592
Number of key management personnel (headcount)	19	20

Higher Paid Staff - Excluding Principal (Head of Institution)'s Remuneration

Remuneration of other higher paid staff, excluding employer's pension contributions:	2022	2021
	No. of Staff	No. of Staff
£100,000 to £104,999	2	1
£105,000 to £109,999	-	-
£110,000 to £114,999	4	4
£115,000 to £119,999	1	1
£120,000 to £124,999	2	-
£125,000 to £129,999	1	1
£130,000 to £134,999	-	1
£135,000 to £139,999	1	1
£140,000 to £144,999	-	1
£145,000 to £149,999	2	1
£150,000 to £154,999	-	-
£155,000 to £159,999	1	2
£160,000 to £164,999	<u>1</u>	<u>-</u>
	15	13

The figures presented are payments made or due in the financial year.

Compensation for loss of office of £nil was paid in respect of higher paid staff (2021: £nil).

10. Depreciation and Amortisation

		2022		2021	
		Consolidated	RVC	Consolidated	RVC
		£'000	£'000	£'000	£'000
Depreciation of tangible assets		7,965	7,811	7,866	7,611
Amortisation of intangible assets		421	43	420	42
Depreciation and amortisation		8,386	7,854	8,286	7,653
Deprecation and amortisation comprise:					
		2022		2021	
Note		Consolidated	RVC	Consolidated	RVC
		£'000	£'000	£'000	£'000
	Wholly owned assets	7,946	7,792	7,649	7,394
	Assets held on finance leases	19	19	217	217
	Depreciation of tangible assets	7,965	7,811	7,866	7,611
	Amortisation of goodwill	378	-	378	-
	Amortisation of software assets	43	43	42	42
	Amortisation of intangible assets	421	43	420	42
	Total - Depreciation and amortisation	8,386	7,854	8,286	7,653

Goodwill relates to the acquisition of Acorn House Veterinary Hospital, by RVC Veterinary Practices Limited on 1 July 2018. Goodwill is amortised over 10 years.

11. Interest and Other Finance Costs

		2022		2021	
Note		Consolidated	RVC	Consolidated	RVC
		£'000	£'000	£'000	£'000
	Private placement interest payable	1,214	1,214	1,214	1,214
	Other interest payable	1	2	-	-
	Finance lease interest	11	11	7	7
	Foreign exchange differences	(693)	(693)	394	394
	Net charge on USS pension scheme	91	90	70	69
		624	624	1,685	1,684

12. Other Operating Expenses and Analysis of Expenditure by Activity

2021/22	Staff Costs £'000	Other Operating Expenses £'000	Depreciation and Amortisation £'000	Interest and Other Finance Costs £'000	2022 £'000
Academic departments	17,593	4,243	397	-	22,233
Academic services	3,684	2,291	559	-	6,534
Clinical services	19,530	7,594	887	-	28,011
Research grants and contracts	3,473	2,912	37	(8)	6,414
General education expenditure	1,377	4,195	-	-	5,572
Residences, catering and conference services	301	1,886	802	452	3,441
Premises	2,429	5,847	4,902	732	13,910
Staff and student facilities	989	1,326	568	-	2,883
Subsidiary undertakings	811	779	132	75	1,797
Administration and central services	8,458	3,634	71	-	12,163
Other services	1,134	755	31	-	1,920
Other expenditure	16,088 ¹	(243) ²	-	(627)	15,218
	75,867	35,219	8,386	624	120,096

¹ Included under Other expenditure - Staff Costs is the movement on the USS Pensions Provision.

² Other operating expenses includes movements on Other provisions.

12. Other Operating Expenses and Analysis of Expenditure by Activity *continued*

2020/21	Staff Costs £'000	Other Operating Expenses £'000	Depreciation and Amortisation £'000	Interest and Other Finance Costs £'000	2021 Total £'000
Academic departments	17,490	5,075	356	-	22,921
Academic services	3,922	1,694	704	7	6,327
Clinical services	18,867	7,794	834	-	27,495
Research grants and contracts	3,689	2,241	107	40	6,077
General education expenditure	1,427	3,856	-	19	5,302
Residences, catering and conference services	344	1,681	754	449	3,228
Premises	2,604	5,221	4,615	726	13,166
Staff and student facilities	917	1,379	546	-	2,842
Subsidiary undertakings	588	775	234	89	1,686
Administration and central services	8,554	2,594	73	11	11,232
Other services	1,274	468	63	-	1,805
Other expenditure	651 ³	(588) ⁴	-	344	407
	60,327	32,190	8,286	1,685	102,488

³ Included under Other expenditure - Staff Costs is the movement on the USS Pensions Provision.

⁴ Other operating expenses includes movements on Other provisions.

12. Other Operating Expenses and Analysis of Expenditure by Activity *continued*

Included in Other Operating Expenses (excluding irrecoverable VAT) are:

External auditor's fees for the RVC's Group financial statements of £60,500 (2021: £55,000)

External auditor's fees for other audit work of £56,715 (2021: £56,650)

External auditor's fees for non-audit services of £26,490 (2021: £23,810)

Other audit work includes the following:

	2022	2021
	£	£
Audit of Subsidiaries' financial statements	24,815	27,610
Audit of US GAAP financial statements	31,900	29,040

The United States Department of Education requires the RVC to provide audited US GAAP accounts (on an annual basis from 2019) in accordance with the rules of the Federal Loans programme.

Non-audit services relate to Corporation Tax compliance and submission of the RVC's and subsidiaries' Corporation Tax returns and external compliance audit services:

	2022	2021
	£	£
Tax compliance services	14,190	14,685
London BioScience Innovation Centre Limited		
service charge audit	2,500	2,500
External compliance audits	3,300	2,625
US Federal loans audit	6,500	4,000

Council members (Trustees)

The RVC's Council Members are the trustees of the RVC as an exempt charity. The Council is also the Corporate Trustee for the Royal Veterinary RVC Animal Care Trust, a registered charity. Related party transactions involving members of Council are disclosed in Note 38 below.

No member of Council has received any remuneration (or waived any payments) for acting as a member of Council. Staff and, where applicable, ex officio Council members' remuneration as employees of the RVC are disclosed in Notes 8 and 9 above.

The total expenses paid to six Council members in the year was £4,533 (2021: paid to one member, £234).

13. Access and Participation Plan

	2022 Consolidated and RVC £'000	2021 Consolidated and RVC £'000
Access and participation investment		
Access investment	469	478
Financial support investment	575	581
Research and education investment	25	26
Support for disabled students	330	280
Total access and participation investment	1,399	1,365
Amount included within Staff costs (Note 8)	684	683
<p>During 2021-22, the RVC spent £1.4m on Access and Participation activities to support students from underrepresented groups, including equal access to education and opportunity, financial support (bursaries and hardship funds), support for students with a disability, and research and evaluation in order to improve access and participation overall (including widening participation activities).</p>		
<p>RVC's Access and Participation Plan for 2021-22 can be found here: https://www.rvc.ac.uk/Media/Default/study/Undergraduate/documents/RVC%20Access%20Plan%202020-2021.pdf</p>		

14. (Loss) on Disposal or Impairment of Fixed Assets

These Financial Statements include a loss on disposal of fixed assets in 2021/22 as follows.				
	2022		2021	
	Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
Disposal of tangible assets - equipment	(2)	-	-	-
	<u>(2)</u>	<u>-</u>	<u>-</u>	<u>-</u>
There were no impairments recognised in either year.				
Impairment of tangible assets - equipment	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
RVC Veterinary Practices Ltd. disposed of some items of equipment at Acorn House Veterinary Hospital.				

15. Gain / (Loss) on Investments

	2022		2021	
	Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
Investments - realised gains	493	380	341	263
Investments - unrealised (losses) / gains	(240)	(185)	2,097	1,614
Net gain on investments	<u>253</u>	<u>195</u>	<u>2,438</u>	<u>1,877</u>

Further details of the investments are disclosed in Note 20.

16. Taxation

	2022 Consolidated £'000	2021 Consolidated £'000
Recognised in the Statement of Comprehensive Income		
Tax charge recognised in year	87	110
Tax adjustments written back	(10)	(12)
Current tax charge	<u>77</u>	<u>98</u>
Factors affecting current tax charge		
Surplus before taxation	(9,144)	11,044
<i>Exclude: Movement on pensions provisions (Note 37)</i>	16,536	754
Surplus before taxation (excluding pensions provision)	<u>7,392</u>	<u>11,798</u>
Surplus (excluding pensions provision) multiplied by standard rate of corporation tax in the UK of 19%	1,404	2,242
RVC surplus exempt from tax	(1,408)	(2,304)
Balances eliminated on consolidation exempt from tax	78	194
Expenses disallowable for tax in subsidiaries	127	127
Capital allowances in subsidiaries	(31)	(22)
Loss in subsidiary	-	-
Corporation tax due to prior year relief correction	-	-
Corporation tax due before Gift Aid relief	-	-
Gift Aid relief	(93)	(139)
Other adjustments posted	-	-
Total current tax charge	<u>77</u>	<u>98</u>

17. Intangible Assets and Goodwill

	2022		2021	
	Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
Software				
Gross book value at 1 August	1,930	1,930	1,924	1,924
Additions in the year	-	-	6	6
Gross book value at 31 July	1,930	1,930	1,930	1,930
Accumulated amortisation at 1 August	1,807	1,807	1,765	1,765
Amortisation charge for the year	43	43	42	42
Accumulated amortisation at 31 July	1,850	1,850	1,807	1,807
Net book value at 31 July	80	80	123	123
Software intangible assets have an amortisation period of 5 years.				
Goodwill				
Gross book value at 1 August	3,785	-	3,785	-
Additions in the year	-	-	-	-
Gross book value at 31 July	3,785	-	3,785	-
Accumulated amortisation at 1 August	1,166	-	788	-
Amortisation charge for the year	378	-	378	-
Accumulated amortisation at 31 July	1,544	-	1,166	-
Net book value at 31 July	2,241	-	2,619	-
Total Intangible assets and goodwill	2,321	80	2,742	123
Goodwill relates to the acquisition of Acorn House Veterinary Hospital, by RVC Veterinary Practices Limited on 1 July 2018. Goodwill is amortised over 10 years.				

18. Tangible Assets

	Freehold Land and Buildings			Fixtures, Fittings and Equipment	Assets in the Course of Construction	Total Fixed Assets
	Land and Structure	Fit-Out	Plant and Machinery			
	£'000	£'000	£'000	£'000	£'000	£'000
Consolidated Cost or valuation						
At 1 August 2021	148,797	38,963	32,063	16,706	29,800	266,329
Additions	-	-	-	1,024	10,022	11,046
Transfers	2,712	2,464	4,123	(414)	(10,136)	(1,251)
Disposals	-	-	-	(6)	-	(6)
At 31 July 2022	151,509	41,427	36,186	17,310	29,686	276,118
Consisting of:						
Valuation of land at 31 July 2014	81,664	-	-	-	-	81,664
Cost of other fixed assets	69,845	41,427	36,186	17,310	29,686	194,454
At 31 July 2022	151,509	41,427	36,186	17,310	29,686	276,118
Depreciation						
At 1 August 2021	36,398	18,923	19,426	10,408	-	85,155
Charge for the Year	1,235	2,986	1,963	530	-	6,714
Disposals	-	-	-	(4)	-	(4)
At 31 July 2022	37,633	21,909	21,389	10,934	-	91,865
Carrying amount (net book value)						
At 31 July 2022	113,876	19,518	14,797	6,376	29,686	184,253
At 31 July 2021	112,399	20,040	12,637	6,298	29,800	181,174
RVC						
Cost or valuation						
At 1 August 2021	144,564	38,878	32,063	16,392	29,799	261,696
Additions	-	-	-	973	9,987	10,960
Transfers	2,714	2,464	4,122	(414)	(10,121)	(1,235)
Disposals	-	-	-	-	-	-
At 31 July 2022	147,278	41,342	36,185	16,951	29,665	271,421
Consisting of:						
Valuation of land at 31 July 2014	81,664	-	-	-	-	81,664
Cost of other fixed assets	65,614	41,342	36,185	16,951	29,665	189,757
At 31 July 2022	147,278	41,342	36,185	16,951	29,665	271,421
Depreciation						
At 1 August 2021	32,474	18,915	19,426	10,032	-	80,847
Charge for the Year	928	2,979	1,963	706	-	6,576
Disposals	-	-	-	-	-	-
At 31 July 2022	33,402	21,894	21,389	10,738	-	87,423
Carrying amount (net book value)						
At 31 July 2022	113,876	19,448	14,796	6,213	29,665	183,998
At 31 July 2021	112,090	19,963	12,637	6,360	29,799	180,849
At 31 July 2022, freehold land and buildings included £81m in respect of freehold land held by the College and which is not depreciated.						

18. Tangible Assets *continued*

Consolidated fixtures, fittings and equipment include assets held by the RVC under finance leases (and included above) were as follows:

	2022	2021
	£'000	£'000
Cost	228	1,170
Accumulated depreciation	-	(971)
Charge for year	<u>(19)</u>	<u>(199)</u>
Net book value	<u>209</u>	<u>-</u>

The freehold land comprising the Royal Veterinary College estate was valued as part of a valuation of land and buildings as at 31 July 2014 by an external valuer, Gerald Eve LLP, a regulated firm of Chartered Surveyors. The valuation was prepared in accordance with the requirements of the RICS Valuation - Professional Standards, January 2014 amendment, and April 2015 UK amendment and Financial Reporting Standard 102 and the 2014 Statement of Recommended Practice Accounting for Further and Higher Education. The valuation was undertaken on a Fair Value basis, with specialised properties valued by reference to Depreciated Replacement Cost, and with non-specialised properties valued on a Fair Value basis equating to Market Value on the assumption of a continuation of the existing use. The valuation was reported under the special assumptions to exclude any value of development opportunities for which planning permission would be required and has not been granted or where development has not yet commenced.

19. Heritage Assets

	2022 Consolidated and RVC £'000	2021 Consolidated and RVC £'000
Heritage assets held at valuation	<u>5,898</u>	<u>5,898</u>
At 31 July 2022	<u>5,898</u>	<u>5,898</u>

There were no additions or disposals in the year.

RVC holds various valuable works of art and publications in its collection. These comprise three main categories:

- works of art including a collection of portraits and sculptures mainly of veterinary subjects;
- collection of historic veterinary books and articles dating from the 17th and 18th centuries; and
- natural history collections relating to veterinary studies.

Heritage assets are held for their contribution to knowledge and culture. Works of art are stated at their insurance valuation. The most recent valuation was undertaken by Bonhams, during the year ending 31 July 2021.

20. Investments

Movement on the long-term investment portfolio comprises:

	2022		2021	
	Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
At 1 August	15,788	12,177	13,013	10,041
Additions	4,966	3,824	5,748	4,426
Disposals	(4,467)	(3,440)	(5,411)	(4,167)
Realised gain	494	380	341	263
Unrealised (loss) / gain	(252)	(193)	2,097	1,614
At 31 July	16,529	12,748	15,788	12,177

The consolidated investments portfolio is managed by UBS AG except for some specific direct investments held directly by the RVC. Term deposits placed by UBS on behalf of the RVC are disclosed in Note 26 (Investments – Short-term) and balances readily available to the RVC are included in Note 27 (Cash and cash equivalents).

RVC is a minority shareholder in a spin-off company, Tecrea Limited, which was founded in February 2012 and specialises in nanotechnology research and innovation. During 2019/20, the RVC took up the option to purchase additional shares, at a cost of £90k, from two of the founding shareholders who had decided to sell their interests, increasing its holding from 18% to 19.6%. RVC's shareholdings in Tecrea Limited and Tecrea Animal Health Limited (TAHL) (established in 2019) are subscribed and held at a nominal value of less than £1.

21. Investments in Subsidiaries

	2022	2021
	RVC £	RVC £
RVC Veterinary Practices Limited	4,150,000	4,150,000
London BioScience Innovation Centred Limited	123,000	123,000
RVC Developments Limited	2	2
Royal Veterinary College (Hong Kong) Limited	2	2
	4,273,004	4,273,004

Investments in subsidiaries are eliminated on consolidation. Further information on subsidiary companies and consolidated entities is provided in Note 22.

22. Subsidiary and Consolidated Entities

The subsidiary undertakings which are wholly owned or effectively controlled by the RVC are as follows:

Company	Holding	Nature of Business	Jurisdiction where registered	Shareholding
London BioScience Innovation Centre Limited	100%	Laboratory and offices for bioscience companies	England and Wales (no. 04013123)	123,000 ordinary £1
RVC Veterinary Practices Limited	100%	Veterinary practice	England and Wales (no. 11293077)	4,150,000 ordinary £1
RVC Developments Limited	100%	Construction services provided to RVC	England and Wales (no. 07114564)	2 ordinary £1
Royal Veterinary College (Hong Kong) Limited	100%	Education provision in Hong Kong	Hong Kong (no. 1337151)	2 ordinary £1

All the entities listed share the RVC's financial statements reporting date of 31 July.

The RVC is the corporate (sole) Trustee of The Royal Veterinary College Animal Care Trust, a charity registered with the Charity Commission in England and Wales (charity no. 281571). As the RVC exercises control over the Animal Care Trust, the Trust's accounts are fully consolidated in the RVC's consolidated financial statements.

RVC Developments Limited and Royal Veterinary College (Hong Kong) Limited had no trading activity in the year. In accordance with section 479C of the Companies Act 2006, the RVC has waived the requirement for RVC Developments Limited to produce audited financial statements for the year ending 31 July 2022. The RVC has also provided a Statement of guarantee under section 479C of the Companies Act 2006.

23. Non-Current Receivables

	2022		2021	
	Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
Amounts falling due after more than one year:				
Loan to subsidiary undertaking	-	219	-	497
	<u>-</u>	<u>219</u>	<u>-</u>	<u>497</u>

The amounts shown under the RVC relate to the long-term element of a loan to London Bioscience Innovation Centre Limited (LBIC). At 31 July 2022 the total value of the loan outstanding from LBIC was £497k (2021: £761k) of which £278k is due within one year (see Note 25). The loan is on commercial terms and mirrors that previously in place between the RVC and the Royal Bank of Scotland, which was repaid in July 2018 and funded the development of the McFadyean Building which LBIC occupies. The RVC's loan to LBIC is not due to be fully repaid until 2024.

24. Stock

	2022		2021	
	Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
General consumables	1,291	1,143	1,659	1,523
Farm stocks	378	378	341	341
	1,669	1,521	2,000	1,864

Farm stocks include biological assets of dairy cattle valued at £228k (2021: £184k), store cattle of £7k (2021: £13k), sheep of £73k (2021: £64k), other farm animals of £nil (2021: £2k), growing crops of £13k (2021: £13k) as well as feeds and forages of £46k (2021: £57k) and other farm stocks £11k (2021: £8k). Biological assets have been reviewed and revalued at fair value based on information available as of 31 July 2022. General consumables comprises stock held for clinical purposes, building maintenance and operational stock.

25. Trade and Other Receivables

	2022		2021	
	Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
Amounts falling due within one year:				
Research grant receivables	3,059	3,059	2,887	2,887
Other trade receivables	6,545	6,078	5,172	4,898
Other receivables	136	136	82	81
Prepayments and accrued income	2,323	1,817	2,357	1,977
Amounts due from subsidiary undertakings	-	995	-	1,438
	12,063	12,085	10,498	11,281

The short-term element of the loan (£278k) to London BioScience Innovation Centre Limited is included as amounts due from subsidiary undertakings; further details are provided in Note 23 above.

26. Investments – Short-Term

	2022		2021	
	Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
Short-term deposits	23,274	23,274	10,021	10,021
	<u>23,274</u>	<u>23,274</u>	<u>10,021</u>	<u>10,021</u>

The RVC and ACT's short-term cash deposits are managed through the RVC's investment fund managers UBS AG and placed with counterparties. Further information on the portfolio managed by UBS AG is provided in Note 20.

27. Cash and Cash Equivalents

	2022		2021	
	Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
Cash in hand	16	16	78	78
Cash at bank	20,559	16,728	19,563	15,363
Current deposits	5,170	5,170	18,313	18,313
	<u>25,745</u>	<u>21,914</u>	<u>37,954</u>	<u>33,754</u>

Cash at bank comprises balances held in RVC and subsidiary entity current accounts with the Royal Bank of Scotland (including euro and US dollar accounts) and with UBS AG.

Current deposits represent funds held on call with UBS AG, along with currency accounts also managed by UBS AG as part of the RVC's portfolio. They also include cash equivalents in the form of funds placed for periods of less than three months in fixed term or on call deposits with counterparties.

28. Creditors – Amounts falling due within one year

	2022		2021	
	Consolidated	RVC	Consolidated	RVC
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Unsecured loans	183	183	214	214
Obligations under finance leases	110	110	-	-
Trade payables	3,226	3,165	3,505	3,459
Taxation due including social security	1,785	1,520	2,315	2,008
Research grant payables	8,099	8,099	8,631	8,631
Accrued expenses and deferred income	7,560	7,060	8,699	8,204
Amounts owed to subsidiaries	-	1	-	-
	<u>20,963</u>	<u>20,138</u>	<u>23,364</u>	<u>22,516</u>

29. Creditors – Amounts falling due after one year

	2022		2021	
	Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
Amounts falling due after one year:				
Private placements	45,000	45,000	45,000	45,000
Unsecured loans	671	671	15	15
Trade payables	198	-	236	-
Obligations under finance leases	91	91	-	-
	<u>45,960</u>	<u>45,762</u>	<u>45,251</u>	<u>45,015</u>

The private placements were raised in July 2018 with Sun Life Assurance Company of Canada and its UK subsidiary company. The funds raised were used in part to repay £22m in unsecured loans (and associated breakage costs of economic hedges) held with the Royal Bank of Scotland. The balance is being applied to part fund RVC's major capital programme. Other unsecured borrowings are detailed below:

	2022	2021
	Consolidated and RVC £'000	Consolidated and RVC £'000
Analysis of unsecured loans and private placements:		
Due between one and two years	168	15
Due between two and five years	503	-
Due in five years or more	45,000	45,000
Due after more than one year	<u>45,671</u>	<u>45,015</u>
Due within one year	183	214
Total unsecured borrowings	<u>45,854</u>	<u>45,229</u>

The loan terms, applicable interest rates and counter-parties of unsecured borrowings as at 31 July 2022 are as follows:

Lender	Amount £'000	Term ends	Interest rate %
Salix	854	March 2027	nil
Sun Life Canada	15,000	July 2033	2.55
Sun Life Canada	15,000	July 2038	2.72
Sun Life Canada	15,000	July 2043	2.82
Total unsecured borrowings	<u>45,854</u>		

RVC secured interest-free Salix loan funding to support investment in energy efficiency projects. The outstanding balance of £855k is repayable over the next 5 years.

30. Provisions for Pension and Other Liabilities

	Provision to fund deficit on USS Pension £'000	LBIC rental space provision £'000	Tax liabilities £'000	Legal claims £'000	Total Other Provisions £'000
Consolidated					
At 1 August 2021	10,416	80	69	135	284
Utilised in the year	(590)	-	-	(135)	(135)
Additions in the year	17,217	-	93	7	100
Unused amounts released in the year	-	-	-	-	-
At 31 July 2022	<u>27,043</u>	<u>80</u>	<u>162</u>	<u>7</u>	<u>249</u>
RVC					
At 1 August 2021	10,304	-	69	135	204
Utilised in the year	(584)	-	-	(135)	(135)
Additions in the year	17,032	-	93	7	100
Unused amounts released in the year	-	-	-	-	-
At 31 July 2022	<u>26,752</u>	<u>-</u>	<u>162</u>	<u>7</u>	<u>169</u>
<p>The provision to fund the past deficit for the Universities Superannuation Scheme (USS) arises from the contractual obligation with the scheme for total payments relating to benefits to be provided arising from past performance of the scheme. Management have assessed potential changes in the pay bill and numbers of employee members of USS over the period of the contracted obligation to reach an assessment of the provision required. The provision unwinds over the period of the scheme's recovery plan, taking into account the scheme's surplus or deficit and the applicable discount rate (as advised by Mercers). Further details of pension schemes are provided in Note 37.</p> <p>The London Bioscience Innovation Centre (LBIC) provision relates to future liability for a contractual commitment associated with making good of a rental space after the end of a client lease.</p> <p>The tax liabilities provision arises from tax adjustments relating to employment location, which has not yet been settled. Additional potential costs were identified in the year ending 31 July 2022.</p> <p>The legal claims provision relates to ongoing student complaint cases which are not yet settled. The provision utilised was in relation to two claims settled in the year.</p>					

31. Endowment Reserves

Consolidated	Restricted Permanent £'000	Expendable Endowments £'000	2022 Total £'000	2021 Total £'000
Balances at 1 August				
Capital	1,166	5,058	6,224	5,353
Accumulated income	1,897	2,415	4,312	3,316
	<u>3,063</u>	<u>7,473</u>	<u>10,536</u>	<u>8,669</u>
New endowments	-	8	8	1
Investment income	91	222	313	334
Expenditure	(173)	(185)	(358)	(349)
Increase in market value of investments	56	139	195	1,881
Total endowment comprehensive (expenditure) / income for the year	<u>(26)</u>	<u>184</u>	<u>158</u>	<u>1,867</u>
Balances at 31 July	<u>3,037</u>	<u>7,657</u>	<u>10,694</u>	<u>10,536</u>
RVC	Restricted Permanent £'000	Expendable Endowments £'000	2022 Total £'000	2021 Total £'000
Balances at 1 August				
Capital	1,166	5,039	6,205	5,337
Accumulated income	1,897	2,416	4,313	3,317
	<u>3,063</u>	<u>7,455</u>	<u>10,518</u>	<u>8,654</u>
New endowments	-	8	8	1
Investment income	91	222	313	334
Expenditure	(173)	(184)	(357)	(348)
Increase in market value of investments	56	139	195	1,877
Total endowment comprehensive (expenditure) / income for the year	<u>(26)</u>	<u>185</u>	<u>159</u>	<u>1,864</u>
Balances at 31 July	<u>3,037</u>	<u>7,640</u>	<u>10,677</u>	<u>10,518</u>
Analysis by type of purpose:				
	Consolidated		RVC	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Scholarships and prizes	3,538	3,494	3,521	3,476
Student welfare and support	1,725	1,734	1,725	1,734
Research support	4,034	3,947	4,034	3,947
Clinical services support	1,397	1,361	1,397	1,361
	<u>10,694</u>	<u>10,536</u>	<u>10,677</u>	<u>10,518</u>
No funds were in deficit in either 2021/22 or the prior year.				

32. Restricted Reserves

Consolidated	Unspent	Donations	2022	2021
	Capital Grants	and Other	Total	Total
	£'000	£'000	£'000	£'000
Balances at 1 August	-	3,356	3,356	3,578
New grants	2,353	-	2,353	1,431
New donations	-	524	524	521
Investment income	-	88	88	94
Expenditure	-	(620)	(620)	(1,361)
Increase in market value of investments	-	54	54	524
Total restricted comprehensive income for the year	2,353	46	2,399	1,209
Capital grants utilised and released to unrestricted reserve	(2,353)	-	(2,353)	(1,431)
Balances at 31 July	-	3,402	3,402	3,356
RVC	Unspent	Donations	2022	2021
	Capital Grants	and Other	Total	Total
	£'000	£'000	£'000	£'000
Balances at 1 August	-	275	275	1,071
New grants	2,353	-	2,353	1,431
New donations	-	170	170	32
Investment income	-	-	-	-
Expenditure	-	(152)	(152)	(828)
Total restricted comprehensive income for the year	2,353	18	2,371	635
Capital grants utilised and released to unrestricted reserve	(2,353)	-	(2,353)	(1,431)
Balances at 31 July	-	293	293	275
Analysis by type of purpose:				
	Consolidated		RVC	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Research support	489	477	293	275
Student welfare and support	1,072	1,121	-	-
Scholarships and prizes	22	22	-	-
Teaching support and general education	170	151	-	-
Clinical services support	1,649	1,585	-	-
Capital appeal	-	-	-	-
	3,402	3,356	293	275

33. Consolidated Reconciliation of Net Debt

	2022 £'000	
Net debt 1 August 2021	<u>7,275</u>	
Movement in cash and cash equivalents	12,209	
Other changes	(351)	
Changes in market value and exchange rates	<u>1,087</u>	
Net debt 31 July 2022	<u>20,219</u>	
Change in net debt	<u>12,944</u>	
	31 July 2022	31 July 2021
Analysis of net debt	Consolidated	Consolidated
	£'000	£'000
Cash and cash equivalents	25,745	37,954
Borrowings: amounts falling due within one year		
Unsecured loans	183	214
Obligations under finance leases	110	-
Borrowings: amounts falling due after one year		
Private placements	45,000	45,000
Unsecured loans	671	15
Obligations under finance leases	<u>-</u>	<u>-</u>
	45,671	45,015
Net debt	<u>20,219</u>	<u>7,275</u>

34. Capital and Other Commitments

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

	2022 Consolidated and RVC £'000	2021 Consolidated and RVC £'000
Commitments contracted for	3,467	6,247
	<u>3,467</u>	<u>6,247</u>

The decrease in capital commitments reflects the progress made to the Hawkshead capital project.

35. Contingent Liabilities

The RVC has given written undertakings to support the subsidiary companies until 31 January 2023.

Subsequent to the end of the financial year, the RVC, along with LBIC, entered into an Agreement for Lease for LBIC to expand into space in a new development close to the Camden campus. Subject to satisfactory completion of the conditions set out in the Agreement for Lease, LBIC will enter into a 25-year lease, with the facilities expected to be ready for client occupation in January 2024. Under the arrangements, the RVC is acting as guarantor, in the event of LBIC default.

36. Lease Obligations

Total rentals payable under operating leases

	Year ending 31 July 2022			Year ending 31 July 2021
	Land and Building £'000	Other leases £'000	Total £'000	Total £'000
Consolidated and RVC				
Payable during the year	66	-	66	66
Future minimum payments due				
Not later than 1 year	66	-	66	66
Later than 1 year and not later than 5 years	263	-	263	263
Later than 5 years	393	-	393	459
Total payments due	<u>722</u>	<u>-</u>	<u>722</u>	<u>788</u>

37. Pension Schemes

Different categories of staff employed by the RVC and its subsidiaries are eligible to join one of four different schemes. The two principal pension schemes for the RVC's staff are both defined benefit schemes: the Universities Superannuation Scheme and the Superannuation Arrangements of the University of London. To meet its pension auto-enrolment obligations towards directly engaged staff who are not eligible for the two main pension schemes, the RVC is also a member of the Universities and Colleges Retirement Savings Scheme, a defined contribution scheme. RVC Veterinary Practices Limited ("RVP") enrolls its staff into a defined contribution scheme, the People's Pension scheme.

In accordance with FRS 102, annual contributions to USS and SAUL are accounted for as if each was a defined contribution scheme. The RVC's obligations to fund past deficits for USS are reflected in Note 30 above. The reporting of these schemes in the Financial Statements is as follows:

	Note	2022		2021	
		Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
Statement of income and expenditure - net pension cost in year					
Universities Superannuation Scheme (USS)		5,277	5,223	5,164	5,124
Superannuation Arrangements for the University of London (SAUL)		2,518	2,487	2,348	2,324
People's Pension Scheme		43	-	37	-
Universities and Colleges Retirement Savings Scheme (UCRSS)		10	10	6	6
Employer's contributions	8	<u>7,848</u>	<u>7,720</u>	<u>7,555</u>	<u>7,454</u>
Movement on pension past service cost					
- USS Pension Scheme Provision	8	16,536	16,358	754	748
Net pension charge to Staff costs		<u>24,384</u>	<u>24,078</u>	<u>8,309</u>	<u>8,202</u>
Interest cost - unwind of discount					
- USS Pension Scheme Provision	11	91	90	70	69
Total net charge to SOCI		<u>24,475</u>	<u>24,168</u>	<u>8,379</u>	<u>8,271</u>
Statement of financial position - provision for pension scheme liability					
Pension provisions					
- USS Pension Scheme Provision	30	27,043	26,752	10,416	10,304
Total liability on SOFP		<u>27,043</u>	<u>26,752</u>	<u>10,416</u>	<u>10,304</u>

37. Pension Schemes *continued*

Universities Superannuation Scheme (USS)

The RVC participates in the USS pension scheme, which is the main scheme covering most academic and academic-related staff. The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund.

Because of the mutual nature of the scheme, the scheme's assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The RVC is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by section 28 of FRS 102, *Employee benefits*, the RVC Consolidated Group and the RVC therefore account for the USS pension scheme as if it were a defined contribution scheme. As a result, the amount charged to the Consolidated Statement of Comprehensive Income represents the contributions payable to the scheme in respect of each accounting period. Since the RVC has entered into an agreement, the USS Recovery Plan, that determines how each employer within the scheme will fund the overall deficit, the RVC recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the Consolidated Statement of Comprehensive Income. As a result of this agreement, the increase in the pension provision charged to the Statement of Comprehensive Income is £16,536k (2021: £754k).

The total cost charged to the Statement of Comprehensive Income is £5,277k (2021: £5,164k).

Deficit recovery contributions due within one year for the institution are £1,616k (2021: £1,330k).

The latest available complete actuarial valuation of the Retirement Income Builder is as at 31 March 2020 (the valuation date), and was carried out using the projected unit method.

Since the institution cannot identify its share of USS Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

The 2020 valuation was the sixth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £66.5 billion and the value of the scheme's technical provisions was £80.6 billion indicating a shortfall of £14.1 billion and a funding ratio of 83%.

The key financial assumptions used in the 2020 valuation are described below. More detail is set out in the Statement of Funding Principles <https://www.uss.co.uk/about-us/valuation-and-funding/statement-of-funding-principles>

37. Pension Schemes *continued*

CPI assumption	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves less: 1.1% p.a. to 2030, reducing linearly by 0.1% p.a. to a long-term difference of 0.1% p.a. from 2040
Pension increases (subject to a floor of 0%)	CPI assumption plus 0.05%
Discount rate (forward rates)	Fixed interest gilt yield curve plus: Pre-retirement: 2.75% p.a. Post-retirement: 1.00% p.a.

The main demographic assumptions used relate to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2020 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2020 valuation
Mortality base table	101% of S2PMA "light" for males and 95% of S3PFA for females
Future improvements to mortality	CMI 2019 with a smoothing parameter of 7.5, an initial addition of 0.5% p.a. and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females

The current life expectancies on retirement at age 65 are:

	2022	2021
Males currently aged 65 (years)	23.9	24.6
Females currently aged 65 (years)	25.5	26.1
Males currently aged 45 (years)	25.9	26.6
Females currently aged 45 (years)	27.3	27.9

A new deficit recovery plan was put in place as part of the 2020 valuation, which requires payment of 6.2% of salaries over the period 1 April 2022 until 31 March 2024, at which point the rate will increase to 6.3%. The 2022 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2022	2021
Discount rate	3.31%	0.87%
Pensionable salary growth*	4.26%	3.59%

37. Pension Schemes *continued*

Superannuation Arrangements of the University of London (SAUL)

The RVC participates in the Superannuation Arrangements of the University of London (SAUL), which is a centralised defined benefit scheme within the United Kingdom. SAUL is an independently-managed pension scheme for the non-academic staff of over 50 colleges and institutions with links to higher education.

Pension benefits accrued within SAUL currently build up on a Career Average Revalued Earnings (CARE) basis.

The RVC is not expected to be liable to SAUL for any other current participating employer's obligations under the rules of SAUL, but in the event of an insolvency event of any participating employer within SAUL, an amount of any pension shortfall (which cannot otherwise be recovered) in respect of that employer, may be spread across the remaining participating employers and reflected in the next actuarial valuation.

Funding policy

SAUL's statutory funding objective is to have sufficient and appropriate assets to meet the costs incurred by the Trustee in paying SAUL's benefits as they fall due (the technical provisions). The Trustee adopts assumptions which, taken as a whole, are intended to be sufficiently prudent for pensions and benefits already in payment to continue to be paid and for the commitments which arise from members' accrued pension rights to be met.

The technical provisions assumptions include appropriate margins to allow for the possibility of events turning out worse than expected. However, the funding method and assumptions do not completely remove the risk that the technical provisions could be insufficient to provide benefits in the future.

The technical provisions assumptions include appropriate margins to allow for the possibility of events turning out worse than expected. However, the funding method and assumptions do not completely remove the risk that the technical provisions could be insufficient to provide benefits in the future.

A formal actuarial valuation of SAUL is carried out every three years by a professionally qualified and independent actuary. The last formal actuarial valuation was carried out with an effective date of 31 March 2020 (with the formal report dated June 2021 and signed by the actuary on 23 August 2021). Informal reviews of SAUL's position, reflecting changes in market conditions, cash flow information, and new accrual of benefits, are carried out between formal valuations.

The funding principles were agreed by the Trustee and employers in June 2021 and are due to be reviewed at SAUL's next formal valuation in 2023. The Trustee and employers agreed on 21 June 2021 a revised schedule of contributions for SAUL under which employers will pay contributions of 16% until 31 March 2022, rising to 19% of CARE salary from 1 April 2022, and to 21% of CARE salary from 1 January 2023.

At the 31 March 2020 valuation SAUL showed a shortfall of £217 million, equivalent to a funding level of 94%. Subsequent market movements since the valuation date were positive and updated calculations provided by SAUL's actuary (Mercer Limited) showed that, at 31 March 2021, SAUL was estimated to have a technical provision of £379 million, equivalent to a fund level of 110%. The improvement in SAUL's position between 31 March 2020 and 31 March 2021 was due to the higher than expected investment returns achieved by SAUL's assets: SAUL's total asset return was approximately 19% over the year to 31 March 2021. No deficit contributions were, therefore, required as of 31 March 2021.

37. Pension Schemes *continued*

Accounting policy and costs reflected in RVC's accounts

RVC is a participating employer in SAUL. The actuarial valuation applies to SAUL as a whole and does not identify surpluses or deficits applicable to individual employers. As a whole, the (unaudited) market value of SAUL's assets at 31 March 2021 was £4,310 million.

It is not possible to identify an individual employer's share of the underlying assets and liabilities of SAUL. RVC accounts for its participation in SAUL as if it were a defined contribution scheme and pension costs are therefore based on the amounts actually paid (i.e. cash amounts) in accordance with section 28 of FRS 102.

As there was a technical provisions surplus at 31 March 2021, there is no defined benefit liability (i.e. the present value of any deficit contributions due to SAUL) to be recognised by the RVC.

Universities and Colleges Retirement Savings Scheme (UCRSS)

The RVC participates in the Universities and Colleges Retirement Savings Scheme (UCRSS), which is a defined contribution scheme for the higher and further education sector. It is a centrally arranged scheme, established under a Framework Agreement with Advanced Procurement for Universities and Colleges Limited. UCRSS is delivered through the Mercer Master Trust. UCRSS enables the RVC to provide access to pensions provision for those staff who are not eligible for the two main schemes operated by the RVC and for the College to meet its pension automatic enrolment responsibilities under the Pensions Act 2008.

People's Pension Scheme

RVC Veterinary Practices Limited uses the People's Pension Scheme to meet its pension automatic enrolment responsibilities under the Pensions Act 2008: this also provides continuity for the staff previously employed by the Acorn Partnership. The People's Pension Scheme is a master trust (a multi-employer scheme run by trustees) and provides a defined contribution scheme available to employers across the United Kingdom.

38. Related Party Transactions

Due to the nature of the Institution's operations and the composition of its Council (being drawn from local public and private sector organisations), it is inevitable that transactions will take place with organisations in which a member of Council may have an interest. These transactions are disclosed if they are considered material to the Financial Statements. The Institution has taken advantage of the exemption within FRS 102 Section 33 'Related Party Disclosures' and has not disclosed transactions with other wholly owned group entities. Included within the financial statements are the following transactions with related parties:

	Income from related party £'000	Expenditure to related party £'000	Balance due to/(from) related party £'000
RVC Students Union	-	270	-
University of London	159	203	1
Wellcome Trust	501	5	-
Haoma Medica Limited	8	-	(123)
Versus Arthritis	102	-	(67)
University College London	215	7	(67)
Agria Pet Insurance	663	-	-
	<u>1,648</u>	<u>485</u>	<u>(256)</u>

RVC Students Union

The President of the RVC Students' Union is ex officio a member of Council of the RVC. Expenditure relates to grant funding and trading transactions. In addition, the RVC provided grant-in-kind in the year in the form of rent-free premises and associated services estimated to total £92,940.

University of London

In his role as Principal, Professor SWJ Reid, is a member of the Board of Trustees of the University of London. Income relates to the RVC's share of distance learning tuition fees and donations. Expenditure relates to trading transactions.

Wellcome Trust

Professor SWJ Reid is on the Board of Surveillance and Epidemiology of Drug-resistant Infections Consortium (SEDRIC), a part of the Wellcome Trust. One of the departing Council members was also an employee of the Wellcome Trust. Income relates to research grant funding and expenditure relates to trading transactions.

Haoma Medica Limited

One member of Council has shareholdings in Haoma Medical Limited. The company is undertaking some research at the RVC. Income relates to trading transactions with LBIC. Outstanding amounts relate to LBIC income and research grant income. There is a bad debt provision for these amounts.

Versus Arthritis

One member of Council holds a position on Arthritis Research UK Fellowship Funding Panels. Income received relates to research grants and outstanding amounts relate to unpaid invoices raised in respect of these grants.

38. Related Party Transactions *continued*

University College London

One member of Council is an employee at University College London. Income relates to research grants and biological services income. Expenditure relates to trading transactions.

Agria Pet Insurance

One member of Council is Veterinary Panel Lead at Agria Pet Insurance. Income relates to pet insurance claims for animals treated at the RVC veterinary practices.

COUNCIL MEMBERS

The Council members who held office during the year and until the date on which the Financial Statements were formally approved were as follows:⁵

Independent Members

Baroness Young of Old Scone F&GPC, RC, N&F (Chair from 1 August 2019 & re-appointed 1 August 2022)

Mr RMF Bright F&GPC, RC, N&F (Hon. Treasurer; Vice Chair from 1 August 2019 & re-appointed 1 August 2022)

Ms J Alexander F&GPC, RC

Mrs A Cooper A&R (from July 2022)

Dr A-M Coriat N&F (to November 2021)

Mr R Hargreaves

Mr J Heawood F&GPC

Mr Z Latif (from November 2021)

Mr A Laycock A&R (to October 2021)

Dr S Lishman CBE (Chair of Ethics & Welfare Committee)

Ms A Pearce Higgins A&R (Chair of Audit & Risk Committee from 1 August 2020)

Dr S Virdee A&R

Members elected by the Academic Board

Professor J Maddison

Professor A Pitsillides

President of the RVC Students' Union (ex-officio)

Mr S Fenton (2021/22) F&GPC (from 1 August 2021)

Ms L Thurman (2022/23) F&GPC (from 1 August 2022)

Principal and President (ex-officio)

Professor SWJ Reid CBE F&GPC, N&F

⁵ Members of the following Council Committees are signified as follows:

N&F Nominations and Fellows Committee A&R Audit and Risk Committee RC Remuneration Committee
E&W Ethics and Welfare Committee F&GPC Finance and General Purposes Committee

IN ATTENDANCE AT COUNCIL

Secretary to Council and Chief Operating Officer

Mr I Darker

CO-OPTED MEMBERS OF COUNCIL COMMITTEES

Mr D Cook A&R

Mrs A Cooper F&GPC (to July 2022)

Mrs A O'Hara F&GPC

The Royal Veterinary College

Finance Department

Financial Accounting Team

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**Celebrating over 231 years.
Still making history.**

Established in 1791, the RVC is the UK's longest-standing veterinary college – with a proud heritage of innovation in science, clinical practice and education.