



Annual Report and Financial Statements

2022/23

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CHAIR OF COUNCIL'S INTRODUCTION for the year ended 31 July 2023

Our Annual Report and Financial Statements for 2022-23 record 12 successful months for the RVC, although against a background of economic and political turmoil, here and internationally. The aftermath of the pandemic continues to impact on students and staff as they continue to adjust the way that learning and research takes place.

We are settling into our fine new learning and research facilities at Hawkshead and are moving on to the continued development of the site to enhance our teaching and research excellence. We have a twinkle in our eye for new clinical facilities too, so watch this space. Once again, we earned the QS #1 ranking, an external endorsement of our excellence judged worldwide. Financially we ended the year with a healthy contribution to our ambition for the future. But we, in common with all universities, and with particular pressures as a specialist institution with high teaching costs, have seen ongoing erosion of the real value of UK student tuition fees which chimes badly in the face of high inflationary pressures. Of course, all the successes we celebrate are the product not of one year but of sustained effort over time and I am grateful to all who have made them possible.

One of the formal landmarks in the year has been the RVC's legal recognition as a University in our own right, thanks to the changes in the University of London Act (2018). In common with our sister specialist institutions who are members of the

University of London, this has been an aspiration for a number of years and was finally realised in April. We were already an independent institution and remain committed to the Federation, but the change provides real opportunity for reflection on our history and envisioning our future.

As we have worked through the delivery of our Strategic Plan this year, addressing cost of living challenges, and balancing the several sources of income that make us sustainable, our adaptability to circumstances and our commitment to doing whatever is necessary, is what has made a difference. As the pages following illustrate, our strength is our commitment to all aspects of our teaching, research and clinical roles and the people who deliver that commitment. Can I thank on behalf of Council, the Principal and senior team and all the staff and students who make this possible. My fellow Council members have shown wisdom and cohesion, inspired by what they see the RVC achieve. Finally, thank you for your interest in the Royal Veterinary College and your support for our mission.

With best wishes,

Barbara, Baroness Young of Old Scone
Chair of Council

PRESIDENT AND PRINCIPAL'S REPORT for the year ended 31 July 2023

I am delighted to add my welcome to that of our Chair, Baroness Young, and to commend to you the facts, figures and narrative, that summarise the fiscal year 2022-2023.

From an executive point of view, the last 12 months have seen rather different challenges than the preceding years, with a “business as normal” assumed but not a reality. With the many changes in our working environment and practices, and the indelible impact on both staff and students of the pandemic years, the truth is things are very different.

Key amongst our objectives has been our desire to see both staff and students supported in the diversity of approaches we are now taking to working, studying and delivering clinical care, whether it is on our campuses or with our partner institutions. Acknowledging significant changes in key accreditation standards and the constant need to supplement the costs of educating home students from other sources, it is a pleasure to be able to present a favourable financial outturn this year.

Retaining our international standing requires our engagement with a global community, and a worldview that is more important than ever, politically, socially and ecologically, and our efforts

to provide leadership scientifically, pedagogically and clinically are provided fresh impetus with our university status. A new title and new buildings are complementing a refresh of our curricula and the way in which we deliver to a changing society, but fundamentally our mission remains reassuringly familiar – to be a leading international authority in education, clinical care, research, expert opinion and employment in veterinary and biomedical sciences - and that comes down to our people.

Ensuring we address the dangers of radicalisation whilst enshrining freedom of speech, at the same time as embedding more fully our commitment to the cross-cutting issues of equity, diversity and inclusion, and wellbeing for all, requires a community approach. So, whatever your role or connection to the RVC, I hope that this report provides you with the assurances you seek and the confidence you need to remain part of our community as we continue to chart the waters of a changing world.

With all best wishes,

Stuart WJ Reid
President & Principal

STRATEGIC AND FINANCIAL REVIEW for the year ended 31 July 2023

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. A significant development during the year was the gaining of University Title under changes to the University of London Act (2018).

As one of the largest veterinary schools in Europe, RVC 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 Strategic Plan 2022-2026 which 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.

During the year, the RVC Council approved the following supporting strategies to the Strategic Plan: Infrastructure, Human Resources, Environmental Sustainability and Global. Key Performance Indicators have also been developed to ensure effective monitoring of progress against delivery of the strategic objectives.

The Strategic Risk Register focuses on the RVC'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 RVC 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."

Risk management processes and controls are regularly reviewed by the RVC's internal auditors.

Strategic Review

Our Learning and Teaching

The academic year 2022-2023 was the first full academic year not to be significantly disrupted by the direct impact of the COVID-19 pandemic. This resulted in a sense of a return to normality in many of our activities although there are still some aspects of academic life that continue to be impacted by the pandemic's legacy. Although much of what we do has reverted to how things were done pre-pandemic, some of the innovative adaptations to our teaching and assessment that we were forced to introduce have been maintained including some online assessments and open-book examinations.

New state-of-the-art teaching and learning facilities on our Hawkshead Campus were finally completed. These facilities have increased the space available for teaching through the addition of two lecture spaces, three directed learning rooms, a teaching laboratory, a new learning resources centre and extensive social learning space. These spaces will be available for timetabled teaching in the academic year 2023-2024 and promise to greatly improve the experience of all students taught at our Hawkshead Campus.

In 2022, the Royal Veterinary College (RVC) retained its status with the Office for Students as a world-leading specialist teaching institution. In 2023 the RVC, like other HE providers, underwent evaluation under the new Teaching Excellence Framework (TEF). The RVC was evaluated across several features under the aspects of "Student Experience" and "Student Outcomes". Although the overall award received by the RVC was a Silver – the award for the aspect "Student Outcomes" was Gold, in recognition of the outstanding outcomes achieved by graduates of our programmes.

There were other important achievements in the areas of teaching and learning. Our new joint BVSc, offered in partnership with the University of Aberystwyth, underwent interim accreditation by the Royal College of Veterinary Surgeons (RCVS). Initial feedback from the RCVS on the degree was

positive, including feedback on our plans for the later years of the curriculum, which will be taught at the RVC in conjunction with the final years of the BVetMed degree. The BVSc students will converge with the first BVetMed cohort passing through the new curriculum and the first graduates from these new curricula are, therefore, set to qualify in 2026.

The RCVS also validated an additional pathway for our certificate in Advanced Veterinary Nursing, bringing the total number of validated pathways up to three. These are post-registration nursing qualifications which provide clearer pathways to advanced careers for registered veterinary nurses.

Applicant numbers for, and recruitment to all our courses have remained buoyant for the upcoming academic year with continued growth in the number of international applicants for our 4-year BVetMed programme. The return to pre-pandemic grading of A-levels introduced some uncertainty to the recruitment process, with the risk of fewer home students achieving their target grades, but we were able to recruit to target across all our undergraduate courses.

In summary, teaching and learning in the academic year 2022-23 has been a success with many significant achievements. Changes to our curricula and facilities promise to equip the institution well to continue this success and withstand the expected challenges of future years.

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 despite the educational challenges faced by those students due to the COVID-19 pandemic.

Our widening participation and recruitment teams have been brought together under the Directorate of External Relations to support our aim of ensuring we are recruiting the best students from all backgrounds. This has increased 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 of the UK. 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. We have also developed an increasing range of scholarships and student support funds that provide vital support to students facing financial pressures.

Our student support services continue to evolve to meet the needs of students across our increasing diverse community, who are now used to a more blended experience. All services are delivered in-person or online and this has proved effective in giving students more choice and opportunity to access these services at times that suit them. The Learning and Wellbeing Directorate focuses 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 has reinforced the place of the student at the centre of our mission.

In common with others in the sector, the long-term impact of the pandemic was reflected in our UK NSS results; a considerable number of 2023 graduating students began their degree programmes in 2020, the first year of the pandemic. Notwithstanding the consequences of COVID-19, we are committed to addressing our NSS results, and we continue to work with students to improve their experience on all our programmes. Combined with a detailed analysis of other surveys, such as the Student Barometer, we are focused on a greater resolution of specific responses within subgroups of the student body. Furthermore, we have introduced a Student Voice Strategy that will offer new ways for students to give feedback and hear about the changes we have made in response. With the roll out of remodelled and rescheduled curricula in the coming years, the RVC and the RVC Students' Union continue to work collaboratively to ensure that all RVC students are represented and have a positive student experience.

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 four of the past five years (2019, 2021, 2022 and 2023) 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 strong, with a total of £14.0m awarded in grants during the 2022-23 financial year (2021-22: £9.4m; 2020-21: £10.3m).

Projects that have been approved and funded in this financial year span many subject areas, address a range of societal problems, and have been awarded by a diverse group of funding bodies. Large awards include a project to understand the dynamics of avian influenza in wild birds and poultry from the European Commission, and a project to uncover how malaria parasites invade red blood cells (funded by the Wellcome Trust). BBSRC-funded research includes an inter-disciplinary project to explore new approaches to bovine digital dermatitis, and a project that will use genomics to understand virus transmission among rodents in urban and rural areas. We were again successful in securing funding from the UK Horserace Betting Levy Board to research the welfare of racehorses. This year two RVC researchers won competitive and prestigious "AMS Springboard" awards to develop their research programmes. In addition, a significant new commercial partnership grant will sustain and grow research into the development of new treatments for the progressive genetic disorder Duchenne Muscular Dystrophy.

As reported in last year's accounts, the RVC delivered a strong performance in the 2021 Research Excellence Framework (REF2021) with improvements in both the amount and the quality of research submitted for evaluation, compared to the previous REF2014 results. The RVC's "research impact case studies" were the highest scoring in the sector. This has delivered a positive financial outcome in terms of funding from Research England,

which is discussed further under the *Financial Review*, and will underpin investment in our research base.

RVC academics have again garnered national and international recognition; Professor John Hutchinson was elected a Fellow of the Royal Society, Professor Dave Brodbelt became President of the Society for Epidemiology and Preventive Medicine, and Professor Oliver Pybus was elected a member of Academia Europea. Professor Christine Nicol has been appointed to the UK government's Animal Sentience Committee. To further its strategic aims in data science and One Health, the RVC has joined the Turing University Network and become a partner institution of Oxford University's new Pandemic Sciences Institute.

The new Centre for Vaccinology and Regenerative Medicine (CVRM) at the RVC's Hawkshead Campus is now occupied, and Professor Dirk Werling has been appointed the Director of the Centre. A research strategy has been developed and is supported by an international scientific advisory board. The Centre was recently successful in obtaining a UKRI equipment grant to purchase novel 'organ-on-a-chip' technology to accelerate translational research. The CVRM also contains commercial space for SMEs, operated by the RVC's subsidiary company, the London Bioscience Innovation Centre (LBIC). The first client for this space has been secured. Despite some delays in build completion, the Centre for Translational Research & Clinical Imaging (TRACI) has installed its cornerstone MRI machine and is expected to open to clients in the near future.

Requests for financial support for research projects impacted by the COVID-19 pandemic are now rare. The backlog in equipment and facilities maintenance caused by the pandemic is being addressed. This year the Research and Innovation Office successfully rolled out implementation of a new research data management system, which will facilitate grant administration, internal and external auditing, and reporting activities.

LBIC has enjoyed another successful year, with an occupancy level averaging 95% (2022: 93%). Turnover was £3.0M, with a net surplus of £0.7M which is gift-aided to the RVC. As reported in last

year's financial statements, LBIC is expanding into new leased space as part of a wider biosciences development (Tribeca) being constructed in proximity to the RVC's Camden Campus, in the heart of the Kings Cross Knowledge Quarter. This will double LBIC's available space for new client companies, as well as providing "grow-on" space for existing clients. An Agreement for lease has been signed. Subject to satisfactory completion of the conditions set out in this, LBIC will enter into a 25-year lease, with the facilities expected to be operational towards the end of 2024. Under the arrangements, the RVC is acting as guarantor to LBIC. The fit-out costs of the facility (£10m) will be funded through a loan from the RVC (to be finalised).

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 with an increasing focus on primary care practice for our core

teaching activities. At the same time, we have increased opportunities for students to undertake a wider range of training in specialist disciplines through tracking rotations.

2. Seen the beginnings of an overall improvement in recruitment of clinical staff, both veterinarians and, to a lesser extent, veterinary nurses, allowing us to start to address the waiting lists which have impacted our business since the pandemic. We are now increasingly confident that we will be able to accommodate a greater caseload in both our referral and primary care services.
3. Continued to expand our tertiary referral activities particularly in the areas of advanced cardiothoracic surgery, as well as ongoing expansion of our specialist 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 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. All staff development is underpinned by personal development objectives agreed via the Annual Appraisal and Review process, and in 2023-24, the appraisal process is being reviewed to ensure that it is both a rewarding experience for staff and managers and is as effective as possible.

The Management Development Programme (MDP) is a core element of our L&D provision and managing wellbeing is now embedded as a mandatory module for all managers. We continue to run the very successful women's leadership development learning programme - SEAL, Southeast Action Learning. We also 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.

New for 2023 is the Organisational Leadership Programme, designed to develop and enhance our talent management portfolio and leadership capability by delivering an 18-month programme for high-potential senior managers.

All 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.

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. We also offer a 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 new Director of Human Resources has been appointed in 2023, with a clear remit to build on previous successes and to deliver new initiatives and improvements in support of the RVC's people agenda. These will include a step change in data analytics to inform decision-making, refreshing our recognition and reward strategy to address an increasingly competitive market for talent, building on the RVC's success of managing hybrid working, and developing a more extensive and cohesive wellbeing offering to our staff.

Equality, Diversity and Inclusion

The RVC remains committed to being an organisation in which Equality, Diversity and Inclusion (EDI) underpin all that we do. As a university, we are defined by our community of staff and students and we will only succeed in our mission by cultivating an environment that respects, supports and celebrates everyone who comes to the RVC.

In this past year we have made significant advancements in furthering the RVC's commitment to promoting and enhancing equitable and inclusive student and staff experiences. Fundamental changes have been made to the structures of governance and support for EDI in the University with the creation of an EDI Unit which will strengthen operational capacity in this area. The Unit serves both staff and students and is part of the Principal's Office. Leading the operational elements of EDI work is the newly appointed full-time Head of Equality, Diversity and Inclusion, who joined the RVC in April. This position supports the strategic work led by the Vice-Principal for EDI.

The first institutional EDI strategy has been developed. It is a strategy for the whole of the RVC community and it aspires to be accessible and actionable across all our activities. The strategy rests on an evidence base developed from institutional data sources such as the Race Equality Task Group (RETG), the RVC-wide consultation through the Athena Swan survey and focus groups, progress against our current equality objectives and action plan, and information and priorities in the wider Higher Education EDI landscape. In addition, the strategy has drawn on the requirements of our

existing commitments under the University's Access and Participation Plan, the Athena Swan Charter and Race Equality Charter.

Earlier this year the RVC marked the successful renewal of our institutional Athena Swan Bronze Award, given in recognition of our commitment to promoting gender equality at the University. The award is a framework used across the globe to support and transform gender equality within higher education and research institutions.

We recently became members of the Hidden Disabilities Sunflower scheme. Many forms of disability are not immediately apparent – such as neurodivergence, hearing loss and epilepsy. To make the invisible visible, the Hidden Disabilities Sunflower scheme uses Sunflower lanyards as a visual tool for anyone to voluntarily share that they have an invisible disability and may need additional assistance or support.

We also furthered our support of our LGBTQ+ work by renewing our Stonewall membership and implementing an updated Transgender Equality Policy. During the 2023 Pride month, we held a lunchtime session with an invited keynote speaker to discuss the importance of using gender pronouns and discuss strategies to be an effective ally to our LGBTQ+ community.

To support our students and staff we are currently preparing a calendar of events and a suite of enhanced training sessions for the 2023-24 academic year, which will be open to all members of the RVC community.

Environmental, Social and Governance

The RVC is committed to tackling environmental, social and governance (ESG) issues. During the year, the RVC Council approved a new Environmental Sustainability Strategy affirming the University's commitment to be net zero by 2040.

Further details of the various initiatives being undertaken in this area are provided under our public benefit statement on page 20.

Our published Modern Slavery Statement sets out the measures we have put 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 2023, compared to the prior year, are presented in the following table:

£’m	2022-23	2021-22	Change
Income	123.3	110.7	12.6
Expenditure	(110.0)	(120.1)	10.1
Surplus/(loss) before gains and taxation	13.3	(9.4)	22.7
(Loss)/gain on investments	(0.1)	0.3	(0.4)
Taxation	(0.1)	(0.1)	-
Surplus/(loss) for the year	13.1	(9.2)	22.3

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 £2.6m credit to the Statement of Comprehensive Income (SOCl) in 2022-23 compared to a charge of £16.6m in 2021-22: a positive swing of £19.2m.

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.

The following table provides a more representative view of the underlying operating performance for each year by adjusting for these items:

£’m	2022-23	2021-22
Surplus/(loss) for the year	13.1	(9.2)
<i>Adjustments:</i>		
USS pension provision	(2.6)	16.6
Capital grants	(0.3)	(1.8)
Loss/(gain) on investments	0.1	(0.3)
(Gain) on foreign exchange	(0.6)	(0.7)
Restricted donations and endowments	(0.2)	-
Operating contribution	9.5	4.6

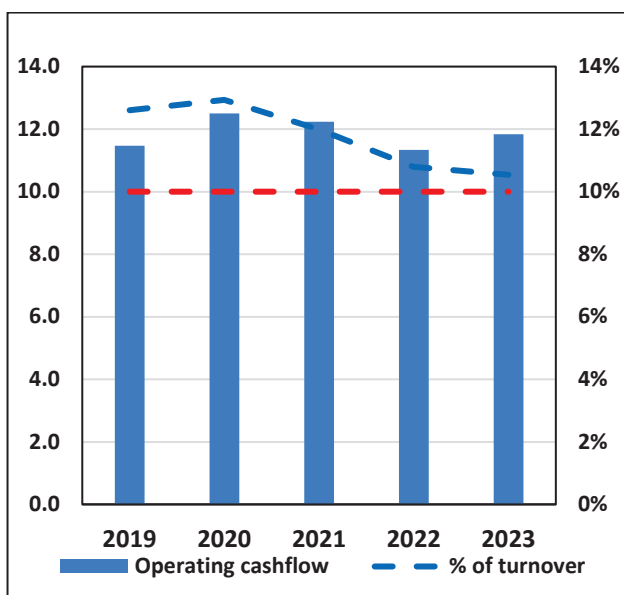
The operating contribution, at £9.5m, was £4.9m above the prior year. This is a very positive outcome, exceeding budget by £3.1m, and delivered despite significant inflationary pressures.

Much of the improvement can be attributed directly to the RVC’s world-leading status. In teaching and research, this has been recognised through additional government funding from both the Office for Students and Research England (discussed

further below). The RVC’s international reputation and standing, confirmed by retention of number 1 position in the QS World University Subject Rankings, is also a major factor in international student recruitment – an important contributor to financial sustainability.

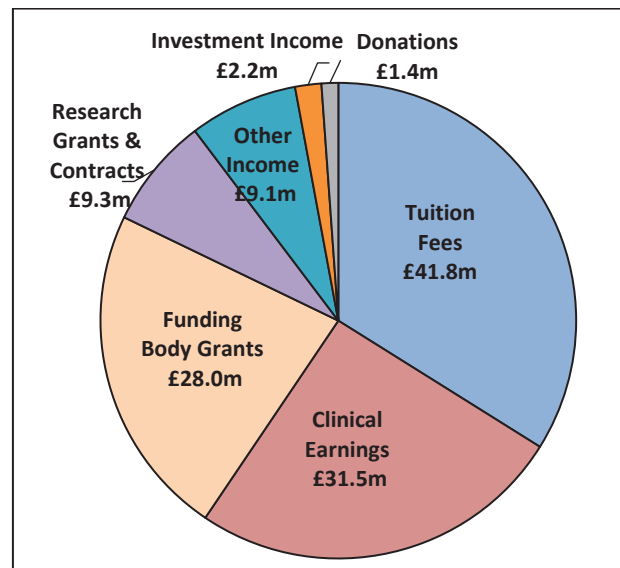
The RVC uses operating cash flow as a key metric of financial performance. Generating sufficient operating cash is essential to providing the funds for future capital investment and servicing debt. The RVC has set a target for operating cash flow of >10% of turnover over a three-year rolling period. In the 3-year period to 2022-23, this averaged £11.8m p.a., representing 10.5% of operating turnover. Equivalent figures for the period to 2021-22 were £11.3m p.a. and 10.8%.

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



Income

Total income in the year was £123.3m, compared to £110.7m in 2021-22: an improvement of 11%. Sources of income in 2022-23 are shown in the following chart:



Tuition fees, at £41.8m, are the RVC’s main income stream. These increased by 8% (£3.1m) on the prior year. Fees from international students increased by £4.8m to £27.7m, accounting for 66% (2022: 59%) of total tuition fee income. This was due to a combination of increased student numbers and inflationary fee increases. Fees from home students (undergraduate and postgraduate) reduced by £1.6m to £12.3m. Income for short courses and research training support grants was in line with the prior year, at £1.8m.

Funding body grants, at £28.0m, increased by £4.0m.

Funding for teaching (£14.6m) 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 welcome increase (£2.2m) in this funding stream. Following confirmation that the RVC had retained its world-leading specialist institution status, the associated funding increased from £1.5m to £2.9m (plus an additional £0.3m one-off sum). Funding for high-cost subjects also increased by 4.75%. Lower income from fewer UK students partially offset these gains.

Research (QR) funding, provided by Research England (RE), was £8.6m, representing an increase of £2.3m. The positive improvement is due in part to the RVC’s strong performance in the 2021 Research Excellence Framework, as reported elsewhere. This was further boosted by a doubling of funding

STRATEGIC AND FINANCIAL REVIEW continued

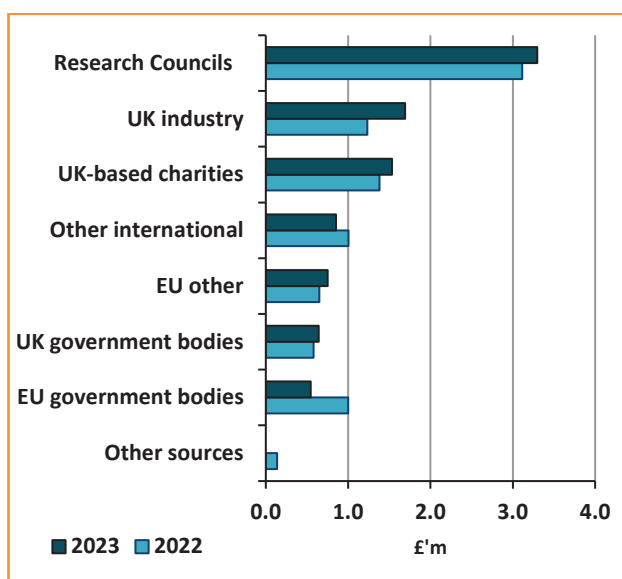
relating to our specialist institution status from £1m to £2m.

There was a £0.8m increase in Higher Education Innovation funding (HEIF), also provided by RE, to £3.3m. This funding supports knowledge exchange and business/community engagement activities.

Capital grants received from the OfS and RE are also reported under this category. In 2021-22, the OfS moved from a formula-based to a bidding process for allocating capital funding. In that year, the RVC was successful in its bid for £1.8m in support of teaching facilities within the Hawkshead development. Our bid for 2022-23 funding was unsuccessful: hence, the decrease from £1.8m to £0.1m. RE capital funding is formula-driven and the RVC received an overall allocation of £0.9m, compared to £0.5m in the prior year.

Clinical and related income, at £31.5m, was £3.0m higher than in the prior year. Clinical operations comprise the RVC's veterinary teaching first opinion and referral hospitals, diagnostic laboratories and RVC Veterinary Practices Ltd. Client demand remains strong; however, the business continues to be impacted by clinical staff shortages (a national problem).

Income from externally-funded **Research grants and contracts** was £9.3m, representing a small (£0.2m) increase on the prior year. 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 at £3.3m. Income from industry sponsors and UK charities also increased; however, this was offset by reductions in income from other sponsor types, notably EU government. It is hoped that the UK's re-admission to the Horizon Europe programme will reverse this trend.

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 £0.7m to £9.1m. 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 RVC's research facilities. Income growth was due to student residential fees, catering income and LBIC client rentals. The latter's business remained resilient, with 95% occupancy, generating income from external clients of £3.0m. LBIC's profits are gift-aided to the RVC and amounted to £0.7m (2022: £0.5m).

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 £2.2m, there was a significant improvement on the prior year figure of £0.6m, reflecting the prevailing higher interest rates available in the market and the RVC's continuing healthy cash reserves.

Income from **Donations**, at £1.4m, was in line with the previous year.

There was a small (£0.1m) downturn in the value of the investment portfolio as at 31 July 2023, compared to a £0.3m gain in the prior year.

Expenditure

Expenditure, at £110.0m, decreased by £10.0m (8%) compared to 2021-22. 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 credit of £2.6m compared to a debit of £16.6m in 2021-22. Adjusting for this, the year-on-year increase was £9.1m (9%) which is explained in the following paragraphs.

Staff costs, excluding the pension provision adjustment, were £64.4m, an increase of 9% (£5.1M) on 2021-22. Staff costs represented 52% of turnover (2022: 54%).

The increase is primarily a consequence of current inflationary pressures, with a 3% 2022-23 national pay award implemented in August 2022 and an interim 2023-24 award of 2% (or £1,000 for lower grades) in February 2023. The full-year effect of increases in both USS and SAUL pension contribution rates during 2021-22, following the March 2020 valuations, were also a factor in the increase, along with annual incremental pay progression. One-off recognition payments made to RVC staff added a further £0.9m to the pay bill. These increases were offset by savings arising from staff turnover and resulting vacancies. Expressed as full-time equivalents (ftes), staff numbers, at 963, were in line with the prior year.

Other operating expenses, at £40.0m, increased by 14% (£4.8M). Part of this can be attributed to the increased activity (and income) associated with our business activities, notably the hospitals, residences and catering. Inflationary pressures have also been a factor, particularly in estates-related costs, although the RVC continues to benefit from having fixed its utility costs until July 2024. The need for ongoing investment in IT to improve services and systems, with a particular emphasis on security and resilience, has also contributed.

Depreciation and amortisation costs, at £7.5m, show a decrease of £0.9m compared to the prior year. Depreciation costs have reduced by £0.9m to £7.1m due to fewer net assets replacing those reaching the end of their assessed economic lives. 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 £1.6m, were significantly higher than in 2021-22 (£0.6m). The principal reason for the variance is the impact of the pension provision adjustment (£0.8m). Setting this aside, interest charges (£1.2m) relating to external financing were in line with the prior year (rates for our £45m private placement are fixed). Exchange rate gains of £0.5m were £0.2m lower than in 2021-22.

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 in support of our aim of becoming carbon neutral by 2040.

The £45m project to re-develop the heart of the Hawkshead Campus is now well advanced. As part of this, our new Student Learning Centre was opened during the year, comprising a major new lecture theatre and other state-of-the-art teaching facilities, a new library, social learning space and administrative offices. Construction work was significantly impacted during and post the pandemic; however, the remaining phases of the project are now underway.

The Translational Research and Clinical Imaging Centre, based around a 3T MRI scanner and part-funded by a £2.1m grant from the Hertfordshire Local Enterprise Partnership, is due to open shortly and will enhance our research and clinical capability.

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 staff and materials shortages, remains challenging.

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

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 was also secured to support an LED lighting project. The funds are repayable over five years and £0.7m was outstanding at 31 July 2023.

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 2023, the value of the portfolio was £17.0m (2022: £16.7m) comprising a range of equity, bond and property funds. At the valuation date of 31 July 2023, the fund recorded a small loss of £0.1m (2022: £0.3m gain). Since its inception, the fund has achieved an annualised return of 5.2%.

The RVC has re-tendered for investment fund manager services in 2023.

Cash, cash equivalents and short-term deposits

Cash, cash equivalents and short-term deposits at 31 July 2023 were £57.7m, compared to £49.0m at 31 July 2022.

On securing of the private placement funds in July 2018, the RVC consolidated its cash holdings and the majority of surplus cash has also been 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 2023, £51.4m was under such arrangements. As reported earlier, favourable interest rates have ensured a healthy return on these funds over the past year, comparable to that of the long-term portfolio.

Excluding endowment fund cash of £0.1m (2022: £0.3m), net liquidity days at the end of the year were 199, compared to 184 days at July 2022. This is well in excess of the RVC's KPI of 90 days.

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 have represented a significant risk to the RVC in recent years. 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 which showed the scheme to be in significant deficit. To address this, employer and employee contribution rates were increased, alongside enhanced employer covenants and a commitment to address benefit reform. The valuation resulted in a new deficit recovery plan which, as reported elsewhere in these accounts, gave rise to a substantial increase in the RVC's pension liability in 2021-22 and this now stands at £24.0m. A new valuation was undertaken in March 2023. Given market conditions, this is expected to show a much-improved funding position with the scheme in a surplus. The valuation process is ongoing with a view to completion and implementation of any changes by April 2024.

Following the last actuarial revaluation of SAUL in March 2020, a phased increase in employer contribution rates was implemented; however, there was no requirement for a deficit recovery plan and, hence, no pension liability on the balance sheet. SAUL was subject to a March 2023 valuation

which is also expected to show that the scheme is in a strong position.

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

Future outlook

Over the period of its 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 three 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. In 2022, it retained its OfS world-leading specialist institution status.

The RVC's international reputation has been further affirmed 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 REF2021 is testament to the RVC's research strengths and RVC staff continue to be recognised nationally and internationally for their work.

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.

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 the RVC's courses from both UK and international students. Recruitment to our veterinary medicine programmes for entry in the 2023-24 academic year is in line with our budgeted targets. Recent efforts to diversify our international student base and reduce over-reliance on specific countries have been successful.

Our joint Bachelors degree in Veterinary Sciences with the University of Aberystwyth continues to recruit well and the recent successful interim accreditation of the degree by the Royal College of Veterinary Surgeons confirms the quality of the programme, which may well lead to an increase in applications. We continue to pursue other 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. 2023 has seen the opening of the new Student Learning Centre at our Hawkshead Campus. This state-of-the-art facility ensures that future cohorts of students will be educated in high quality facilities, designed for the delivery of modern curricula while minimising the environmental impact. Further major capital development in our clinical facilities is planned which will enable the RVC to equip future graduates with the specialist skills they require and continue to satisfy the high expectations of national and international accrediting bodies.

The roll-out of the new curriculum of our veterinary medicine programme continues as planned. The phased replacement of our curriculum over the next three years will ultimately refresh our entire

¹ 2023, 2022 and 2021 1st, 2020 2nd, 2019 1st, 2015-2018 3rd

professional veterinary degree. This ensures the course remains current, prepares our graduates appropriately for the modern workplace and continues to satisfy the rigorous and evolving demands of our accreditors.

The continued development of our MSci and BSc Biological Sciences pathways demonstrates the RVC's commitment to innovation and excellence in science education. The RVC is also committed to the advancement of the veterinary nursing profession as illustrated by the ongoing development of graduate and post-graduate certificates in Advanced Veterinary Nursing. A further new, RCVS validated, pathway was added to this portfolio of courses in 2023. These qualifications allow registered nurses, who are already practising, to develop additional skills while in employment; helping shape the future of their profession.

The acquisition of University Title offers a number of benefits, including the potential to market and brand the RVC more effectively on the international stage, while continuing to retain ties with the University of London.

Research and innovation

The external research funding environment for UK bioscience is predicted to remain relatively stable in real-terms over the short to medium term but continues to be highly competitive. Previous cuts to projects underpinned by UK Official Development Assistance funding have been weathered. Top-ups in funding from Research England and elsewhere are welcome but hard to manage when announced at short notice or with limited timeframes for spend.

Strong performance in REF2021, and the resulting increase in funding, provides a positive platform for the RVC's future research activity, and plans are being developed for targeted strategic investment. New and refurbished research laboratories at the Hawkshead Campus, and major investment in research equipment, have enhanced core research infrastructure.

Under the leadership of the Vice Principal (Research & Innovation), the strategic governance of the RVC's research has been refreshed. Operationally, the implementation of the new research management system is

facilitating grant application and administration processes, as well as outputs tracking. Measures to improve cost recovery on research grants and contracts have also been implemented.

The news that the UK is now able to participate in Horizon Europe as an associate member is welcome although it will, inevitably, take some time before the strength and breadth of UK research collaborations with European partners is fully restored.

Outside of Europe, the regulatory burden of working with international partners is increasing substantially, most recently through the National Security & Investments Act, which came into effect in 2022. Many aspects of research due diligence are duplicated at each higher education institution, leading to inefficiency across the sector and a particularly high administrative burden at small or specialist universities. Most research links with institutions in Russia have ceased due to the ongoing war in Ukraine and there continues to be uncertainty in the long term regarding 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 WOA Collaborating Centre. The COVID-19 pandemic raised the international profile of One Health and animal health approaches to infectious disease research. The RVC has recently partnered with Oxford University's new Pandemic Sciences Institute, providing new opportunities for collaborative research funding in this area in the future.

Research commercialisation and knowledge exchange are areas with potential for further growth. Additional investment has been made in staffing resources to support this. The RVC 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. This year we ran a successful Innovation Acceleration Programme to help researchers understand how to bring their translational research ideas to market.

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 biosciences sector. Situated within the heart of the King's Cross Knowledge Quarter, LBIC is a preferred location near prestigious research institutions, including the Francis Crick Institute and the RVC, as well as an influx of innovative biopharma companies including MSD, AstraZeneca, and GSK. Demand for space from bioscience companies remains strong. As reported earlier, LBIC's expansion into new leased space in the Kings Cross Tribeca development will further raise its profile, as well as deliver an improved financial contribution to the RVC.

Clinical services

In essence, the RVC's clinical centres fulfil three principal roles:

1. Providing clinical case material for both undergraduate and postgraduate teaching, ensuring the future development of animal health and welfare by training the primary care practitioners, specialists and key opinion leaders of tomorrow.
2. Delivering veterinary services to improve the health and welfare of animals and their owners; both directly through the cases seen in the centres across the range of primary care through to tertiary referral services, while continuously raising the general standard of care throughout the profession by offering an extensive programme of targeted Continuing Professional Development.
3. Providing the research environment and access to naturally occurring cases of disease required to advance the clinical disciplines within the veterinary sciences. Our clinical activities constantly generate research questions the answers to which facilitate better

understanding of both physiology and pathology, as well as influencing best clinical practice.

A major upcoming priority is the planning for, and construction, of a new small animal referral hospital at our Hawkshead Campus, replacing the existing facility, to ensure we remain at the forefront of secondary and tertiary referral activities and a centre of excellence for specialist clinical training.

Other priorities include:

- i. expansion of primary care opportunities to increase experiential learning within our undergraduate programmes by extending our primary care practice network, either through acquisition or partnerships – covering small animal, equine and food animal;
- ii. ongoing development of our capability to implement “individualised medicine” by:
 - using an individual's genetic profile to enhance diagnostic and therapeutic precision while minimising potential adverse events; and
 - therapies targeted to individual organs or parts of organs through selected penetration and cell-signalling technologies.
- iii. expansion of our telemedicine services through:
 - providing remote advice for the management of problems within various specific disciplines such as ophthalmology, dermatology and cardiology;
 - providing guidance to owners and their primary care practice veterinary team about the options and benefits of specialist referral or ongoing management in their primary care practice; and
 - use of digital technologies to extend our specialist inputs into a broad range of diagnostic services such as anatomic pathology and diagnostic imaging.

The RVC has recently appointed a new Vice Principal (Clinical Services) to take the lead in progressing these developments.

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 refinements to our new laboratory management information system and the introduction of a digital system for documenting all activities undertaken on our patients while they are hospitalised.

The principal risk to the above priorities remains the recruitment and retention of both primary care practice and specialist veterinarians and veterinary nurses in a highly competitive environment, driven by skills shortages within the profession nationally and internationally.

Financial sustainability

The positive financial operating performance for 2022-23 builds on the trend of the past decade. This has been achieved despite significant public funding challenges, expenditure pressures and major disruption during the pandemic. The latter was a major test of the RVC’s business continuity, and 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. Continuing to anticipate, manage and mitigate risks proactively will remain essential.

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

Whilst the RVC has recently benefited from additional government funding for its specialist institution status and high-cost subject provision, it remains the case that UK home undergraduate teaching in clinical and science-based disciplines is chronically under-resourced. With current high levels of inflation, the real terms erosion of the regulated tuition fee, which has not changed since 2012-13, is accelerating.

In mitigation of this situation, the RVC has pursued a successful strategy to increase the proportion of international students on its BVetMed programmes, particularly the 4-year graduate entry, as fees for

these are non-regulated. We are, however, reaching the point at which further growth in the proportion of international students on these programmes is politically undesirable, given the severe shortage of veterinary professionals in the UK. Demand from UK students for our BVM programmes significantly outstrips the places available, such that the RVC is well placed to contribute to addressing this issue, if the teaching funding model was financially viable.

Our latest forecasts anticipate maintaining the current proportion of UK to international student intake. Recruitment data for 2023-24 indicates we are on track. Options for further increasing and diversifying the proportion of non-regulated fee-paying students in future years continue to be 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 national pay awards, pensions, employment taxes, competition for specialist staff; the latter particularly in clinical disciplines but increasingly in other fields.

Managing the pay bill is, therefore, critical. Following a lengthy period of low inflation and modest pay increases, cost of living awards for 2022-23 and 2023-24 have reflected the wider inflationary environment, putting pressure on the pay bill. There is more positive news on the pensions front with preliminary reports from the latest valuations for both schemes in which the RVC participates indicating favourable outcomes; however, it is not yet known how contribution rates may ultimately be affected. The RVC continues to operate strict controls on the approval of new and replacement posts.

The RVC Council approved the 2023-24 Budget and 5-year Financial Forecasts in July 2023. With strong student recruitment, confirmed government grant funding, a positive REF performance and consistent demand for clinical services, the outlook is encouraging, though not without its challenges. Given the uncertain nature of the environment in

STRATEGIC AND FINANCIAL REVIEW continued

which we now operate, a financial planning approach based on rolling forecasts, which are regularly updated to reflect changing circumstances, is being adopted.

As a result of positive and consistent financial operating performance over a number of years, healthy cash reserves have accumulated. These have funded recent capital developments and will support new investment, as set out in our Infrastructure Strategy, notably the construction of a new small animal referral hospital at the Hawkshead Campus. At the 31 July 2023, cash and short-term deposits amounted to £57.7m, representing 199 days' spend, well above the 90 days' KPI. There is no risk to breaching our loan covenants.

Work to finalise a new Finance Strategy is underway and has informed, and been informed by, the development of other sub-strategies, notably the Infrastructure Strategy. As part of this, the RVC Council will consider options to secure additional financing to supplement existing cash reserves and borrowing, subject to the presentation of a viable business case.

Pivotal to the Financial Strategy is a set of financial KPIs. As previously mentioned, these are 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 29 November 2023 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 2023

The Royal Veterinary College is an exempt charity under the terms of the Charities Act 2011². 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. The RVC's degree programmes produce a skilled population of graduates able to contribute to the enhancement of society and the economy. In 2022-23 over 500 RVC students graduated from undergraduate and postgraduate programmes, including research study.

² Charities Act 2011, s 22 schedule 3.

Graduates of the largest undergraduate degree, the Bachelor of Veterinary Medicine, are admitted to membership of the Royal College of Veterinary Surgeons (RCVS) and many engage in 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 professions' contribution to food production, the control of disease and animal welfare, and has modified its academic activities in response to this.

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 COVID-19 pandemic illustrated 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. As an indication of the public benefit these courses provide, they regularly receive recipients of Fulbright Scholarships and students funded through the Commonwealth Scholarship Scheme. The latter are only awarded when the degree has clear relevance to one of the six Commonwealth development goals and where the recipient of the scholarship can show how their study will align with national or local priorities in their country of origin.

The RVC is one of the largest providers of clinical specialist training in Europe through programmes

like the Postgraduate Certificate 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 RCVS. 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 to broaden access to the professions. It seeks to recruit 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. Challenging widening participation goals are set by the Office for Students through the RVC's Access and Participation Plan. The RVC has successfully met, and in some cases exceeded, these targets illustrating the institutional commitment to widening participation and the public benefit that results.

Delivery of public benefit through research

Research is undertaken to enhance or change society for the better, through increasing knowledge and understanding and thereby influences behaviors, informs policy, and creates new economic opportunities. Researchers at the RVC create and apply knowledge in the fields of basic biomedical science, animal and population health, the veterinary sciences, and in allied social sciences. Research results in multiple outputs, most commonly peer-reviewed, published scientific articles, which are typically made freely available for anyone worldwide to read and use.

The RVC is actively involved in the field of Comparative Medicine. The outcomes of research into improving animal health and wellbeing are also applicable to understanding and improving human health, and vice versa. Research topics in Comparative Medicine include antimicrobial resistance, arthritis, bone pain following fracture, food safety, neuromuscular disorders, brain ischaemia, degenerative brain diseases (such as Parkinson's Disease and Muscular Dystrophy), tendon disease, type II diabetes, and the effect of diet 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. Awareness and recognition of this approach has grown since the COVID-19 pandemic 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 takes a One Health approach to studying infectious diseases in animals, as well as those that move between wild and domestic animals and humans. The RVC's epidemiological research includes diseases such as Avian Influenza, Yellow Fever, Tuberculosis, Brucellosis, Schistosomiasis, Toxoplasmosis, Campylobacter infections, antimicrobial resistance, and viruses affecting salmon farms. Work on Schistosomiasis has

influenced WHO guidelines for prevention of this disease in people, with the recognition that animals need to be treated as part of control campaigns.

The RVC is recognised by both the FAO, as a Reference Centre in Veterinary Epidemiology, and by the WOA (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 (APHA). Professor Joanne Webster is Director of the London Centre for Neglected Tropical Disease Research and the RVC also participates in the London International Development Centre (LIDC), which focusses on cross-disciplinary research, training and capacity-building in low-resource settings. This year the RVC has become a partner of Oxford University's Pandemic Sciences Institute, a world-leading centre for research into the prevention, treatment and control of future pandemics.

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, 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 active in research to develop new vaccines for poultry and pigs. By reducing the need to use antibiotics in animal production, such vaccines could 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 including dogs, cats, rabbits, horses, birds, reptiles and a broad range of so called "exotic pets". There were over 26,000 first consultations with animal owners during the year.

We also offer a 24-hour a day, 365 days per year emergency service for any animal needing our care, while providing comprehensive out of hours veterinary services for over 60 veterinary practices in the SouthEast of England.

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. These include plasmapheresis for dogs and cats with intractable immune-mediated diseases, open-heart surgery and joint replacements in dogs, a range of complex neurological procedures including hypophysectomy in cats and dogs as well as laryngeal nerve grafts for horses.

A number of specific services for clients in demonstrable hardship are underpinned by 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 2023, over 40% of all

UK veterinary practices were contributing all of their clinical data to the VetCompass database which is truly unique. Its extensive data set provides opportunities for researchers to better understand how best to optimise managing animal health, as well as identifying important risk factor disorders encountered not only in referral centres but also, most importantly, in primary care practice. Additionally, the size of the VetCompass dataset means it also provides a unique opportunity to develop artificial intelligence and machine learning algorithms for investigating not only veterinary but also medical data.

Delivery of public benefit through access to opportunity

During the last academic year, the RVC has delivered a wide range of activities, both online and in person, to schools, cohorts and individuals. This hybrid approach has enabled us to engage with a larger number of young people.

We continue to work within the parameters of our five-year Access and Participation Plan (APP) to increase access for students from disadvantaged and low participation backgrounds and to narrow the gap between the highest and lowest socio-economic quintiles. These cohorts remain a priority in our allocation of resources. This year, we submitted to the OfS (and had accepted), a Variance Request in which we outlined the evolution of our APP related work, in particular targeting pre-16 attainment enhancing activities.

Our well-established vacation schools for secondary school students in Years 10-11 and the Year 12 summer school, supported by the Sutton Trust, all achieved our targeted numbers and received universally positive feedback. As well as providing learning and skills development opportunities, they open up pathways for young people into higher education in veterinary nursing, veterinary medicine and biosciences. Furthermore, we have been able to provide veterinary and laboratory work experience opportunities to students from a widening participation background through our Pre-Vet Summer School and In2Science UK.

Our 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.

Post-pandemic we have retained many of our enhanced digital and online engagement opportunities and have been building communities of young people and their influencers, providing regular inspirational and informative content through web content and newsletters.

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

Our External Relations team continues 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. In support of the aspirations of students who may experience financial disadvantage, we offer a range of scholarships to support tuition and living costs that are specifically targeted at young people from backgrounds where finance is likely to be a barrier to further study. We also offer automatically awarded bursaries to young people where their household income is below a threshold amount and continue to seek 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 biological and veterinary sciences among the wider community, contributing to adult and child learning and the enhancement of social, cultural, and economic wellbeing. As well as contributing to public awareness of human and animal healthcare, we are also widening career horizons. We aim to provide opportunities for visitors to not only listen to information, but to engage in dialogue and participate in trying new skills.

With pandemic-related restrictions removed for the 2022/2023 academic year, we have been able to reintroduce many of our outreach, educational and public engagement activity.

In November 2023 we will again host 'a day/night at the vet college' at our Camden Campus and plan to hold another in the Spring of 2024 at our newly refurbished Hawkshead Campus in Hertfordshire.

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, Institute of Physics, the Francis Crick Institute, the Knowledge Quarter (Kings Cross/Bloomsbury) and Zoological Society of London. We maintain good working relationships with a wide range of educational establishments. Over 2,000 pupils in secondary schools nationally took part in our recent Biology Stars evening online programme. We continue to work with the Royal Society of Biology on a science/art competition managed online, which over 200 schools engage with internationally. 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.

We continue 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 2023 we have been able to contribute to educating over 1,100 Year 6 school children at the largest ever Schools Food & Farming Day on 4th July organised by the Hertfordshire Agricultural Society and the Science Discovery Zone at the Cally Road Festival in London, which attracted over 10,000 visitors.

We have re-introduced farm visits for local schools and are in contact with other local groups and schools to plan for more farm visits. We collaborated again with relevant partners, such as The Country Trust, to invite primary schools, with a high proportion of pupils on free school meals, to visit the farm on their Farm to Fork/Food Discovery & Farm in a Box initiatives. Over a two-week period in March 2023 over 145 pupils aged between 7-10 years from 6 schools visited the farm.

Our media work is valuable for educating the public on key issues in science and animal welfare. We have been able to facilitate public involvement in research, which is seen as best practice in public engagement. For example, Pandemic Puppies; topical research that captured public interest and is generating important results for veterinary practice as well as influencing owner attitudes. Pandemic Puppies achieved wide media coverage including over 250 broadcasts by national radio stations, and approximately 90 articles published in print and online.

We have visited local schools both in North London and Hertfordshire to talk in assemblies to over 350 pupils on careers topics such as becoming a vet, learning animal anatomy using plastinated specimens and learning veterinary skills.

Working in partnership with the local police constabulary, we ran 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 lectures and first aid for smaller pets. Our flock master courses trained and educated 36 owners, our equine lectures informed over 350 owners and our first aid course in October 2022 saw 50 local delegates learning new skills. This information is also hosted online and actively promoted via social media to increase accessibility of this valuable animal welfare content.

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

A new Environmental Sustainability Strategy was approved by the RVC Council in March 2023 setting out our plans to reduce our environmental impact and to meet our goal of net zero by 2040.

Staff and students are kept informed of, and encouraged to participate in, environmental sustainability initiatives through a comprehensive intranet site, monthly sustainability bulletins and scheduled events (Green Week). There is a dedicated Environmental Sustainability Manager and an Environmental Sustainability Committee, comprised of representatives from across the RVC.

Energy

As reported previously, the RVC purchases 100% renewable energy.

We are currently assessing all our buildings for energy efficiency and renewable energy options through the Mayor's Retrofit Accelerator scheme. A partner has been appointed with a view to achieving 15% energy savings p.a. The RVC also commissioned consultants to produce a report on Heat Decarbonisation options for our campuses.

Carbon emissions associated with onsite energy use have decreased by 3% since 2021-2022.

The RVC has participated in My Green Lab's Freezer Challenge aimed at reducing energy consumption in cold storage facilities.

A Student Switch Off campaign was run for the first time in RVC accommodation in 2022-2023 to help raise awareness of sustainability. 334 students engaged in the campaign. In addition, students in private accommodation were trained as energy auditors to reduce energy use in their homes and also to audit other student homes. Monthly campaigns were held to raise awareness of energy use, water use, waste from moving out etc.

Waste

Initiatives include:

- furniture recycling: 21 tonnes of furniture have been donated to charities, schools, and other community organisations;
- reducing the amount of single use plastic in our catering facilities;
- undertaking a pilot study in LBIC to address single use plastic waste in laboratories. The waste is pelleted and sold to laboratory consumable manufacturers to create new products using 12% of the energy needed for new plastic items;
- establishing a permanent Freecycle facility at the Hawkshead Campus for items staff and students no longer need along with pop-up facilities at the Camden Campus;
- installing new general waste and recycling bins in student accommodation;
- trialling single stream cardboard recycling at the Hawkshead Campus;
- operating a food bank collection throughout the year with donated items going to the Trussell Trust;
- finalising a new clinical waste contract for the hospitals which has rationalised previous provision and introduced more environmentally friendly practices including increased recycling; and
- introducing reusable kennel liners in the Queen Mother Hospital for Animals.

Biodiversity

A new Biodiversity Action Plan, produced in conjunction with the Hertfordshire and Middlesex Wildlife Trust, was approved. This seeks to improve biodiversity including hedgerow planting, community engagement, woodland management/creation, and management/creation of ponds.

Other notable actions include:

- a pilot scheme run by Students Organising for Sustainability called Farming for Carbon and Nature. This provides opportunities for students to collect soil samples to provide data on how much carbon has been sequestered from using nature friendly farming practices. Opportunities were offered to the RVC and other local University students to undertake soil sampling and biodiversity monitoring and 24 students took part in this;
- planting new hedgerows and pruning existing ones to improve structure to create wildlife corridors;
- taking advice from Hertfordshire Wildlife Trust on the siting of bird boxes for swifts, house sparrows and house martins as part of the planning requirements for the Hawkshead capital project;
- ditch clearances at Boltons Park Farm to prevent flooding and rubbish being trapped in ditches and making it easier to maintain hedgerows;
- the SU Gardening Club has installed planters in the courtyard at the Camden Campus to create a more attractive outdoor space for students;
- 3 beehives have been set up at Boltons Park Farm. Beekeeper training has been offered to staff and students. The honey will be sold in our farm shop;
- over 900 whips were planted by staff and student volunteers to create a new hedgerow with funding from the Tree Council;
- spring bulbs were planted as part of Green Week; and
- the RVC took part in "No Mow May" with islands of unmown grass left on the main lawn at the Hawkshead Campus to let wild plants thrive.

Transport

The RVC has a dedicated Transport Management Group, chaired by the Deputy Principal, which leads on Green Travel initiatives. Developments during the year include:

- the timetable for the shuttle bus service from Potters Bar train station to the Hawkshead Campus was reviewed, and will continue to be monitored, to ensure that it matches passenger demand and minimises carbon emissions;
- new bike racks with solar powered lights were installed at Boltons Park Farm and the Camden Campus;
- an Electric Vehicle Salary Sacrifice scheme was approved;
- the footpath from Hawkshead Campus to Brookmans Park train station is being upgraded; and
- staff and students are being encouraged to car share through using the LiftShare platform.

Food

Food served in the RVC's catering facilities meets the following sustainability criteria:

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

New menus have been launched with more vegetarian and vegan options whilst special events, such as Meat Free Monday and No Disposable Cup Day, have been held.

Water

The monitoring of consumption data has been improved by installing automatic meter reading equipment. This is helping to identify any areas of continuous flow, which may indicate a leak, or other unexpected out of hours water usage.

Procurement

Sustainable procurement is strongly 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 in their tenders.

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, the RVC re-tendered its investment fund manager services with ESG commitment and activity being a key criterion in the evaluation process.

STATEMENT OF RESPONSIBILITIES OF THE UNIVERSITY COUNCIL
in respect of the Annual Report and the Financial Statements
for the year ended 31 July 2023

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 ("University") 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 University and of their income and expenditure, gains and losses and changes in reserves for that period.

In preparing the Group and parent University 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 University'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 University 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 University 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 University's resources and expenditure.

The Council is responsible for the maintenance and integrity of the corporate and financial information included on the University'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 2023

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 2023, 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. To ensure our governance arrangements are appropriate and robust, in January 2023 the RVC commissioned an external review by Advance HE. The external review found that governance at the RVC was effective with a small number of recommendations made to further enhance the existing governance arrangements.

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 2023 and up to the date of the Council's approval of the Annual Report and Accounts. The Strategic 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. Subsequent to the revisions to the University of

London Act and the OfS's Conditions of Registration, the RVC received approval of the Supplemental Charter by His Majesty the King in December 2022, granting it University Title effective from the 17th of April 2023.

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 President and 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 2022-23 (OfS 2022.38) 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 RVC's Financial, Infrastructure and Human Resource Strategies. It recommends to the Council the annual revenue and capital budgets and monitors 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.

The Nominations & Fellows Committee (N&FC) meets at least once a year. Its primary role is to make recommendations within the parameters of the Charter, Statutes, and agreed policy and practices in relation to the performance, appointment, and renewal of independent members of Council and co-optees. The N&FC is also responsible for recommending to Council names of persons to be elected as Fellows, Honorary Fellows or to receive Honorary Degrees. Following the Advance HE review, enhancements have been made to the N&FC Terms of Reference and the Committee is now called the Governance & Nominations Committee.

The Audit & Risk Committee meets four times a year (with the RVC's external/internal auditors in attendance) 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 and other relevant statutory bodies 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 & Risk 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 Council receives reports on risk and control, and regulatory compliance matters 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.

The Council also receives reports and recommendations from the Safety Committee, the Ethics and Welfare Committee, and the Governance & Nominations 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 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 RVC'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.

CORPORATE GOVERNANCE STATEMENT continued

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 2023 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 University's affairs as at 31 July 2023 and of the Group's and the University's income and expenditure, gains and losses, changes in reserves and of the Group's and the University'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 University") and its subsidiaries ("the Group") for the year ended 31 July 2023 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 University 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 University'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 University 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 University’s grant and fee income, as disclosed in note 2 to the accounts, has been materially misstated.
- The University’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 University 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 University’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 University 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.

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the sector in which it operates;
- Discussion with management and those charged with governance;
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations; and
- Direct representation from the Accountable Officer

we considered the significant laws and regulations to be the applicable accounting framework, Financial Reporting Standard 102, the Statement of Recommended Practice: Accounting for Further Education and Higher Education (FEHE SORP 2019), the OfS' Accounts Direction (OfS 2019.41) and UK tax legislation.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be Employment Law, Data Protection, Health and Safety Legislation and registration with the Office for Students ("OfS") and ongoing conditions of registration.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the OfS, HMRC and relevant regulators to identify any actual or potential frauds or any potential weaknesses in internal control which could result in fraud susceptibility.
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and

INDEPENDENT AUDITOR'S REPORT continued

- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be posting inappropriate journal entries to manipulate financial results, management bias in accounting estimates and revenue recognition of research grant income and clinical income.

Our procedures in respect of the above included:

- 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; and
- Challenging assumptions made by management in their significant accounting estimates in particular in relation to the actuarial assumptions used in the Universities Superannuation Scheme, calculations of impairment provisions and the useful economic lives of fixed assets.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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.

Use of our report

This report is made solely to the Council members, 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 University'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 University 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, UK

Date: 18 December 2023

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 2023

	Note	2023		2022	
		Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
Income					
Tuition fees and education contracts	1	41,836	41,836	38,732	38,732
Funding body grants	2	27,971	27,949	24,003	24,003
Research grants and contracts	3	9,309	9,309	9,105	9,105
Clinical and related income	4	31,535	27,873	28,474	25,102
Other income	4	9,146	6,536	8,416	5,957
Investment income	5	2,177	1,997	554	495
Total income before donations and endowments		121,974	115,500	109,284	103,394
Donations and endowments	6	1,354	1,466	1,417	1,601
Total income		123,328	116,966	110,701	104,995
Expenditure					
Staff costs		64,426	61,847	59,331	56,911
Provisions for pension obligations charged to staff costs		(3,475)	(3,436)	16,536	16,358
Staff costs - total	8	60,951	58,411	75,867	73,269
Other operating expenses	12	40,035	37,291	35,219	32,952
Depreciation and amortisation	10	7,489	7,057	8,386	7,854
Interest and other finance costs	11	1,577	1,579	624	624
Total expenditure		110,052	104,338	120,096	114,699
Surplus / (Loss) before other gains		13,276	12,628	(9,395)	(9,704)
(Loss) on disposal of fixed assets	14	-	-	(2)	-
(Loss) / Gains on investments	15	(75)	(58)	253	195
Surplus / (Loss) for the year before taxation		13,201	12,570	(9,144)	(9,509)
Taxation	16	(81)	-	(77)	-
Surplus / (Loss) for the year after taxation		13,120	12,570	(9,221)	(9,509)
Total comprehensive income / (expense) for the year		13,120	12,570	(9,221)	(9,509)
Represented by:					
Endowment comprehensive income for the year		21	23	158	158
Restricted comprehensive income for the year		1,081	1,017	2,399	2,372
Unrestricted comprehensive income / (expense) for the year		12,018	11,530	(11,778)	(12,039)
		13,120	12,570	(9,221)	(9,509)
All items of income and expenditure relate to continuing activities.					

The accompanying policies and notes on pages 41 to 82 form part of these financial statements.

CONSOLIDATED AND RVC STATEMENT OF CHANGES IN RESERVES
for the year ended 31 July 2023

	Income and expenditure account			Revaluation	Total £'000
	Endowment £'000	Restricted £'000	Unrestricted £'000	Reserve £'000	
Consolidated					
Balance at 1 August 2022	10,694	3,402	157,543	5,898	177,537
Total Comprehensive income for the year	21	1,081	12,018	-	13,120
Other comprehensive income	-	-	(1)	-	(1)
Release of restricted funds spent in year	-	(993)	993	-	-
Total comprehensive income for the year	21	88	13,010	-	13,119
Balance at 31 July 2023	10,715	3,490	170,553	5,898	190,656
RVC					
Balance at 1 August 2022	10,677	293	156,321	5,898	173,189
Total Comprehensive income for the year	23	1,017	11,530	-	12,570
Other comprehensive income	-	1	(1)	-	-
Release of restricted funds spent in year	-	(993)	993	-	-
Total comprehensive income for the year	23	25	12,522	-	12,570
Balance at 31 July 2023	10,700	318	168,843	5,898	185,759

The accompanying policies and notes on pages 41 to 82 form part of these financial statements.

CONSOLIDATED AND RVC STATEMENT OF FINANCIAL POSITION
for the year ended 31 July 2023

	Note	2023		2022	
		Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
Non-current assets					
Intangible assets and goodwill	17	2,065	203	2,321	80
Tangible assets	18	185,522	185,095	184,253	183,998
Heritage assets	19	5,898	5,898	5,898	5,898
Investments	20	17,040	13,142	16,529	12,748
Investments in subsidiaries	21	-	4,273	-	4,273
Non-current receivables	23	-	-	-	219
		<u>210,525</u>	<u>208,611</u>	<u>209,001</u>	<u>207,216</u>
Current assets					
Stock	24	1,649	1,506	1,669	1,521
Trade and other receivables	25	13,480	13,680	12,063	12,085
Investments - short-term	26	39,251	39,251	23,274	23,274
Cash and cash equivalents	27	18,410	16,645	25,745	21,914
		<u>72,790</u>	<u>71,082</u>	<u>62,751</u>	<u>58,794</u>
Less: Creditors - amounts falling due within one year	28	(22,181)	(24,067)	(20,963)	(20,138)
Net current assets		<u>50,609</u>	<u>47,015</u>	<u>41,788</u>	<u>38,656</u>
Total assets less current liabilities		<u>261,134</u>	<u>255,626</u>	<u>250,789</u>	<u>245,872</u>
Creditors - amounts due after more than one year	29	45,773	45,504	45,960	45,762
Provisions					
Pension provisions	30	24,463	24,201	27,043	26,752
Other provisions	30	242	162	249	169
Total net assets		<u>190,656</u>	<u>185,759</u>	<u>177,537</u>	<u>173,189</u>
Restricted reserves					
Income and expenditure reserve - endowment reserves	31	10,715	10,700	10,694	10,677
Income and expenditure reserve - restricted reserves	32	3,490	318	3,402	293
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		170,553	168,843	157,543	156,321
Income and expenditure reserve - revaluation reserve		5,898	5,898	5,898	5,898
Total Reserves		<u>190,656</u>	<u>185,759</u>	<u>177,537</u>	<u>173,189</u>

The financial statements on pages 37 to 82 were approved and authorised for issue by Council on 29 November 2023 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 2023

	Consolidated	
	2023	2022
	£'000	£'000
Cash flow from operating activities		
Surplus / (Loss) for the year	13,120	(9,221)
Adjustment for non-cash items		
Depreciation and amortisation	7,489	8,386
Unrealised loss on investments	487	240
Unrealised (gain) on foreign exchange	(547)	-
Decrease in stock	19	331
(Increase) in trade and other receivables	(1,418)	(1,564)
Increase / (Decrease) in trade and other payables	1,218	(2,402)
(Decrease) / Increase in pension provision	(2,580)	16,626
(Decrease) in other provisions	(8)	(34)
Other non-cash items	73	(190)
<i>Adjustment for non-cash items</i>	<u>4,733</u>	<u>21,393</u>
Adjustment for investing or financing activities		
Investment income	(2,177)	(554)
Interest payable	1,229	1,226
Endowment income	-	(8)
Realised (gain) on investments	(412)	(493)
New restricted funds	(594)	(524)
Capital grant income	(993)	(2,353)
Net cash inflow from operating activities	<u>14,906</u>	<u>9,466</u>
Cash flows from investing activities		
Capital grants receipts	993	2,353
Disposal of non-current asset investments	3,750	4,467
New deposits	(15,977)	(13,253)
New restricted funds	594	524
Investment income	2,177	554
Realised gain on investments	412	493
Payments made to acquire fixed assets	(8,337)	(11,046)
New non-current asset investments	(4,333)	(4,966)
New deposits	-	-
Net cash (outflow) from investing activities	<u>(20,721)</u>	<u>(20,874)</u>
Cash flows from financing activities		
Loan interest	(1,213)	(1,214)
Finance lease interest	(15)	(11)
New unsecured loans	-	839
Loan capital repayments	(183)	(214)
Finance lease capital repayments	(109)	(201)
Net cash (outflow) from financing activities	<u>(1,520)</u>	<u>(801)</u>
(Decrease) in cash and cash equivalents in the year	<u>(7,335)</u>	<u>(12,209)</u>
Cash and cash equivalents at beginning of the year	25,745	37,954
Cash and cash equivalents at end of the year	18,410	25,745
Movement in the year	<u>(7,335)</u>	<u>(12,209)</u>

The accompanying policies and notes on pages 41 to 82 form part of these financial statements.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES for the year ended 31 July 2023

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 2023. 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 2022/23 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 statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 July 2023

1. Tuition Fees and Education Contracts

	2023		2022	
	Consolidated	RVC	Consolidated	RVC
	£'000	£'000	£'000	£'000
Full-time undergraduate students - UK and EU	11,565	11,565	13,002	13,002
Full-time postgraduate students - UK and EU	501	501	683	683
Part-time undergraduate students - UK and EU	107	107	45	45
Part-time postgraduate students - UK and EU	194	194	263	263
International students	27,724	27,724	22,914	22,914
Higher Education course fees	40,091	40,091	36,907	36,907
Research training support grants	727	727	794	794
Short course fees	1,018	1,018	1,031	1,031
	41,836	41,836	38,732	38,732

2. Funding Body Grants

	Note	2023		2022	
		Consolidated	RVC	Consolidated	RVC
		£'000	£'000	£'000	£'000
Recurrent grants					
Office for Students		14,646	14,646	12,467	12,467
Research England		8,628	8,628	6,305	6,305
Office for Students - capital grants	32	100	100	1,841	1,841
Specific grants					
Higher Education Innovation Fund		3,255	3,233	2,514	2,514
Other specific grants		449	449	364	364
Research England - capital grants	32	893	893	512	512
		27,971	27,949	24,003	24,003

3. Research Grants and Contracts

	2023 Consolidated and RVC £'000	2022 Consolidated and RVC £'000
Research councils	3,295	3,115
UK based charities	1,533	1,382
UK government, local and health bodies	643	582
UK industry, commerce, public corporations	1,691	1,233
EU government bodies	544	1,001
EU other	752	651
Other international	851	1,003
Other source of funding	-	138
	9,309	9,105

4. Other Income (including Clinical and Related Income)

	2023		2022	
	Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
Residences, catering and conferences	3,389	3,249	2,823	2,679
Rent and other income	2,946	3,287	2,926	3,278
Subsidiaries trading income	2,811	-	2,667	-
Other income	9,146	6,536	8,416	5,957
Clinical and related income	31,535	27,873	28,474	25,102
	40,681	34,409	36,890	31,059

5. Investment Income

	Note	2023		2022	
		Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
Investment income on endowments	31	411	410	313	313
Investment income on restricted reserves	32	116	-	88	-
Other investment income		1,650	1,587	153	182
		<u>2,177</u>	<u>1,997</u>	<u>554</u>	<u>495</u>

6. Donations and Endowments

	Note	2023		2022	
		Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
New endowments	31	-	-	8	8
Donations with restrictions	32	571	88	524	170
Unrestricted donations		783	1,378	885	1,423
		<u>1,354</u>	<u>1,466</u>	<u>1,417</u>	<u>1,601</u>

Unrestricted donations under RVC includes a gift aid payment from LBIC of £734k (2022: £489K).

7. Grant and Fee Income

	2023 Consolidated £'000	2022 Consolidated £'000
Grant income from the Office for Students	14,746	14,308
Grant income from other bodies	19,608	16,060
Fee income for research awards (exclusive of VAT)	404	580
Fee income from non-qualifying courses (exclusive of VAT)	1,699	1,760
Fee income for taught awards (exclusive of VAT)	39,733	36,392
Total Grant and fee income	<u>76,190</u>	<u>69,100</u>

8. Staff Costs

The average number of staff (including senior post holders) employed by the RVC Group during the year ended 31 July 2023, expressed as full-time equivalents, was:

	2023 Consolidated Number	2022 Consolidated Number
Academic departments	226	223
Academic services	61	61
Clinical services	362	376
Research grants and contracts	66	60
General education expenditure	25	30
Residences, catering and conference services	6	6
Premises	52	53
Staff and student facilities	17	18
Subsidiary undertakings	11	9
Administration and central services	112	101
Other services	25	22
	<u>963</u>	<u>959</u>

Staff costs for the above:

	2023 Consolidated £'000	2022 Consolidated £'000
Salaries	50,272	46,347
Social security costs	5,054	4,651
Pension schemes - employer contributions 37	8,902	7,848
Restructuring and redundancy costs	198	485
Staff costs (excluding pensions provision)	64,426	59,331
Movement on pension provision		
- Universities Superannuation Scheme 37	(3,475)	16,536
Total staff costs	60,951	75,867

9. Remuneration of Senior and Higher Paid Staff

	2023 £'000	2022 £'000
Emoluments of the Principal:		
Salary	276	265
Bonus	16	15
Allowance - travel	12	12
Allowance - accommodation	42	41
	<u>346</u>	<u>333</u>
Pension contributions to USS	62	59
	<u>408</u>	<u>392</u>
 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 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 RVC, 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 2022/23, the base remuneration for Professor Reid, increased by 3%, in line with the nationally negotiated salaries of other RVC employees. Under Professor Reid's leadership, the RVC has had notable successes including re-accreditation from all the major regulatory veterinary bodies, and robust financial performance. In 2023, the University was once again, ranked number one veterinary school in the QS World University Rankings by subject. In 2022, it retained its status with the Office for Students as a world-leading specialist teaching institution. The Research Excellence Framework (REF) 2021 results demonstrated the RVC's breadth and depth of research excellence, celebrating 88% of research being rated as world-leading (4*) or internationally excellent (3*).

The RVC continues to benefit from the Principal's outstanding leadership against the backdrop of an extremely challenging economic, political and regulatory environment. In light of this, the Committee felt it appropriate to recognise the Principal's 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 RVC, 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 7.3 times (2022: 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 9.1 times (2022: 9.4 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 of 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.

	2023	2022
	£	£
Key management personnel:		
Compensation paid or accrued in year	3,303,678	2,807,890
Movement on USS pension provisions	<u>(246,437)</u>	<u>1,408,268</u>
Total key management personnel compensation	3,057,241	4,216,158
Number of key management personnel (headcount)	21	19

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

Remuneration of other higher paid staff, excluding employer's pension contributions:	2023	2022
	No. of Staff	No. of Staff
£100,000 to £104,999	1	2
£105,000 to £109,999	1	-
£110,000 to £114,999	-	4
£115,000 to £119,999	5	1
£120,000 to £124,999	-	2
£125,000 to £129,999	2	1
£130,000 to £134,999	2	-
£135,000 to £139,999	-	1
£140,000 to £144,999	1	-
£145,000 to £149,999	-	2
£150,000 to £154,999	-	-
£155,000 to £159,999	-	1
£160,000 to £164,999	2	1
£165,000 to £169,999	2	-
	<u>16</u>	<u>15</u>

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 (2022: £nil).

10. Depreciation and Amortisation

	2023		2022		
	Consolidated	RVC	Consolidated	RVC	
	£'000	£'000	£'000	£'000	
Depreciation of tangible assets	7,068	7,015	7,965	7,811	
Amortisation of intangible assets	421	42	421	43	
Depreciation and amortisation	7,489	7,057	8,386	7,854	
Depreciation and amortisation comprise:					
	Note	2023		2022	
		Consolidated	RVC	Consolidated	RVC
		£'000	£'000	£'000	£'000
Wholly owned assets		6,954	6,901	7,946	7,792
Assets held on finance leases		114	114	19	19
Depreciation of tangible assets	18	7,068	7,015	7,965	7,811
Amortisation of goodwill		379	-	378	-
Amortisation of software assets		42	42	43	43
Amortisation of intangible assets	17	421	42	421	43
Total - Depreciation and amortisation		7,489	7,057	8,386	7,854
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

	Note	2023		2022	
		Consolidated	RVC	Consolidated	RVC
		£'000	£'000	£'000	£'000
Private placement interest payable		1,213	1,213	1,214	1,214
Other interest payable		1	12	1	2
Finance lease interest		15	15	11	11
Foreign exchange differences		(547)	(547)	(693)	(693)
Net charge on USS pension scheme	37	895	885	91	90
		1,577	1,578	624	624

12. Other Operating Expenses and Analysis of Expenditure by Activity

2022/23	Staff Costs £'000	Other Operating Expenses £'000	Depreciation and Amortisation £'000	Interest and Other Finance Costs £'000	2023 £'000
Academic departments	18,999	4,651	415	1	24,066
Academic services	3,887	2,375	641	15	6,918
Clinical services	21,440	8,594	897	-	30,931
Research grants and contracts	3,770	3,148	156	(13)	7,061
General education expenditure	1,471	4,967	1	(1)	6,438
Residences, catering and conference services	329	2,366	696	449	3,840
Premises	2,605	6,091	3,962	724	13,382
Staff and student facilities	1,124	1,375	561	-	3,060
Subsidiary undertakings	676	1,126	28	70	1,900
Administration and central services	8,845	4,495	92	12	13,444
Other services	1,179	905	40	-	2,124
Other expenditure	101	(58) ¹	-	(575)	(532)
USS Pension adjustment	(3,475)	-	-	895	(2,580)
	<u>60,951</u>	<u>40,035</u>	<u>7,489</u>	<u>1,577</u>	<u>110,052</u>

¹ Other operating expenses includes movements on Other provisions.

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

2021/22	Staff Costs £'000	Other Operating Expenses £'000	Depreciation and Amortisation £'000	Interest and Other Finance Costs £'000	2022 Total £'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	(448)	(243) ²	-	(718)	(1,409)
USS Pension adjustment	16,536	-	-	91	16,627
	75,867	35,219	8,386	624	120,096

² 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 £83,188 (2022: £60,500)

External auditor's fees for other audit work of £70,243 (2022: £56,715)

External auditor's fees for non-audit services of £18,900 (2022: £26,490)

Other audit work includes the following:

	2023	2022
	£	£
Audit of Subsidiaries' financial statements	28,243	24,815
Audit of US GAAP financial statements	42,000	31,900

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:

	2023	2022
	£	£
Tax compliance services	7,900	14,190
London BioScience Innovation Centre Limited service charge audit	3,000	2,500
External compliance audits	-	3,300
US Federal loans audit	8,000	6,500

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 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 ten Council members in the year was £8,847 (2022: paid to six members, £4,533).

13. Access and Participation Plan

	2023 Consolidated and RVC £'000	2022 Consolidated and RVC £'000
Access and participation investment		
Access investment	529	469
Financial support investment	540	575
Research and education investment	35	25
Support for disabled students	388	330
Total access and participation investment	1,492	1,399
Amount included within Staff costs (Note 8)	736	684
<p>During 2022-23, the RVC spent £1.5m (2022: £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). RVC's Access and Participation Plan for 2022-23 can be found here:</p> <p>https://www.rvc.ac.uk/study/rvc-is-open-for-all/access-and-participation#:~:text=The%20Plan%20covers%20the%20period,them%20while%20attending%20the%20RVC.</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.

	2023		2022	
	Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
Disposal of tangible assets - equipment	-	-	(2)	-
	-	-	(2)	-
There were no impairments recognised in either year.				
Impairment of tangible assets - equipment	-	-	-	-
	-	-	-	-
RVC Veterinary Practices Limited disposed of some items of equipment at Acorn House Veterinary Hospital.				

15. Gain / (Loss) on Investments

	2023		2022	
	Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
Investments - realised gains	412	317	493	380
Investments - unrealised (losses)	(487)	(375)	(240)	(185)
Net (loss) / gain on investments	<u>(75)</u>	<u>(58)</u>	<u>253</u>	<u>195</u>

Further details of the investments are disclosed in Note 20.

16. Taxation

	2023 Consolidated £'000	2022 Consolidated £'000
Recognised in the Statement of Comprehensive Income		
Tax charge recognised in year	81	87
Tax adjustments written back	-	(10)
Total tax charge	<u>81</u>	<u>77</u>
Factors affecting current tax charge		
Surplus / (Loss) before taxation	13,201	(9,144)
<i>Exclude:</i> Movement on pensions provisions (Note 37)	(3,475)	16,536
Surplus before taxation (excluding pensions provision)	<u>9,726</u>	<u>7,392</u>
Surplus (excluding pensions provision) multiplied by standard rate of corporation tax in the UK of 25% & 19%	2,042	1,404
RVC (surplus) exempt from tax	(1,863)	(1,408)
Balances eliminated on consolidation exempt from tax	78	78
Expenses disallowable for tax in subsidiaries	1	127
Capital allowances in subsidiaries	(23)	(31)
Loss in subsidiary	-	-
Corporation tax due to prior year relief correction	-	-
Corporation tax due before Gift Aid relief	-	-
Gift Aid relief	(154)	(93)
Other adjustments posted	-	-
Total tax charge	<u>81</u>	<u>77</u>

17. Intangible Assets and Goodwill

	2023		2022	
	Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
Software				
Gross book value at 1 August	1,930	1,930	1,930	1,930
Additions in the year	165	165	-	-
Gross book value at 31 July	2,095	2,095	1,930	1,930
Accumulated amortisation at 1 August	1,850	1,850	1,807	1,807
Amortisation charge for the year	42	42	43	43
Accumulated amortisation at 31 July	1,892	1,892	1,850	1,850
Net book value at 31 July	203	203	80	80
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	1,544	-	1,166	-
Amortisation charge for the year	379	-	378	-
Accumulated amortisation at 31 July	1,923	-	1,544	-
Net book value at 31 July	1,862	-	2,241	-
Total Intangible assets and goodwill	2,065	203	2,321	80
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 2022	151,509	41,427	36,186	17,310	29,686	276,118
Additions	-	-	-	1,596	6,741	8,337
Transfers	7,988	6,248	6,575	2,427	(23,238)	-
At 31 July 2023	159,497	47,675	42,761	21,333	13,189	284,455
Consisting of:						
Valuation of land at 31 July 2014	81,664	-	-	-	-	81,664
Cost of other fixed assets	77,833	47,675	42,761	21,333	13,189	202,791
At 31 July 2023	159,497	47,675	42,761	21,333	13,189	284,455
Depreciation						
At 1 August 2022	37,633	21,909	21,389	10,934	-	91,865
Charge for the Year	1,183	2,461	1,499	1,925	-	7,068
At 31 July 2023	38,816	24,370	22,888	12,859	-	98,933
Carrying amount (net book value)						
At 31 July 2023	120,681	23,305	19,873	8,474	13,189	185,522
At 31 July 2022	113,876	19,518	14,797	6,376	29,686	184,253
RVC						
Cost or valuation						
At 1 August 2022	147,278	41,342	36,185	16,951	29,665	271,421
Additions	-	-	-	1,582	6,530	8,112
Transfers	7,988	6,225	6,576	2,427	(23,216)	-
At 31 July 2023	155,266	47,567	42,761	20,960	12,979	279,533
Consisting of:						
Valuation of land at 31 July 2014	81,664	-	-	-	-	81,664
Cost of other fixed assets	73,602	47,567	42,761	20,960	12,979	197,869
At 31 July 2023	155,266	47,567	42,761	20,960	12,979	279,533
Depreciation						
At 1 August 2022	33,402	21,894	21,389	10,738	-	87,423
Charge for the Year	1,183	2,453	1,499	1,881	-	7,016
At 31 July 2023	34,585	24,347	22,888	12,619	-	94,439
Carrying amount (net book value)						
At 31 July 2023	120,681	23,220	19,873	8,341	12,979	185,094
At 31 July 2022	113,876	19,448	14,796	6,213	29,665	183,998

At 31 July 2023, freehold land and buildings included £81m in respect of freehold land held by the University 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:

	2023	2022
	£'000	£'000
Cost	228	228
Accumulated depreciation	(19)	-
Charge for year	<u>(114)</u>	<u>(19)</u>
Net book value	<u>95</u>	<u>209</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

	2023 Consolidated and RVC £'000	2022 Consolidated and RVC £'000
Heritage assets held at valuation	<u>5,898</u>	<u>5,898</u>
At 31 July 2023	<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 ended 31 July 2021.

20. Investments

	2023		2022	
	Consolidated	RVC	Consolidated	RVC
	£'000	£'000	£'000	£'000
Movement on the long-term investment portfolio comprises:				
At 1 August	16,529	12,748	15,788	12,177
Additions	4,333	3,336	4,966	3,824
Disposals	(3,750)	(2,888)	(4,467)	(3,440)
Realised gain	412	318	494	380
Unrealised (loss)	(484)	(372)	(252)	(193)
At 31 July	17,040	13,142	16,529	12,748

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

	2023	2022
	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

	2023		2022	
	Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
Amounts falling due after more than one year:				
Loan to subsidiary undertaking	-	-	-	219
	<u>-</u>	<u>-</u>	<u>-</u>	<u>219</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 2023 the total value of the loan outstanding from LBIC was £219k (2022: £497k) of which is all 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 due to be fully repaid in 2024.

24. Stock

	2023		2022	
	Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
General consumables	1,269	1,126	1,291	1,143
Farm stocks	380	380	378	378
	<u>1,649</u>	<u>1,506</u>	<u>1,669</u>	<u>1,521</u>

25. Trade and Other Receivables

	2023		2022	
	Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
Amounts falling due within one year:				
Research grant receivables	3,047	3,047	3,059	3,059
Other trade receivables	6,975	6,575	6,545	6,078
Other receivables	100	102	136	136
Prepayments and accrued income	3,358	2,731	2,323	1,817
Amounts due from subsidiary undertakings	-	1,225	-	995
	<u>13,480</u>	<u>13,680</u>	<u>12,063</u>	<u>12,085</u>

The short-term element of the loan (£219k) 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

	2023		2022	
	Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
Short-term deposits	39,251	39,251	23,274	23,274
	<u>39,251</u>	<u>39,251</u>	<u>23,274</u>	<u>23,274</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

	2023		2022	
	Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
Cash in hand	3	3	16	16
Cash at bank	18,289	16,524	20,559	16,728
Current deposits	118	118	5,170	5,170
	<u>18,410</u>	<u>16,645</u>	<u>25,745</u>	<u>21,914</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

	2023		2022	
	Consolidated	RVC	Consolidated	RVC
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Unsecured loans	168	168	183	183
Obligations under finance leases	91	91	110	110
Trade payables	2,724	2,718	3,226	3,165
Taxation due including social security	2,373	2,110	1,785	1,520
Research grant payables	8,864	8,864	8,099	8,099
Accrued expenses and deferred income	7,961	7,429	7,560	7,060
Amounts owed to subsidiaries	-	2,687	-	1
	22,181	24,067	20,963	20,138

29. Creditors – Amounts falling due after one year

	2023		2022	
	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	504	504	671	671
Trade payables	270	-	198	-
Obligations under finance leases	-	-	91	91
	<u>45,774</u>	<u>45,504</u>	<u>45,960</u>	<u>45,762</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:

	2023	2022
	Consolidated and RVC £'000	Consolidated and RVC £'000
Analysis of unsecured loans and private placements:		
Due between one and two years	168	168
Due between two and five years	336	503
Due in five years or more	<u>45,000</u>	<u>45,000</u>
Due after more than one year	<u>45,504</u>	<u>45,671</u>
Due within one year	<u>168</u>	<u>183</u>
Total unsecured borrowings	<u>45,672</u>	<u>45,854</u>

The loan terms, applicable interest rates and counter-parties of unsecured borrowings as at 31 July 2023 are as follows:

Lender	Amount £'000	Term ends	Interest rate %
Salix	672	March 2027	nil
Sun Life Canada	15,000	July 2033	2.55
Sun Life Canada	15,000	July 2038	2.72
Sun Life Canada	<u>15,000</u>	July 2043	2.82
Total unsecured borrowings	<u>45,672</u>		

RVC secured interest-free Salix loan funding to support investment in energy efficiency projects. The outstanding balance of £672k is repayable over the next 4 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 2022	27,043	80	162	7	249
Utilised in the year	(1,617)	-	-	(7)	(7)
Additions in the year	895	-	-	-	-
Unused amounts released in the year	(1,857)	-	-	-	-
At 31 July 2023	24,463	80	162	-	242
RVC					
At 1 August 2022	26,752	-	162	7	169
Utilised in the year	(1,600)	-	-	(7)	(7)
Additions in the year	885	-	-	-	-
Unused amounts released in the year	(1,837)	-	-	-	-
At 31 July 2023	24,201	-	162	-	162
<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.</p> <p>The legal claims provision related to ongoing student complaint cases which were settled in year.</p>					

31. Endowment Reserves

Consolidated	Restricted Permanent £'000	Expendable Endowments £'000	2023 Total £'000	2022 Total £'000
Balances at 1 August				
Capital	1,389	5,413	6,802	6,224
Accumulated income	1,648	2,244	3,892	4,312
	<u>3,037</u>	<u>7,657</u>	<u>10,694</u>	<u>10,536</u>
New endowments	-	-	-	8
Investment income	116	294	410	313
Expenditure	(129)	(203)	(332)	(358)
(Decrease) / Increase in market value of investments	(16)	(41)	(57)	195
Total endowment comprehensive income for the year	<u>(29)</u>	<u>50</u>	<u>21</u>	<u>158</u>
Balances at 31 July	<u>3,008</u>	<u>7,707</u>	<u>10,715</u>	<u>10,694</u>
RVC	Restricted Permanent £'000	Expendable Endowments £'000	2023 Total £'000	2022 Total £'000
Balances at 1 August				
Capital	1,389	5,394	6,783	6,205
Accumulated income	1,648	2,246	3,894	4,313
	<u>3,037</u>	<u>7,640</u>	<u>10,677</u>	<u>10,518</u>
New endowments	-	-	-	8
Investment income	116	294	410	313
Expenditure	(129)	(200)	(329)	(357)
(Decrease) / Increase in market value of investments	(16)	(41)	(57)	195
Total endowment comprehensive (expenditure) / income for the year	<u>(29)</u>	<u>53</u>	<u>24</u>	<u>159</u>
Balances at 31 July	<u>3,008</u>	<u>7,693</u>	<u>10,701</u>	<u>10,677</u>
Analysis by type of purpose:				
	Consolidated		RVC	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Scholarships and prizes	3,480	3,538	3,465	3,521
Student welfare and support	1,740	1,725	1,740	1,725
Research support	4,081	4,034	4,081	4,034
Clinical services support	1,414	1,397	1,414	1,397
	<u>10,715</u>	<u>10,694</u>	<u>10,700</u>	<u>10,677</u>
No funds were in deficit in either 2022/23 or the prior year.				

32. Restricted Reserves

Consolidated	Unspent	Donations	2023	2022
	Capital Grants	and Other	Total	Total
	£'000	£'000	£'000	£'000
Balances at 1 August	-	3,402	3,402	3,356
New grants	993	-	993	2,353
New donations	-	571	571	524
Investment income	-	116	116	88
Expenditure	-	(583)	(583)	(620)
(Increase) / Decrease in market value of investments	-	(16)	(16)	54
Total restricted comprehensive income for the year	993	88	1,081	2,399
Capital grants utilised and released to unrestricted reserve	(993)	-	(993)	(2,353)
Balances at 31 July	-	3,490	3,490	3,402
RVC	Unspent	Donations	2023	2022
	Capital Grants	and Other	Total	Total
	£'000	£'000	£'000	£'000
Balances at 1 August	-	293	293	275
New grants	993	-	993	2,353
New donations	-	88	88	170
Expenditure	-	(63)	(63)	(152)
Total restricted comprehensive income for the year	993	25	1,018	2,371
Capital grants utilised and released to unrestricted reserve	(993)	-	(993)	(2,353)
Balances at 31 July	-	318	318	293
Analysis by type of purpose:				
	Consolidated		RVC	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Research support	591	489	318	293
Student welfare and support	1,057	1,072	-	-
Scholarships and prizes	23	22	-	-
Teaching support and general education	178	170	-	-
Clinical services support	1,641	1,649	-	-
Capital appeal	-	-	-	-
	3,490	3,402	318	293

33. Consolidated Reconciliation of Net Debt

	2023 £'000	
Net debt 1 August 2022	<u>(20,219)</u>	
Movement in cash and cash equivalents	7,335	
Other changes	55	
Changes in market value and exchange rates	<u>146</u>	
Net debt 31 July 2023	<u>(27,353)</u>	
Change in net debt	<u>(7,134)</u>	
Analysis of net debt	31 July 2023 Consolidated £'000	31 July 2022 Consolidated £'000
Cash and cash equivalents	18,410	25,745
Borrowings: amounts falling due within one year		
Unsecured loans	(168)	(183)
Obligations under finance leases	<u>(91)</u>	<u>(110)</u>
	(259)	(293)
Borrowings: amounts falling due after one year		
Private placements	(45,000)	(45,000)
Unsecured loans	<u>(504)</u>	<u>(671)</u>
	(45,504)	(45,671)
Net debt	<u>(27,353)</u>	<u>(20,219)</u>

34. Capital and Other Commitments

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

	2023 Consolidated and RVC £'000	2022 Consolidated and RVC £'000
Commitments contracted for	<u>3,129</u>	<u>3,467</u>
	<u>3,129</u>	<u>3,467</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 2024.

In November 2022, LBIC entered into an Agreement for Lease 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 March 2024. Under the arrangements, the RVC is acting as guarantor, in the event of LBIC default, and is also a signatory to the Agreement for Lease.

36. Lease Obligations

Total rentals payable under operating leases

	Year ending 31 July 2023		Year ending 31 July 2022
	Land and Building £'000	Total £'000	Total £'000
Consolidated and RVC			
Payable during the year	68	68	66
Future minimum payments due			
Not later than 1 year	70	70	66
Later than 1 year and not later than 5 years	280	280	263
Later than 5 years	350	350	393
Total payments due	<u>700</u>	<u>700</u>	<u>722</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	2023		2022	
		Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
Statement of income and expenditure - net pension cost in year					
Universities Superannuation Scheme (USS)		5,636	5,573	5,277	5,223
Superannuation Arrangements for the University of London (SAUL)		3,209	3,167	2,518	2,487
People's Pension Scheme		43	-	43	-
Universities and Colleges Retirement Savings Scheme (UCRSS)		14	14	10	10
Employer's contributions	8	<u>8,902</u>	<u>8,754</u>	<u>7,848</u>	<u>7,720</u>
Movement on pension past service cost					
- USS Pension Scheme Provision	8	<u>(3,475)</u>	<u>(3,436)</u>	16,536	16,358
Net pension charge to Staff costs		<u>5,427</u>	<u>5,318</u>	<u>24,384</u>	<u>24,078</u>
Interest cost - unwind of discount					
- USS Pension Scheme Provision	11	895	885	91	90
Total net charge to SOCI		<u>6,322</u>	<u>6,203</u>	<u>24,475</u>	<u>24,168</u>
Statement of financial position - provision for pension scheme liability					
Pension provisions					
- USS Pension Scheme Provision	30	24,463	24,201	27,043	26,752
Total liability on SOFP		<u>24,463</u>	<u>24,201</u>	<u>27,043</u>	<u>26,752</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 decrease in the pension provision charged to the Statement of Comprehensive Income is (3,475k) (2022: £16,536k).

The total cost charged to the profit and loss account is £5,636k (2022: £5,277k).

Deficit recovery contributions due within one year for the institution are £1,789k (2022: £1,616k).

The latest available complete actuarial valuation of the Scheme 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>

The USS pension Trustee has produced their provisional results of the 2023 actuarial valuation, which shows a scheme surplus of £7.4bn at the 31 March 2023 valuation date (compared to a deficit of £14.1bn at the conclusion of the 2020 valuation). This valuation implies a potential to reduce the employer contribution from 21.6% to 14.5% (and employee contributions to fall from 9.8% to 6.1%). These changes can, in principle be implemented from 1 January 2024 and would yield a positive budgetary impact of approximately £1m in 2023/24.

37. Pension Schemes *continued*

Universities Superannuation Scheme (USS)

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:

	2023	2022
Males currently aged 65 (years)	24.0	23.9
Females currently aged 65 (years)	25.6	25.5
Males currently aged 45 (years)	26.0	25.9
Females currently aged 45 (years)	27.4	27.3

A 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 2023 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2023	2022
Discount rate	5.52%	3.31%
Pensionable salary growth	4.85%	4.26%

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	-	268	2
University of London	145	329	-
Wellcome Trust	289	24	2
Haoma Medica Limited	60	-	(63)
Versus Arthritis	106	-	-
University College London	412	14	(208)
Vet Schools Council	1	17	-
Agria Pet Insurance	636	-	-
NC3Rs	19	-	-
American Association of Veterinary Medical Colleges	-	20	-
Royal College of Veterinary Surgeons	-	10	-
	<u>1,668</u>	<u>682</u>	<u>(267)</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.

University of London

In his role as Principal, Professor SWJ Reid, is a member of the Collegiate Council and Estates Committee at 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. 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 and research grants. Outstanding amounts relate to these income streams, and there is a bad debt provision for these amounts.

38. Related Party Transactions *continued*

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.

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.

Vet Schools Council

Professor SWJ Reid is a member of the Veterinary Schools Council. Income relates to recharged expenses. Expenditure relates to subscriptions.

NC3Rs

One member of council is a CRACK IT advisory panel member for NC3Rs. Income relates to research grants.

American Association of Veterinary Medical Colleges

Professor SWJ Reid is a member of AAVMC Board of Directors. Expenditure relates to subscriptions.

Royal College of Veterinary Surgeons

Professor SWJ Reid is a member of RCVS Mind Matters and Education Committee. Expenditure relates to subscriptions

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: ³

Independent Members

Baroness Young of Old Scone F&GPC, RC, G&N (Chair from 1 August 2019 & re-appointed 1 August 2023)

Mr RMF Bright F&GPC, RC, G&N (Hon. Treasurer; Vice Chair from 1 August 2019 & re-appointed 1 August 2023)

Ms J Alexander F&GPC, RC

Mrs A Cooper A&R

Mr R Hargreaves

Mr J Heawood F&GPC

Mr Z Latif

Dr S Lishman CBE (Chair of Ethics & Welfare Committee) (to March 2023)

Professor L Nasir (from March 2023)

Ms A Pearce Higgins A&R (Chair of Audit & Risk Committee)

Mr Andrew Scott (from August 2023)

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)

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

Ms E Prideaux (2023/24) F&GPC (from 1 August 2023)

Principal and President (ex-officio)

Professor SWJ Reid CBE F&GPC, G&N

³ Members of the following Council Committees are signified as follows:

^{G&N} Governance & Nominations Committee ^{A&R} Audit & Risk Committee ^{RC} Remuneration Committee
^{E&W} Ethics & Welfare Committee ^{F&GPC} Finance & 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

Mr A Hill A&R (from August 2023)

Dr S Lishman (from March 2023)

Mrs A O'Hara F&GPC

Ms N Onuba F&GPC (from August 2023)

Ms W Thomson G&N

The Royal Veterinary College

Finance Department

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**Celebrating over 232 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.