

**THE ROYAL VETERINARY COLLEGE**

**ANNUAL REPORT AND  
FINANCIAL STATEMENTS 2014-15**



# The Royal Veterinary College

## ANNUAL REPORT and FINANCIAL STATEMENTS 2014-15

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## GOVERNORS AND ADVISORS for the year ended 31 July 2015

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

#### Independent Members

The Baron Curry of Kirkharle, KB CBE	<i>(Chairman from 1 August 2012) - First term 1 August 2012 -31 July 2016 +*</i>
Mr D Danson	<i>(Vice Chairman from 1 June 2014) Second term 1 August 2012 - 31 July 2016 +*</i>
Mr C Perrin, CBE <i>(Honorary Treasurer)</i>	<i>Second term 1 August 2014 -31 July 2018 +*</i>
Mr E Barnett	<i>First term 1 April 2013 -31 July 2017 +*</i>
Mr R Bright CB	<i>First term 1 August 2013 - 31 July 2017 +</i>
The Rt Hon Frank Dobson, MP	<i>Second term 1 August 2012 - 31 July 2016</i>
Mr J Grosvenor	<i>First term 1 August 2011 - 31 July 2015 #, (renewed for second term)</i>
Mr P Reid	<i>First term 1 June 2014 - 31 July 2018 #</i>
Professor E Simpson	<i>First term 1 August 2012 - 31 July 2016</i>
Professor Dame Lesley Southgate, DBE	<i>Second term 1 August 2013 - 31 July 2017 #</i>
Mr J Walmsley	<i>Second term 1 August 2013 - 31 July 2017 #</i>

#### Members Elected by the Academic Board

Professor A Boswood	<i>First term 1 August 2011 - 31 July 2015</i>
Professor C Wheeler-Jones	<i>Second term 1 August 2012 - 31 July 2016</i>

#### President of the Students' Union

Mr J Park (2014/15)+

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

Professor SWJ Reid+

#### Senior Academics of Vice-Principal status

Professor DB Church (Vice –Principal, Learning and Student Experience)  
Professor J Elliott (Vice-Principal, Research & Innovation)  
Professor S May (Deputy Principal) +

The members of Council are considered to be the Trustees of the Royal Veterinary College as an exempt charity.

**Secretary to Council (in attendance):** Mr I Darker

#### Members of Council Committees

+ Finance and General Purposes Committee      # Audit Committee      \* Remuneration Committee

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**Bankers**      The Royal Bank of Scotland, London

**Auditors**      KPMG LLP

Chartered Accountants and Statutory Auditors, London

## CHAIRMAN'S INTRODUCTION for the year ended 31 July 2015

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Once again, it is my privilege to offer for your inspection the Annual Accounts of the Royal Veterinary College (RVC). At the end of the first full academic year of our strategic plan and in an environment that is as challenging as it is exciting, I am sure that you will find the pages that follow to be both stimulating and reassuring; the RVC has had another excellent year.

The successes delivered through the efforts of all those at the College are the result of a clear focus on what we believe to be important; we are an organisation that is knowledge led, that seeks to be a leader in the delivery of its programmes and provides the best of clinical services. In all this it is the satisfaction and recommendation of our many stakeholders that we consider our most important metrics.

The Council of the RVC is committed to assuring these aims through sound and proactive governance and I am indebted to those who give their time and expertise freely in assisting the Principal and his staff deliver to the highest of standards. It is a tribute to all that, in a year where once again we have seen political and financial change, the RVC has seen very positive reports in its quality assurance and enhancement and is recognised amongst the best in the world.

There are, of course, always issues to be considered: how will the College address the continuing economic climate? How will prospective students make choices in a market place that is increasingly competitive? How will the sector deal with inflationary pressures in the absence of any direct control over its primary income stream? The RVC is not alone in these but, as a small and specialist institution, the need for answers is acute and perhaps more significant, in the short term, than for others.

I have every faith that the RVC will continue to thrive; our history is a long one and our focus on success as steadfast as ever. I commend this report to you and, in doing so, thank our Principal, Stuart Reid, for his leadership and good stewardship, and his staff and students for another outstanding year and for making the RVC the organisation it is today.



Lord Curry of Kirkharle

## PRINCIPAL'S REPORT for the year ended 31 July 2015

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The performance of the Royal Veterinary College (RVC) is assessed on many levels – the satisfaction of our students, staff and clients, the quality of our research outputs, the recognition of our peers and, importantly, our financial sustainability. The last year has been another successful chapter in the RVC's history by all of these metrics, but once again we are reminded of our unique nature and our consequent vulnerability to adverse events both within the Higher Education sector and more generally.

Whilst we can take great pleasure and reassurance from being recognised as the best veterinary school in Europe and third in the world (to two US schools); whilst we can reflect on the outcome of the Research Excellence Framework as a job well done; and be proud of coming 8<sup>th</sup> for student satisfaction of *all* universities in the UK – there is no doubt that the current environment poses special threats for all specialist institutions, but particularly for the only one with a preponderance of high cost students but no access to NHS funding.... that is the RVC.

With four successful financial years behind us, the final out-turn this year is encouraging. However, although the headline contribution of £3.9m is healthy, one only needs to dig a little further to appreciate the potential for "a coming storm". With a budgeted contribution of £2.8m, the £3.9m is indeed testament to the efforts of many; the rigour and robustness of our processes and oversight continue to deliver and the balance between investment and a prudent budgeting approach has

been justified. However, of this £3.9m, a significant £1.7m arises from release of provision and a fortuitous one-off research expenditure incentive scheme that became available to the HE sector during the course of the year. The underlying business, therefore, for valid reasons, has fallen short of budget delivering £2.2m, or 3% of turnover. There is much to be celebrated even in this figure given the in-year HEFCE cuts but, with sustainability largely acknowledged to be a contribution in excess of 6% of turnover, there is much work still to be done.

That it has been a successful year there can be no doubt but with further economic stringency to come, our reliance on our student recruitment increases, our need to grow ancillary income streams is greater, and our focus on efficiencies and leanness must be ever more acute. Any change is testing and uncomfortable, but as the RVC reshapes and evolves to meet the challenges of a shifting external environment, it will continue to deliver an excellence that is as unique as it is relevant. Sustainability requires us to serve the society in which we find ourselves, together with its standards, expectations and politics. We have been doing this for the last 224 years and year 225 will be no different.



Stuart W.J. Reid  
Principal

## OPERATING AND FINANCIAL REVIEW for the year ended 31 July 2015

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### Context and risk analysis

The Royal Veterinary College (RVC), founded in 1791, was the first of its kind in the UK and remains the only independent Higher Education Institution for teaching and research in the veterinary and allied sciences. The RVC has the largest range of veterinary, para-veterinary and animal science undergraduate and postgraduate courses of any veterinary school in the world, and is one of the largest veterinary schools in Europe. The College is a constituent college of the federal University of London.

The key strategic objectives of the College are set out within its Strategic Plan 2014-2019. At the heart of this are the three pillars of the College's mission: the discovery of new knowledge, the dissemination of knowledge by education, and translation of knowledge through the delivery of optimal clinical care and opinion. Developing and enhancing excellence across all of the College's activities is paramount.

The College has adopted a range of Key Performance Indicators to assess its overall strength and progress against the Strategic Plan. Areas covered include: student recruitment, retention and employability; improving the student experience in both educational and social terms; financial performance against budgets and longer-term sustainability; quality of research outputs and funding success; growth in clinical caseload driven by targeted investment in services and facilities.

The Corporate Risk Register focuses on the College's key strategic risks. It is subject to periodic zero-based reconstructions by the Senior Management Group and Council whereby risks are identified and rated based on their likelihood and impact and the extent to which they can be, and have been, modified. They are reviewed on a quarterly basis and reported to Audit Committee with a focus on changes in rating from one period

to the next. Risk is a standing item on all of the College's management and governance committees.

Financial risks continue to dominate the Corporate Risk Register due to the ongoing uncertainty in the external funding environment and significant pressures on pay costs, notably from pension reforms, which impact on the College's sustainability and, hence, capacity to make the required investment in its capital infrastructure. Other risks include those impacting on the College's reputation, including performance in the National Student Survey and league tables. Recent strong performance in this regard has led to a downgrading of these risks.

Compared to other Higher Education Institutions, the College derives a relatively large proportion of its income from commercial activities in support of its educational mission. These are primarily through veterinary fees generated by our veterinary teaching hospitals, first opinion practices and diagnostic laboratories. In addition, the College's wholly-owned subsidiary, the London BioScience Innovation Centre, provides laboratory and office space to both small and established biotech and related industry companies. These areas of the College's operations are subject to different market and competitive conditions when compared to teaching and research activities; appropriately, different leadership, management and risk analyses are in place.

Recognising the importance of risk awareness and management, the College has recently invested in additional resource in this area to support, *inter alia*, better integration of strategic and operational risk management and improved reporting. Given the current HE funding environment, and the challenges this presents, a review and assessment of the College's risk appetite is on the agenda for the upcoming year.

### Academic review

#### *Learning and the student experience*

The College's taught undergraduate programmes provide education to the whole of the veterinary team and to students interested in biomedical research.

Interest in the BVetMed programme continues to be strong. This year the College averaged approximately 8 applicants per place for our five-year programme and there was increased interest in both the Graduate and Gateway entry paths. Regardless of the entry pathway, the BVetMed programme provides the education, skills and knowledge required to practice as a veterinary surgeon. As the only course currently validated by the Royal College of Veterinary Surgeons, the American Veterinary Medical Association, the Australasian Veterinary Boards Council and the European Association of Establishments for Veterinary Education, graduates are effectively able to work as veterinary surgeons anywhere in the world.

The RVC remains committed to supporting the concept of the "veterinary team" as the future of veterinary practice and this belief underpins the College's involvement in the training and educational programmes it offers. The College is unique in offering a suite of programmes in veterinary nursing including a Foundation Degree (FdSc) and an "in parallel" BSc, together with a Graduate Diploma in Practical and Clinical Veterinary Nursing, all of which recruited to target this year. Interest in our undergraduate nursing programmes continues to be exceptional and competition for places intense with applicants for places the highest of any of our undergraduate programmes.

Interest in the College's BSc in Bioveterinary Science and Biological Science also continues to grow. Recruitment was up in 2014-15 and is even stronger for the coming year such that the targeted growth over the next three years has been delivered in one recruitment cycle. We believe there remain real opportunities to increase further the appeal of this course through modification of the entry requirements,

diversification of modules and offering a wider range of more subject-focused specific degrees.

The RVC takes extremely seriously the views of its students, many of which are expressed through a range of different surveys. The College is particularly proud to have been ranked as first in the world for its outstanding staff in the International Student Barometer survey and in the Times Higher Survey of UK institutions, the College was ranked third behind Oxford and Cambridge for the quality of its lecturers and overall teaching. This year, for the first time, the prestigious QS rankings reviewed veterinary educational establishments worldwide with the RVC ranked third in the world and first in Europe; further emphasising the quality of the educational experience our students receive.

#### *Research and innovation*

The College's Research Excellence Framework results affirmed our position as a high quality research-led institution. We included 82% of our eligible academic staff in the exercise and 79% of our research was rated as internationally excellent or world class. This maintained our position as 3<sup>rd</sup> in the unit of assessment based on research power (quality x volume).

It has been a challenging year for securing external research funding. The national picture is one of reduced success rates down from 28-30% to close to 20% in responsive mode funding (RCUK figures) and this has been reflected in the College's own performance (19% success by value). Following our previous success in the cross Research Council Zoonoses and Emerging Livestock Systems (ZELS) initiative, we have had a year of RCUK grant applications which, though rated as fundable, have not made the final cut for funding. Horizon 2020 applications have, however, been more successful demonstrating our ability to form strong partnerships with others and contribute across our areas of expertise.

The College's research groups continue to perform strongly:

- i. The Ecosystems Health research group is maintaining its strong international reputation, delivering high quality research



with impact to tackle major one health issues such as antimicrobial resistance and neglected zoonotic diseases. Our leadership role in the ZELS programme is clear evidence of this. Professor Dirk Pfeiffer's appointment as the UK's Chief Epidemiologist through a secondment agreement with the Animal and Plant Health Agency is further evidence of the College's reputation in animal health and disease control.

- ii. The Musculoskeletal Biology Group also continues to perform at a high level. New appointments made for REF2014 have succeeded in securing grants within the Bone Laboratory (Leverhulme Trust, British Heart Foundation, Wellcome Trust grants) and Structure and Motion Laboratory (EPSRC, DSTL and BBSRC FLIP fellowship). The translational work of the Neuromuscular Laboratory will provide important impacts for REF2020 in developing new devices to treat laryngeal nerve dysfunction and in establishing naturally occurring models of Duchene Muscular Dystrophy, attracting further funding from the charity sector to continue this important work of benefit to both human and veterinary medicine.
- iii. Our Host Pathogen Response and Vaccinology and Safe and Sustainable Food groups continue to focus on the most important species for global protein production, namely chickens and pigs. Parasitology is an academic area where we have strength in depth and new EU-funded projects on red mite infestation of poultry expand our portfolio of projects relevant to industry. One of our REF2014 appointments, with expertise in genetics across species, has recently made a significant contribution to research on the evolution of the avian genome (published in Science 2015) and opportunities for applied research involving livestock species are in prospect.
- iv. Strategic investment in PhD support for researchers investigating the fish immune system, and the use of Zebra fish as models of agricultural significance is paying off and we have been successful in two collaborative applications for RCUK initiative funds (one

with Aberdeen and one international consortium led by Stirling University).

- v. The College has invested strategically to develop infrastructure to deliver research outputs based on clinical cases. The Vetcompass system, which allows RVC researchers to access clinical data on pet dogs and cats from primary care veterinary practices, continues to grow and the outputs from this system are impressive. Data from over 450 practices involving nearly 2 million dogs and 1.3 million cats can now be accessed.

Our future research success is in part driven by the number of PhD studentships and completion rates. With falling HEFCE Research funding, we are looking at ways of increasing the number of self-funded and externally-funded PhD students and have been successful in securing PhD scholarships under the ZELS studentship competition and Marie Curie Innovative Training grants. The College continues to play an important role in the BBSRC-funded Doctoral Training Partnership led by UCL and we anticipate an increase in the number of studentships coming to us through this initiative.

Finally, the London BioSciences Innovation Centre (LBIC) has had its best year to date. LBIC, a wholly owned subsidiary of the RVC, provides laboratory and office rental space for SMEs and larger companies wanting to be co-located with the College's research community and make use of the research facilities at the Camden campus. The imminent opening of the Francis Crick Institute nearby has been a big draw for a number of larger companies, including Pfizer Ltd., Johnson and Johnson and Cancer Research Technology (the commercial arm of Cancer Research UK) all of whom have become LBIC clients over the last year or so. LBIC forms part of RVC Business which was launched in August 2014 and brings together the College's services to the commercial world under one umbrella as well as enhancing the employability of our students and the impact of our research.

#### *Clinical Services*

The RVC is committed to providing and promoting high quality first opinion, specialist and diagnostic clinical services through its

## OPERATING AND FINANCIAL REVIEW

teaching hospitals to enable the advancement of knowledge and skills in clinical practice across the species. We aim to be recognised as an international centre of reference with high levels of student and employee recommendation, professional endorsement and strong demand for our services.

There remains a balance to be struck between cost effective provision of an adequate caseload for teaching and the delivery of higher levels of financial contribution year on year. Our teaching hospitals' primary purpose is to enable delivery of our educational objectives with the cost of teaching supported by income generated from the provision of excellent veterinary care and advice to our clients. During the past year:

- i. The College has expanded its provision of small animal first opinion caseload at the Beaumont Sainsbury Animal Hospital in Camden, with extended opening hours, nurse clinics and the addition of an exotic service all making significant contributions to growth. A new Shelter Medicine Programme provides an additional week of clinical learning opportunities.
- ii. Small Animal Referral Services delivered from our state of the art Queen Mother Hospital for Animals in North Mymms continue to provide the majority of caseload that supports our intra-mural teaching and clinical income.
- iii. We are currently undergoing accreditation as the first recognised Veterinary Trauma Centre outside North America. Investment in our critical care unit and transfusion services has enabled us to manage a significant increase in complex emergency cases, and also supports our advanced cardio-thoracic surgery programme.
- iv. RVC Equine continues to build its client list and we have increased capacity of the ambulatory team, re-equipping them with new purpose built vehicles and portable diagnostic equipment such as digital x-ray. Investment in advanced diagnostic imaging and objective gait analysis underpin our aim to expand our evidenced based orthopaedics

programme and clinics for performance and equitation.

- v. The hospitals are supported by the Pathology and Diagnostic Services Unit, where we are looking to expand our portfolio of specialised diagnostic tests and are building a reputation in forensic veterinary pathology.

RVC Clinical Services have outperformed the original financial KPIs approved by Council in 2012, exceeding £1m in annual contribution in 2014-15. This has been made possible in part by investment in additional resources to provide and promote new services. With continuing investment, further caseload growth and contribution is deliverable through a selective focus on new and existing services with high market demand for which the RVC competes effectively on a local, regional, and national basis.

## Corporate responsibility

### *Staff*

The College aims to be an employer of choice for those seeking to work in the veterinary biosciences and one health Higher Education sector and to do so, we need to attract, develop, retain and reward the best possible staff from a range of diverse backgrounds.

The College values its highly skilled workforce and encourages personal development at all levels. As such, it offers a broad range of personal, professional and skills-based development opportunities through a structured annual programme including leadership and management, IT, health and safety and wellbeing. There are specific programmes in support of Early Career Researchers, Mentoring and Teaching Observation schemes. Probationary Lecturers are required to complete the College's PGCert in Veterinary Education and encouraged to take up membership of the Higher Education Academy on completion. All staff development is underpinned through personal development objectives agreed via the annual appraisal process. Academic Probation and Promotion Procedures have been re-designed to ensure a robust, transparent and equitable process

Employment strategy is considered by the College's Council, through the Finance and General Purposes Committee and the Remuneration Committee. In addition regular meetings are held between the College's management and the Recognised Trade Unions (RTUs). The College strives to work as collaboratively and constructively as possible 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.

Staff wellbeing is very important to the College. This is supported through encouraging open communication between staff and their managers, access to an occupational health service and an Employee Assistance Programme that include a 24 hour telephone advice line available at no cost to all employees. Flexible working is encouraged where this is operationally viable.

The scientific nature of the College's work means that certain staff are exposed to conditions for which strict health and safety measures must be in place. The College has a well-established risk assessment process, training programme and set of standard operating procedures in place in these instances, thereby limiting the number of incidents that occur. The Safety Committee reviews policy and procedure and any incidents and these are reported directly to the College Council.

### *Equality and diversity*

Equality and diversity is widely promoted across the College. There is an Equality Strategy Group responsible for developing strategy and policy as well as monitoring compliance. The Group's remit covers both staff and students, ensuring an integrated approach is taken in this important area.

All staff are required to undertake online equality and diversity awareness training as part of their induction and cannot be confirmed in post until this has been successfully completed. Given demographic trends in the veterinary profession and the composition of its own staff and student bodies, an area of particular importance to the College is women's career and personal development. The College has made a commitment to promote the development of women in STEM subjects.

A central budget has been established to cover periods of family leave to facilitate cover for colleagues who take periods of family leave. Dedicated quiet rooms for nursing mothers have been identified at both campuses.

The proposal for the re-structuring of the HR Team includes provision for a part-time Equality and Diversity professional. The focus of this new post will be to ensure that equality and diversity is further embedded across the College and that the targets included in our action plan are monitored and reviewed on a regular basis. We are optimistic that this appointment will facilitate progress in this area.

## OPERATING AND FINANCIAL REVIEW

### Financial review

#### Scope of the Financial Statements

The Financial Statements have been prepared in accordance with the SORP 2007: Accounting for Further and Higher Education, and the relevant accounting standards. The consolidated financial statements cover the activities of the College, the Animal Care Trust (ACT), London BioScience Innovation Centre Limited (LBIC), RVC Developments Limited, and Royal Veterinary College (Hong Kong) Limited.

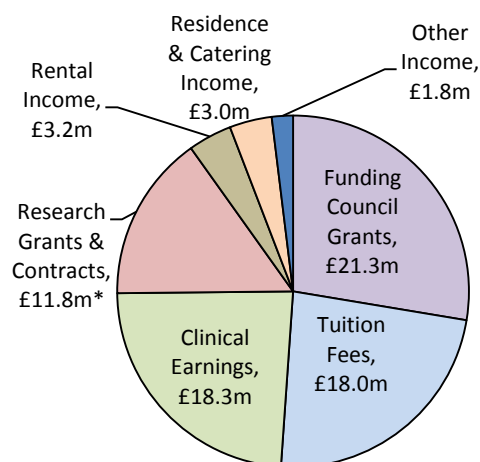
#### Results for the year

The College's consolidated income, expenditure and results for the year to 31 July 2015, and compared to the prior year, are as follows:

	2015 £'000	2014 £'000
Income	77,386	75,612
Expenditure	74,172	71,442
Surplus on Continuing Operations	3,214	4,170
Taxation	(291)	-
Transfer from/(to) Endowments	998	(637)
Surplus retained within General Reserves	3,921	3,533
Investment in Fixed Assets	2,617	2,701
Borrowings	22,096	23,448
Short term Cash and Deposits	21,835	21,528
Net Cash Flow from Operating Activities	3,724	5,144
Net Liquidity Days	115	118

#### Income

The College's total income was £77.4m, an increase of 2.3% compared to the previous year. The main sources of income are shown in the following chart:



\* includes RDEC credit of £1.3m

With the introduction of the £9,000 UK/EU undergraduate tuition fee in 2012-13, the balance of funding for teaching has been shifting away from public funds (provided through the HEFCE Teaching Grant) towards student tuition fees which, for most UK students, are funded from student loans. Nevertheless, the HEFCE Teaching Grant continues to be an important income stream for the College as its programmes are in high-cost, primarily clinical, subject areas which continue to receive funding. As a consequence, the College was particularly hard hit by sector-wide in-year cuts to the HEFCE Teaching Grant for which the overall adverse impact compared to budget amounted to £1.1m. One-third of this arose late in the financial year, following the July 2015 Budget, limiting the mitigating action which could be taken.

With the declining unit of resource for UK/EU students, the College continues to target growth in international student numbers. Intake, though below target, was in line with that achieved for 2013-14. At £4.8m, international fees represented 27% of the College's total tuition fee income.

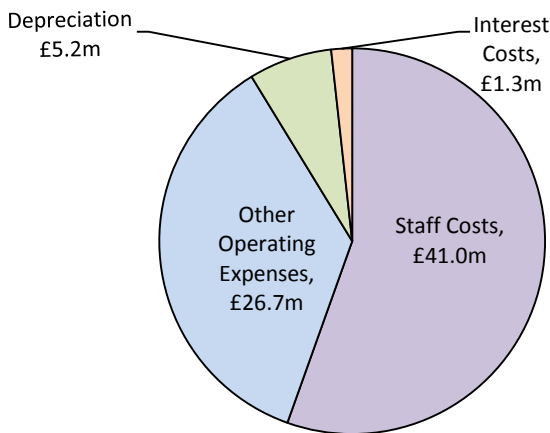
There was strong recruitment to the College's BSc programmes with a 50% increase on the prior year intake.

Earnings from clinical activities again showed a positive growth in income to £18.3m from £16.4m in the previous year. Of this, Clinical Services delivered £17.1m with a gross contribution of £1.1m which was a £0.4m improvement against budget and £0.5m compared to 2013-14.

Income from externally-funded research grants and contracts, at £10.5m, was marginally (3%) down on the previous year. The College secured grant awards of £13.0m in the 2014 calendar year which was slightly down on the previous year's figure of £13.3m. 2015 is proving to be more challenging: a reflection of the highly competitive funding environment.

**Expenditure**

Expenditure, at £74.1m, increased by 3.8% compared to the previous year. Staff costs increased by 6% due to a combination of increased staff numbers (associated with additional income generation), incremental pay progression and the 1% national pay award. Other operating expenses increased by 2%. The breakdown of costs is as follows:

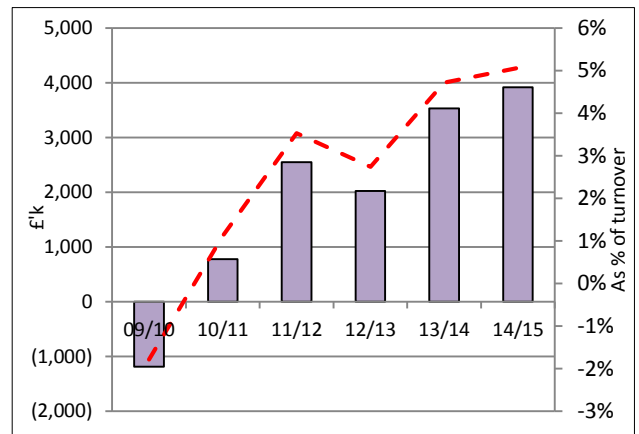


In response to the challenges posed by the reduction in HEFCE funding, the College has strictly controlled its cost base during the year, delivering staff costs savings against budget as posts have been gapped and the use of agency and casual staff reduced.

The College is also re-assessing its capital programme in the light of funding pressures and, as a result, some projects have been rescheduled giving rise to reduced in-year depreciation costs compared to budget.

**Operating surplus**

Overall, the Group is reporting a surplus of £3.9m (5% of turnover) which is an increase of £0.4m compared to 2014 and builds on the positive performance of recent years as shown in the following graph:



Whilst the outturn exceeded the budgeted surplus by £1.1m, it was, however, boosted by three "exceptional" one-off items amounting to £1.7m:

- In common with many other research-intensive universities, the RVC has taken the opportunity to claim Research and Development Expenditure Credits (RDEC) for the eligible period from April 2013 to July 2015. The claim for the first period has been submitted and an estimate made for the remaining periods for which, on external audit advice, an accrual has been made in the 2014-15 accounts. The amount involved is £1.3m and is reported as a separate line under Research Grants and Contracts Income in Note 3. The sum is subject to corporation tax of £0.3m which is reported under Taxation.
- Following a review of the College's endowment funds, certain balances, amounting to £0.4m, have been re-categorised as unrestricted and released to income in the year in accordance with accounting policy.
- Resolution of some historic potential liabilities has allowed a £0.3m release of provision.

Setting these aside, the underlying operating surplus for the year was £2.2m, a shortfall of £0.6m compared to budget with the outcome of in-year grant reductions being only partially mitigated by improvement in other income streams and management action to control costs.



### *Capital investment*

The College continues to invest in its physical infrastructure. During the year, investment has been made to enhance research, clinical and teaching facilities. At Camden, directed learning rooms were fully refurbished and brought up to modern standards; lecture theatre capacity was increased; roofs and steam generation plant were replaced; fire alarms were installed and new consulting rooms were created for the Beaumont Sainsbury Animal Hospital. At Hawkshead, back-up up electricity generating plant was installed and the principal water main was replaced removing a single point of failure. Student sports facilities at Hawkshead have been enhanced with the opening of a Multi-Use Games Area and planning permission has recently been granted for a new Sports Centre which should be operational by Easter 2017.

Investment in IT during 2014-15 has been focused in two areas: IT infrastructure and classroom technology. The College's core and peripheral network infrastructure has been completely replaced increasing resilience, capacity and network speeds. The student and staff teaching experience has been enhanced by investment in classroom technology with many teaching rooms and lecture theatres receiving audio-visual and conferencing upgrades, ranging from major overhauls to less complex installation of new screens and control panels. New self-service units have been installed in both libraries which are more resilient than the ageing units they replaced, occupy less space and are easier to use.

### *Borrowing*

Outstanding borrowing at 31 July 2015 was £22.1m (2014: £23.4m), representing a borrowing ratio (borrowings: total income) of 29%. This is a measure used by HEFCE in assessing debt levels and compares to a sector average of 26%. All of the College's debt has been used to fund activities with a specific on-going income stream, principally student residences. The debt is with the Royal Bank of Scotland and is at fixed rates of interest thereby giving certainty over future cash flows. The maximum duration of any loan is 25 years.

### *Treasury policy and investments*

The College's Treasury Policy seeks to ensure an appropriate return on investments at a level of risk agreed by the College Council. The College's long-term investments, the majority of which are endowment assets, are managed by Ruffer LP, who were appointed in October 2013. At 31 July 2015, the value of the portfolio held with Ruffer was £12.3m (2014: £11.2m) comprising a range of equity, fixed interest and cash funds. This included a £0.5m unrealised gain (2014: £0.9m loss) on the year-end market valuation.

The investment of working capital funds is monitored by the Finance and General Purposes Committee. Funds are placed for fixed-term periods with counterparties approved under the Treasury Policy.

### *Cash flows*

Cash generation from operating activities has been a priority as the College has built up its cash reserves over recent years to fund its capital investment plans. Key financial performance indicators relate to cash generation and utilisable cash balances. The College held cash and short-term deposits of £21.8m at 31 July 2015 (2014: £21.3m) representing 116 net liquidity days (2014: 118).

### *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). Both schemes were last formally valued on 31 March 2014. The USS is in substantial deficit and, to address this, the Trustee has approved fundamental changes to future employee benefits, along with increases to both employer and employee contributions, are due to come into effect from April 2016. The outcome of the SAUL valuation is awaited but it is also in deficit. A consultation proposing changes to scheme benefits and increases to employer contributions has recently closed. Subject to Trustee approval, the proposed changes will also take effect from April 2016.

### *Financial outlook*

Despite the difficult and uncertain public funding environment in recent years, the RVC has delivered healthy operating surpluses and built up sizeable cash reserves. This has been achieved through

targeted growth in our income streams and a robust and proactive approach to cost control. As a result our financial performance, as measured by key financial metrics, is in line with the rest of the sector.

Ongoing cuts to public funding represent a significant and increasing challenge to the College's sustainability. As a small, specialist institution, the impact on the RVC is more acute than for larger, multi-subject universities which cross-subsidise clinical and laboratory-based teaching from classroom based subjects. Moreover, data issued by HEFCE's Financial Sustainability and Strategy Group (FSSG) shows that Veterinary Sciences is the most expensive subject to teach. The College has recently made a submission to the HEFCE Institution-specific Funding call in support of continued funding under this initiative which is intended to protect high-cost and distinctive provision of the type we provide.

The College also recognises that it must continue to diversify and grow its income from non-public sources including international student recruitment and an improved contribution from clinical services and other commercial activities.

Value for money is high on the agenda. A re-shaping of our academic provision, both research and teaching, following the REF and QAA is underway to ensure there is appropriate focus on strategic priorities and on tangible outputs. Some of our administrative functions are also being re-structured into more cognate groupings with a view to deploying finite resources as effectively as possible.

We actively engage in collaborative procurement to deliver cost savings. Use of purchasing consortia has risen from 19% to 28% over the past two years (to 2014) making us one of the highest performing institutions nationally.

The College remains committed to investment in its estate and infrastructure. Following approval of the Sports Centre at Hawkshead Campus, planning is underway for the next phase of capital development to provide new teaching, research and administrative facilities. Some level of external financing is likely to be required for this and will be addressed as part of a refresh of the College's Financial Strategy.

## CHARITABLE STATUS AND PUBLIC BENEFIT STATEMENT for the year ended 31 July 2015

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The College is an exempt charity under the terms of the Charities Act 2011. It is monitored by HEFCE as Principal Regulator in accordance with the Charities Act 2011.

In setting and reviewing the College'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 issued by HEFCE in its role as principal regulator on behalf of the Charities Commission.

### General principles of public benefit

The main principles of public benefit in the Charities Act are as follows:

Principle 1: There must be an identifiable benefit or benefits

- It must be clear what the benefits are.
- The benefits must be related to the aims.
- Benefits must be balanced against any detriment or harm.

Principle 2: Benefit must be to the public, or a section of the public

- The beneficiaries must be appropriate to the aims.
- Where benefit is to a section of the public, the opportunity to benefit must not be unreasonably restricted:
  - by geographical or other restrictions; or
  - by ability to pay any fees charged.
- People in poverty must not be excluded from the opportunity to benefit.
- Any private benefits must be incidental.

### Delivery of public benefit from the mission and strategic aims

The College's mission and goals, approved by the Council for the Strategic Plan 2014-2019, address this directly:

#### Our mission:

To provide inspirational leadership and excellence in veterinary science through innovative scholarship and pioneering clinical activity.

#### Our goals:

- To be leaders in the delivery of high quality programmes in veterinary education and associated subjects.
- To provide student focused environments delivering an educational, cultural and social experience that will underpin all College activities.
- To deliver relevant, useful and economically sustainable research programmes of international significance to the animal health and comparative biomedical sector in the context of one health.
- To provide patient and client focused clinical care that is unrivalled in its commitment to quality and innovation.
- To be the employer of first choice for those seeking to work in the veterinary, biosciences and one health Higher Education sector.
- To have an impact on animal and human health through global reach and international partnerships.

### Delivery of public benefit through education and training

The provision of higher education remains one of the College's core activities. The primary beneficiaries are the students who participate in higher education at the College. Ultimately higher education provides a skilled population that can contribute to the enhancement of society and the economy through productive careers. In 2014-15, over four hundred and fifty students of the



College graduated from programmes of undergraduate, postgraduate and research study. As part of this process, graduates of the College's main undergraduate degree, the Bachelor of Veterinary Medicine, were also admitted into membership of the Royal College of Veterinary Surgeons and many of them go on to work in veterinary practices to provide expert advice and treatment for the benefit of both animals and their owners. Pleasingly over 92% of students on our BVetMed programme and over 95% of our veterinary nursing students were employed within 3 months of graduation. The College recognises the growing relevance to society and the economy of the veterinary profession's contribution to food production, the control of disease and animal welfare, and has re-profiled some of its academic activities in response to this.

The College is also one of the largest suppliers of veterinary Continuing Professional Development (CPD) and postgraduate professional certificates accredited by the Royal College of Veterinary Surgeons. It therefore contributes substantially to the public good through state-of-the-art veterinary services.

Since the internet is a publicly available resource, educational providers have recognised the opportunities for distance learning. In recent years the College has been developing better pedagogical expertise and technical capacity to support distance education courses at both undergraduate and postgraduate levels. Distance learning programmes allow students to study at their own pace from any location globally. In some of the College's highly specialised areas, distance learning creates a critical cohort mass of students thereby supporting 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.

### **Delivery of public benefit through research**

Researchers at the College are actively engaged in enhancing understanding in the basic biomedical sciences as well as in veterinary sciences. The vast majority of this research is undertaken for publication - often a condition of the research funder - and thus the outcomes of research activities add to the publicly available knowledge in these areas.

Research is undertaken so that it has the potential to enhance or change society for the better through increasing understanding, influencing behaviours and stimulating economic opportunities.

Increasingly, the outcomes of research into improving animal health and wellbeing are applicable to understanding and improving human as well as animal health (e.g. research into antimicrobial resistance, arthritis, neuromuscular disorders, tendon disease, type II diabetes, effect of dietary factors on vascular function, immune regulation and cancer). The College is actively involved in this 'one health' agenda. The findings of both areas of this work are being used to inform researchers working on these conditions in humans. A one health approach is also taken by the College in its research which addresses infectious disease problems that cross between wild and domestic animals and humans (e.g. Avian Influenza, Brucellosis, E-coli O157, Schistosomiasis, Toxoplasmosis, Campylobacter infections and antimicrobial resistance).

We participate with four other colleges of the University of London in jointly funding the London International Development Centre (LIDC) whose focus is on cross-disciplinary research, training and building local capacity for the developing world. The College is involved, through LIDC, in a number of interdisciplinary projects in which animal, medical and social science researchers are operating collaboratively, the ultimate goal of which is to improve the health and welfare of both humans and animals in developing countries.

### **Delivery of public benefit through outstanding clinical activity**

In the last year, RVC Clinical Services provided over 42,000 clinical contacts with animals presented through the College's range of clinical facilities, which are staffed and equipped to cater for the full range of farm and companion animal species from dogs, cats, and horses through to exotic pets.

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

## CHARITABLE STATUS AND PUBLIC BENEFIT

provision of routine clinical examinations and basic health care for all species to procedures which are much less widely available. These include standing MRI and CT investigations in horses, avoiding the need for general anaesthesia, and interventional radiological techniques in dogs and cats that facilitate advanced treatment of cardiac and respiratory disease. The College's clinical employees are also regular attendees at external events, such as shows and professional exhibitions, delivering lectures and workshops to audiences including the general public and farmers, as well as veterinary surgeons.

### Access to opportunity

The College actively encourages applications from all those with the academic ability to succeed, regardless of their background. One of the key elements of this institutional strategy is the Gateway programme, a one-year preparatory course providing a route into the full BVetMed degree. Students who attend state schools and fulfil a range of academic and socio-economic criteria are eligible for this pioneering course which has now been running for ten years. As well as the Gateway course, the College provides an extensive range of masterclasses, school visits and summer schools designed to encourage young people to realise their ambitions and to become students at the RVC. To further encourage wider participation and to ensure that aspiring students are not deterred by financial disadvantage, the College offers generous bursaries to assist with tuition fees and living costs.

For fifteen years, the College has organised annual residential summer schools as part of its access and participation strategies and each year a significant proportion of the attendees signify their intention to apply for our full-time degrees. The summer schools are currently supported by the Sutton Trust but the RVC also works in partnership with a range of other HEIs and networks in London and the South East to extend our outreach activity regionally and nationally. The number of primary and secondary school students involved in some aspects of RVC's access and participation work reached 20,000 in 2014-15. Academic staff and student ambassadors have once again demonstrated their commitment to widening participation and the high quality of their work is recognised throughout the sector; we have over 100 registered and trained ambassadors.

The College has a dedicated team of individuals within the RVC Access unit whose role is to ensure that the wider community, both nationally and internationally, is aware of the range of educational programmes offered by the College as well as our enhanced widening participation activities.

With regard to the College's clinical activities, the Beaumont Sainsbury Animals' Hospital in Camden operates as a first opinion practice for the local community, offering very competitive rates for treatment, and also undertakes particular charitable services for Dogs Trust and other charities in neutering animals before re-homing.

### Public and community engagement

In addition to raising educational aspirations through our work in schools, we seek to facilitate translation of our knowledge and understanding to wider benefit by promoting volunteering and community engagement thus contributing to social well-being.

Having embedded RVC Lates in the previous academic year, 2014-15 saw the activity strengthen both in quality and in the numbers of attendees. The events introduce the general adult public to the research undertaken at the RVC with a new theme chosen for each one. The College's Anatomy Museum continues to be a great educational resource and groups of all ages are introduced to the study of Anatomy and Animal Welfare. The College attends Science Fairs and Public Festivals around the country, including the Cheltenham Science Festival and the Green Man Festival. The RVC participates three times a year in the Family Days run by the Royal Institution which were attended by over 700 parents and children.

Our public and community work is supported by a number of societies and organisations including:

Francis Crick Institute, Wellcome Trust, Natural History Museum, Royal Society of Biology, Society of Physiology, Royal Institution, Royal Society of Chemistry.

### Sustainability

We aim to be an environmentally responsible organisation, recognising the direct and indirect

impact our activities have on the local, regional and global environment. The College is committed to the implementation of an Environmental Policy which reduces environmental impacts across key areas including energy and carbon, waste, transport and biodiversity.

The College's Carbon Management Plan sets out a strategy to achieve a 20% reduction in emissions by 2018. Energy consumption during the year was reduced through the use of smart metering solutions, an improved Building Energy Management System and an ongoing campaign of awareness raising.

To encourage greener travel, the College has expanded its shuttle bus provision increasing capacity, flexibility and frequency. The contract, which was tendered through a compliant OJEU process, was awarded to a Hertfordshire-based company thus contributing to the economic well-being of the local area.

Projects to improve biodiversity include hedge planting, clearing of ponds and woodland improvements.

The College encourages sustainable procurement and actively engages with suppliers to deliver sustainable solutions, where appropriate. Recent examples of good practice in sustainable procurement include the supply and use of fair trade products in catering services and the use of recycled/ecologically produced paper where possible. The recent implementation of a new print management strategy is delivering significant savings in the costs of paper, toners, consumables and electricity.

The College is proud to have been re-certified under the ISO 14001 environmental management system and ISO 9001 quality management standards.

## **RESPONSIBILITIES OF THE COLLEGE COUNCIL for the year ended 31 July 2015**

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The Council is required to present audited financial statements for each financial year. The Council is responsible for the maintenance and integrity of the College's corporate and financial information included on the College's website.

### **RECORD KEEPING AND ACCOUNTING**

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and enable it to ensure that the financial statements are prepared in accordance with the College's Charter, the Statement of Recommended Practice on Accounting for Further and Higher Education 2007 and other relevant accounting standards.

### **FINANCIAL STATEMENTS**

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

- that financial statements are prepared on the going concern basis. The Council is satisfied that the College has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements;
- that funds from HEFCE are used only for the purposes for which they have been given and in accordance with the Memorandum of Assurance and Accountability and any other conditions which the Funding Council may from time to time prescribe;

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

### **INTERNAL CONTROLS**

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

- clear definitions of the responsibilities and delegated authority of heads of academic and administrative departments;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- clearly defined and formalised requirements for approval and control of expenditure; investment decisions are subject to formal appraisal and review according to approval limits set by the Council;
- Financial Regulations setting out financial controls and procedures are approved by the Audit Committee and Council; and
- a professional Internal Audit team, provided by an external firm, whose annual programme is approved by the Audit Committee, and endorsed by the Council and whose head provides the Council with a report on internal audit activity within the College, and the adequacy and effectiveness of the College's system of internal control, including internal financial control.

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

## CORPORATE GOVERNANCE for the year ended 31 July 2015

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The College is committed to exhibiting best practice in all aspects of corporate governance. Throughout the year ended 31 July 2015, the College has been in compliance with the Guide for Members of Governing Bodies of Universities and Colleges in England and Wales that was issued by the Committee of University Chairmen (CUC) in 2004 and revised in 2009. It has, since the launch in December 2014 of the new Higher Education Code of Governance, completed a full Governance Review to ensure compliance with the new code and adherence more generally with best practice in Corporate Governance. The review is now in its action phase and, following a gap analysis of practice and process against the new code, the RVC is confident that it is broadly compliant with all those elements that it must comply with but is now in the process of ensuring that its compliance with the code is as effective and efficient as it should be. In accordance with the CUC Code, the RVC has adopted a Statement of Primary Responsibilities as part of its governance arrangements.

The Council of the College recognises that there is an on-going process for identifying, evaluating and managing the College's significant risks and that this process has been in place for the year ending 31 July 2015 and up to the date of the Council's approval of the Annual Report and Accounts. The Risk Register is available to Council Members at every meeting and the process for risk management mentioned above accords with the internal control guidance of the CUC (cf. 1 above).

The College can trace its history as a corporate body back to 1791 and is an independent corporation, whose legal status derives from its Royal Charter. Its objects, powers and framework of governance are set out in this Charter and its supporting Statutes, which were most recently revised in 2010.

The Charter and Statutes require that the governance of the College 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 College (known as independent members and numbering 11 out of 18 Council Members) from whom the Chairman, Vice-Chairman and Hon Treasurer are elected. None of the independent members receives any payment for the work done for the College, apart from the reimbursement of expenses, if claimed.

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

The Principal is the Chief Executive of the College, who, under the Statutes, is responsible for the conduct of the College and exercises considerable influence on the development of institutional strategy, the identification and planning of new developments and the shaping of institutional ethos. In these aspects of the Principal's portfolio of responsibilities, senior staff contribute collaboratively. Under the terms of the formal Memorandum of Assurance and Accountability between the College and the Higher Education Funding Council for England, the Principal is the Accountable Officer of the College 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



## CORPORATE GOVERNANCE

at its Committees. All Council Committees are formally constituted with terms of reference and specified membership and report to the Council.

The Finance and General Purposes Committee meets four times a year and *inter alia* recommends to Council the adoption of the College's Financial, Estate and Human Resource Strategies. It recommends to Council the annual revenue and capital budgets and monitors performance in relation to the approved budgets. It also monitors the performance of the College's investments.

The Remuneration Committee, which is comprised of independent members of Council, meets annually to determine the remuneration of the most senior staff, including the Principal.

The Audit Committee meets four times a year (with the College's external / internal auditors in attendance as appropriate) and considers detailed audit reports, together with recommendations for the improvement of the College's systems of internal control and management's response thereto. It also receives and considers reports from the Higher Education Funding Council for England as they affect the College's business and monitors adherence to regulatory requirements. The Council receives reports on risk and control from the Audit Committee, whose emphasis is on ensuring that the relevant degree of assurance is provided and is not merely reporting by exception. The Council itself also receives regular reports from the Safety Committee which include recommendations for improvement and the Audit Committee's role in this area is confined to a high level review of the arrangements for internal control. Whilst some senior staff attend Audit Committee meetings when necessary, they are not members of the Committee. The Audit Committee does have the opportunity to meet without members of staff being present.

The Principal and the College's senior managers receive reports setting out key risk indicators and consider possible control issues. The Risk Register is regularly reviewed and amended as appropriate. Good progress has been made in implementing the risk management process at the College, however, it is recognised that there is still further work needed to ensure that the process is fully embedded at all levels within the organisation.

In compliance with the Charity Commission [[www.charitycommission.gov.uk](http://www.charitycommission.gov.uk)], the College maintains a Register of Interests of members of the Council. Any enquiries about the constitution and governance of the College should be addressed to the Secretary to the Council.

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

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

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

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We have audited the Group and College financial statements (the "financial statements") of the Royal Veterinary College for the year ended 31 July 2015 which comprise the Consolidated Income and Expenditure Account, the Consolidated and College Balance Sheets, the Consolidated Cash Flow Statement, the Statement of Consolidated Total Recognised Gains and Losses, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Council, in accordance with the Charters and Statutes of the College. Our audit work has been undertaken so that we might state to the Council those matters we are required to state to it 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 Council for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Council and auditor**

As explained more fully in the Responsibilities of the College Council statement, the Council is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Operating and Financial Review to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the Group and College as at 31 July 2015 and of the Group's income and expenditure, recognised gains and losses and cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education; and
- meet the requirements of HEFCE's *Accounts direction to higher education institutions for 2014-15 financial statements*.

**Opinion on other matters prescribed in the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992**

In our opinion, in all material respects:

- funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the College's Statutes;
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them; and
- the corporate governance and internal control requirements of HEFC's *Accounts direction to higher education institutions for 2014-15 financial statements* have been met.



Neil Thomas  
For and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square  
London E14 5GL  
30 November 2015



**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**  
for the year ended 31 July 2015

	Year ended 31 July 2015 Group	Year ended 31 July 2014 Group	
Note	£'000	£'000	
<b>INCOME</b>			
Funding body grants	1	21,323	23,438
Tuition fees and education contracts	2	18,011	16,141
Research grants and contracts	3	11,791	10,728
Clinical and related earnings		18,311	16,410
Other income	4	7,674	7,763
Endowment and investment income	5	276	341
Investment portfolio transfer	5	-	791
<b>TOTAL INCOME</b>		<u>77,386</u>	<u>75,612</u>
<b>EXPENDITURE</b>			
Staff costs	6	40,969	38,762
Other operating expenses	8	26,747	26,223
Depreciation	8	5,165	5,016
Interest and other finance costs	7	1,291	1,441
<b>TOTAL EXPENDITURE</b>		<u>74,172</u>	<u>71,442</u>
<b>Surplus after depreciation of tangible fixed assets at valuation and before tax</b>		<b>3,214</b>	<b>4,170</b>
Taxation	9	291	-
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax		2,923	4,170
Transfer from/(to) accumulated income in endowment funds	20	998	(637)
<b>SURPLUS RETAINED WITHIN GENERAL RESERVES</b>		<b>3,921</b>	<b>3,533</b>

The consolidated income and expenditure relates wholly to continuing operations.

The notes on pages 31 to 51 form an integral part of these financial statements.

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
for the year ended 31 July 2015

		Year ended 31 July 2015 Group £'000	Year ended 31 July 2014 Group £'000
	Note		
Surplus on continuing operations after depreciation of assets at valuation and disposal of assets and tax		2,923	4,170
Increase / (Decrease) in market value of investments	20	1,131	(875)
New endowment funds	20	952	278
Transfer from endowment reserves	20	(361)	-
Endowments transferred to deferred capital grants	20	-	(181)
Revaluation of heritage assets	10	-	507
Other movements		21	-
<b>TOTAL RECOGNISED GAINS/(LOSSES) IN THE YEAR</b>		<u>4,666</u>	<u>3,899</u>
<b>Reconciliation</b>			
Opening reserves and endowments		43,064	39,165
Total recognised gains relating to the year		<u>4,666</u>	<u>3,899</u>
<b>CLOSING RESERVES AND ENDOWMENTS</b>		<u>47,730</u>	<u>43,064</u>

The notes on pages 31 to 51 form an integral part of these financial statements.

## BALANCE SHEETS for the year ended 31 July 2015

	Note	Group		College	
		2015 £'000	2014 £'000	2015 £'000	2014 £'000
<b>Fixed Assets</b>					
Tangible Fixed Assets	10	70,720	73,665	69,313	72,068
Investments	11	408	20	531	143
		<u>71,128</u>	<u>73,685</u>	<u>69,844</u>	<u>72,211</u>
<b>Endowment Asset Invements</b>	12	11,882	11,158	10,118	9,650
<b>Current Assets</b>					
Stocks	13	959	807	947	796
Debtors - amounts falling due within one year	14	8,048	6,457	8,195	7,889
Debtors - amounts falling due after more than one year	15	-	-	2,404	2,815
Investments - short term		10,000	5,000	10,000	5,000
Cash at bank and in hand		11,835	16,528	11,411	14,532
		<u>30,842</u>	<u>28,792</u>	<u>32,957</u>	<u>31,032</u>
Creditors - amounts falling due within one year	16	(16,416)	(17,780)	(17,566)	(19,321)
Provisions for current liabilities	17	(2,124)	(3,093)	(2,124)	(3,093)
<b>Net current assets</b>		<u>12,302</u>	<u>7,919</u>	<u>13,267</u>	<u>8,618</u>
Creditors - amounts falling due after more one year	18	(20,744)	(22,072)	(20,744)	(22,072)
<b>TOTAL NET ASSETS</b>		<u>74,568</u>	<u>70,690</u>	<u>72,485</u>	<u>68,407</u>
<b>Deferred Capital Grants</b>	19	26,838	27,626	26,419	27,137
<b>Endowments</b>					
Expendable Endowments	20	8,426	3,175	6,662	1,711
Permanent Endowments	20	3,456	7,983	3,456	7,939
		<u>11,882</u>	<u>11,158</u>	<u>10,118</u>	<u>9,650</u>
<b>General reserves</b>	21	35,848	31,906	35,948	31,620
<b>TOTAL FUNDS</b>		<u>74,568</u>	<u>70,690</u>	<u>72,485</u>	<u>68,407</u>

The notes on pages 31 to 51 form an integral part of these financial statements.

The financial statements on pages 23 to 51 were approved by the Council on 25 November 2015 and signed on its behalf by:



Lord Curry of Kirkharle  
Chairman of Council



Mr CJ Perrin CBE  
Honorary Treasurer



Professor Stuart Reid  
Principal

## CASH FLOW STATEMENT for the year ended 31 July 2015

	Year ended 31 July 2015 Group	Year ended 31 July 2014 Group	
Note	£'000	£'000	
Net cash inflow from operating activities	22	3,724	5,144
Returns on investments and servicing of finance	23	(1,015)	(309)
Capital expenditure and financial investment	24	(572)	(1,849)
Cash inflow before liquid resourcing and financing		<u>2,137</u>	<u>2,986</u>
Management of liquid resources - short term deposits		(5,000)	9,971
Financing	25	(1,352)	(901)
<b>(DECREASE) / INCREASE IN CASH IN THE YEAR</b>		<u><b>(4,215)</b></u>	<u><b>12,056</b></u>
 <b>RECONCILIATION OF CASH FLOW TO MOVEMENT IN NET FUNDS</b>			
(Decrease) / increase in cash in the period		(4,215)	12,056
Change in short term deposits		5,000	(9,971)
Change in debt	26	1,352	901
Change in net debt		<u>2,137</u>	<u>2,986</u>
Net (debt) / funds at 1 August	26	(1,060)	(4,046)
Net funds / (debt) at 31 July	26	<u>1,077</u>	<u>(1,060)</u>

The notes on pages 31 to 51 form an integral part of these financial statements.

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES for the year ended 31 July 2015

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### 1. BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention modified by the revaluation of certain fixed assets and investments, and in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007 and applicable accounting standards. They conform to guidance published by the Higher Education Funding Council for England.

### 2. GOING CONCERN

The College's activities, together with the factors likely to affect its future development, performance and position are set out in the Operating and Financial Review. The financial position of the College, its cash flows, liquidity position and borrowing facilities are also described in the Operating and Financial Review. The College has considerable financial resources. The Council has a reasonable expectation that the College and its subsidiary undertakings have adequate resources to continue in operational existence for the foreseeable future. Accordingly the Council continues to adopt the going concern basis in preparing the annual financial statements.

### 3. BASIS OF CONSOLIDATION

The results of the College's subsidiary undertakings and undertakings in which it has a controlling interest have been consolidated in the financial statements and details of these are outlined in Note 11. Intra-group transactions are eliminated upon consolidation.

The activities of the Royal Veterinary College Students' Union have not been consolidated on the grounds that the College does not operate a significant influence over its activities.

### 4. RECOGNITION OF INCOME

The recurrent grants from the funding council represent the funding allocations which are attributable to the current financial year and are credited directly to the income and expenditure account.

Tuition fees represent all fees chargeable to students or their sponsors, received and receivable, which are attributable to the current accounting period, net of discounts. The cost of any fees waived by the College is deducted from tuition fee income. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

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

Donations with restrictions are recognised when relevant conditions have been met: in many cases recognition is directly related to expenditure incurred on specific purposes. Donations which are to be retained for the benefit of the institution are recognised in the statement of total recognised gains and losses and in endowments. Other donations are recognised by inclusion as other income in the income and expenditure account. Donations to fund capital investment are treated as deferred capital grants and a transfer made to the income and expenditure account over the useful economic life of the asset, at the same rate as the depreciation charge on the asset on which the donation was expended.

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

## PRINCIPAL ACCOUNTING POLICIES

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

Income from endowments and donations is included in full in the Income and Expenditure account. Income from endowment assets is recognised in line with the conditions attached to the College's right to the investment income.

The College acts as an agent in the collection and payment of hardship funds and training bursaries from the funding bodies. Related receipts from HEFCE and subsequent disbursements to students are excluded from the income and expenditure account.

### 5. TAXATION STATUS

The College is an exempt charity under Schedule 3 of the Charities Act 2011 and as such is a charity within the meaning of section 506(1) of the Income and Corporation Taxes Act 1998 (ICTA 1998). Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of the ICTA 1988 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The subsidiary companies are subject to Corporation Tax but can reduce their profits subject to Corporation Tax to the extent that these are gift aided to the College.

The College, London BioScience Innovation Centre and the Animal Care Trust are VAT registered as a group. The College's VAT group receives no exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT in relation to tangible fixed assets is included in their cost.

### 6. LAND AND BUILDINGS

Land and buildings are stated at historical cost.

Costs incurred in relation to a tangible fixed asset, after its initial purchase or production, are

capitalised to the extent that they increase the expected future benefits from the existing tangible fixed asset beyond its previously assessed standard of performance. The costs of any such enhancements are added to the gross carrying amount of the tangible fixed asset concerned.

Leasehold premises are depreciated over the shorter of the remaining lease term and their expected useful economic life, the charge being based on the amount at which the tangible fixed asset is included in the balance sheet.

Expenditure to ensure that a tangible fixed asset maintains its previously recognised standard of performance is recognised in the profit and loss account in the period it is incurred.

#### 6(a) Depreciation and Deferred Capital Grants

Freehold land is not depreciated. Buildings are depreciated over their expected useful economic lives to the College of between 20 and 25 years on the amount at which the tangible fixed asset is included in the balance sheet. No depreciation is charged on assets in the course of construction. Depreciation is charged in the year in which the asset is brought into use from the month in which it is brought into use with the depreciation being calculated on a straight line monthly basis.

Where premises have been enhanced or developed with the aid of specific grants or donations, they are capitalised and depreciated as above, with the related grant credited to a deferred capital grant account and released to income within the profit and loss account over the shorter of the remaining lease term and the expected useful economic life of the enhancement or development.

#### 6(b) Repairs and maintenance

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

### 6(c) Heritage Assets

Works of art, other valuable artefacts and the historic library collection (heritage assets) and valued at over £5,000 have been capitalised and recognised, based on valuations carried out by specialist valuers. Heritage assets are not depreciated since their long economic life and high residual value mean any depreciation would not be material.

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

### 7. EQUIPMENT

Equipment and furniture costing less than £5,000 per individual item and which does not form part of a larger set of equipment, is written off as expenditure in the profit and loss account in the period of acquisition. All other equipment is capitalised at cost.

All assets are depreciated over their useful economic lives to the College of between 3 and 7 years, except that any equipment integral to 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 calculated on a straight line monthly basis.

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

### 8. INVESTMENTS

Listed investments held as fixed assets or endowment assets are shown at market value. Investments in subsidiary undertakings are included in the balance sheet at cost.

Income earned by the endowed assets and revaluation gains / losses are credited directly to the endowments. Surpluses or deficits arising on the revaluation or realisation of endowment asset investments are added to, or subtracted from, the funds concerned.

### 9. STOCK

The stock comprises stores held by clinics, farm livestock, produce and some building maintenance supplies. Stocks are stated at the lower of their cost and net realisable value except in the case of farm livestock where some livestock valuations are available externally. Stocks of consumables held for administrative purposes and in academic departments are not valued.

### 10. CASH FLOWS AND LIQUID RESOURCES

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

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

### 11. FOREIGN CURRENCY TRANSACTIONS

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

### 12. ACCOUNTING FOR RESEARCH AND DEVELOPMENT

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

## PRINCIPAL ACCOUNTING POLICIES

the outcome of the project has been assessed to be reasonably certain.

### 13. INTRA-GROUP TRANSACTIONS

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

## 14. ACCOUNTING FOR CHARITABLE DONATIONS

### 14(a) Unrestricted donations

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

### 14(b) Endowment funds

Where charitable donations are to be retained for the benefit of the College (or of the Royal Veterinary Animal Care Trust as applicable) as specified by the donors, these are accounted for as endowments. There are three main types:

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

### 14(c) Donations for fixed assets

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

## 15. PENSION BENEFITS

The College contributes to the Universities Superannuation Scheme (USS) and the Superannuation Arrangements for the University of London (SAUL). Both schemes are defined benefit schemes and because of the mutual nature of the schemes, the schemes' assets are not hypothecated to individual institutions and scheme-wide contribution rates are set. The institution 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 schemes on a consistent and reasonable basis. In accordance with FRS 17 these schemes are accounted for on a defined contribution basis and contributions to these schemes are included as expenditure in the period in which they are payable.

## 16. PROVISIONS AND CONTINGENT LIABILITIES

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

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



**NOTES TO THE ACCOUNTS**  
for the year ended 31 July 2015

**1. FUNDING BODY GRANTS**

	Note	2015 £'000	2014 £'000
Recurrent grants			
Teaching		13,753	15,783
Research		5,123	5,210
Specific grants			
Higher Education Innovation Fund		1,133	1,279
National Scholarships Programme		34	105
London Postgraduate Mentoring Project		80	-
Deferred capital grants released in year :			
Buildings	19	1,055	916
Equipment	19	145	145
		<u>21,323</u>	<u>23,438</u>

**2. TUITION FEES AND EDUCATION CONTRACTS**

	2015 £'000	2014 £'000
Full-time undergraduate students - UK and EU	9,877	7,973
Full-time postgraduate students - UK and EU	1,406	1,261
Part-time undergraduate students - UK and EU	55	56
Part-time postgraduate students - UK and EU	138	144
International students	4,812	4,938
<b>Higher Education Course Fees</b>	<u>16,288</u>	<u>14,372</u>
Research training support grants	930	1,069
Short course fees	793	700
	<u>18,011</u>	<u>16,141</u>

Following a review, income received in support of research training has been re-classified from Research Grants (Note 3) to Tuition Fees (research training support grants). The 2013-14 figures have been re-presented accordingly.

### 3. RESEARCH GRANTS AND CONTRACTS

	2015	2014
	£'000	£'000
Research Councils	3,336	3,727
UK Charities	1,701	1,662
UK Government Bodies	675	1,341
UK Industry and Commerce	856	1,137
EU Government Bodies	2,506	1,748
EU Other	692	716
Other International	666	357
Other Source of Funding	15	40
	<u>10,447</u>	<u>10,728</u>
UK Government Research Development Expenditure Credit (RDEC)	1,344	-
	<u>11,791</u>	<u>10,728</u>

During 2014-15, the RVC identified the opportunity to make a claim under the Research Development Expenditure Credits (RDEC) scheme for tax credits relating to eligible research activities undertaken since 1 April 2013. In the July 2015 Budget, the UK Government announced that, with effect from 31 July 2015, higher education institutions would no longer be able to claim the credits. The RVC has submitted a claim for the period to 31 July 2013 and an estimate of the amount claimable has been made for the period to 31 July 2015 and included in the accounts on advice from the external auditors.

### 4. OTHER INCOME

	2015	2014
	£'000	£'000
Residences, catering and conference income	2,978	2,597
Release from deferred capital grants	19 875	953
Rent and other income	1,336	1,986
Donations, gifts and legacies received	648	688
Subsidiaries trading income	1,837	1,539
	<u>7,674</u>	<u>7,763</u>

### 5. ENDOWMENT AND INVESTMENT INCOME

	2015	2014
	£'000	£'000
Income from expendable endowments	20 90	169
Income from permanent endowments	20 39	80
Income from short-term investments	147	92
<b>Endowment and investment income</b>	<u>276</u>	<u>341</u>
Investment portfolio transfer (2013/14)	-	791
<b>Total</b>	<u>276</u>	<u>1,132</u>

## 6. STAFF COSTS

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

	2015	2014
	Number	Number
Teaching and Research Departments	313	303
Academic Services	135	128
Administration and Central Services	53	50
Premises	70	70
Clinical and related services	199	186
	<u>770</u>	<u>737</u>

### Staff costs for the above:

	2015	2014
	£'000	£'000
Salaries	33,735	32,043
Social security costs	2,646	2,493
Occupational pension scheme costs - employer contributions	28 4,243	3,946
Restructuring and redundancy costs	345	280
	<u>40,969</u>	<u>38,762</u>

### Emoluments of the Principal

	2015	2014
	£'000	£'000
Salary	239	232
USS Pension Contributions	40	39
Benefit in kind	39	39
	<u>318</u>	<u>310</u>

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

	2015	2014
	No of Staff	No of Staff
£100,001 to £110,000	1	1
£110,001 to £120,000	3	2
£120,001 to £130,000	3	5
£130,001 to £140,000	1	1
£140,001 to £150,000	3	1
	<u>11</u>	<u>10</u>

**7. INTEREST AND OTHER FINANCE COSTS**

	2015 £'000	2014 £'000
Interest on bank loans not wholly repayable within 5 years	1,291	1,441

**8. ANALYSIS OF EXPENDITURE**

2014/15	Staff Costs £'000	Other Operating Expenses £'000	Depreciation / Impairment £'000	Interest Payable £'000	2015 Total £'000
Academic Departments	13,773	3,087	-	-	16,860
Academic Services	2,548	1,540	161	-	4,249
Research Grants and Contracts	3,733	4,188	-	-	7,921
Residences, Catering and Conference Services	270	1,358	842	1,151	3,621
Premises	1,972	3,417	3,948	-	9,337
Administration and Central Services	4,715	2,640	-	-	7,355
Clinical and other services (College)	12,274	4,323	-	-	16,597
Subsidiaries	583	1,119	213	140	2,055
General education expenditure	860	4,307	-	-	5,167
Staff and student facilities	241	768	1	-	1,010
	<u>40,969</u>	<u>26,747</u>	<u>5,165</u>	<u>1,291</u>	<u>74,172</u>

The Depreciation charge has been funded by:

Deferred capital grants released - buildings (note 19)	1,869
Deferred capital grants released - equipment (note 19)	206
General income	3,090
	<u>5,165</u>

Included in Other Operating Expenses are:

External auditor's fees for the College of £40,231
External auditor's fees for other audit work of £16,132
External auditor's fees for non-audit services of £28,978
Reimbursement of Council members' expenses of £4,870

8. ANALYSIS OF EXPENDITURE continued

2013/14	Staff	Other	Depreciation	Interest	2014 Total
	Costs	Operating	/ Impairment	Payable	
	£'000	Expenses	£'000	£'000	£'000
Academic Departments	12,679	2,768	-	-	15,447
Academic Services	2,515	1,415	197	-	4,127
Research Grants and Contracts	3,880	3,454	-	-	7,334
Residences, Catering and Conference Services	269	1,323	-	1,306	2,898
Premises	1,956	3,975	913	-	6,844
Administration and Central Services	4,857	3,054	3,649	-	11,560
Clinical and other services (College)	10,859	4,462	-	-	15,321
Subsidiaries	727	1,169	257	135	2,288
General education expenditure	807	3,852	-	-	4,659
Staff and student facilities	213	751	-	-	964
	<b>38,762</b>	<b>26,223</b>	<b>5,016</b>	<b>1,441</b>	<b>71,442</b>

The Depreciation charge has been funded by:

Deferred capital grants released - buildings (note 19)	1,697
Deferred capital grants released - equipment (note 19)	317
General income	3,002
	<b>5,016</b>

Included in Other Operating Expenses are:

- External auditor's fees for the College of £41,030
- External auditor's fees for other audit work of £58,215
- External auditor's fees for non-audit services of £4,045
- Reimbursement of Council members' expenses of £2,826

9. TAXATION

	2015 £'000	2014 £'000
<b>Current tax</b>		
UK Corporation Tax for the year	291	-
Total tax credit	<u>291</u>	<u>-</u>
Tax paid in the year	<u>291</u>	<u>-</u>

**Factors affecting the tax charge:**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK.

The difference is explained below:

	2015 £'000	2014 £'000
Surplus before taxation	<u>3,921</u>	<u>3,649</u>
Surplus multiplied by the standard rate of corporation tax in the UK of 20.67% (2014: 22.33%)	810	815
Tax charge on the surplus falling within charitable exemption	(742)	(746)
Impact of change in corporation tax rate	13	-
Other differences	209	(69)
<b>Current tax charge</b>	<u>291</u>	<u>-</u>

The charge for corporation tax in the year ended 31 July 2015 relates to the tax withheld by HM Government relating to the Research Development Expenditure Credit (RDEC) scheme. Further details of the receipt of RDEC grant receivable are provided in Note 3.

**10. TANGIBLE FIXED ASSETS****Group**

	<b>Freehold Properties</b>	<b>Furniture and Equipment</b>	<b>Assets in the course of construction</b>	<b>Heritage Assets</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>COST</b>					
At 1 August 2014	106,253	6,145	1,273	4,114	117,786
Additions	741	1,069	807	-	2,617
Revaluations	-	-	-	3	3
Write-off	(400)	-	-	-	(400)
Transfers	481	(28)	(453)	-	-
At 31 July 2015	<b>107,075</b>	<b>7,187</b>	<b>1,627</b>	<b>4,117</b>	<b>120,006</b>
<b>DEPRECIATION</b>					
At 1 August 2014	(39,794)	(4,326)	-	-	(44,121)
Charge in the year	(4,345)	(820)	-	-	(5,165)
At 31 July 2015	(44,140)	(5,147)	-	-	(49,286)
Net Book Value at 31 July 2015	<b>62,935</b>	<b>2,040</b>	<b>1,627</b>	<b>4,117</b>	<b>70,720</b>
Net Book Value at 31 July 2014	66,459	1,819	1,273	4,114	73,665

**College****COST**

At 1 August 2014	102,023	6,069	1,274	4,114	113,481
Additions	741	1,045	807	-	2,593
Revaluations	-	-	-	3	3
Write-off	(400)	-	-	-	(400)
Transfers	481	(28)	(453)	-	-
At 31 July 2015	<b>102,845</b>	<b>7,086</b>	<b>1,628</b>	<b>4,117</b>	<b>115,677</b>

**DEPRECIATION**

At 1 August 2014	(37,149)	(4,263)	-	-	(41,412)
Charge in the year	(4,133)	(819)	-	-	(4,952)
At 31 July 2015	(41,282)	(5,082)	-	-	(46,364)

Net Book Value at 31 July 2015

**61,563**      **2,004**      **1,628**      **4,117**      **69,313**

Net Book Value at 31 July 2014

64,874      1,806      1,274      4,114      72,068

Assets in the course of construction once capitalised and subsequently added to Freehold properties will be depreciated over specific life periods. Only at point of completion will the assets in the course of construction be re-classified. Heritage assets are held for their contribution to knowledge and culture. The assets recognised as such are principally works of art and illustrations of the racehorse Eclipse (the post-mortem examination of Eclipse in 1789 was in effect the beginning of the veterinary profession in the UK) and a collection of historic veterinary books and articles dating from the 18th Century. Works of art are stated at their insurance valuation. These assets are formally re-valued every 3 years. The most recent valuation was undertaken for the year ended 31 July 2014.

Reconciliation of the fixed asset register at the end of 2014/15 identified that an adjustment was required of £772,000 to the College's fixed asset balance at 31 July 2014 and this is now reflected in the balances above.



## 11. INVESTMENTS

	Group		College	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Listed investments	407	-	407	-
Subsidiary undertakings	-	-	123	123
Other investments	1	20	1	20
	<b>408</b>	<b>20</b>	<b>531</b>	<b>143</b>

Listed investments comprise stocks, the majority of which are managed by our external investment managers Ruffer LLP. These investments have been valued at 31 July 2015.

Other investments comprise shares received in lieu of payment or as a donation which are not currently placed with our investment managers. These are held in the accounts at face value.

The College's subsidiaries and its percentage shareholding in each 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 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

The College is the sole Trustee of the Royal Veterinary College Animal Care Trust, a charity registered with the Charity Commission in England and Wales (charity no. 281571). Therefore the accounts of the Animal Care Trust are fully consolidated in the College's accounts.

London BioScience Innovation Centre Limited and the Animal Care Trust are part of the Royal Veterinary College VAT Group. RVC Developments Limited has separate VAT registration. Royal Veterinary College (Hong Kong) Limited pays the appropriate taxation in Hong Kong.

## 12. ENDOWMENT ASSET INVESTMENTS

	Group		College	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
<b>At 1 August</b>	<b>11,158</b>	<b>10,982</b>	<b>9,650</b>	<b>9,498</b>
Additions	5,330	10,940	4,505	9,564
Disposals	(5,136)	(10,694)	(4,442)	(9,349)
Increase/(Decrease) in year-end market valuation	459	(875)	397	(882)
Transfer (out of) / into endowment funds	(406)	317	(406)	317
Change in cash	478	488	413	502
<b>Balance at 31 July</b>	<b>11,882</b>	<b>11,158</b>	<b>10,118</b>	<b>9,650</b>

The investments comprise funds invested in:

Fixed interest funds	4,091	3,793	3,538	3,280
UK equities	576	1,186	394	1,025
Overseas equities	4,444	5,319	3,843	4,601
Cash at bank	1,338	860	1,124	744
Other investments	1,433	-	1,219	-
	<b>11,882</b>	<b>11,158</b>	<b>10,118</b>	<b>9,650</b>

During 2013-14 the Group effected a change in fund manager from BlackRock to Ruffer LLP. As a result of this change all existing positions were closed and the funds generated were reinvested. Consequently there was significant activity to acquire and dispose of endowment assets during that year.

## 13. STOCKS

	Group		College	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Consumables	701	577	689	566
Farm Stock	258	230	258	230
	<b>959</b>	<b>807</b>	<b>947</b>	<b>796</b>

**14. DEBTORS – AMOUNTS DUE WITHIN ONE YEAR**

	Group		College	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Trade debtors	4,361	3,583	3,546	3,096
Research grant debtors	1,716	2,047	1,717	2,047
Amounts owed by subsidiary undertakings	-	-	965	2,053
Other debtors	20	78	46	85
Prepaid expenses and accrued income	898	749	868	608
Government grant debtor - RDEC	1,053	-	1,053	-
	<b>8,048</b>	<b>6,457</b>	<b>8,195</b>	<b>7,889</b>

The amounts owed by subsidiary undertakings include loans to RVC Hong Kong Limited and London BioScience Innovation Centre Ltd.

The breakdown of these loans is as follows:

RVC has provided a loan to RVC Hong Kong Limited at commercial rates. The value of this loan at 31 July 2015 was £518,308 (2014: £568,847).

At 31 July 2015 the value for the loan provided to London BioScience Innovation Centre Limited (LBIC) was £2.1m (2014: £2.3m) of which £190,000 is due within one year. The loan is on commercial terms and mirrors the arrangements for the loan held by the College to fund the development of the McFadyean building occupied by LBIC. The loan is not expected to be fully repaid until 2024.

**15. DEBTORS – AMOUNTS DUE AFTER ONE YEAR**

	Group		College	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Loans to subsidiary undertakings	-	-	2,404	2,815
	<b>-</b>	<b>-</b>	<b>2,404</b>	<b>2,815</b>

The loans to subsidiary undertakings consists of the long-term portion of the loans advanced to subsidiaries detailed in note 15 above.

**16. CREDITORS – AMOUNTS DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>College</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Unsecured loans	1,352	1,376	1,352	1,376
Trade creditors	1,162	2,545	1,059	2,940
Amounts owed to subsidiary undertakings	-	-	1,558	897
Research grant creditors	6,664	8,945	6,664	9,066
Social security and other taxation payable	1,708	1,608	1,630	1,759
Other creditors	774	196	680	182
Accruals and deferred income	4,756	3,110	4,623	3,101
	<b>16,416</b>	<b>17,780</b>	<b>17,566</b>	<b>19,321</b>

**17. PROVISIONS FOR CURRENT LIABILITIES**

	<b>Group</b>		<b>College</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance at 1 August	<b>3,093</b>	<b>4,526</b>	<b>3,093</b>	<b>4,526</b>
Increase in provisions	75	-	75	-
Release of provisions no longer required	(724)	(250)	(724)	(250)
Utilisation of provisions	(320)	(1,183)	(320)	(1,183)
Balance at 31 July	<b>2,124</b>	<b>3,093</b>	<b>2,124</b>	<b>3,093</b>

18. CREDITORS – AMOUNTS DUE AFTER ONE YEAR

	Group		College	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Unsecured loans due after more than one year	<u>20,744</u>	<u>22,072</u>	<u>20,744</u>	<u>22,072</u>
Due in 5 or more years	15,394	16,767	15,394	16,767
Due between 2 and 5 years	4,031	3,977	4,031	3,977
Due between 1 and 2 years	1,319	1,328	1,319	1,328
Due after more than one year	<u>20,744</u>	<u>22,072</u>	<u>20,744</u>	<u>22,072</u>
Due within 1 year	<u>1,352</u>	<u>1,376</u>	<u>1,352</u>	<u>1,376</u>
Total unsecured loans	<u>22,096</u>	<u>23,448</u>	<u>22,096</u>	<u>23,448</u>

Included in the loans are the following:

Lender	Amount	Term ends	Interest rate
	£'000		%
Salix	24	September 2015	Nil
HEFCE (Revolving Green Fund)	104	November 2016	Nil
RBS	2,076	March 2024	5.26
RBS	1,607	January 2026	5.66
RBS	1,571	January 2026	5.66
RBS	16,714	November 2034	5.90
	<u>22,096</u>		

All loans are with the College. The College's Treasury Policy seeks to ensure certainty of interest charges by fixing interest rates over the life of the loans. This has been achieved through taking out floating-to-fixed interest rate swaps. Under these arrangements, the College agrees with other parties to exchange, at specific intervals (primarily quarterly), the difference between fixed contract rates and floating-rate interest amounts as calculated with reference to the agreed notional rates.

**19. DEFERRED CAPITAL GRANTS**

<b>Group</b>	<b>Funding Council £'000</b>	<b>Other Grants £'000</b>	<b>2015 Total £'000</b>	<b>2014 Total £'000</b>
<b>At 1 August</b>				
Buildings	17,279	9,944	27,223	28,363
Equipment	145	258	403	592
	<b>17,424</b>	<b>10,202</b>	<b>27,626</b>	<b>28,955</b>
<b>Grants receivable</b>				
Buildings	727	-	727	557
Equipment	-	560	560	128
	<b>727</b>	<b>560</b>	<b>1,287</b>	<b>685</b>
<b>Released to Income and Expenditure Account</b>				
Buildings	(1,055)	(814)	(1,869)	(1,697)
Equipment	(145)	(61)	(206)	(317)
	<b>(1,200)</b>	<b>(875)</b>	<b>(2,075)</b>	<b>(2,014)</b>
<b>At 31 July</b>				
Buildings	16,951	9,130	26,081	27,223
Equipment	-	757	757	403
	<b>16,951</b>	<b>9,887</b>	<b>26,838</b>	<b>27,626</b>
<b>Released to Income and Expenditure Account</b>				
Funding body grants			1,200	1,061
Other income			875	953
			<b>2,075</b>	<b>2,014</b>
<b>College</b>				
<b>At 1 August</b>				
Buildings	17,279	9,455	26,734	27,804
Equipment	145	258	403	592
	<b>17,424</b>	<b>9,713</b>	<b>27,137</b>	<b>28,396</b>
<b>Grants receivable</b>				
Buildings	727	-	727	557
Equipment	-	560	560	128
	<b>727</b>	<b>560</b>	<b>1,287</b>	<b>685</b>
<b>Released to Income and Expenditure Account</b>				
Buildings	(1,055)	(744)	(1,799)	(1,628)
Equipment	(145)	(61)	(206)	(317)
	<b>(1,200)</b>	<b>(805)</b>	<b>(2,005)</b>	<b>(1,945)</b>
<b>At 31 July</b>				
Buildings	16,951	8,711	25,662	26,733
Equipment	-	757	757	403
	<b>16,951</b>	<b>9,468</b>	<b>26,419</b>	<b>27,137</b>
<b>Released to Income and Expenditure Account</b>				
Funding body grants			1,200	1,061
Other income			805	884
			<b>2,005</b>	<b>1,945</b>

20. ENDOWMENTS

Group	Unrestricted	Restricted	Total	Restricted	2015 Total	2014
	Permanent	Permanent	Permanent	Expendable		Total
	£'000	£'000	£'000	£'000	£'000	(Restated) £'000
<b>At 1 August</b>						
Capital	361	924	1,285	5,426	6,711	6,866
Unapplied Income	-	2,273	2,273	2,174	4,447	4,116
	<b>361</b>	<b>3,197</b>	<b>3,558</b>	<b>7,600</b>	<b>11,158</b>	<b>10,982</b>
New endowments	-	4	4	948	952	278
Transfer from unrestricted reserves	-	-	-	-	-	317
Transfer to deferred capital grants	-	-	-	-	-	(181)
Expendable endowment written back to donations	(361)	-	(361)	-	(361)	-
	<b>(361)</b>	<b>4</b>	<b>(357)</b>	<b>948</b>	<b>591</b>	<b>414</b>
Investment income	-	39	39	90	129	1,040
Expenditure	-	(134)	(134)	(993)	(1,127)	(403)
	<b>-</b>	<b>(95)</b>	<b>(95)</b>	<b>(903)</b>	<b>(998)</b>	<b>637</b>
Increase / (decrease) in market value	-	350	350	780	1,130	(875)
	<b>-</b>	<b>350</b>	<b>350</b>	<b>780</b>	<b>1,130</b>	<b>(875)</b>
<b>At 31 July</b>						
Capital	-	1,108	1,108	6,051	7,159	6,711
Unapplied Income	-	2,348	2,348	2,375	4,723	4,447
	<b>-</b>	<b>3,456</b>	<b>3,456</b>	<b>8,426</b>	<b>11,882</b>	<b>11,158</b>

The most significant endowment funds by value were:

Fund Name	Purpose	Balance	Movement	Balance
		1 August 2014 (Restated) £'000	£'000	31 July 2015 £'000
Paul Mellon Equine Research Fund	Research	3,249	311	3,560
Bastable Linkou Veterinary Scholarships Fund	Scholarships	1,863	225	2,088
Beaumont Animal Hospital Fund	Building fabric	1,526	110	1,636



20. ENDOWMENTS (continued)

College

	Unrestricted Permanent £'000	Restricted Permanent £'000	Total Permanent £'000	Restricted Expendable £'000	2015 Total £'000	2014 Total (Restated) £'000
<b>At 1 August</b>						
Capital	361	924	1,285	3,997	5,282	5,426
Unapplied Income	-	2,273	2,273	2,095	4,368	4,072
	<b>361</b>	<b>3,197</b>	<b>3,558</b>	<b>6,092</b>	<b>9,650</b>	<b>9,498</b>
New endowments	-	4	4	13	17	34
Transfers between endowment funds	-	-	-	-	-	-
Transfer to unrestricted reserves	-	-	-	-	-	317
Transfer to deferred capital grants	-	-	-	-	-	(73)
Expendable endowment written back to donations	(361)	-	(361)	-	(361)	-
	<b>(361)</b>	<b>4</b>	<b>(357)</b>	<b>13</b>	<b>(344)</b>	<b>278</b>
Investment income	-	39	39	74	113	889
Expenditure	-	(133)	(133)	(184)	(317)	(133)
	<b>-</b>	<b>(94)</b>	<b>(94)</b>	<b>(110)</b>	<b>(204)</b>	<b>756</b>
Increase/(decrease) in market value	-	350	350	667	1,017	(882)
	<b>-</b>	<b>350</b>	<b>350</b>	<b>667</b>	<b>1,017</b>	<b>(882)</b>
<b>At 31 July</b>						
Capital	-	1,108	1,108	4,340	5,448	5,282
Unapplied Income	-	2,348	2,348	2,322	4,670	4,368
	<b>-</b>	<b>3,456</b>	<b>3,456</b>	<b>6,662</b>	<b>10,118</b>	<b>9,650</b>

The College undertook a review of RVC endowment funds in 2014-15 to ensure that the classification and accounting treatment of these was in line with good practice and provided a firm basis for more effective utilisation of the funds going forward. The review included a re-statement of balances to conform with the 2007 Statement of Recommended Practice on accounting for endowments, including a more accurate calculation of the capital and unapplied income segments of long established endowment funds. This has resulted in the closure of a number of small endowment funds where the expendable capital had been fully exhausted, as well as the identification of donors' legacies which should have been treated as donation income on receipt. The net effect of the review is a release of funds incorrectly classified as unrestricted permanent endowments to the Income and Expenditure account of £361,000.

## 21. INCOME AND EXPENDITURE RESERVE

	Group		College	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Balance at 1 August	31,906	28,183	31,620	27,484
Revaluation of heritage assets	-	507	-	507
Write back of subsidiary loan	-	-	-	1,620
Transfer between reserves	(977)	-	474	(772)
Transfer (to)/from Endowments	998	(317)	205	(317)
Surplus retained for the year	3,921	3,533	3,649	3,098
Balance at 31 July	<u>35,848</u>	<u>31,906</u>	<u>35,948</u>	<u>31,620</u>

## 22. RECONCILIATION OF SURPLUS TO NET CASH INFLOW

	Note	2015	2014
		£'000	£'000
Surplus on continuing operations		2,923	4,170
Transfers from endowment reserves		(361)	-
Depreciation	8	5,165	5,016
Deferred capital grants released	19	(2,075)	(2,014)
Endowment grants released to revenue	20	998	(637)
Non cash movements on balance sheet		135	-
Investment income	5	(276)	(1,132)
Interest payable	7	1,291	1,441
(Increase)/decrease in stock	13	(152)	4
(Increase)/decrease in debtors		(1,591)	(711)
(Decrease)/increase in creditors		(1,364)	440
(Decrease)/increase in provisions for liabilities		(969)	(1,433)
Net cash inflow from operating activities		<u>3,724</u>	<u>5,144</u>

## 23. RETURN ON INVESTMENTS AND SERVICING OF FINANCE

	Note	2015	2014
		£'000	£'000
Income from endowments	5	129	1,040
Other interest received	5	147	92
Interest paid	7	(1,291)	(1,441)
		<u>(1,015)</u>	<u>(309)</u>

## 24. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	Note	2015 £'000	2014 £'000
Payments made to acquire fixed assets	10	(2,617)	(2,450)
Payments made for fixed asset investments	11	(406)	-
Payments made for endowment assets		<u>(5,330)</u>	<u>(10,940)</u>
		<b><u>(8,353)</u></b>	<b><u>(13,390)</u></b>
Proceeds from sale of fixed assets		-	-
Proceeds from sale of fixed asset investments		-	-
Proceeds from sale of endowment assets	12	5,542	10,694
Deferred capital grants received	19	1,287	685
New endowments received	20	952	162
Net cash (outflow) for capital expenditure and financial investment		<u>(572)</u>	<u>(1,849)</u>

## 25. FINANCING

	2015 £'000	2014 £'000
New loans	-	-
Repayment of amounts borrowed	<u>(1,352)</u>	<u>(901)</u>
	<b><u>(1,352)</u></b>	<b><u>(901)</u></b>

## 26. ANALYSIS OF CHANGES IN NET DEBT

	At 1 August 2014 £'000	Cash Flows £'000	Non-Cash Changes £'000	At 31 July 2015 £'000
Cash at bank and in hand:				
Endowments	860	478	-	1,338
Other	16,528	(4,693)	-	11,835
	<u>17,388</u>	<u>(4,215)</u>	<u>-</u>	<u>13,173</u>
Short-term investments	5,000	5,000	-	10,000
Debts due within one year	(1,376)	1,352	(1,328)	(1,352)
Debts due after one year	(22,072)	-	1,328	(20,744)
	<u>(1,060)</u>	<u>2,137</u>	<u>-</u>	<u>1,077</u>

## 27. CAPITAL COMMITMENTS

Provision has not been made for the following capital commitments as at 31<sup>st</sup> July 2015:

	Group		College	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Commitments contracted for	1,334	1,334	375	375
Authorised but not contracted for	6,790	6,790	4,210	4,210
	<u>8,124</u>	<u>8,124</u>	<u>4,585</u>	<u>4,585</u>

## 28. PENSION SCHEMES

The two pension schemes for the College's staff are the Universities Superannuation Scheme (USS) and the Superannuation Arrangements for the University of London (SAUL).

	2015	2014
	£'000	£'000
<b>Employment Contributions for:</b>		
Universities Superannuation Scheme (USS)	3,023	2,846
Superannuation Arrangement for the University of London	1,220	1,100
<b>Total pension cost (note 6)</b>	<u>4,243</u>	<u>3,946</u>

In accordance with FRS17, contributions to the Universities Superannuation Scheme and the Superannuation Arrangements for the University of London (SAUL) are accounted for as if each was a defined contribution scheme.

### USS

The College participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. The College is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the College's employees. In 2015, the percentage was 16% (2014: 16%). The College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme.

The total cost charged to the profit and loss account is £3,023k (2014: £2,846k). There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributions. The disclosures below represent the position from the scheme's financial statements.

The latest available triennial actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method and is currently being audited by the scheme auditor. Based on this 2014 valuation it is expected that employer contributions will increase to 18% from 1 April 2016.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

## 28. PENSIONS (continued)

FRS 17 Liability numbers have been produced for the scheme under the following assumptions:

	2015	2014
Discount rate	3.3%	4.5%
Pensionable salary growth	3.5% in the first year and 4.0% thereafter	4.4%
Price inflation (CPI)	2.2%	2.6%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) SINA tables as follows:

Male members' mortality	SINA ["light"] YoB tables – No age rating
Female members' mortality	SINA ["light"] YoB tables – rated down 1year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted for the 2014 FRS17 figures, for the March 2015 figures the long term rate has been increased to 15% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females. The current life expectancies on retirement at age 65 are:

	2015	2014
Males currently aged 65 (years)	24.2	23.7
Females currently aged 65 (years)	26.3	25.6
Males currently aged 45 (years)	26.2	25.5
Females currently aged 45 (years)	28.6	27.6

<u>Existing benefits</u>	2015	2014
Scheme assets	£49.0bn	£41.6bn
FRS 17 liabilities	£67.6bn	£55.5bn
FRS 17 deficit	£18.6bn	£13.9bn
FRS 17 funding level	72%	75%

## SAUL

The College participates in the Superannuation Arrangements of the University of London (“SAUL”), which is a centralised defined benefit scheme contracted-out of the Second State Pension. The scheme assets are held in separate Trustee-administered funds. SAUL is a “last man standing” scheme so that in the event of the insolvency of any of the participating employers in SAUL, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation.

The College has adopted FRS17 for accounting for pension costs. It is not possible to identify the College's share of the underlying assets and liabilities of SAUL. Therefore contributions are accounted for as if SAUL were a defined contribution scheme and pension costs are based on the amounts actually paid (i.e. cash amounts) in accordance with paragraphs 8 – 12 of FRS17. The total cost charged to the profit and loss account is £1,220k (2014: £1,100k).

SAUL is subject to triennial valuations by professionally qualified and independent actuaries. The last available valuation was carried out as at 31 March 2011 using the projected unit credit method in which the actuarial liability makes allowance for projected earnings.

**28. PENSIONS (continued)**

The main assumptions used to assess the technical provisions were:

	<b>Assumptions at Valuation 31 March 2011</b>
Discount rate	
Pre-retirement	6.80% p.a.
General* Salary Increases	3.75% p.a. until 31 March 2014, 4.50% p.a. thereafter
Retail Prices Index inflation ("RPI")	3.50% p.a.
Consumer Price Index Inflation ("CPI")	2.80% p.a.
Pension Increases in payment (excess over GMP)	2.80% p.a.
Mortality – base table	SAPS Normal (year of birth) tables with an age rating of +0.5 years for males and -0.4 years for females.
Mortality – future improvements	Future improvements in line with CMI 2010 projections with a long term trend rate of 1.25% p.a.

\* an additional allowance is made for promotional Salary increases

The actuarial valuation applies to SAUL as a whole and does not identify surpluses or deficits applicable to individual employers. As a whole, the market value of SAUL's assets was £1,506 million representing 95% of the liability for benefits after allowing for expected future increases in salaries.

Based on the strength of the Employer covenant and the Trustee's long-term investment strategy, the Trustee and the Employers agreed to maintain Employer and Member contributions at 13% of Salaries and 6% of Salaries respectively following the valuation. The above rates will be reviewed when the results of the next formal valuation (as at 31 March 2014) are known.

A comparison of SAUL's assets and liabilities calculated using assumptions consistent with FRS17 revealed SAUL to be in deficit at the last formal valuation date (31 March 2011). As part of this valuation, the Trustee and Employer have agreed that no additional contributions will be required to eliminate the current shortfall.

The more material changes (the introduction of a Career Average Revalued Earnings, or "CARE", benefit structure) to SAUL's benefit structure will apply from 1 July 2012. As a consequence, the cost of benefit accrual is expected to fall as existing final salary members are replaced by new members joining the CARE structure. This will allow an increasing proportion of the expected asset return to be used to eliminate the funding shortfall. Based on conditions as at 31 March 2011, the shortfall is expected to be eliminated by 31 March 2021, which is 10 years from the valuation date.

## 29. RELATED PARTY TRANSACTIONS

The operating statements of the RVC include transactions with related parties. In accordance with FRS 8 'Related Party Transactions' these are disclosed where members of RVC's Council and Senior Management Group (SMG) disclose an interest in a body with whom RVC undertakes transactions which are considered material to RVC's Financial Statements and/or the other party. Due to the nature of RVC's operations and the composition of Council (being drawn from local and private sector organisations) and RVC, it is inevitable that transactions will take place with organisations in which members of Council or SMG may have an interest. All transactions involving organisations in which a member of Council or SMG may have an interest, including those identified below, are conducted at arms-length and in accordance with RVC's Financial Regulations and usual procurement procedures.

An updated register of the interests of members of Council and SMG is maintained. RVC has taken advantage of the exemption within FRS 8 and not disclosed transactions with other group entities where it holds more than 90% of the voting rights.

The Treasurer, Mr Charles Perrin, is a member of the SAUL Trustee Company Investment Committee. SAUL received £1,220,000 in pension contributions from RVC in 2014/15 (£1,100,000 in 2013/14). These transactions are conducted at arms-length and in the normal course of business.

Mr Joon Park was President of the RVC Students' Union (RVCSU) for the 2014/15 academic year. RVCSU received £188,091 from RVC in the normal course of business (£119,224 in 13/14) including both grant funding and trading transactions. In addition, the College provided grant-in-kind in the form of rent-free premises and associated services totalling £89,772 to RVCSU (£86,661 in 2013-14).

The Principal, Professor SWJ Reid, became a trustee of the University of London from 1 August 2014. In 2014/15, RVC made payments in the normal course of business totalling £199,477 to the University of London and its associated undertakings (£187,779 in 2013-14).

## 30. ACCESS FUNDS (Group and College)

	2015	2014
	£'000	£'000
Fund balance at 1 August	3	(11)
Adjustments to opening balance	-	11
Funding Council grants received	-	38
Funds disbursed to students	(3)	(35)
Fund balance at 31 July	<u>-</u>	<u>3</u>

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



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

The College has charitable status.