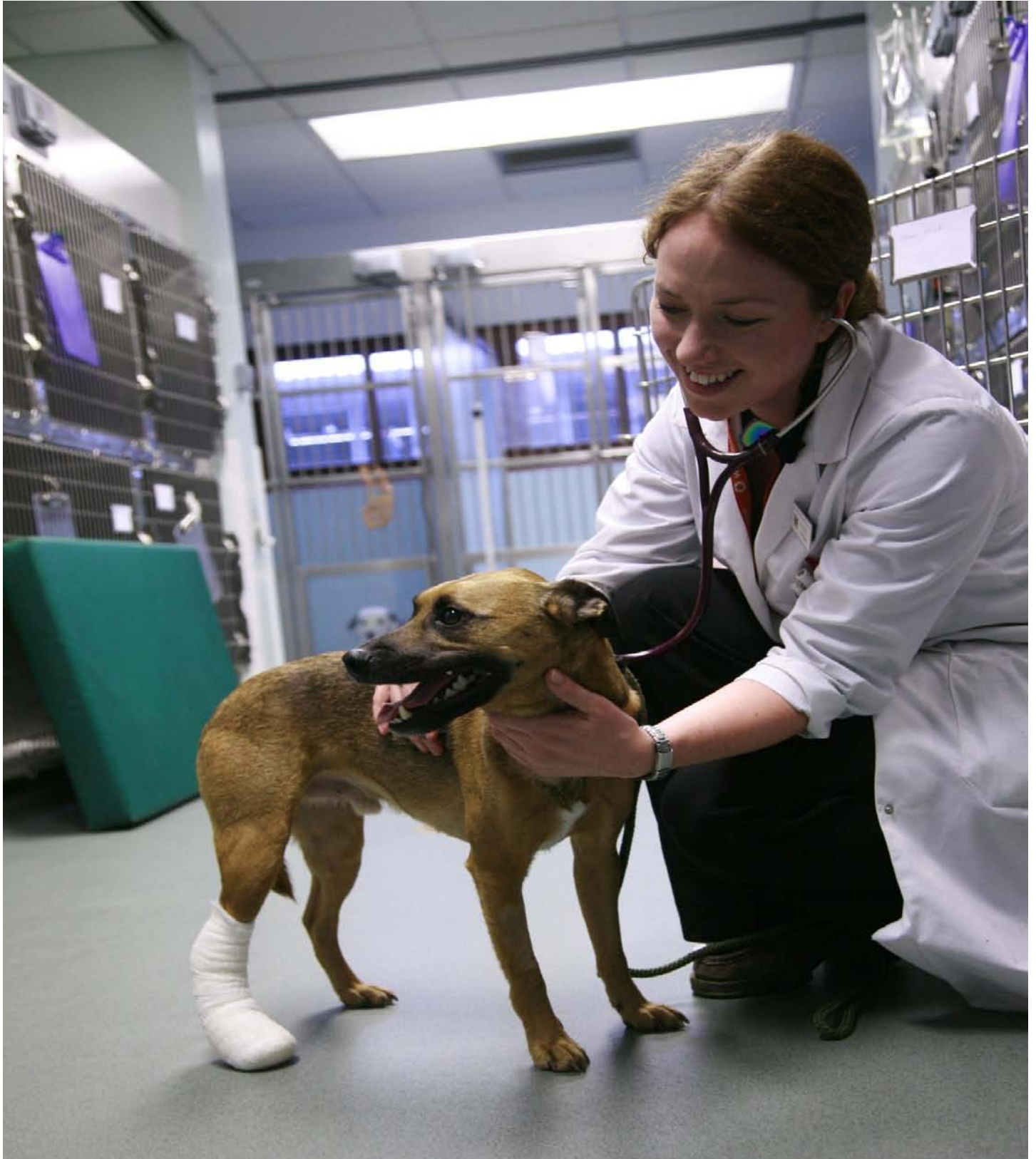




Royal Veterinary College
University of London



The Royal Veterinary College
Financial Statements 2007



Royal Veterinary College
University of London

The Royal Veterinary College

Accounts 2007

The Royal Veterinary College

ANNUAL ACCOUNTS 2007

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MEMBERS OF THE COUNCIL OF THE ROYAL VETERINARY COLLEGE

Members appointed by Nominating Bodies

Professor PM Biggs (*Vice-Chairman*)

Mr E Chandler

The Rt Hon Frank Dobson, MP

Mr R Green

Mr I Luder

Mr JC Milne

Independent Member

Mr P Orchard Lisle (*with effect from 1 August 2007*)

Members Nominated by the Academic Board

Professor DB Church

Professor S May

Professor J Price

Professor N Stickland

Professor DC Wathes

Professor A Williams

Co-opted Members

Mr JH Chatfeild-Roberts (*Honorary Treasurer*)

Mr IB Flanagan

Professor D Noakes

The Most Hon The Marquess of Salisbury (*Chairman*)

Dr G Schild

President of the Students Union Society

Mr B Stileman

Principal (*ex-officio*)

Professor Q McKellar

Vice-Principals (*ex-officio*)

Professor J Elliott (*with effect from 14 November 2007*)

Professor CR Howard (*with effect from 14 November 2007*)

Bankers

The Royal Bank of Scotland, London WC2H 0NN

Auditors

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
St. Albans

TREASURER'S REPORT

for the year ended 31 July 2007

1 SCOPE OF FINANCIAL STATEMENTS

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

2 CONSOLIDATED RESULTS FOR THE YEAR

	2007 £000	2006 £000
Income	51,464	44,385
Expenditure	(49,936)	(43,133)
Surplus on Continuing Operations	1,528	1,252
Profit on Sale of Fixed Asset	1,966	-
Transfer (to) from specific endowments	(693)	5
Surplus within General Reserves	<u>2,801</u>	<u>1,257</u>

The College had set an objective to achieve a surplus of 1.5% of income in 2007 to fund future strategic developments aimed at improving the overall performance of the College. In 2007 the College exceeded this objective: the surplus, prior to exceptional items, for the year as a percentage of income was 3%.

3 INCOME

Total income for the year rose by 16% (2006: 15%). Funding Council grants showed an overall increase of 12% (2006: 11%).

Tuition fee income saw an increase of 21% (2006: 13%), with full time home students in particular increasing by 52% (2006: 17%), this is mainly due to the introduction of new full time fees of £3,000. Full time overseas fees showed a reduction in year of 3% mainly due to the weak US Dollar (2006: 11% increase).

Income resulting from clinical and related earnings increased by 8% (2006: 19%).

Income from research grants and contracts rose by 41% (2006: 30%), following a number of recent successful awards.

4 EXPENDITURE

Overall expenditure increased by 16% (2006: 14%), staff costs rose by 13% (2006: 16%) as a result of increments, pensions costs as well as increases in activity across the College. Staff numbers increased from 693 to 746. Other operating expenses increased by 24% (2006: 12%)

12%). The most significant increases were in the areas of consumables, stationery, student and educational expenditure (12%; 2006:17%), small equipment and repairs (15%; 2006: 23%) and minor works and maintenance (48%; 2006: 21%). Other outside consultancy increased by 72% during the year (2006: reduction of 16%).

Depreciation fell from £3,078,000 in 2006 to £3,018,000 in 2007, an decrease of 2% (2006: increase of 9%).

This was due to less equipment being capitalised than the previous two years.

5 INVESTMENTS

The closing market value of the College's share portfolio was £10,084,000 (2006: £10,091,000).

6 CAPITAL PROJECTS

The *LIVE!* Centre for Excellence in Teaching & Learning, situated at the Hawkshead campus was completed in December 2006, on time and on budget. The Animal Welfare Barn, a research facility, was also completed during the year.

Phase 3 of the Queen Mother Hospital for Animals and a centre for the Control of Veterinary Infectious and Zoonotic Diseases funded by HEFCE SRIF3 was progressing well.

7 CASH FLOW

Net cash inflow was £2,489,000 (2006: £524,000). There was a substantial increase in short term deposits during the year (£5,367,000). Closing net funds stood at £6,474,000 (2006: (£1,612,000)).

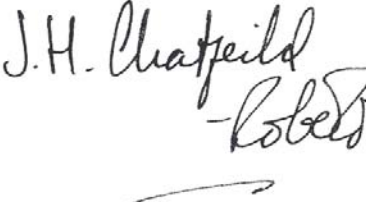
8 FUTURE DEVELOPMENTS

The College continues to support an expanded estate and a growth in activities and will continue to expand its infrastructure to provide excellent facilities for teaching, research, clinical services and other commercial activities.

9 CONCLUSION

The year to 31 July 2007 has been financially satisfactory. However, there is a necessity to control costs as the College continues to expand. The College remains financially sound and well placed to meet future challenges.

J H Chatfeild-Roberts
Honorary Treasurer
5 December 2007



RESPONSIBILITIES OF THE COLLEGE COUNCIL

for the year ended 31 July 2007

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

RECORD KEEPING AND ACCOUNTING

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

FINANCIAL STATEMENTS

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

- * that suitable accounting policies are selected and applied consistently;
- * that judgements and estimates are made that are reasonable and prudent;
- * that applicable accounting standards have been followed, and
- * that financial statements are prepared on the going concern basis. The Council is satisfied that it has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Council has taken reasonable steps to:

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

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

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

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

INTERNAL CONTROLS

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

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

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

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

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

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

- * a professional Internal Audit team whose annual programme is approved by the Audit Committee, and endorsed by the Council and whose head provides the Council with a report on internal audit activity within the College, and the adequacy and effectiveness of the College's system of internal control, including internal financial control.

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

CORPORATE GOVERNANCE

for the year ended 31 July 2007

1 The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles set out in Section 1 of the Combined Code on Corporate Governance issued by the London Stock Exchange July 2003 in so far as it applies to higher education Institutions. Its purpose is to help readers of the financial statements understand how the principles have been applied.

2 Throughout the year ended 31 July 2007, the College has been in compliance with all the provisions set out in Section 1 of the Combined Code on Corporate Governance insofar as they relate to Universities. The College also complies with the Guide for Members of Governing Bodies of Universities and Colleges in England and Wales that was issued by the Committee of University Chairmen in 2004.

3 The Council of the College is of the view that there is an ongoing process for identifying, evaluating and managing the College's significant risks, that it has been in place for the year ended 31 July 2007 and up to the date of approval of the annual report and accounts, that it is regularly reviewed by the Council and that it accords with the internal control guidance for directors on the Combined Code as deemed appropriate for higher education.

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

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE

for the year ended 31 July 2007

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

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

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

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

INDEPENDENT AUDITORS' REPORT

to the Members of Council of the Royal Veterinary College
for the year ended 31 July 2007

We have audited the financial statements of Royal Veterinary College for the year ended 31 July 2007 which comprise the consolidated and college income and expenditure accounts, the consolidated and college statements of total recognised gains and losses, the consolidated and college balance sheets, the consolidated and college cash flow statements and the related notes 1 to 30. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Council of the Royal Veterinary College, as a body, in accordance with the Financial Memorandum dated July 2006. Our audit work has been undertaken so that we might state to the Council's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Council's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Council and auditors

As described in the statement of the Council's responsibilities, the Council is responsible for the preparation of the financial statements in accordance with the University's statute, the Statement of Recommended Practice on Accounting for Further and Higher Education and other applicable United Kingdom law and accounting standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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

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

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

Basis of opinion

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

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

Opinion

In our opinion:

(a) the financial statements give a true and fair view of the state of affairs of the Royal Veterinary College and the Group as at 31 July 2007 and of the surplus of the Group for the year then ended and have been properly prepared in accordance with the Statement of Recommended Practice on Accounting for Further and Higher Education;

(b) in all material respects income from Higher Education Funding Council for England, grants and income for specific purposes and from other restricted funds administered by the Royal Veterinary College have been applied only for the purposes for which they were received; and

(c) in all material respects income has been applied in accordance with the Royal Veterinary College's statutes and, where appropriate, with the Financial Memorandum, dated July 2006 with the Higher Education Funding Council for England.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
St. Albans, United Kingdom

8 20 DECEMBER 2007

Royal Veterinary College

INCOME AND EXPENDITURE ACCOUNTS

for the year ended 31 July 2007

	Note	Consolidated		College	
		2007 £000	2006 £000	2007 £000	2006 £000
INCOME					
Funding Council Grants	1	23,551	20,985	23,521	20,945
Academic Fees and Support Grants	2	4,903	4,049	4,903	4,049
Research Grants and Contracts	3	8,708	6,195	8,708	6,195
Other Operating Income	4	13,455	12,413	12,470	11,757
Endowment Income and Investment Income	5	847	743	647	797
TOTAL INCOME		51,464	44,385	50,249	43,743
EXPENDITURE					
Staff Costs	6	27,927	24,630	27,617	24,296
Other Operating Expenses	9	18,486	14,914	18,000	16,387
Depreciation	8	3,018	3,078	2,807	2,866
Interest Payable	7	505	511	322	332
TOTAL EXPENDITURE		49,936	43,133	48,746	43,881
SURPLUS / (DEFICIT) on Continuing Operations		1,528	1,252	1,503	(138)
Profit on Disposal of Assets		1,966	-	1,966	-
Surplus before transfer from/ (to) specific endowments		3,494	1,252	3,469	(138)
Transfer from / (to) specific endowments		(693)	5	(173)	(101)
SURPLUS / (DEFICIT) RETAINED WITHIN GENERAL RESERVES	20	2,801	1,257	3,296	(239)

The consolidated income and expenditure relates wholly to continuing operations.

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

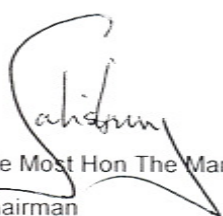
		Consolidated		College	
		2007 £000	2006 £000	2007 £000	2006 £000
Surplus / (deficit) after depreciation and disposal of assets		3,494	1,252	3,469	(138)
Unrealised gain on endowment asset investments	18	991	965	991	965
New endowments	18	1,079	512	77	74
TOTAL RECOGNISED GAINS FOR THE PERIOD		5,564	2,729	4,537	901
Opening reserves and endowments		26,193	23,464	23,540	22,639
Total recognised gains relating to the year		5,564	2,729	4,537	901
CLOSING RESERVES AND ENDOWMENTS		31,757	26,193	28,077	23,540

BALANCE SHEETS


as at 31 July 2007

	Note	Consolidated		College	
		2007	2006	2007	2006
FIXED ASSETS		£000	£000	£000	£ 000
Investments	10	-	-	100	100
Tangible assets	11	43,884	41,571	40,818	38,294
		43,884	41,571	40,918	38,394
Endowment asset investments	12	14,409	11,646	11,246	10,005
CURRENT ASSETS					
Stocks	13	427	470	419	463
Debtors - amounts falling due within one year	14	4,468	4,130	4,970	4,630
Debtors - amounts falling due after more than one year	14	-	-	1,111	1,234
Short term deposits	17	7,139	2,446	10,302	4,087
Cash at bank and in hand		2,712	2,333	2,611	2,235
		14,746	9,379	19,413	12,649
Creditors - amounts falling due within one year	15	(11,970)	(8,767)	(15,164)	(10,918)
Net current assets		2,776	612	4,249	1,731
Total assets less current liabilities		61,069	53,829	56,413	50,130
Creditors - amounts falling due after more than one year	16	(7,471)	(7,715)	(7,471)	(7,715)
NET ASSETS		53,598	46,114	48,942	42,415
Deferred Capital Grants	19	21,841	19,921	20,865	18,875
Specific Endowments	18	12,085	9,380	8,922	7,739
General Endowments	18	2,324	2,266	2,324	2,266
		14,409	11,646	11,246	10,005
General Reserve	20	17,348	14,547	16,831	13,535
TOTAL FUNDS		53,598	46,114	48,942	42,415

The financial statements were approved by the Council on 5 December 2007 and signed on its behalf by


 The Most Hon The Marquess of Salisbury
 Chairman


 J H Chatfeild - Roberts
 Chairman of Finance Committee


 Professor Q A McKellar
 Principal

CASH FLOW STATEMENTS

for the year ended 31 July 2007

	Note	Consolidated		College	
		2007	2006	2007	2006
		£000	£000	£000	£000
Net cash inflow from operating activities	21	6,164	4,395	7,050	4,633
Returns on investments and servicing of finance	22	185	(23)	298	104
Capital expenditure and financial investment	23	1,723	(1,053)	721	(1,491)
Cash outflow before liquid resources and financing		8,072	3,319	8,069	3,246
Management of liquid resources - short-term deposits		(4,693)	(2,446)	(6,215)	(3,474)
Financing	24	(230)	(349)	(230)	(349)
INCREASE / (DECREASE) IN CASH		3,149	524	1,624	(577)

NOTES TO THE CASHFLOW STATEMENT:

RECONCILIATION OF CASH FLOW TO MOVEMENT IN NET FUNDS (DEBT)

Increase / (decrease) in cash in the period	3,149	524	1,624	(577)
Cash inflow from increase in liquid resources	4,693	2,446	6,215	3,474
Repayment of loan and finance lease	230	349	230	349
	8,072	3,319	8,069	3,246
Opening net debt	(1,612)	(4,931)	(1,709)	(4,955)
CLOSING NET FUNDS (DEBT)	6,460	(1,612)	6,360	(1,709)

	Opening Balance	Cash Flows	Other Changes	Closing Balance
	£000	£000	£000	£000
CHANGES IN NET FUNDS (DEBT) - Consolidated				
Endowment cash	1,555	2,770	-	4,325
Other cash	2,333	379	-	2,712
	3,888	3,149	-	7,037
Short term deposits	2,446	4,693	-	7,139
	6,334	7,842	-	14,176
Loan repayable within one year	(231)	230	(243)	(244)
Loan repayable after one year	(7,715)	-	243	(7,472)
NET DEBT	(1,612)	8,072	-	6,460

CHANGES IN NET FUNDS (DEBT) - College

Endowment cash	(86)	1,248	-	1,162
Other cash	2,235	376	-	2,611
	2,149	1,624	-	3,773
Short term deposits	4,087	6,215	-	10,302
	6,236	7,839	-	14,075
Loan repayable within one year	(230)	230	(243)	(243)
Loan repayable after one year	(7,715)	-	243	(7,472)
NET FUNDS (DEBT)	(1,709)	8,069	-	6,360

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

for the year ended 31 July 2007

1 ACCOUNTING CONVENTION

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

2 BASIS OF CONSOLIDATION

The financial statements consolidate the results of the College and the Animal Care Trust, a separate registered charity, and London Bioscience Innovation Centre Limited. The subsidiaries have the same year end as the College. The Student Union Society has not been consolidated. The College has no financial interest and no control or significant influence over the Student Union Society's policy decisions.

3 RECOGNITION OF INCOME

Income from specific endowments and donations, research grants, contracts and other services rendered is included to match the expenditure incurred during the year. All income from short term deposits and general endowment asset investment is credited to the Income and Expenditure (I & E) account on a receivable basis. Only the net margin is reported as income in respect of back to back leases. Income from Tuition Fees is recognised in the period in which it is receivable; and includes all fees chargeable to students or their sponsors.

4 PENSION COSTS

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

5 CASH FLOWS AND LIQUID RESOURCES

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

6 FOREIGN CURRENCIES

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

7. MAINTENANCE OF PREMISES

Routine and corrective maintenance is charged to the I & E account in the period that it is incurred.

8 FIXED ASSETS

Land and buildings are stated at historical cost. Freehold land is not depreciated. Buildings are depreciated over their expected useful lives between 20 and 25 years. Equipment and furniture costing less than £5,000 per individual item and is not part of a bigger piece of equipment, is written off in the year of acquisition. All other equipment is capitalised. Capitalised equipment is recognised at cost and depreciated over 3 - 7 years.

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

9 LEASES

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

10 INVESTMENTS

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

11 STOCKS

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

12 TAXATION STATUS

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

NOTES TO THE ACCOUNTS

for the year ended 31 July 2007

	Note	Consolidated		College	
		2007	2006	2007	2006
		£000	£000	£000	£000
1 FUNDING COUNCIL GRANTS - HEFCE					
Recurrent grants		22,964	19,166	22,934	19,126
Non-recurrent grants		-	1,241	-	1,241
Deferred capital grants released in year	19	587	578	587	578
		23,551	20,985	23,521	20,945
2 ACADEMIC FEES AND SUPPORT GRANTS					
Student fees - full-time- UK		2,724	1,797	2,724	1,797
Student fees - full-time - overseas		1,873	1,924	1,873	1,924
Student fees - part-time		133	128	133	128
Research training support grants		87	119	87	119
Short course fees		86	81	86	81
		4,903	4,049	4,903	4,049
3 RESEARCH GRANTS AND CONTRACTS					
Income from research grants		4,677	3,597	4,677	3,597
Income from research contracts		4,031	2,598	4,031	2,598
		8,708	6,195	8,708	6,195
Research Councils		1,414	1,140	1,414	1,140
UK based charities		2,570	2,029	2,570	2,029
UK government bodies		2,323	1,252	2,323	1,252
UK industry and commerce		1,716	1,122	1,716	1,122
EU government bodies		290	467	290	467
EU business		161	84	161	84
Outside EU		234	101	234	101
		8,708	6,195	8,708	6,195
4 OTHER OPERATING INCOME					
Residences, catering and conference		1,274	1,122	1,274	1,122
Clinical and related earnings		11,538	10,661	10,668	10,114
Release from deferred capital grant	19	587	591	517	521
Rent and other income		56	39	11	-
		13,455	12,413	12,470	11,757
5 ENDOWMENT AND INVESTMENT INCOME					
Income from endowments	18	283	390	213	338
Income from short-term investments		325	157	325	157
Donations, gifts and legacies received		239	196	109	302
		847	743	647	797

NOTES TO THE ACCOUNTS

for the year ended 31 July 2007

	Note	Consolidated		College	
		2007	2006	2007	2006
		£000	£000	£000	£000
6 STAFF COSTS					
Wages and salaries		23,189	20,851	22,915	20,595
Social security costs		1,989	1,647	1,973	1,624
Pension costs	30	2,450	1,863	2,430	1,850
Restructuring and redundancy costs		299	269	299	227
	8	27,927	24,630	27,617	24,296

Emoluments of the Principal

	2007	2006	2007	2006
	£000	£000	£000	£000
Salary	163	160	163	160
USS Pension Contributions	24	15	24	15
Benefit in kind	26	26	26	26
	213	201	213	201

AVERAGE STAFF NUMBERS

	2007	2006	2007	2006
	Number	Number	Number	Number
Teaching and Research Departments	304	290	304	290
Academic Support Services	84	65	84	65
Administration and Central Services	67	66	57	57
Premises	78	72	78	72
Clinical and related services	212	200	212	200
	745	693	735	684

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

The number of staff, including the Principal, who received emoluments in the following ranges was:

	2007	2006	2007	2006
	Number	Number	Number	Number
£70,001 to £80,000	7	4	7	4
£80,001 to £90,000	3	5	3	5
£90,001 to £100,000	3	4	3	4
£100,001 to £110,000	2	1	2	1
£110,001 to £120,000	3	2	3	2
£120,001 to £130,000	3	-	3	-
£120,001 to £140,000	1	-	1	-
£150,001 to £160,000	1	1	1	1
£160,001 to £170,000	1	-	1	-

	Consolidated		College	
	2007	2006	2007	2006
	£000	£000	£000	£000
7 INTEREST PAYABLE				
Bank loans not wholly repayable within 5 years	505	511	322	332

NOTES TO THE ACCOUNTS

for the year ended 31 July 2007

	Staff £000	Other Exp £000	Depn £000	Interest £000	Consolidated	
					Total £000	Total £000
8 EXPENDITURE BY ACTIVITIES						
Academic departments	10,496	3,096	396	-	13,988	11,997
Academic services	2,679	1,586	125	-	4,390	4,215
Research grants and contracts	2,974	4,201	-	-	7,175	5,189
Residences and catering	484	210	8	322	1,024	1,007
Premises and maintenance	1,524	3,702	2,034	-	7,260	6,134
Administration	1,785	1,333	27	-	3,145	2,543
Clinical and other services - College	7,675	3,872	217	-	11,764	10,750
Clinical and other services - Subsidiaries	310	486	211	183	1,190	1,298
	27,927	18,486	3,018	505	49,936	43,133

Depreciation charge is funded by:

Deferred capital grant	1,174	1,169
General income	1,844	1,909

	Consolidated		College	
	2007 £000	2006 £000	2007 £000	2006 £000
9 OTHER OPERATING EXPENSES				
Catering provisions	305	279	305	279
Consumables and laboratory expenses	4,742	4,103	4,673	4,037
Stationery and publications	1,081	1,092	1,066	1,055
Student and educational expenditure	1,659	1,461	1,659	1,461
Rent, rates, cleaning and insurance	873	718	758	658
Electricity, gas, oil and water	1,054	944	964	864
Small equipment and repairs	1,781	1,551	1,761	1,542
Minor works and maintenance	2,100	1,420	2,074	1,333
External auditors' remuneration	41	36	34	32
Internal audit	38	26	38	26
Legal and other outside consultancy	1,876	1,092	1,876	1,080
Travelling and subsistence	1,527	1,333	1,520	1,313
Telephone, fax and postage	509	520	465	456
Miscellaneous expenses	900	339	807	205
Exceptional Item	-	-	-	2,046
	18,486	14,914	18,000	16,387

The was no exceptional item in 2007 (2006: £2,046,000 which relates to a bad debt provision between RVC and its wholly owned subsidiary, The London Bioscience Innovation Centre Ltd.)

NOTES TO THE ACCOUNTS

for the year ended 31 July 2007

11 TANGIBLE FIXED ASSETS -CONSOLIDATED	Freehold Properties	Furniture and Equipment	Total
COST	£000	£000	£000
At 1 August 2006	53,990	2,333	56,323
Additions	4,392	939	5,331
Disposals	(1)	(1,066)	(1,067)
At 31 July 2007	58,381	2,206	60,587
DEPRECIATION			
At 1 August 2006	(13,727)	(1,025)	(14,752)
Charge for the year	(2,176)	(842)	(3,018)
Disposals	1	1,066	1,067
At 31 July 2007	(15,902)	(801)	(16,703)
Net Book Value at 31 July 2007	42,479	1,405	43,884
Net Book Value at 31 July 2006	40,263	1,308	41,571

Freehold properties and equipment include £5,792,000 (2006 - £2,657,000) for buildings and patient record system as work in progress which is not depreciated.

TANGIBLE FIXED ASSETS -COLLEGE	Freehold Properties	Furniture and Equipment	Total
COST	£000	£000	£000
At 1 August 2006	49,759	2,333	52,092
Additions	4,392	939	5,331
Disposals	(1)	(1,066)	(1,067)
At 31 July 2007	54,150	2,206	56,356
DEPRECIATION			
At 1 August 2006	(12,773)	(1,025)	(13,798)
Charge for the year	(1,965)	(842)	(2,807)
Disposals	1	1,066	1,067
At 31 July 2007	(14,737)	(801)	(15,538)
Net Book Value at 31 July 2007	39,413	1,405	40,818
Net Book Value at 31 July 2006	36,986	1,308	38,294

Freehold properties and equipment include £5,792,000 (2006 - £2,657,000) for buildings and patient record system as work in progress which is not depreciated.

NOTES TO THE ACCOUNTS

for the year ended 31 July 2007

	Consolidated		College	
	2007	2006	2007	2006
12 ENDOWMENT ASSET INVESTMENTS	£000	£000	£000	£000
Historical Cost at 1 August	9,887	9,380	8,246	8,071
Market Value Adjustment at 1 August	1,759	794	1,759	794
Market Value at 1 August	11,646	10,174	10,005	8,865
Additions	510	1,014	510	1,014
Disposals	(1,506)	(426)	(1,506)	(426)
Market Value Adjustment	991	965	991	965
Cash Movement	2,768	(81)	1,246	(413)
Market Value at 31 July	14,409	11,646	11,246	10,005
Represented by				
Fixed Interest Stocks	-	918	-	918
Equities	10,084	9,173	10,084	9,173
Cash at Bank	4,325	1,555	1,162	(86)
Market Value at 31 July	14,409	11,646	11,246	10,005
13 STOCKS				
Consumables	313	333	305	326
Farm Stocks	114	137	114	137
	427	470	419	463
14 DEBTORS				
AMOUNT FALLING DUE WITHIN ONE YEAR				
Trade debtors	1,456	1,862	1,365	1,806
Research grant debtors	2,139	1,849	2,139	1,849
London Bioscience Innovation Centre Ltd	-	-	596	559
Taxes receivable	4	5	1	2
Other debtors	347	347	347	347
Prepaid expenses and accrued income	522	67	522	67
Sub total	4,468	4,130	4,970	4,630
AMOUNT FALLING DUE AFTER ONE YEAR				
London Bioscience Innovation Centre Ltd	-	-	1,111	1,234
	4,468	4,130	6,081	5,864
<p>The total debt with The London Bioscience Innovation Centre Ltd comprises of a current account deficit and loan of £3,753,000 (2006 £3,839,000), less the provision made of £2,046,000 (2006: £2,046,000). The loan is not expected to be repaid until 2024.</p>				
15 CREDITORS - DUE WITHIN ONE YEAR				
Unsecured loans	243	230	243	230
Trade creditors	2,859	1,546	2,859	1,546
Animal Care Trust	-	-	3,247	2,216
Research grants creditors	6,184	4,846	6,184	4,846
Social Security and other taxation payable	1,101	1,074	1,101	1,074
Other creditors	394	354	394	354
Accruals and deferred income	1,189	717	1,136	652
	11,970	8,767	15,164	10,918

NOTES TO THE ACCOUNTS

for the year ended 31 July 2007

	Consolidated		College	
	2007	2006	2007	2006
16 CREDITORS: DUE AFTER ONE YEAR	£000	£000	£000	£000
Unsecured loans	7,471	7,715	7,471	7,715
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Unsecured Loans Repayable				
Between 1 and 2 years	259	243	259	243
Between 2 and 5 years	881	755	881	755
In 5 or more years	6,331	6,717	6,331	6,717
	7,471	7,715	7,471	7,715

The unsecured loans include two fixed interest loans for 25 years and one 20 year fixed rate with Royal Bank of

17 SHORT TERM DEPOSITS AND CASH

On consolidation, £2,503,000 (2006 £1,641,000) was moved from short term deposits and cash to endowment asset investments to cover the funds held by the College on behalf of the Animal Care Trust.

	Specific	General	Total
	£000	£000	£000
18 ENDOWMENTS -CONSOLIDATED			
At 1 August 2006	9,380	2,266	11,646
Additions	1,739	-	1,739
Appreciation of Endowment Asset Investment	991	-	991
Loss on disposal	(82)	-	(82)
Income for the year	307	58	365
Expenditure for the year	(250)	-	(250)
At 31 July 2007	12,085	2,324	14,409
<hr/>			
REPRESENTED BY			
Prize and scholarships	8,706	-	8,706
Other funds	3,379	2,324	5,703
Total Funds	12,085	2,324	14,409

ENDOWMENTS -COLLEGE

At 1 August 2006	7,739	2,266	10,005
Additions	77	-	77
Appreciation of Endowment Asset Investment	991	-	991
Loss on disposal	(82)	-	(82)
Income for the year	237	58	295
Expenditure for the year	(40)	-	(40)
At 31 July 2007	8,922	2,324	11,246
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REPRESENTED BY			
Prizes and scholarship funds	8,706	-	8,706
Other funds	216	2,324	2,540
Total Funds	8,922	2,324	11,246

NOTES TO THE ACCOUNTS

for the year ended 31 July 2007

		Funding Council	Other Donors	Total	
		£000	£000	£000	
19	DEFERRED CAPITAL GRANTS - CONSOLIDATED				
	Buildings	10,233	8,718	18,951	
	Equipment	819	151	970	
	At 1 August 2006	11,052	8,869	19,921	
	Cash Received - Buildings	2,806	215	3,021	
	Cash Received - Equipment	-	73	73	
	Released to I & E Account - Buildings	(519)	(543)	(1,062)	
	Released to I & E Account - Equipment	(68)	(44)	(112)	
	At 31 July 2007	13,271	8,570	21,841	
	Buildings	12,520	8,390	20,910	
	Equipment	751	180	931	
DEFERRED CAPITAL GRANTS - COLLEGE					
	Buildings	10,233	7,672	17,905	
	Equipment	819	151	970	
	At 1 August 2006	11,052	7,823	18,875	
	Cash Received - Buildings	2,806	215	3,021	
	Cash Received - Equipment	-	73	73	
	Released to I & E Account - Buildings	(519)	(473)	(992)	
	Released to I & E Account - Equipment	(68)	(44)	(112)	
	At 31 July 2007	13,271	7,594	20,865	
	Buildings	12,520	7,414	19,934	
	Equipment	751	180	931	
		Consolidated		College	
		2007	2006	2007	2006
20	INCOME AND EXPENDITURE ACCOUNT	£000	£000	£000	£000
	At 1 August	14,547	13,290	13,535	13,774
	Current year movement	2,801	1,257	3,296	(239)
	At 31 July	17,348	14,547	16,831	13,535
		Consolidated		College	
		2007	2006	2007	2006
21	RECONCILIATION OF OPERATING SURPLUS TO	£000	£000	£000	£000
	NET CASH INFLOW FROM OPERATING ACTIVITIES				
	Surplus / (Deficit) after depreciation and disposal of assets	3,494	1,252	3,469	(138)
	Interest payment on loans & finance lease	505	511	322	332
	Depreciation	3,018	3,078	2,807	2,866
	Deferred capital grants released to income	(1,174)	(1,169)	(1,104)	(1,099)
	Investment income	(608)	(547)	(538)	(495)
	(Profit) on sale of fixed assets and investments	(1,966)	-	(1,966)	-
	Decrease in stocks	43	13	44	11
	(Increase) / Decrease in debtors	(338)	(1,349)	(217)	540
	Increase / (Decrease) in creditors	3,190	2,606	4,233	2,616
	Net cash inflow from operating activities	6,164	4,395	7,050	4,633

NOTES TO THE ACCOUNTS

for the year ended 31 July 2007

	Note	Consolidated		College	
		2007	2006	2007	2006
		£000	£000	£000	£000
22 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Income from endowments	18	365	331	295	279
Income from short term investments	5	325	157	325	157
Interest paid		(505)	(511)	(322)	(332)
		185	(23)	298	104

23 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

Payment for tangible assets	11	(5,331)	(3,119)	(5,331)	(3,119)
Payment for endowment assets	12	(510)	(1,014)	(510)	(1,014)
Total fixed and endowment assets acquired		(5,841)	(4,133)	(5,841)	(4,133)
Proceeds from sale of tangible assets		1,967	-	1,967	-
Proceeds from sales of endowment assets		1,424	485	1,424	485
Deferred capital grants received	19	3,094	2,083	3,094	2,083
Endowments received	18	1,079	512	77	74
		1,723	(1,053)	721	(1,491)

24 FINANCING LOANS

Capital repayment		(230)	(349)	(230)	(349)
Net cash outflow from financing		(230)	(349)	(230)	(349)

25 SUBSIDIARIES

London Bioscience Innovation Centre Ltd (company number 04013123) is a wholly owned subsidiary company registered in England and Wales. Its main business is to facilitate Biotechnology start up companies. Animal Care Trust (charity 281571) is a wholly owned charitable trust of the College whose function is to support the College activities.

26 RELATED PARTIES

The College has taken advantage of the exemption conferred by Financial Reporting Standard No 8, 'related Party Disclosures', not to disclose transactions within related parties which are eliminated on consolidation. A related party relationship exists between the College and Immexis. Professor Howard is a director of the subsidiary, London Bioscience Innovation Centre Ltd and a controlling shareholder of Immexis. The College also has 23% shareholding in Immexis. Immexis is a customer of the Subsidiary and pays for laboratory services and accommodation at the same rate as other customers. The amount due from Immexis at the year end is £2,000 (2006 - £8,000). £6,000 has been written off during the year.

The College granted a £300,000 interest free loan to the Principal as part of his relocation package. The loan is secured on his property, and the benefit in kind arising from the loan is £15,000 (2006 - £15,000)

27 CAPITAL COMMITMENTS

Contracted at 31 July		6,598	10,381	6,598	10,381
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28 CONTINGENT LIABILITIES

HM Revenue & Customs wrote to the College, in August 2006, concerning the treatment of VAT in relation to publicly funded research which is claimed as a business activity. HMRC are still considering the response of the College and should they rule against the College, the estimated liability, for the past three years, is £1m. The timing is uncertain as no assessment has been issued by HMRC.

29 TAXATION

The College and its subsidiary, the Animal Care Trust are charities benefiting from charitable tax exemptions. Its other subsidiary, the London Bioscience Innovation Centre, has not incurred a tax liability in 2007 as it has cumulative tax losses.

NOTES TO THE ACCOUNTS

for the year ended 31 July 2007

	Consolidated		College	
	2007	2006	2007	2006
	£000	£000	£000	£000
30 ACCESS FUNDS				
At 1 August 2006	3	20	3	20
Funding Council Grants	42	52	42	52
Distributed to students	(57)	(69)	(57)	(69)
At 31 July 2007	(12)	3	(12)	3

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

31 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). It is not possible to identify the College's share of the underlying assets and liabilities of either scheme and hence contributions are accounted for as if they were defined contribution schemes. The schemes are defined benefit schemes which are externally funded and contracted out of the State second Pension (S2P) and valued every three years by professionally qualified independent actuaries using the Projected Unit Method.

The rates of contribution for both schemes are determined by the Trustees on the advice of actuaries, the cost recognised for the year in the Income and Expenditure account being equal to the contribution to the scheme. The assumptions and other data which have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuations	31 Mar 2005	31 Mar 2005
Investment returns per annum	4.5%	6.5%
Salary Increase per annum	3.9%	4.5%
Pension increase per annum	2.9%	2.7%
Market value of assets at last valuation	£21,740 million	£982 million
Past service liabilities at last valuation	£28,308 million	£1,056 million
Percentage of members accrued benefits covered by actuarial value of assets	77%	93%
Current employer contribution rate	14%	10.5%
Contribution for future service	14.3%	13.0%
Next actuarial valuations	31 March 2008	31 March 2008

Surplus arising from past service allows employers to pay contributions at 14% for USS and 13% for SAUL. Surpluses or deficits which arise at future valuations may impact on the employer's future contribution commitment. The next formal actuarial valuations are due at 31 March 2008 when the contribution rates will be reviewed.

	Consolidated	
	2007	2006
	£000	£000
USS contributions	1,747	1,517
SAUL contributions	698	343
Other pension payment	5	3
Total Consolidated Pension Costs	2,450	1,863

The Royal Veterinary College
UNAUDITED CONSOLIDATED FINANCIAL SUMMARIES

	2007 £000	2006 £000	2005 £000	2004 £000	2003 £000
INCOME AND EXPENDITURE ACCOUNT					
INCOME					
Funding Council grants	23,551	20,985	18,874	15,794	13,489
Academic fees and support grants	4,903	4,049	3,572	3,448	3,097
Research grants and contracts	8,708	6,195	4,781	4,337	4,288
Other operating income	13,455	12,413	10,469	9,855	9,191
Endowment and investment income	847	743	893	762	610
TOTAL INCOME	51,464	44,385	38,589	34,196	30,675
EXPENDITURE					
Staff Costs	27,927	24,630	21,250	19,337	16,652
Other operating expenses	18,486	14,914	13,258	11,882	10,318
Depreciation	3,018	3,078	2,811	2,648	1,932
Interest payable	505	511	486	721	523
TOTAL EXPENDITURE	49,936	43,133	37,805	34,588	29,425
SURPLUS / (DEFICIT) ON CONTINUING OPERATIONS	1,528	1,252	784	(392)	1,250
Profit / (Loss) on sale of fixed assets and investments	1,966	-	-	646	(242)
Surplus before transfer to specific endowments	3,494	1,252	784	254	1,008
Transfer from / (to) specific endowments	(693)	5	122	124	9
SURPLUS RETAINED WITHIN GENERAL RESERVES	2,801	1,257	906	378	1,017

	2007 £000	2006 £000	2005 £000	2004 £000	2003 £000
BALANCE SHEET					
Fixed assets and investments	43,884	41,571	41,530	39,017	36,703
Endowment asset investments	14,409	11,646	10,174	8,495	6,939
Cash at bank and in hand and short term deposits	9,851	4,779	1,728	1,010	947
Net non cash current liabilities	(7,075)	(4,167)	(2,978)	(4,249)	(3,685)
Long term loans, creditors and provisions	(7,471)	(7,715)	(7,983)	(7,392)	(7,961)
TOTAL NET ASSETS	53,598	46,114	42,471	36,881	32,943
Deferred capital grants	21,841	19,921	19,007	16,002	13,998
Endowment funds	14,409	11,646	10,174	8,495	6,939
Retained earnings	17,348	14,547	13,290	12,384	12,006
TOTAL FUNDS	53,598	46,114	42,471	36,881	32,943