



**Royal  
Veterinary  
College**  
University of London

# Financial Statements 2009-10





**THE ROYAL VETERINARY COLLEGE**

**ACCOUNTS 2010**

The Royal Veterinary College

**ANNUAL ACCOUNTS 2010**

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## GOVERNERS AND ADVISORS

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

#### Independent Members

Mr J H Chatfield-Roberts (*Honorary Treasurer*) – term ended 30 June 2010 +\*  
Mr D Danson – with effect from 1 January 2009 – 31 July 2012 +  
The Rt Hon Frank Dobson, MP – with effect from 1 January 2009- 31 July 2012  
Dr K Fleming – with effect from 1 January 2009 – 31 July 2012 #\*  
Professor J C Milne – with effect from 1 January 2008 – 31 July 2011 #  
Mr P Orchard-Lisle (*Vice-Chairman from 1 January 2009*) – with effect from 1 August 2007 – 31 July 2010 +\*  
Mr C Perrin (*Honorary Treasurer*) – with effect from 1 July 2010 – 31 July 2014 +\*  
The Rt Hon The Baroness Shephard of Northwold (*Chairman*) – with effect from 1 January 2008 – 31 July 2011 +\*  
Professor Dame Lesley Southgate – with effect from 1 August 2009 – 31 July 2013  
Mr E Stobart – with effect from 1 August 2009 – 31 July 2013 +  
Mr J Walmsley – with effect from 1 August 2009 – 31 July 2013  
Professor J Wyke – with effect from 1 October 2008 – 31 July 2012 #

#### Members Elected by the Academic Board

Professor A Rycroft – with effect from 1 February 2008 – 31 July 2011  
Dr C Wheeler-Jones – with effect from 1 January 2009 – 31 July 2012

#### President of the Students Union Society (now known as Students' Union as of March 2010)

Mr B Stileman (2009/10)

The members of Council listed above are considered to be the Trustees. In addition, the following are members of Council:

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

Professor Q McKellar

#### Vice-Principals (*ex-officio*)

Professor J Elliott (V-P Research) – with effect from 14 November 2007 – 31 July 2012  
Professor CR Howard (V-P Strategic Development) – with effect from 14 November 2007 – 31 July 2012  
Professor S May (Deputy Principal and V-P Teaching) – with effect from 1 January 2008 – 31 July 2012

**Secretary to Council (in attendance):** Mrs Elaine Acaster

#### Members of Statutory Committees

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

**Bankers** The Royal Bank of Scotland, London WC2H 0NN

**Auditors** Deloitte LLP  
Chartered Accountants and Statutory Auditors  
St Albans

## **TREASURER'S REPORT**

for the year ended 31 July 2010

### **Introduction**

This report represents an analysis of the activities of the Royal Veterinary College group from the perspective of the Members of the Council, its governing body. The information herein complements and supplements the information in the financial statements. Whilst it has a forward looking orientation, it also refers to current performance and key issues which will have an effect on future years.

### **The College and its subsidiaries**

Founded in 1791, the Royal Veterinary College was the first of its kind in the UK, and the driving force behind the establishment of the nation's veterinary profession. The first four students were admitted in January 1792, and ever since then the College has been at the forefront of teaching and research in the veterinary and allied sciences. The College is a higher education institution and a constituent college of the federal University of London.

The College's vision is to provide leadership in Veterinary Science and education through innovative scholarship and pioneering clinical activity. This vision is supported by a mission statement and core values, which can be found on the College's website at [www.rvc.ac.uk/aboutus/mission.cfm](http://www.rvc.ac.uk/aboutus/mission.cfm)

The key strategic objectives of the College are set out within its Corporate Plan 2009-2013. The Corporate Plan is available on the College's website at <http://www.rvc.ac.uk/corporateplan/index.cfm>

The principal activities of the College are the teaching of undergraduate and postgraduate students, research in veterinary science and biosciences, and the provision of clinical services through first opinion and referral animal hospitals.

The College is the sole shareholder in the London Bioscience Innovation Centre (LBIC). LBIC is located in Camden, North London and provides office and laboratory facilities for start-up biotechnology companies. The College is also sole shareholder in Royal Veterinary College (Hong Kong) Ltd, which is registered in Hong Kong and provides a legal presence for the College in Hong Kong and also co-ordinates the College's education activity in the Far East. During the year the College established RVC Developments Limited, a wholly owned subsidiary company, which provides the College with construction services. RVC Developments Limited is providing construction services in relation to the Northumberland Hall replacement project, comprising student residential accommodation and catering facilities.

The College is also the sole Trustee of the Royal Veterinary College Animal Care Trust, which is a charitable trust. The Animal Care Trust's objects are:

- the advancement of education and of veterinary science medicine and surgery;
- the undertaking of research and the dissemination of the results thereof; and
- such other charitable purposes for the relief of suffering among animals as the Trustee shall from time to time in its absolute discretion determine.

### **Governance**

The governing body of the College is its Council. The Council met on four occasions in the year: 20 October 2009, 24 November 2009, 9 March 2010 and 22 June 2010.

The Council continued to discharge its responsibilities set out in the Articles of Governance with due diligence. It determined the strategic direction, educational character and mission of the College while ensuring the efficient and effective use of resources, its solvency and the safeguarding of its assets.

### **Policies and Compliance with Legislation**

The Council ratifies policies and procedures in accordance with the recommendations of Committees of Council which are listed below:

- Audit;
- Finance and General Purposes;
- Nominations and Fellowships;
- Remuneration;
- Health & Safety; and
- Ethics and Welfare.

**TREASURER'S REPORT (continued)**  
for the year ended 31 July 2010

The Council has in place mechanisms to ensure that all of its policies and procedures comply with the relevant legislation, which includes:

- Borders, Citizenship and Immigration Act 2009;
- Charities Act 2006;
- Corporate Manslaughter and Corporate Homicide Act 2007;
- Data Protection Act 1998;
- Equality Act 2010;
- Freedom of Information Act 2000;
- Health and Safety Act 1974;
- Human Rights Act 1998; and
- UK Borders Act 2007.

Processes are also in place to ensure that all new legislative requirements are considered to ensure that, where relevant, the College complies fully with the law.

**Performance Indicators**

The College currently measures its performance by referring to progress made against the key strategic objectives given within its Corporate Plan. These are noted below.

The College has adopted the Committee of University Chairmen's (CUC) guidance on Key Performance Indicators, published in November 2006. The KPIs for the College are:

- Institutional sustainability
- Academic profile and market position
- The student experience and teaching & learning
- Research
- Clinical activities
- Knowledge transfer and relationships
- Financial health
- Estates and infrastructure
- Staff and human resource development
- Governance, leadership and management
- Institutional projects

Appropriate supporting KPIs have been agreed for each of the eleven KPIs given above. These supporting KPIs are linked directly into the objectives within the College's Corporate Plan and are weighted and summated to give an overall 'rating' for the eleven KPIs using a 'traffic-light' colouring system.

The Council has assessed performance for 2009-10 against these indicators as set out below.

Green (Good: This is on track, low risk)	Amber (Mixed: Some significant concerns which could be damaging if not addressed, medium risk)	Red (Problematic: serious concerns threaten this area, high risk to the institution's overall performance)
<ul style="list-style-type: none"> <li>• Academic profile and market position</li> <li>• Research</li> <li>• Staff and human resource development</li> <li>• Knowledge transfer and relationships</li> <li>• Institutional projects</li> </ul>	<ul style="list-style-type: none"> <li>• Institutional sustainability</li> <li>• The student experience and teaching &amp; learning</li> <li>• Clinical Activities</li> <li>• Financial health</li> <li>• Estates and infrastructure</li> <li>• Governance, leadership and management</li> </ul>	

**TREASURER'S REPORT (continued)**  
for the year ended 31 July 2010

**Development and Performance 2009-10**

A summary of performance and developments for the year 2009-10 is given for each key area of the College's activity in line with the objectives set within the College's Corporate Plan.

Excellence in the Student Experience

Good progress	Slower progress
<ul style="list-style-type: none"> <li>• Variety and depth of learning environments enhanced through completion of Camden lightwell project and refurbishment of Camden Learning Resources Centre</li> <li>• New Teaching and Research Centre under construction at the Hawkshead campus</li> <li>• Extended range of support services, including on-site support for dyslexia</li> <li>• Further increases in applications from the most talented students to undergraduate programmes</li> </ul>	<ul style="list-style-type: none"> <li>• Partial implementation of Student Support and Student Wellbeing plans</li> <li>• Mixed improvements in ranking in published newspaper league tables</li> </ul>

Excellence in Education

Good progress	Slower progress
<ul style="list-style-type: none"> <li>• Further development of the unique and innovative MSc Veterinary Education</li> <li>• Establishing research and teaching infrastructure in veterinary enterprise, through the Professor of Business &amp; Enterprise</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of funded student numbers remains a hold on growth in BSc Bioveterinary Sciences and development of new programmes</li> <li>• Delay in developing specific objectives of Learning, Teaching &amp; Assessment Strategy, partly due to staff budget constraints</li> <li>• Appointment of a Professor in General Practice remains aspirational</li> </ul>

Excellence in Research

Good progress	Slower progress
<ul style="list-style-type: none"> <li>• Grant application and awards continue to increase</li> <li>• Developing multi-disciplinary research programmes – particularly co-operative aerodynamics and radio-based dynamic animal localisation</li> <li>• Positive discussions with potential partners, including the London International Development Centre and the London School of Hygiene and Tropical Medicine</li> <li>• Lifestyle, comparative medicine and biodiversity research all strengthened through new staff appointments</li> <li>• Development of innovative educational research programmes with European partners</li> </ul>	<ul style="list-style-type: none"> <li>• Development of research performance profile for each research active academic staff member</li> <li>• Delay in commencement of UK Centre for Medical Research and Innovation in St Pancras has limited further partnership opportunities</li> </ul>

**TREASURER'S REPORT (continued)**  
for the year ended 31 July 2010

Excellence in Clinical Services

Good progress	Slower progress
<ul style="list-style-type: none"> <li>• Marketing strategy, financial reporting and KPIs further developed, particularly focused on the Queen Mother Hospital for Animals and the Beaumont Sainsbury Animals' Hospital</li> <li>• Farm animal teaching at the Welsh Regional Veterinary College has been strengthened by the appointment of an additional veterinarian</li> <li>• Successful completion of re-development of the Equine Referral Hospital at the Hawkshead Campus</li> <li>• Major refurbishment of the Beaumont Sainsbury Animals' Hospital over summer 2010</li> <li>• Increase in caseload and clinical income across all units of the Clinical Services Division (10% on average)</li> </ul>	<ul style="list-style-type: none"> <li>• Delay in finalising agreement with a commercial partner in delivering farm animal student experience and clinical income</li> <li>• Supporting sustainable farm animal referral activities</li> </ul>

Excellence in Business Engagement

Good progress	Slower progress
<ul style="list-style-type: none"> <li>• LBIC occupancy rates very strong, with full occupancy for second half of the year</li> <li>• Development of an impact and public awareness strategy, in line with government and funder focus</li> <li>• HEFCE funded Economic Challenge Investment Fund activities exceeded targets, in attraction and delivery of skills training and internship placements</li> <li>• BRIO bioscience graduate internship programme (in partnership with UCL) commenced</li> </ul>	<ul style="list-style-type: none"> <li>• Income from licensed technology highly variable</li> <li>• Lack of opportunities to attract proof of concept funding</li> <li>• LBIC business plan not yet fully agreed</li> </ul>

Excellence in International activity

Good progress	Slower progress
<ul style="list-style-type: none"> <li>• Increased recruitment of North American students as a result of intensified activity, marketing and financial incentives</li> <li>• Development of joint degree with Hong Kong Polytechnic University in Veterinary Nursing, with strong recruitment to first intake in September 2010</li> <li>• Continued growth in capacity and strength in research collaborations with Chinese universities</li> </ul>	<ul style="list-style-type: none"> <li>• Development of a focused postgraduate international recruitment and engagement strategy</li> </ul>

Excellence in Community Engagement

Good progress	Slower progress
<ul style="list-style-type: none"> <li>• Introduction of volunteering programmes for staff and students</li> <li>• Widening participation work well supported through activities such as 'School Wednesday' and fully booked summer schools</li> <li>• Student progression work continues with Langley and Stockley Academy schools</li> <li>• Progression agreements signed with five leading land-based colleges that make up the CULTIVA alliance</li> </ul>	<ul style="list-style-type: none"> <li>• Parental education programme</li> </ul>



**TREASURER'S REPORT (continued)**  
for the year ended 31 July 2010

Enabling excellence

Good progress	Slower progress
<b>HR</b> <ul style="list-style-type: none"> <li>• Development of an improved staff reward framework, including Extended Salary Ranges, Special Award and Recognition schemes</li> <li>• Development of an academic staff CPD framework - to be implemented in 2011</li> <li>• Equality Strategy Working Group developed a Single Equality Scheme, which was approved by the College Council in June 2010</li> </ul>	<b>HR</b> <ul style="list-style-type: none"> <li>• Development of Equality Impact Assessments</li> </ul>
<b>Governance</b> <ul style="list-style-type: none"> <li>• Degree awarding powers granted by the Privy Council</li> <li>• Successful visitation from the Royal College of Veterinary Surgeons and the European Association of Establishments of Veterinary Education in which provisional full recognition and no deficiencies given</li> <li>• Revisions to statutes relating to employment regulations</li> <li>• Extension of the membership of the Audit Committee to better reflect the activities of the College Group, including its subsidiary companies</li> </ul>	<b>Governance</b>
<b>Estates</b> <ul style="list-style-type: none"> <li>• Estate Strategy implemented and goals regularly monitored</li> <li>• Significant progress in relation to environmental sustainability, as evidenced by major improvement in 'Green' University league table</li> <li>• Working towards HEFCE good practice guidelines, evidenced by approval for 'light-touch' Capital Investment Framework grant allocation</li> </ul>	<b>Estates</b> <ul style="list-style-type: none"> <li>• Campus master planning – formal submission expected by end of 2010</li> <li>• Securing alternative funding for new capital developments</li> <li>• Some time and cost overruns on completed capital projects</li> </ul>
<b>Information services</b> <ul style="list-style-type: none"> <li>• Fully integrated helpdesks at both Camden and Hawkshead Learning Resource Centres supporting staff and students</li> <li>• Information Strategy for 2010-2013 approved and is being implemented</li> </ul>	<b>Information services</b>
<b>Development Office</b> <ul style="list-style-type: none"> <li>• Increased activity in alumni relations, donor research and funding applications</li> <li>• Success in attracting large donations for refurbishment of the Beaumont Sainsbury Animals' Hospital (£1m) and towards the construction of the Teaching and Research Centre (£0.5m)</li> <li>• Many elements of major fundraising campaign now in place, including the 'Case for Support'</li> </ul>	<b>Development Office</b> <ul style="list-style-type: none"> <li>• Delay in launch of major fundraising campaign</li> <li>• Economic climate continues to impact on income performance</li> </ul>

**TREASURER'S REPORT (continued)**  
for the year ended 31 July 2010

**Principal Risks and Uncertainties**

The College has a comprehensive strategic risk register, through which senior management and the Council are kept fully informed of key influencing factors.

Currently, the key risk areas identified are that:

- HEFCE core funding reduces by 40% in the period to 2014;
- Commercial income and contribution levels are below those forecasted;
- The Animal Care Trust fails to reach its fundraising income targets;
- There is an over dependence on key individual staff, whose loss would have a serious impact on College activities;
- The College's relatively poor scores (against other vet schools in the UK) in league tables and the National Student Survey continues; and
- Overall financial forecast targets for revenue, capital and cash flows are not met.

Of the risks outlined above, the most significant, both in terms of likelihood and impact on the College, is the reduction in HEFCE funding.

**Resources**

The principal sources of income for the College are:

- HEFCE grants for teaching and research;
- Clinical services offered by the College's animal hospitals;
- Competitive research grants and contracts awarded; and
- Student tuition fees.

Historically, HEFCE grant funding has been relatively stable and known far enough in advance to enable effective planning within the College. During 2009-10 further cuts in the teaching funding received from HEFCE have been notified. The most recent of these was in July 2010, for which only a very short period of notice was given. The impact of this change was a reduction of £91,000, representing 0.5% of the College's teaching funding from HEFCE.

Other income streams are less stable and are subject to competitive pressures from within the higher education sector and from organisations operating within the veterinary and allied professions.

Two significant announcements impacting the higher education sector were made in October 2010 which are anticipated to have a major impact on the resourcing of the College, namely the review of higher education funding and student finance<sup>1</sup> led by Lord Browne of Madingley; and the Government's Comprehensive Spending Review for fiscal years 2011/12 to 2013/14. Although these announcements gave an indication of the composition of future funding of higher education, the detailed impacts upon the College will not be known with certainty until 2011.

The largest single expenditure item is staff costs. In 2009-10, on average, the College employed 820 FTE staff members, and has in place arrangements for temporary staff and consultancies for the provision of specialist services. Certain aspects of pay and conditions for staff are negotiated at a national level while others are determined locally by the College.

Within the College's staff, over twenty different nationalities are represented. This adds greatly to the range and breadth of experience, skills and cultural awareness within the College.

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<sup>1</sup> Securing a sustainable future for higher education, 12 October 2010, available at [www.independent.gov.uk/browne-report](http://www.independent.gov.uk/browne-report)

**TREASURER'S REPORT (continued)**  
for the year ended 31 July 2010

**Financial Position, Cash flows and Liquidity**

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), the London BioScience Innovation Centre Limited (LBIC), RVC Developments Limited, and Royal Veterinary College (Hong Kong) Limited.

CONSOLIDATED RESULTS FOR THE YEAR

	2010	2009
	£000	£000
Income	65,832	62,641
Expenditure	<u>(67,644)</u>	<u>(61,784)</u>
(Deficit)/Surplus on Continuing Operations	(1,812)	857
Transfer from specific endowments	<u>626</u>	<u>166</u>
(Deficit)/Surplus retained within General Reserves	<u>(1,186)</u>	<u>1,011</u>

Income

Total income for the year rose by 5% (2009: 7%). Funding body grants showed an overall increase of 1% (2009: 11%). Tuition fee income saw an increase of 26% (2009: 17%), with full time home students in particular increasing by 14% (2009: 19%), due to the continuing effect of students paying the top-up fee. Full time overseas fees showed an increase in year of 27% mainly due to increased recruitment (2009: 13%). The overall change also includes a reclassification of short course fees from the College's CPD Unit.

Income resulting from clinical and related earnings increased by 11% (2009: 3%), through strong growth in caseload in small animal and equine services.

Income from research grants and contracts decreased by 12% (2009: 18% increase). The 2009 figures included a large receipt in advance and payments to partners on an EU funded project. Underlying research grant application and awards continue to grow and will be reflected in income reported in future years.

Income from endowments and investments for the year was £1,378,000. This is an 81% increase on 2009, due to a number of large unrestricted legacy receipts and the impact of HEFCE's matched funding scheme.

Expenditure

Overall expenditure increased by 9% (2009: 7%).

Staff costs rose from £35.3m to £38.2m, equivalent to 8% (2009: 11%). The increase was driven by payment of the nationally agreed pay award of 0.5%, incremental progression and a 2% increase in USS pension scheme contributions (from October 2009). Within the increase is an adjustment to reflect a new salary payment scheme to the College's academic clinicians, which now recognizes performance in-year rather than in arrears. The transition to this new scheme resulted in payments for 2008-09 and 2009-10 being recorded in a single year, leading to additional costs of £690k. These additional costs were within the forecasts of financial performance made during the year.

Other operating expenses increased from £22.0m to £24.3m, or 10% (2009: 3%). In 2009 the College released a provision relating to a VAT liability of £750k, following settlement of the liability, thereby reducing the total operating expenses for 2009. On a like-for-like basis the change between 2009 and 2010 was 7%.

Some of this increase was directly related to increased commercial and clinical activities, as noted above.

Continued growth and investment in the College's estates led to increases in utilities costs and a continuing spend on maintenance. The investment in maintenance and minor works represented 8% of total non-staff expenditure (2009: 7%).

Included within the overall increase in other operating expenses were one-off, non-recurrent costs relating to temporary accommodation while the Northumberland Hall replacement project is in progress as well as equipment purchases to support teaching, research and clinical activities.

## **TREASURER'S REPORT (continued)** for the year ended 31 July 2010

In line with expectations, depreciation rose from £3,930,000 in 2009 to £4,227,000 in 2010, an increase of 8% (2009: increase of 19%). A number of capital projects were completed during the year and depreciated, most notably the relocation of the College's Equine Hospital at the Hawkshead Campus and the conversion of a Lightwell at the Camden Campus into a social learning zone.

During the year the College agreed new bank loan funding for its redevelopment of student accommodation and catering facilities at the Hawkshead campus. The interest costs of this new borrowing of £18m are reflected in the increase in interest payable from £476,000 in 2009 to £898,000 in 2010. The college also successfully renegotiated its existing loan portfolio during the year, resulting in interest savings on the previous agreements.

### Deficit for the year

The Group is reporting a deficit for the year of £1,186k (1.8% of income).

Much of this deficit is for non-recurrent items, including the academic clinician payment changes of £690k and costs relating to the new student accommodation project of £360k which could not be capitalised as noted above.

Other costs which were higher than anticipated were utilities and catering. Both of these areas are being addressed in 2010-11; by compensatory reductions in other budgets and targeted consumption reductions; and through cost and pricing changes respectively.

### Capital structure

The College Council approved in March 2009 a major capital project to redevelop the student accommodation and catering provision at the Hawkshead campus, replacing the current facilities known as Northumberland Hall. The cost of the project is £18 million, and is the largest the College has undertaken. The Council agreed that this project would be funded by raising new bank loan financing.

The new loan was drawn down in February 2010, thus significantly altering the capital structure and gearing ratio of the College. The borrowing level is still well within the initial HEFCE 'annualised servicing cost' limit of 4% (calculated as total debt cash payments as a proportion of total income).

The expected income stream from the student accommodation and catering facilities is strong and current forecasts are for the construction and loan costs to be repaid in full within 20 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. During the year the Finance and General Purposes Committee agreed a revised treasury management policy, which included a more formal and structured framework of investment management.

The College has engaged BlackRock Asset Management to administer and advise on appropriate funding opportunities for surplus cash and liquid assets over and above those needed for routine working capital purposes. At 31 July 2010, the College held a total of £8,213,000 across three BlackRock funds: UK Income Equities, International Equities and All Stocks Corporate Bonds. In addition to this, £17,162,000 was held in a number of defined term deposits at major UK clearing banks and in BlackRock's Institutional Liquidity Fund.

Overall, the College's investments produced a return of 12% for the year to 31 July 2010, which was in line with the agreed benchmark.

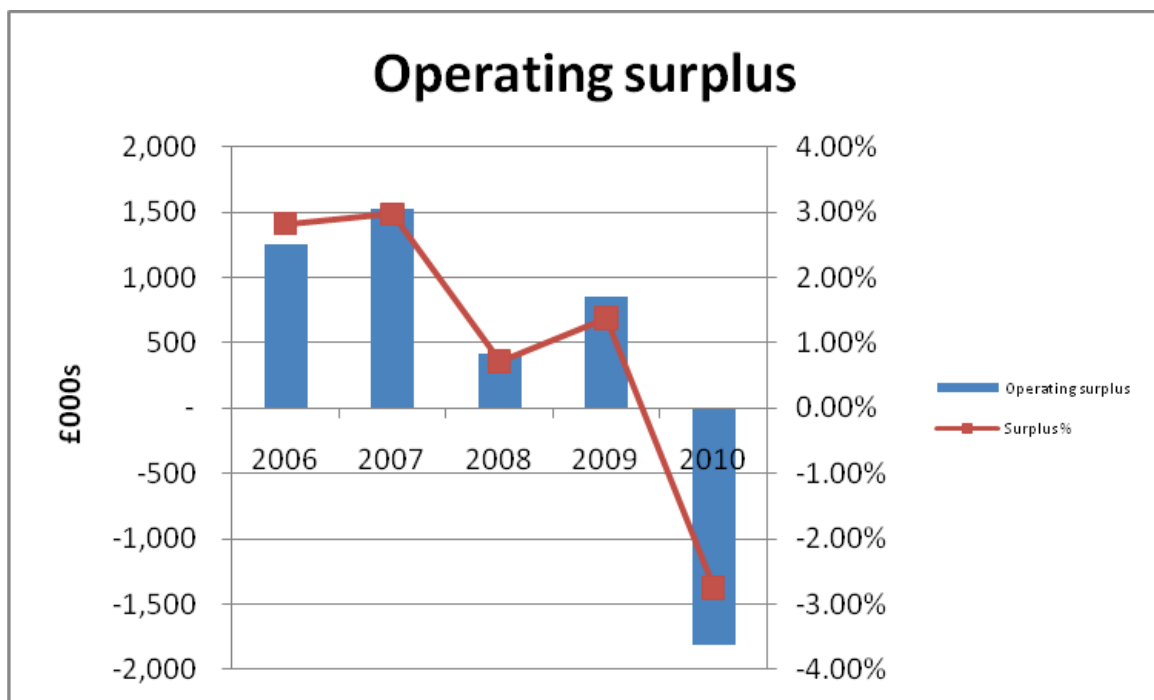
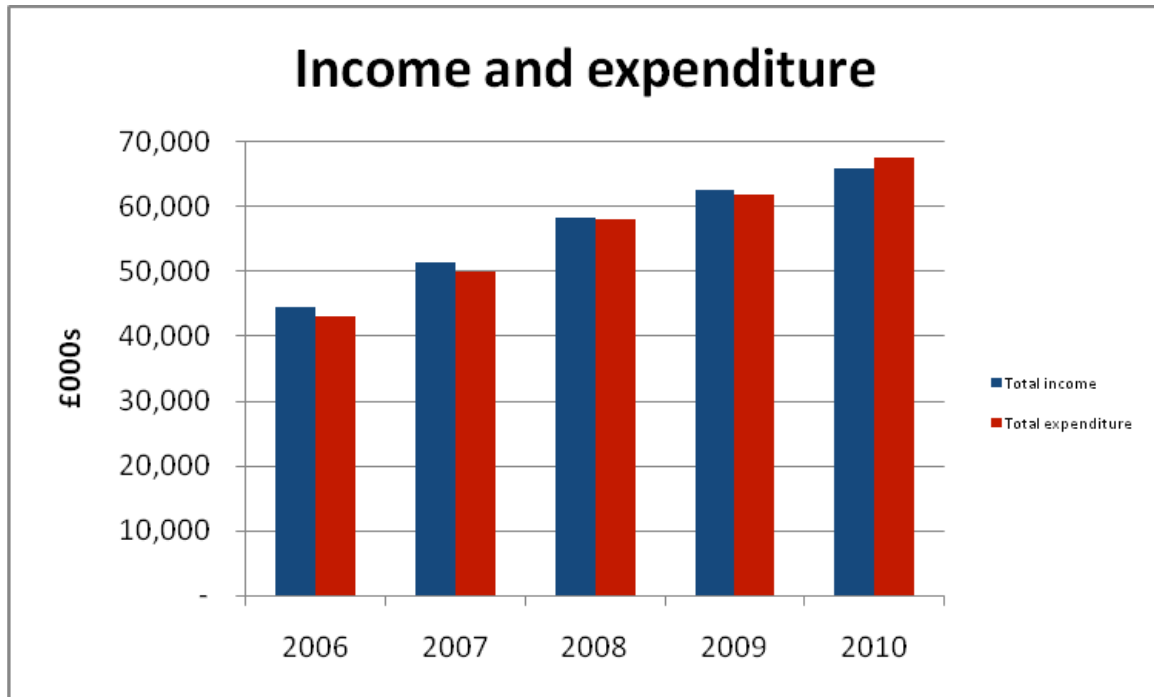
Working capital funds are held overnight with the College's bankers, the Royal Bank of Scotland.

### Cash flows

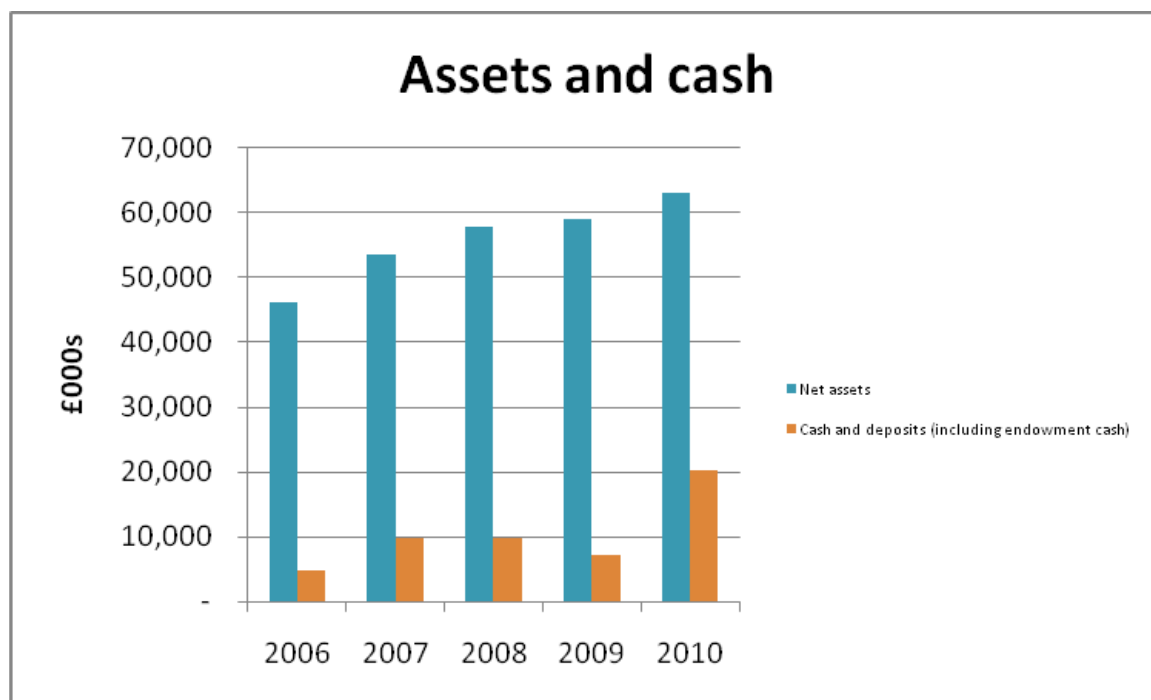
The net increase in cash for the year was £2,444,000 (2009: £292,000 decrease). Closing net funds stood at £1,000 (2009: £6,065,000).

**TREASURER'S REPORT (continued)**  
for the year ended 31 July 2010

Summary of Financial Performance 2006-2010



for the year ended 31 July 2010



#### Future factors likely to affect the College's financial position

The future is particularly uncertain, both generally for the UK and world economies and, in turn, for the College. The views expressed here about the future are the College's own, and should be treated with care.

The College has spent considerable time in modeling the possible consequences of a severe deterioration in higher education funding. The College currently receives 45% of its total funding from public sources, primarily through HEFCE and the UK Research Councils. The Government's Comprehensive Spending Review (CSR) announcement in October indicated that grants for teaching, made through HEFCE, would reduce by 40% in the spending period (fiscal years 2010/11 to 2013/14). The CSR also indicated some protection for funding of science.

Despite the likely protection for science subjects, the College's current modeling of future public funding is that it will lose 40% of its HEFCE recurrent teaching funding over the next four years. This is a recurrent impact of £8.0 million over that period. Although the funding for science is protected overall, it is likely that more of this will be allocated to medical research, thereby reducing the amount available to the research councils which fund research at the College.

Lord Browne's review creates a number of potential opportunities for the College to rebalance its income streams through the ability to charge higher tuition fees. At the time of writing it is not certain whether all of the recommendations within Lord Browne's report will be accepted or the level of opposition within the House of Commons to any proposal put forward by the Coalition government.

In light of these uncertainties, the College Council has agreed a number of response actions to anticipated cuts in its public funding, which include increasing non-publicly funded income streams (overseas students' fees, commercial clinical activities, student residences and catering), a reduction in non-staff costs (improved procurement and efficiencies) and reductions in staffing costs.

The College has a target to reduce staff costs by 10% during 2010-11. Staff costs have already been reduced through the freezing of appointment to vacant posts, unless considered critical to the College's operations; suspending a number of locally agreed pay supplements; and through a voluntary severance scheme in October 2010. The anticipated recurrent savings from these actions are £1.5 million against a target saving of £3.5 million. In order to achieve the target savings, the College will shortly be entering a period of consultation over restructuring across the departments of the College, which is likely to result in compulsory redundancies.

**TREASURER'S REPORT** (continued)  
for the year ended 31 July 2010

**Conclusion**

The financial result for the year to 31 July 2010 was disappointing. The deficit reported included a number of one-off, non-recurrent items but there does also remain a need to reduce costs; and a number of improved systems have been introduced. Meanwhile there is a continuing emphasis on the development of alternative sources of income in addition to public sector financing.

In other respects the College had a very successful year. Student recruitment is buoyant, research is of the highest quality and recent investment is being seen in the new buildings and facilities appearing on both campuses.

The future of public funding for higher education is presently not clear, but the College Council has agreed appropriate actions in responding to a shift in the balance of funding from public to non-public sources. We are therefore confident the College will emerge from the current period of austerity vigorous and well placed to fulfil its stated mission.



Charles Perrin  
Honorary Treasurer  
November 2010

## **PUBLIC BENEFIT STATEMENT**

for the year ended 31 July 2010

The College is an exempt charity under the terms of the Charities Act 2006.

In setting and reviewing the College's objectives and activities, 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.

### **General principles of public benefit**

The main principles of public benefit in the Charities Act 2006 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 mission and aims, approved by Council for the Corporate Plan 2009-2013 state this directly:

Mission:

We will enhance our global reputation as an outstanding independent veterinary college by:

- Improving the quality of the student experience educationally and socially;
- Delivering excellent education through the best methods and progressive practice;
- Undertaking research of international quality in focused areas of global significance for animal and human health;
- Improving animal health and welfare by the provision of outstanding clinical activity across animal species;
- Engaging with the business community and exploiting our novel ideas;
- Promoting public health and supporting society through the study of the relationships between people, animals and food;
- Engaging fully with local, national and international communities and all our stakeholders.

Strategic aims:

The strategic aims of the College have all been set to promote and enhance excellence across its activities. These aims have been outlined earlier in this report.

### **Delivery of public benefit through education and training**

The provision of higher education remains one of the College's core activities. The 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. In 2009-10, 483 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 inducted 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.

The College is also the largest supplier of non-commercial veterinary CPD, and postgraduate professional certificates accredited by the Royal College of Veterinary Surgeons. It therefore contributes substantially to the public good of state-of-the-art veterinary services.

The College runs a number of successful postgraduate programmes, including distance learning Master of Science degrees in Veterinary Epidemiology & Public Health and Livestock Health & Production. These degree programmes allow students to study at their own pace from any location globally. Students from over fifty countries were enrolled on these distance learning programmes during the year and the knowledge gained, especially by those from developing countries, is used directly to influence key decisions in the veterinary profession in those countries. For example, the twelve students enrolled from Bangladesh and Sri Lanka are directly building intellectual capacity and informing national veterinary policy and practice through their roles in government or in university faculties.

The College also has a unique Centre for Excellence in Teaching and Learning that develops materials for the College's own curricula, and supplies them (free of charge) to other educational institutions, as well as making computer-aided learning packages available via the internet.



## **PUBLIC BENEFIT STATEMENT (continued)**

for the year ended 31 July 2010

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

Researchers at the College are actively engaged in enhancing understanding in the basic sciences as well as in veterinary sciences. Increasingly, the outcomes of research into improving animal health and wellbeing are applicable to understanding and improving human health (e.g. research into osteoporosis, arthritis, neuromuscular disorders, type II diabetes, atherosclerosis, fetal programming and the effect of maternal diet on health of the offspring and kidney function). The College is actively involved in this 'one health' agenda. In particular, research is being undertaken on canine diabetes and canine muscular dystrophies. The findings of both areas of this work are being used to inform researchers working on these conditions in humans.

The College has an established group of researchers in zoonotic diseases, working to better understand the spread of infection between animals and also between animals and humans. College members gave advice to the Hong Kong government on appropriate risk analyses and precautions during the last SARS outbreak and continue to monitor the potential impacts of avian influenza, contributing to FAO funded research into this global problem.

The College's Animal Welfare Research group is running an outreach programme titled "Inside Chicken Run" which builds on their work into the welfare of chickens. Part of the programme is to encourage school children to consider how chickens see the world and this outreach programme is used to communicate key messages on animal welfare.

We participate with five other colleges of the University of London in jointly funding the London International Development Centre whose focus is on cross-disciplinary research, training and building local capacity for the developing world. The College is involved, through LIDC, in an 'agri-health' project in which animal, medical and social science researchers are operating collaboratively.

The vast majority of the College's research outcomes are made available for wider consumption through papers in journals and other veterinary or science publications.

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

During the year the over 30,000 cases passed through the College's various clinical facilities, which are staffed and equipped to cater for companion animal species from rodents, through dogs and cats, to horses and alpacas, as well as production animals from farms in the region. The clinical teams in the College's hospitals offer a broad range of diagnostic techniques and treatment options to optimise 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 provision of routine clinical examinations and basic health care for all species to near unique procedures such as standing MRI and CT investigations in horses that avoid the need for general anaesthesia, and interventional radiological techniques in dogs and cats that facilitate advanced treatment of cardiac and respiratory disease, enabling access to appropriate care at many different levels.

The College's clinical staff 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. A key element of this access to opportunity is through the College's Gateway programme, which is a one-year preparatory course for non-traditional students to provide a route into studying veterinary medicine. The programme is offered to non-selective state school students whose parents have not been to university and who satisfy strict requirements regarding levels of parental income. To encourage participation the College offers a generous bursary to Gateway students, which not only covers the cost of their tuition fees, but also contributes to their living expenses. Bursaries are made available to all students on undergraduate programmes to encourage potential students from a wide range of socio-economic backgrounds to apply to study. It is felt that these measures contribute to widening participation and ensure the opportunity to participate is not unreasonably restricted by the ability to pay fees.

The College has an education liaison team which continues to enhance the College's widening participation activities, including campus visits for primary and secondary schools in low participation neighbourhoods. For example, the College holds 'Schools Wednesdays' throughout term time where secondary school pupils from London boroughs have the opportunity to learn about anatomy through having access to the College's large collection of animal bones. In the last three years, the College has also run an annual "roadshow", travelling to the Midlands and the north of England to increase awareness of animal-related educational opportunities.

In 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 the Dogs Trust and other charities in neutering animals before rehoming.

**PUBLIC BENEFIT STATEMENT (continued)**  
for the year ended 31 July 2010

**Environmental sustainability**

The College recognises its commitment to the delivery of carbon reduction targets and is actively engaged in reducing its environmental impact. This is evidenced by the fact that new capital developments have to achieve BREEAM excellence standards in their design.

Energy usage and waste material production at the College is, by the nature of its operations, high compared to sector medians. The College is working hard to reduce energy consumption through the use of photovoltaic cells on the roofs of new student residences currently under construction.

The various steps being taken by the College to improve its environmental sustainability were recently recognised in the latest publication of the University 'Green League Table' where the College improved by forty places on its previous ranking.

The operation of the College's estate is an example of the need to balance the benefits against any detriment or harm. These are considered during the decision making processes of the College and it is felt that the benefits gained from delivering education, training, research and clinical activities at the College's campuses outweigh the environmental impacts and sustainability of these activities.

## **RESPONSIBILITIES OF THE COLLEGE COUNCIL**

for the year ended 31 July 2010

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. Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

### **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 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, 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 Financial Memoranda with the College 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;
- 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 2010

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 2010, 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 and revised in 2009.
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 2010 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, which were most recently revised in 2010.
5. 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) 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.
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 accountable officer of the College and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons.
8. Independent Members constitute the majority on Council. 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, and report to the Council.
9. The Finance and General Purposes 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.
10. 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.
11. 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 work.

**CORPORATE GOVERNANCE** (continued)  
for the year ended 31 July 2010

12. 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 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.
13. 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.
14. 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.
15. 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 2010

We have audited the financial statements of Royal Veterinary College for the year ended 31 July 2010 which comprise the consolidated and College income and expenditure account, the statements of total recognised gains and losses, the consolidated and College balance sheets, the consolidated and College cash flow statements, the statement of principal accounting policies and the related notes 1 to 31. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Council of the College, as a body, in accordance with the Financial Memorandum dated June 2008. Our audit work has been undertaken so that we might state to 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**

The Council's responsibilities for the preparing the Annual Report and the financial statements in accordance with the College's statute, the Statement of Recommended Practice on Accounting for Further and Higher Education and other applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of the Council's responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant 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 have been 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 the College have been properly applied only for the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England.

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

We read the other information contained in the Treasurer's Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

**Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

**INDEPENDENT AUDITORS' REPORT** (continued)  
to the Members of Council of the Royal Veterinary College  
for the year ended 31 July 2010

**Opinion**

In our opinion:

- (a) the financial statements give a true and fair view of the state of affairs of the College and the Group as at 31 July 2010 and of the deficit of the Group and College for the year then ended;
- (b) the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice on Accounting for Further and Higher Education Institutions;
- (c) 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 College have been applied only for the purposes for which they were received; and
- (d) in all material respects income has been applied in accordance with the College's statutes and, where appropriate, with the Financial Memorandum, dated June 2008 with the Higher Education Funding Council for England.

*Deloitte LLP*

**Deloitte LLP**  
Chartered Accountants and Statutory Auditors  
St Albans

*30 November*

2010

## INCOME AND EXPENDITURE ACCOUNTS

for the year ended 31 July 2010

	Note	Year ended 31 July 2010		Year ended 31 July 2009	
		Consolidated £000	College £000	Consolidated £000	College £000
<b>INCOME</b>					
Funding body grants	1	29,635	29,605	29,420	29,390
Tuition fees and education contracts	2	8,257	8,219	6,570	6,570
Research grants and contracts	3	8,820	8,820	9,998	9,998
Clinical and related earnings	4	14,707	13,306	13,249	12,286
Other income	4	4,007	3,183	3,108	2,818
Endowment and investment income	5	406	405	296	281
<b>TOTAL INCOME</b>		<b>65,832</b>	<b>63,538</b>	62,641	61,343
<b>EXPENDITURE</b>					
Staff costs	6	38,243	37,661	35,335	34,917
Other operating expenses	9	24,276	22,947	22,043	21,521
Depreciation	11	4,227	4,001	3,930	3,705
Interest and other finance costs	7	898	736	476	307
<b>TOTAL EXPENDITURE</b>		<b>67,644</b>	<b>65,345</b>	61,784	60,450
<b>(Deficit)/Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax</b>		<b>(1,812)</b>	<b>(1,807)</b>	857	893
Transfer from accumulated income in endowment funds	19	626	166	154	11
<b>(DEFICIT)/SURPLUS RETAINED WITHIN GENERAL RESERVES</b>	21	<b>(1,186)</b>	<b>(1,641)</b>	1,011	904

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.



## STATEMENTS OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 July 2010

	Note	Year ended 31 July 2010		Year ended 31 July 2009	
		Consolidated £000	College £000	Consolidated £000	College £000
<b>(Deficit)/Surplus on continuing operations after depreciation of assets at valuation and disposal of assets and tax</b>		<b>(1,812)</b>	<b>(1,807)</b>	857	893
Increase/(Decrease) in market value of investments	19	860	850	(645)	(711)
New Endowments	19	1,528	231	163	242
Heritage asset reserve movement	21	-	-	1,959	1,959
<b>TOTAL RECOGNISED GAINS/(LOSSES) RELATING TO THE YEAR</b>		<b>576</b>	<b>(726)</b>	2,334	2,383
<b>Reconciliation</b>					
Opening reserves and endowments		32,379	30,435	30,045	28,052
Total recognised Gains/(Losses) relating to the year		576	(726)	2,334	2,383
<b>CLOSING RESERVES AND ENDOWMENTS</b>		<b>32,955</b>	<b>29,709</b>	32,379	30,435

## BALANCE SHEETS

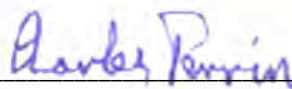
as at 31 July 2010

	Note	Year ended 31 July 2010		Year ended 31 July 2009	
		Consolidated £000	College £000	Consolidated £000	College £000
<b>FIXED ASSETS</b>					
Tangible assets	11	60,386	57,940	54,682	52,011
Investments	10	78	100	67	100
		<b>60,464</b>	<b>58,040</b>	54,749	52,111
Endowment asset investments	12	13,050	11,096	11,288	10,181
<b>CURRENT ASSETS</b>					
Stocks	13	632	617	609	600
Debtors – amounts falling due within one year	14	5,320	5,631	4,275	4,834
Debtors – amounts falling due after more than one year	14	323	1,267	131	692
Short term deposits	17	15,208	17,163	5,992	7,100
Cash at bank and in hand		4,972	4,852	1,230	1,076
		<b>26,455</b>	<b>29,530</b>	12,237	14,302
Creditors – amounts falling due within one year	15	(12,300)	(15,010)	(12,244)	(13,346)
<b>Net current assets</b>		<b>14,155</b>	<b>14,520</b>	(7)	956
<b>Total assets less current liabilities</b>		<b>87,669</b>	<b>83,656</b>	66,030	63,248
Creditors – amounts falling due after more than one year	16	(24,642)	(24,642)	(6,940)	(6,940)
<b>TOTAL NET ASSETS</b>		<b>63,027</b>	<b>59,014</b>	59,090	56,308
Deferred Capital Grants	20	30,072	29,305	26,711	25,873
<b>Endowments</b>					
Expendable	19	3,637	1,729	2,486	1,496
Permanent	19	9,413	9,367	8,802	8,685
		<b>13,050</b>	<b>11,096</b>	11,288	10,181
<b>General Reserve</b>	21	<b>19,905</b>	<b>18,613</b>	21,091	20,254
<b>TOTAL FUNDS</b>		<b>63,027</b>	<b>59,014</b>	59,090	56,308

The financial statements were approved by the Council on 30 November 2010 and signed on its behalf on that date by:



The Right Hon The Baroness Shephard of Northwold  
Chairman



C J Perrin CBE  
Honorary Treasurer



Professor Q A McKellar  
Principal

**CASH FLOW STATEMENTS**  
for the year ended 31 July 2010

	Note	Year ended 31 July 2010		Year ended 31 July 2009	
		Consolidated £000	College £000	Consolidated £000	College £000
Net cash (outflow)/inflow from operating activities	22	(419)	760	1,597	(1,080)
Losses on investments and servicing of finance	23	(492)	(331)	(180)	(26)
Capital expenditure and financial investment	24	(5,153)	(6,449)	(3,706)	(1,137)
Management of liquid resources – short-term deposits		(9,216)	(10,063)	2,257	2,413
Financing	25	17,724	17,724	(260)	(260)
<b>INCREASE/(DECREASE) IN CASH IN THE YEAR</b>	26	<b>2,444</b>	<b>1,641</b>	<b>(292)</b>	<b>(90)</b>

**RECONCILIATION OF CASH FLOW TO MOVEMENT IN NET FUNDS**

	Year ended 31 July 2010		Year ended 31 July 2009	
	Consolidated £000	College £000	Consolidated £000	College £000
Increase/(decrease) in cash in period	2,444	1,641	(292)	(90)
Change in short term deposits	9,216	10,063	(2,257)	(2,413)
Loan repayment in the year	276	276	260	260
New loans	(18,000)	(18,000)	-	-
<b>Change in debt</b>	<b>(6,064)</b>	<b>(6,020)</b>	<b>(2,289)</b>	<b>(2,243)</b>
Net funds at 1 August	6,065	6,236	8,354	8,479
<b>NET FUNDS AT 31 JULY</b>	<b>1</b>	<b>216</b>	<b>6,065</b>	<b>6,236</b>

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

for the year ended 31 July 2010

### 1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007 and in accordance with applicable accounting standards. The financial statements are prepared in accordance with historical cost convention modified by the revaluation of certain fixed assets.

#### Going concern

The College's activities, together with the factors likely to affect its future development, performance and position are set out in the Treasurer's Report on pages 3 to 13. The financial position of the College, its cash flows, liquidity position and borrowing facilities are also described in the Treasurer's Report. The College has considerable financial resources. As a consequence, the College Council believe that the College is well placed to manage its business risks successfully despite the current uncertain economic outlook. The Council have a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### 2. BASIS OF CONSOLIDATION

The financial statements consolidate the results of the College and the Animal Care Trust, a separate registered charity, The London Bioscience Innovation Centre Limited, RVC Developments Limited and Royal Veterinary College (Hong Kong) Limited. The subsidiaries have the same year end as the College. The consolidated financial statements do not include those of the Student Union Society because the College does not control those activities, nor do they include those of MedCell Biosciences Limited as the results of the company are considered immaterial.

### 3. RECOGNITION OF INCOME

Funding council block grants are accounted for in the period to which they relate.

Fee income is stated gross and credited to the income and expenditure account over the period in which students are studying. 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.

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.

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.

Endowment and investment income is credited to the income and expenditure account on a receivable basis. Income from restricted endowments not expended in accordance with the restrictions of the endowment, is transferred from the income and expenditure account to restricted endowments. Any realised gains or losses from dealing in the related assets are retained within the endowment in the balance sheet. Increases or decreases in value arising on the revaluation or disposal of endowment assets i.e. the appreciation or depreciation of endowment assets, is added to or subtracted from the funds concerned and accounted for through the balance sheet by debiting or crediting the endowment asset, crediting or debiting the endowment fund and is reported in the statement of total recognised gains and losses.

### 4. TAXATION STATUS

The College is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of section 506(1) of the Income and Corporation Taxes Act 1988 (ICTA 1988). 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 College receives no similar 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.

**STATEMENT OF PRINCIPAL ACCOUNTING POLICIES** (continued)  
for the year ended 31 July 2010

**5. 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 to the institution from the existing tangible fixed asset beyond its previously assessed standard of performance; the cost of any such enhancements are added to the gross carrying amount of the tangible fixed asset concerned.

**5(a) Depreciation**

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.

**5(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.

**5(c) Heritage Assets**

Works of art and other valuable artefacts (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. The historic library collection was valued, independently, in 2008 by Mr Norman Comben, an expert on antiquarian veterinary books, prints and ephemera.

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

**6. EQUIPMENT**

Equipment and furniture costing less than £5,000 per individual item and which is not part of a bigger piece of equipment, is written off to the income and expenditure 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.

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.

**7. INVESTMENTS**

Listed investments held as fixed assets or endowment assets are shown at market value. Investments in subsidiary undertakings are shown at the lower of cost or net realisable value.

**8. STOCK**

The stock comprises stores held by clinics, farm livestock, produce and consumables. The farm stocks are professionally valued; other stocks are stated at the lower of their cost and net realisable value.

**9. 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.

**10. FOREIGN CURRENCY TRANSLATIONS**

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.

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

**12. 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.

**STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)**  
for the year ended 31 July 2010

**13. ACCOUNTING FOR CHARITABLE DONATIONS**

**13(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.

**13(b) Endowment funds**

Where charitable donations are to be retained for the benefit of the institution 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 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.
3. 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.

**13(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 life that is used to determine the depreciation charge associated with the tangible fixed asset.

**14. ACCOUNTING FOR RETIREMENT 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 both are multi-employer schemes and it is not possible to identify the assets of these schemes, which are attributable to the College. 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.

**15. 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 note, 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; an inability to measure the economic outflow.

**16. PENSIONS**

The institution 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 trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is 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 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. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

**NOTES TO THE ACCOUNTS**  
for the year ended 31 July 2010

	Note	Year ended 31 July 2010		Year ended 31 July 2009	
		Consolidated £000	College £000	Consolidated £000	College £000
<b>1. FUNDING BODY GRANTS – HEFCE</b>					
Recurrent grants		26,205	26,175	26,077	26,047
Specific grants					
Higher Education Innovation Fund		743	743	642	642
Centre for Excellence in Teaching and Learning		179	179	495	495
Lifelong Learning Network		1,129	1,129	1,082	1,082
Teaching Quality Enhancement Fund		-	-	132	132
Aim Higher		20	20	19	19
Economic Challenge Investment Fund		412	412	17	17
National Teaching Fellowship		-	-	5	5
Deferred Capital Grants released in year:					
Buildings	20	737	737	737	737
Equipment	20	210	210	214	214
		<b>29,635</b>	<b>29,605</b>	<b>29,420</b>	<b>29,390</b>
<b>2. TUITION FEES AND EDUCATION CONTRACTS</b>					
Full time home and EU students		4,721	4,721	4,146	4,146
Full time international students		2,548	2,548	2,013	2,013
Part time students		299	299	251	251
Research training supporting grants		67	67	52	52
Short course fees		622	584	108	108
		<b>8,257</b>	<b>8,219</b>	<b>6,570</b>	<b>6,570</b>
<b>3. RESEARCH GRANTS AND CONTRACTS</b>					
Research councils and charities		4,708	4,708	4,529	4,529
Industry and commerce		2,147	2,147	1,983	1,983
Governmental		1,965	1,965	3,486	3,486
		<b>8,820</b>	<b>8,820</b>	<b>9,998</b>	<b>9,998</b>
<b>4. OTHER INCOME</b>					
Residences, catering and conference		1,689	1,689	1,421	1,426
Clinical and related earnings		14,706	13,305	13,249	12,286
Release from deferred capital grant	20	1,142	1,071	1,107	1,037
Rent and other income		205	156	116	274
Donations, gifts and legacies received		972	268	464	81
		<b>18,714</b>	<b>16,489</b>	<b>16,357</b>	<b>15,104</b>
<b>5. ENDOWMENT AND INVESTMENT INCOME</b>					
Income from expendable endowments	19	59	52	43	30
Income from permanent endowments	19	261	260	149	147
Income from short-term investments		86	93	104	104
		<b>406</b>	<b>405</b>	<b>296</b>	<b>281</b>

## NOTES TO THE ACCOUNTS (continued)

for the year ended 31 July 2010

	Year ended 31 July 2010		Year ended 31 July 2009		
	Consolidated	College	Consolidated	College	
	Note	£000	£000	£000	£000
<b>6. STAFF COSTS</b>					
Wages and salaries		32,097	31,600	30,299	29,934
Social security costs		2,468	2,433	2,131	2,104
Pension costs	31	3,488	3,438	2,847	2,821
Restructuring and redundancy costs		190	190	58	58
		<b>38,243</b>	<b>37,661</b>	35,335	34,917

No trustee has received any remuneration from the College Group during the year (2009: None). Two trustees (2009: 2 trustees) are also employees of the College but received no additional payment for acting as trustees.

	Year ended 31 July 2010		Year ended 31 July 2009	
	Consolidated	College	Consolidated	College
	£000	£000	£000	£000
Emoluments of the Principal:			Restated	Restated
Salary	212	212	208	208
USS Pension Contributions	31	31	27	27
Benefit in kind	18	18	18	18
	<b>261</b>	<b>261</b>	253	253

	Number	Number	Number	Number
£100,001 to £110,000	8	8	9	9
£110,001 to £120,000	4	4	1	1
£120,001 to £130,000	4	4	4	4
£130,001 to £140,000	3	3	3	3
£140,001 to £150,000	3	3	3	3
£150,001 to £160,000	-	-	-	-
£160,001 to £170,000	-	-	1	1
	<b>22</b>	<b>22</b>	21	21

Average staff numbers by major category:	Number	Number	Restated Number	Restated Number
Teaching and Research Departments	329	329	337	337
Academic Support Services	89	89	91	91
Administration and Central Services	71	62	75	63
Premises	97	97	85	85
Clinical and related services	234	234	231	231
	<b>820</b>	<b>811</b>	819	807

	Year ended 31 July 2010		Year ended 31 July 2009		
	Consolidated	College	Consolidated	College	
	£000	£000	£000	£000	
<b>7. INTEREST AND OTHER FINANCE COSTS</b>					
Bank loans not wholly repayable within 5 years		898	736	476	307



**NOTES TO THE ACCOUNTS (continued)**

for the year ended 31 July 2010

	Year ended 31 July 2010		Year ended 31 July 2009	
	Consolidated £000	College £000	Consolidated £000	College £000
<b>8. ANALYSIS OF TOTAL EXPENDITURE BY ACTIVITY</b>				
Academic departments	19,358	19,205	17,599	17,793
Academic services	6,297	6,297	6,287	6,287
Research grants and contracts	7,462	7,462	8,600	8,600
Residences and catering	1,582	1,582	1,382	1,382
Premises and maintenance	9,859	9,859	8,905	8,905
Administration	4,222	4,222	3,178	3,178
Clinical and other services – College	16,718	16,718	14,187	14,305
Clinical and other services – Subsidiaries	2,146	-	1,646	-
	<b>67,644</b>	<b>65,345</b>	61,784	60,450
Operating expenses include:				
External auditors remuneration in respect of audit services	43	34	48	42
External auditors remuneration in respect of non-audit services	55	55	85	85
<b>9. OTHER OPERATING EXPENSES</b>				
Catering provisions	407	362	418	407
Consumables and laboratory expenses	5,255	5,190	4,373	4,713
Stationery and publications	1,271	1,249	1,306	1,278
Student and educational expenditure	3,743	3,743	3,010	3,010
Rent, rates, cleaning and insurance	1,208	994	1,128	890
Electricity, gas, oil and water	1,704	1,590	1,433	1,345
Small equipment and repairs	1,739	1,724	1,919	1,865
Minor works and maintenance	1,840	1,783	1,653	1,601
External auditors' remuneration	43	34	48	42
Internal audit	42	42	38	38
Legal and other outside consultancy	3,023	2,973	4,289	4,223
Travelling subsistence	2,142	2,083	1,637	1,624
Telephone, fax and postage	635	596	574	509
Miscellaneous expenses	1,224	584	967	726
Change in provision	-	-	(750)	(750)
	<b>24,276</b>	<b>22,947</b>	22,043	21,521
The total expenses paid to or on behalf of 9 trustees was £3,734 (2009: £1,264 to 6 trustees).				
<b>10. FIXED ASSET INVESTMENTS</b>				
Subsidiary companies	-	100	-	100
UK Equities	78	-	67	-
	<b>78</b>	<b>100</b>	67	100

The College's subsidiaries and its percentage shareholding in each are as follows:

	Nature of Business	Country of Registration	Shareholding	No. of Shares
			<b>£1 Ord Shares</b>	
London BioScience Innovation Centre Limited	Establishment and operation of biotechnology innovation centre	England and Wales	100%	100,000
Royal Veterinary College (Developments) Ltd	Provision of Construction Services	England and Wales	100%	2
Royal Veterinary College (Hong Kong) Ltd	Education	Hong Kong	100%	2
<b>Other shareholdings:</b>			<b>£0.01 Ord Shares</b>	
Medcell Biosciences Limited	Stem Cell Technology	England and Wales	2.92%	3,990,000

The College consolidated the results of the Animal Care Trust.

**NOTES TO THE ACCOUNTS (continued)**

for the year ended 31 July 2010

**11. TANGIBLE FIXED ASSETS**

	Freehold Properties	Furniture and Equipment	Assets in the course of construction	Heritage Assets	Total
<b>Consolidated</b>	£000	£000	£000	£000	£000
<b>COST</b>					
At 1 August 2009	68,384	4,146	1,164	3,607	<b>77,301</b>
Additions	350	1,123	8,458	-	<b>9,931</b>
Transfers	5,776	-	(5,776)	-	-
Disposals	-	(1,487)	-	-	<b>(1,487)</b>
<b>At 31 July 2010</b>	<b>74,510</b>	<b>3,782</b>	<b>3,846</b>	<b>3,607</b>	<b>85,745</b>
<b>DEPRECIATION</b>					
At 1 August 2009	(20,896)	(1,723)	-	-	<b>(22,619)</b>
Charge in the year	(2,999)	(1,228)	-	-	<b>(4,227)</b>
Disposals	-	1,487	-	-	<b>1,487</b>
<b>At 31 July 2010</b>	<b>(23,895)</b>	<b>(1,464)</b>	-	-	<b>(25,359)</b>
<b>Net Book Value at 31 July 2010</b>	<b>50,615</b>	<b>2,318</b>	<b>3,846</b>	<b>3,607</b>	<b>60,386</b>
Net Book Value at 31 July 2009	47,488	2,423	1,164	3,607	<b>54,682</b>
<b>College</b>					
<b>COST</b>					
At 1 August 2009	64,153	4,105	1,164	3,607	<b>73,029</b>
Additions	349	1,123	8,458	-	<b>9,930</b>
Transfers	5,776	-	(5,776)	-	-
Disposals	-	(1,487)	-	-	<b>(1,487)</b>
<b>At 31 July 2010</b>	<b>70,278</b>	<b>3,741</b>	<b>3,846</b>	<b>3,607</b>	<b>81,472</b>
<b>DEPRECIATION</b>					
At 1 August 2009	(19,308)	(1,710)	-	-	<b>(21,018)</b>
Charge in the year	(2,788)	(1,213)	-	-	<b>(4,001)</b>
Disposals	-	1,487	-	-	<b>1,487</b>
<b>At 31 July 2010</b>	<b>(22,096)</b>	<b>(1,436)</b>	-	-	<b>(23,532)</b>
<b>Net Book Value at 31 July 2010</b>	<b>48,182</b>	<b>2,305</b>	<b>3,846</b>	<b>3,607</b>	<b>57,940</b>
Net Book Value at 31 July 2009	44,845	2,395	1,164	3,607	<b>52,011</b>

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 18<sup>th</sup> Century. Works of art are stated at their insurance valuation. These assets will be formally re-valued every 3 years. The next valuation will be undertaken for the accounts to 31 July 2011.

## NOTES TO THE ACCOUNTS (continued)

for the year ended 31 July 2010

	Year ended 31 July 2010		Year ended 31 July 2009	
	Consolidated £000	College £000	Consolidated £000	College £000
<b>12. ENDOWMENT ASSET INVESTMENT</b>				
Historical Cost at 1 August	10,988	9,947	10,979	9,716
Market Value Adjustment at 1 August	300	234	945	945
<b>Market Value at 1 August</b>	<b>11,288</b>	<b>10,181</b>	11,924	10,661
Additions	2,200	2,200	3,171	3,171
Disposals	-	-	(3,171)	(3,171)
Market Value Adjustment	861	850	(645)	(711)
Cash Movement	(1,299)	(2,135)	9	231
<b>Market Value at 1 August</b>	<b>13,050</b>	<b>11,096</b>	11,288	10,181
Represented by:				
Fixed Interest Funds	2,281	2,281	-	-
UK Equities	4,239	4,161	3,667	3,599
Overseas Equities	1,772	1,772	1,565	1,565
Cash at Bank	4,758	2,882	6,056	5,017
<b>Total endowment assets</b>	<b>13,050</b>	<b>11,096</b>	11,288	10,181
<b>13. STOCK</b>				
Consumables	498	483	477	468
Farm Stocks	134	134	132	132
	<b>632</b>	<b>617</b>	609	600
<b>14. DEBTORS</b>				
AMOUNTS FALLING DUE WITHIN ONE YEAR:				
Trade Debtors	2,528	2,456	1,997	1,997
Research grant debtors	1,793	1,793	1,595	1,595
Subsidiary companies	-	421	-	585
Taxes receivable	3	-	2	-
Other debtors	369	369	360	360
Prepaid expenses and accrued income	627	592	321	297
<b>Sub total</b>	<b>5,320</b>	<b>5,631</b>	4,275	4,834
AMOUNTS FALLING DUE AFTER ONE YEAR:				
Subsidiaries	-	1,267	-	692
Prepaid expenses and accrued income	323	-	131	-
	<b>5,643</b>	<b>6,898</b>	4,406	5,526

The total debt with The London Bioscience Innovation Centre Ltd comprises a current account deficit and loan of £2,744,000 (2009: £2,890,000), less a provision made of £2,046,000 (2009: £2,046,000). The loan is not expected to be repaid until 2024.

**NOTES TO THE ACCOUNTS (continued)**  
for the year ended 31 July 2010

	Year ended 31 July 2010		Year ended 31 July 2009	
	Consolidated £000	College £000	Consolidated £000	College £000
<b>15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>				
Unsecured loans	295	295	271	271
Trade creditors	1,499	1,498	2,131	2,131
Amounts owed to subsidiary undertakings	-	2,668	-	1,076
Research grants creditors	8,026	8,026	7,246	7,246
Social Security and other taxation payable	1,525	1,665	1,252	1,252
Other creditors	98	98	84	84
Accruals and deferred income	857	760	1,260	1,286
	<b>12,300</b>	<b>15,010</b>	<b>12,244</b>	<b>13,346</b>

	Year ended 31 July 2010		Year ended 31 July 2009	
	Consolidated £000	College £000	Consolidated £000	College £000
<b>16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>				
Analysis of unsecured loans:				
Due within 1 year	295	295	271	271
Due between 1 and 2 years	312	312	293	293
Due between 2 and 5 years	2,354	2,354	1,108	1,108
Due in 5 or more years	21,976	21,976	5,539	5,539
	<b>24,937</b>	<b>24,937</b>	<b>7,211</b>	<b>7,211</b>
Due within 1 year	(295)	(295)	(271)	(271)
Due after more than one year	<b>24,642</b>	<b>24,642</b>	<b>6,940</b>	<b>6,940</b>
Unsecured loans	<b>24,642</b>	<b>24,642</b>	<b>6,940</b>	<b>6,940</b>

	Amount £000	Term	Interest Rate %
Included in the loans are the following:			
<b>Lender</b>			
Royal Bank of Scotland	2,004	Jan 2026	5.64
Royal Bank of Scotland	2,045	Jan 2026	5.64
Royal Bank of Scotland	2,888	Mar 2024	5.24
Royal Bank of Scotland	18,000	Nov 2034	5.88
	<b>24,937</b>		

All loans are with the College.

**17. SHORT TERM DEPOSITS AND CASH**

On consolidation, £1,954,000 (2009: £1,108,000) 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.

**NOTES TO THE ACCOUNTS (continued)**

for the year ended 31 July 2010

	Year ended 31 July 2010		Year ended 31 July 2009	
	Consolidated £000	College £000	Consolidated £000	College £000
<b>18. PROVISIONS FOR LIABILITIES</b>				
Balance at 1 August	-	-	750	750
Additions	-	-	-	-
Utilised	-	-	(194)	(194)
Released to the income and expenditure account	-	-	(556)	(556)
Balance at 31 July	-	-	-	-

19. ENDOWMENTS	Unrestricted	Restricted	Total	Restricted	2010	2009
	Permanent	Permanent	Permanent	Expendable	Total	Total
	£000	£000	£000	£000	£000	£000
<b>Consolidated</b>						
<b>Balances as at 1 August 2009</b>						
Capital	1,517	3,208	4,725	5,718	<b>10,443</b>	10,925
Accumulated income	1,340	2,737	4,077	(3,232)	<b>845</b>	999
	2,857	5,945	8,802	2,486	<b>11,288</b>	11,924
New endowments	45	2	47	1,481	<b>1,528</b>	163
Investment income	92	169	261	59	<b>320</b>	192
Expenditure	(92)	(334)	(426)	(520)	<b>(946)</b>	(346)
	-	(165)	(165)	(461)	<b>(626)</b>	(154)
Increase/(Decrease) in market value of investments	260	469	729	131	<b>860</b>	(645)
<b>At 31 July 2010</b>	3,162	6,251	9,413	3,637	<b>13,050</b>	11,288
<b>Represented by:</b>						
Capital	1,822	3,679	5,501	7,330	<b>12,831</b>	10,443
Accumulated income	1,340	2,572	3,912	(3,693)	<b>219</b>	845
	3,162	6,251	9,413	3,637	<b>13,050</b>	11,288

**NOTES TO THE ACCOUNTS (continued)**

for the year ended 31 July 2010

19. ENDOWMENTS (continued)	Unrestricted Permanent £000	Restricted Permanent £000	Total Permanent £000	Restricted Expendable £000	2010 Total £000	2009 Total £000
<b>College</b>						
<b>Balances as at 1 August 2009</b>						
Capital	1,609	3,009	4,618	1,656	<b>6,274</b>	6,743
Accumulated income	1,340	2,727	4,067	(160)	<b>3,907</b>	3,918
	2,949	5,736	8,685	1,496	<b>10,181</b>	10,661
New endowments	45	2	47	184	<b>231</b>	241
Investment income	92	168	260	52	<b>312</b>	177
Expenditure	(92)	(262)	(354)	(124)	<b>(478)</b>	(188)
	-	(94)	(94)	(72)	<b>(166)</b>	(11)
Increase/(decrease) in market value of investments	260	469	729	121	<b>850</b>	(711)
<b>At 31 July 2010</b>	<b>3,254</b>	<b>6,113</b>	<b>9,367</b>	<b>1,729</b>	<b>11,096</b>	<b>10,181</b>
<b>Represented by:</b>						
Capital	1,924	3,480	5,394	1,961	<b>7,355</b>	6,274
Accumulated income	1,340	2,633	3,973	(232)	<b>3,741</b>	3,907
	3,254	6,113	9,367	1,729	<b>11,096</b>	<b>10,181</b>
<b>20. DEFERRED CAPITAL GRANT</b>						
		Funding Council £000	Other Donors £000	2010 Total £000	2009 Total £000	
<b>Consolidated</b>						
<b>At 1 August</b>						
Buildings		12,948	11,733	<b>24,681</b>	25,572	
Equipment		1,167	863	<b>2,030</b>	2,120	
<b>Total</b>		<b>14,115</b>	<b>12,596</b>	<b>26,711</b>	<b>27,692</b>	
<b>Cash receivable</b>						
Buildings		5,380	149	<b>5,529</b>	577	
Equipment		(177)	98	<b>(79)</b>	500	
<b>Total</b>		<b>5,203</b>	<b>247</b>	<b>5,450</b>	<b>1,077</b>	
<b>Released to income and expenditure account</b>						
Buildings		(737)	(732)	<b>(1,469)</b>	(1,468)	
Equipment		(210)	(410)	<b>(620)</b>	(590)	
<b>Total</b>		<b>(947)</b>	<b>(1,142)</b>	<b>(2,089)</b>	<b>(2,058)</b>	
<b>At 31 July</b>						
Buildings		17,591	11,150	<b>28,741</b>	24,681	
Equipment		780	551	<b>1,331</b>	2,030	
<b>Total</b>		<b>18,371</b>	<b>11,701</b>	<b>30,072</b>	<b>26,711</b>	

**NOTES TO THE ACCOUNTS (continued)**  
for the year ended 31 July 2010

<b>20. DEFERRED CAPITAL GRANT (continued)</b>	Funding Council £000	Other Donors £000	<b>2010 Total £000</b>	2009 Total £000
<b>College</b>				
<b>At 1 August</b>				
Buildings	12,948	10,895	<b>23,843</b>	22,215
Equipment	1,167	863	<b>2,030</b>	2,210
<b>Total</b>	<b>14,115</b>	<b>11,758</b>	<b>25,873</b>	<b>24,335</b>
<b>Cash receivable</b>				
Buildings	5,380	149	<b>5,529</b>	3,026
Equipment	(177)	98	<b>(79)</b>	500
<b>Total</b>	<b>5,203</b>	<b>247</b>	<b>5,450</b>	<b>3,526</b>
<b>Released to income and expenditure account</b>				
Buildings	(737)	(662)	<b>(1,399)</b>	(1,398)
Equipment	(210)	(409)	<b>(619)</b>	(590)
<b>Total</b>	<b>(947)</b>	<b>(1,071)</b>	<b>(2,018)</b>	<b>(1,988)</b>
<b>At 31 July</b>				
Buildings	17,591	10,382	<b>27,973</b>	23,843
Equipment	780	552	<b>1,332</b>	2,030
<b>Total</b>	<b>18,371</b>	<b>10,934</b>	<b>29,305</b>	<b>25,873</b>

<b>21. RESERVES</b>	Year ended 31 July 2010		Year ended 31 July 2009	
	Consolidated £000	College £000	Consolidated £000	College £000
<b>Income and expenditure reserve</b>				
At 1 August	<b>21,091</b>	<b>20,254</b>	18,121	17,391
Movement on Heritage Asset Reserve	-	-	1,959	1,959
	<b>21,091</b>	<b>20,254</b>	20,080	19,350
(Deficit)/Surplus retained for the year	<b>(1,186)</b>	<b>(1,641)</b>	1,011	904
At 31 July	<b>19,905</b>	<b>18,613</b>	21,091	20,254

**NOTES TO THE ACCOUNTS (continued)**

for the year ended 31 July 2010

	Note	Year ended 31 July 2010		Year ended 31 July 2009	
		Consolidated £000	College £000	Consolidated £000	College £000
<b>22. RECONCILIATION OF (DEFICIT)/SURPLUS BEFORE TAX AND PROFIT ON DISPOSAL OF ASSETS TO NET CASH INFLOW FROM OPERATIONS</b>					
(Deficit)/Surplus after depreciation of tangible fixed assets at valuation and before tax		(1,812)	(1,807)	857	893
Depreciation	11	4,227	4,001	3,930	3,705
Deferred capital grants released income	20	(2,089)	(2,018)	(2,058)	(1,988)
Investment income	5	(406)	(405)	(363)	(289)
Interest payable	7	898	736	476	307
Increase in stocks	13	(23)	(17)	(60)	(59)
(Increase) / Decrease in debtors		(1,270)	(2,487)	(63)	228
Increase/(Decrease) in creditors	15	56	2,757	(372)	(3,127)
Decrease in provisions	18	-	-	(750)	(750)
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(419)</b>	<b>760</b>	<b>1,597</b>	<b>(1,080)</b>
<b>23. LOSSES ON INVESTMENTS AND SERVICING OF FINANCE</b>					
Income from endowments	5	320	312	192	177
Other interest received	5	86	93	104	104
Interest paid	7	(898)	(736)	(476)	(307)
		<b>(492)</b>	<b>(331)</b>	<b>(180)</b>	<b>(26)</b>
<b>24. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>					
Payments made to acquire fixed assets	11	(9,931)	(9,930)	(4,946)	(4,905)
Payment for endowment assets	12	(2,200)	(2,200)	(3,171)	(3,171)
Total fixed and endowment assets acquired		<b>(12,131)</b>	<b>(12,130)</b>	<b>(8,117)</b>	<b>(8,076)</b>
Proceeds from sales of endowment assets				3,171	3,171
Deferred capital grants received	20	5,450	5,450	1,077	3,526
New endowments received	19	1,528	231	163	242
<b>Net cash (outflow) for capital expenditure and financial investment</b>		<b>(5,153)</b>	<b>(6,449)</b>	<b>(3,706)</b>	<b>(1,137)</b>
<b>25. FINANCING</b>					
New loans		18,000	18,000	-	-
Repayments of amounts borrowed		(276)	(276)	(260)	(260)
		<b>17,724</b>	<b>17,724</b>	<b>(260)</b>	<b>(260)</b>



**NOTES TO THE ACCOUNTS (continued)**

for the year ended 31 July 2010

**26. ANALYSIS OF CHANGES IN NET DEBT**

	<b>At 1 August 2009 £000</b>	<b>Cash Flows £000</b>	<b>Non-Cash Changes £000</b>	<b>At 31 July 2010 £000</b>
Cash at bank and in hand:				
Endowments	6,056	(1,298)	-	<b>4,758</b>
Other	1,230	3,742	-	<b>4,972</b>
	<b>7,286</b>	<b>2,444</b>	<b>-</b>	<b>9,730</b>
Short-term investments	5,992	9,216	-	<b>15,208</b>
Debts due within one year	(271)	271	(295)	<b>(295)</b>
Debts due after one year	(6,940)	(17,997)	295	<b>(24,642)</b>
	<b>6,067</b>	<b>(6,066)</b>	<b>-</b>	<b>1</b>

**27. CAPITAL COMMITMENTS**

Provision has not been made for the following capital commitments at 31 July 2010:

	<b>Year ended 31 July 2010</b>		<b>Year ended 31 July 2009</b>	
	<b>Consolidated £000</b>	<b>College £000</b>	<b>Consolidated £000</b>	<b>College £000</b>
Commitments contracted for	<b>21,931</b>	<b>21,931</b>	5,908	5,908
Authorised but not contracted for	-	-	24,141	24,141
	<b>21,931</b>	<b>21,931</b>	<b>30,049</b>	<b>30,049</b>

**28. AMOUNTS DISBURSED AS AGENT**

	<b>Year ended 31 July 2010</b>		<b>Year ended 31 July 2009</b>	
	<b>Consolidated £000</b>	<b>College £000</b>	<b>Consolidated £000</b>	<b>College £000</b>
<b>Hardship funds</b>				
<b>Income</b>				
Fund balance at 1 August 2009	<b>(10)</b>	<b>(10)</b>	(10)	(10)
Funding Council grants	<b>44</b>	<b>44</b>	49	49
Interest earned	-	-	-	-
Total income	<b>34</b>	<b>34</b>	39	39
<b>Expenditure</b>				
Disbursed to students	<b>(44)</b>	<b>(44)</b>	(49)	(49)
Funding running costs	-	-	-	-
Total expenditure	<b>(44)</b>	<b>(44)</b>	(49)	(49)
<b>Fund balance at 31 July 2010</b>	<b>(10)</b>	<b>(10)</b>	(10)	(10)

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 the income and expenditure account.

## NOTES TO THE ACCOUNTS (continued)

for the year ended 31 July 2010

### 29. DISCLOSURE OF RELATED PARTY TRANSACTIONS

The College has taken advantage of the exemption conferred by Financial Reporting Standard No.8 'related Party Disclosures', to disclose transactions with related parties which are eliminated on consolidation. A related party relationship exists between the College and Virexis. Professor Howard is a director of the subsidiary, London BioScience Innovation Centre Ltd and a controlling shareholder of Virexis. The College also has 23% shareholding in Virexis. Virexis is a customer of the subsidiary and pays for laboratory services and accommodation at the same rate as other customers. The amount due from Virexis at the year end is £nil (2009: £nil).

The College has a 2.92% shareholding in Medcell BioSciences Ltd. At the Balance Sheet date, Medcell owed the College £52,107. Subsequently, the College has been notified that this debt is unlikely to be paid and the debt has been fully provided for.

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 £18,000 (2009: £18,000). The balance of the loan outstanding at 31 July 2010 was £300,000. The loan will be repaid in the event that the property is sold, or at the time the Principal's contract with the College ends, whichever is sooner.

### 30. SUBSIDIARY UNDERTAKINGS

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.

RVC Developments Limited (company number 07114564) is a wholly owned subsidiary company registered in England and Wales. Its main business is the provision of construction services.

The Royal Veterinary College Animal Care Trust (charity 281571), for which the College is the sole Trustee, operates to support the College's activities.

Royal Veterinary College (Hong Kong) Limited (Company Number 1337151) is a wholly owned subsidiary company registered in Hong Kong. Its main business is to facilitate educational activities.

### 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).

The total pensions cost for the College and its subsidiaries were:

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
USS contribution paid	2,553	1,992
SAUL contribution paid	934	854
Other pension payment	1	1
<b>Total Consolidated Pension Costs (Note 6)</b>	<b>3,488</b>	<b>2,847</b>

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 assets of each scheme are held in a separate fund administered by a separate Trustee.

## NOTES TO THE ACCOUNTS (continued)

for the year ended 31 July 2010

### 31. PENSION SCHEMES (continued)

Because of the mutual nature of the schemes, the assets are not hypothecated to individual institutions and a scheme-wide contribution rate is 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 and therefore, as required by FRS17 "Retirement Benefits", accounts for the schemes as if they were defined contribution schemes. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

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:

	USS	SAUL
Latest actuarial valuations	31 March 2008	31 March 2008
Investment returns per annum	6.4%	6.9%
Salary Increase per annum	4.3%	4.85%
Pension increase per annum	3.3%	3.35%
Market value of assets at last valuation	£28,843 million	£1,266 million
Past service liabilities at last valuation	£28,003 million	£1,265 million
Percentage of members accrued benefits covered by actuarial value of assets	103%	100%
Current employer contribution rate	16%	13%
Contribution for future service	16%	13%
Next actuarial valuations	31 March 2011	31 March 2011

USS contributions for the year were: 1 August 2009 to 30 September 2009: 14%; 1 October 2009 to 31 July: 16%. Surpluses or deficits which arise at future valuations may impact on the employers' future contribution commitment. Both Schemes are being formally reviewed to ensure they are sustainable in the long term.

The Royal Veterinary College  
**UNAUDITED CONSOLIDATED FINANCIAL SUMMARIES**

	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>INCOME &amp; EXPENDITURE ACCOUNT</b>					
<b>INCOME</b>					
Funding body grants	29,635	29,420	26,614	23,551	20,985
Tuition fees and education contracts	8,257	6,570	5,623	4,903	4,049
Research grants and contracts	8,820	9,998	8,495	8,708	6,195
Other income	18,714	16,357	15,094	13,455	12,413
Endowment and investment income	406	296	2,524	847	743
<b>TOTAL INCOME</b>	<b>65,832</b>	<b>62,641</b>	<b>58,350</b>	<b>51,464</b>	<b>44,385</b>
<b>EXPENDITURE</b>					
Staff costs	38,243	35,335	31,971	27,927	24,630
Other operating expenses	24,276	22,043	22,163	18,486	14,914
Depreciation	4,227	3,930	3,308	3,018	3,078
Interest and other finance costs	898	476	492	505	511
<b>TOTAL EXPENDITURE</b>	<b>67,644</b>	<b>61,784</b>	<b>57,934</b>	<b>49,936</b>	<b>43,133</b>
(Deficit) / Surplus after depreciation of tangible assets at valuation and after tax	(1,812)	857	416	1,528	1,252
Profit on Disposal of Assets	-	-	-	1,966	-
(Deficit) / Surplus before transfer to specific endowments	(1,812)	857	416	3,494	1,252
Transfer from/(to) specific endowments	626	154	(1,291)	(693)	5
<b>(DEFICIT) / SURPLUS RETAINED WITHIN GENERAL RESERVES</b>	<b>(1,186)</b>	<b>1,011</b>	<b>(875)</b>	<b>2,801</b>	<b>1,257</b>
<b>BALANCE SHEET</b>					
Fixed asset and investments	60,464	54,749	51,707	43,884	41,571
Endowment assets investments	13,050	11,288	11,924	14,409	11,646
Cash at bank and in hand and short term deposits	20,180	7,222	9,780	9,851	4,779
Net non cash current liabilities	(6,025)	(7,229)	(7,712)	(7,075)	(4,167)
Long term loans, creditors and provisions	(24,642)	(6,940)	(7,962)	(7,471)	(7,715)
<b>TOTAL NET ASSETS</b>	<b>63,027</b>	<b>59,090</b>	<b>57,737</b>	<b>53,598</b>	<b>46,114</b>
Deferred capital grants	30,072	26,711	27,692	21,841	19,921
Endowment funds	13,050	11,288	11,924	14,409	11,646
Retained earnings	19,905	21,091	18,121	17,348	14,547
<b>TOTAL FUNDS</b>	<b>63,027</b>	<b>59,090</b>	<b>57,737</b>	<b>53,598</b>	<b>46,114</b>

The Royal Veterinary College  
Royal College Street  
London NW1 0TU

Telephone +44 (0)20 7468 5000  
[www.rvc.ac.uk](http://www.rvc.ac.uk)