THE ROYAL VETERINARY COLLEGE

ANNUAL REPORT AND

FINANCIAL STATEMENTS 2015/16

The Royal Veterinary College

ANNUAL REPORT and FINANCIAL STATEMENTS 2015/16

GOVERNORS
for the year ended 31 July 2016

MEMBERS OF THE COUNCIL OF THE ROYAL VETERINARY COLLEGE

Independent Members

The Baron Curry of Kirkharle Kt CBE +*	*(Chairman)*
Mr D Danson +*	(*Vice Chairman, to 31 July 2016*)
Mr Eric Barnett[1] +*	*(Vice Chairman, from 1 August 2016)*
Mr C Perrin CBE +*	(*Honorary Treasurer, to 31 July 2016)*
Mr R Bright CB [2] +	(*Honorary Treasurer, from 1 August 2016)*
The Rt Hon Frank Dobson MP	*(to 31 July 2016)*
Mr J Grosvenor #	
Mr P Reid	
Professor E Simpson	
Professor Dame Lesley Southgate DBE #	
Mr J Walmsley #	

Members Elected by the Academic Board

Professor A Pitsillides	
Professor C Wheeler-Jones	*(to 31 July 2016)*
Professor J Maddison	*(from 1 August 2016)*

President of the Students' Union

Mr O Dunham (2015/16) + *(to 31 July 2016)*
Ms Rebecca Bowes (2016/17) + *(from 1 August 2016)*

Principal *(ex-officio)*

Professor SWJ Reid +

Senior Academics of Vice-Principal status

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

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

IN ATTENDANCE AT COUNCIL

Secretary to Council and Chief Operating Officer Mr I Darker

Members of Council Committees

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

[1] Mr Eric Barnett, a member of Council since 2013, took office as Vice Chairman from 1 August 2016, succeeding Mr David Danson.
[2] Mr Roger Bright, a member of Council since 2013, took office as Hon. Treasurer from 1 August 2016, succeeding Mr Charles Perrin.

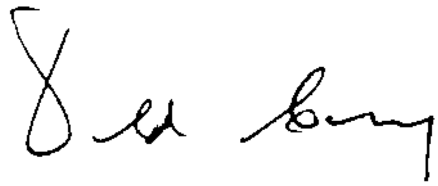
CHAIRMAN'S INTRODUCTION
for the year ended 31 July 2016

Once again, I am privileged to present the Annual Report and Accounts of the Royal Veterinary College (RVC). Again, I am delighted that the picture painted by both the figures and the narrative is extremely positive and show an organisation that has strong foundations, a sound business model and exciting ambition.

There can be no doubt that specialist institutions like the RVC face particular challenges; the fact that HEFCE has recognised the unique position of our college and the continued endorsement of the community across the globe create a context and mandate for us to continue to provide international leadership in our discipline. This we will do by recognising and recruiting talent wherever we find it and by delivering at the highest level to our stakeholders and wider society.

We do this through sound governance and an empowered executive. I thank my fellow Council members who contribute to RVC so freely in providing the oversight and assurances demanded of us, and pay tribute to the Principal and his staff for yet another outstanding year as they discover, disseminate and deploy the very best in science and practice.

Thank you for your interest in the Royal Veterinary College.



Lord Curry of Kirkharle

PRINCIPAL'S REPORT
for the year ended 31 July 2016

With an impending significant anniversary – in the case of the Royal Veterinary College, our 225th birthday – the temptation might be to focus on the journey travelled. That there have been many changes, many firsts, many innovations over the years is beyond doubt but the reality is that any retrospective must be used as a means of informing our current business and our future strategy: What is it that makes the RVC unique; what is it that will make us successful in the coming years?

With the Teaching Excellence Framework (TEF) now imminent, the invitation to apply as a specialist institution for Institution Specific Funding through HEFCE was a welcome opportunity to carry out just such an exercise and one in which we were to prove successful. Quite possibly for the first time, drawing together all of our achievements and unique attributes was as informative and stimulating as it was rewarding. The recognition by HEFCE, through international audit and benchmarking, that as a specialist institution we do bring something unique and excellent to the table, was a real validation of our current role and an endorsement of the foresight of our forebears. More importantly, it was a charge to continue the effort to lead and stimulate the sector, taking measured risks to ensure our discipline evolves in a way that cannot easily be achieved in a multi – faculty setting. This we will do.

The 2015/16 performance, as reflected in the figures and account of achievements that follow, has been quite remarkable. With the more recent comparator of last year's statement, the caveats and concerns outlined at that time spoke of uncertainty and challenges, some of which, mercifully, did not materialise whilst others emerged in rather different guise. Regardless, the RVC's staff and students have excelled in the many activities to which we commit and it is testament to the efforts across the college that we are able to report a very favourable out-turn. The understanding and encouragement of our Council were critical factors in allowing us to address the issues with confidence.

The news, late in the financial year, that the UK populace had voted to initiate an exit from the EU was a surprise and the beginning of a very different world. The RVC - founded by a Frenchman - and the professions it serves, are, almost by definition, international in their mission. To say that the RVC, with its focus on disease control, is open for business in a global context is perhaps stating the obvious; what is less so is that the success we have enjoyed through the years and in the last 12 months in particular is very much down to this perspective. We are totally committed to our multinational composition, to our non-UK colleagues and our international students. Their future is ours – the RVC makes no distinction in its pursuit of excellence.

The RVC is, of course, dependent on more than its own efforts. Without the engagement, backing and critique of our many stakeholders, we are nothing. And so, for your interest in this publication, and for your trust and support as we enter our 225 anniversary year, thank you. There is much more to come. Much, much more.

Stuart W.J. Reid
Principal

Context and risk analysis

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

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

The College has adopted a range of Key Performance Indicators to assess its overall strength and progress against the Strategic Plan. Areas covered include: student recruitment, retention and employability; improving the student experience in both educational and social terms; financial performance against budgets and longer-term sustainability; quality of research outputs and funding success; growth in clinical caseload driven by targeted investment in services and facilities. A mid-term review of the Strategic Plan has shown good progress against most of these indicators, although we are taking the opportunity to revisit the appropriateness of some of these.

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

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

- Financial sustainability
- Infrastructure investment and resilience
- Student recruitment, experience and well-being
- Staff recruitment and retention, including succession planning
- Leadership and governance
- Reputation and competitiveness
- Compliance

Recognising the importance of risk awareness and management, the College has invested in additional resource in this area and has undertaken a fundamental review of its risk management strategy, policy and procedures. During the course of the year, the College's Council considered its appetite to risk which is reflected in the following statement:

"The College is alert to both opportunities and threats. This 'risk aware' approach means that the College will manage risks using the established risk management process but where specific activities have potentially substantial benefits, a higher level of risk may be tolerable. Taking such risks should be in final agreement with Council."

Academic review

Learning and the student experience

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

Interest in the BVetMed programme continues to be strong. This year the College averaged approximately 9 applicants per place for our five-year programme and there was increased interest in both the Graduate and Gateway entry paths; suggesting our reputation for educational excellence is truly an international one. The RVC's programme was the first, and remains only one of two in the world, to be validated by the Royal College of Veterinary Surgeons, the American Veterinary Medical Association, the Australasian Veterinary Boards Council and the European Association of Establishments for Veterinary Education. Regardless of the entry pathway, our BVetMed programmes ensure our graduates are effectively able to work as veterinary surgeons anywhere in the world.

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

Interest in the College's suite of science degrees was particularly strong this year despite increased competition from similar programmes offered by other UK veterinary schools. Nevertheless, we believe there remain real opportunities to increase further the appeal of these courses through diversification of modules and offering a wider range of more subject-focused specific degrees.

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

Research and innovation

The future of external research funding has been thrown into further uncertainty by the vote of the UK to leave the EU. The College receives about 15% of its external research funding from EU Government sources and currently hosts three European Research Council Investigators, all in our Structure and Motion Laboratory. Reassurances from the UK Government that these contracts will all be honoured is helpful but the uncertainties over future arrangements with the EU with regard to continued access to substantial research funds means consortia applications are becoming harder for staff to negotiate.

Our success rate for grant applications made in the calendar year 2015 improved to its previous level of 28% by value (compared to 20% in 2014). The number of RCUK grant awards has been restored to pre-2015 levels with five grants awarded in 2015 and a further three in the January 2016 grant round. Some of these research grants are just commencing and so will contribute to overhead income in 2016/17.

Future opportunities for RCUK funding have been boosted by the announcement of the Global Challenges Research Fund (GCRF) to support research with impact on developing countries. The College has nine projects selected to go through to the full application stage. Our ongoing projects under the Zoonotic Diseases in Emerging Livestock Systems (ZELS) programme and collaborative links to Indian institutions through the Farmed Animal Disease and Health initiative, provide us with a ready-made group of collaborative partners in developing countries. As one of the top 28 BBSRC-funded institutions working within international development, we were also invited to apply for a BBSRC International Development Impact Accelerator Account.

All of these opportunities come at a time of significant change in our Livestock Production and Health programme with two senior Professors leaving to take up appointments elsewhere, although one will retain a part-time post at the RVC. The work of the Veterinary Epidemiology, Economics and Public Health (VEEPH) group has impact on global issues where animal health and welfare are of central importance. New strategic appointments are being made to ensure we continue to make the most of such opportunities, strengthen our expertise in molecular epidemiology and focus our animal health economics activity on food systems. The links we have made with the Animal and Plant Health Agency (APHA) will be maintained through two joint appointments at a senior level. A new chair in Molecular Bacteriology is being recruited as part of the strategy to use genomic technologies to study pathogen flow and the spread of antimicrobial resistance. The use of big data in infectious disease research will be supported by a new lectureship in bioinformatics.

Within the Comparative Physiology and Medicine research theme, the Musculoskeletal Biology Group also continues to perform at a high level. The Bone and Tendon Laboratories have both been successful in securing Marie Curie Innovative Training Network Grants to train the next generation of researchers in collaboration with institutes across Europe. The Structure and Motion Laboratory continues to attract high levels of funding including renewal of a prestigious Wellcome Senior Research Fellowship and a European Research Council Advanced Investigator award.

Translational research in neuromuscular disease is also flourishing with support from medical pharmaceutical industry assisting our research to identify new treatments for Duchene Muscular Dystrophy (DMD). Our work on laryngeal paralysis in the horse is unique and remains of interest to medical device companies. The therapeutic benefit of electrical nerve stimulation as a potential therapy for other diseases is being investigated in partnership with Glaxo Smith Kline.

Clinical research underpinned by excellent basic science is a real strength of our Comparative Physiology and Medicine research programme as exemplified by neuromuscular disease research. Canine epilepsy is an example of where referral caseload is being used to answer both applied and fundamental questions about this disease. This has translated into innovative products for the veterinary market and novel findings that could impact on human epilepsy and has secured a responsive mode BBSRC grant. Collaboration with medical schools and the food, diagnostic and pharma industries is important in this field. Similar well-funded programmes of research are ongoing in nephrology, endocrinology (diabetes and hyperthyroidism), cardiology and immunology. A new strategic appointment is planned in Clinical Genetics to support clinicians in investigating the impact of genetics in the diseases they treat on a daily basis.

Finally, the London Biosciences Innovation Centre (LBIC) has had another exceptional year. Demand for both office and laboratory space remains high and the Centre is full. We are now in a position to select new clients based on their fit with the College's strategic interests.

Clinical Services

The RVC is committed to providing outstanding compassionate clinical care and the veterinary services delivered through our teaching hospitals enable both delivery of our educational objectives and an increasing contribution to the financial sustainability of the College.

There remains a balance to be struck between cost effective provision of an adequate caseload for teaching and the delivery of higher levels of financial contribution year on year.

During the past year:

1. The College has further increased its small animal first opinion caseload at the Beaumont Sainsbury Animal Hospital in Camden with significant growth in services for exotic pets

supported by investments in specialised staffing. We continue to explore opportunities to increase partnerships with animal charities to expand the Shelter Medicine Programme.

2. Income from Small Animal Referral Services grew by 10% from a combination of caseload and average case value, and activities in the Queen Mother Hospital for Animals (QHMA) continue to provide the majority of our intra-mural teaching and clinical income. We have made major investments in expanding our team of registered veterinary nurses and patient care assistants to support caseload growth and our 24/7 service in particular. Surgical services have shown the highest increases and our status as the first recognised Veterinary Trauma Centre outside North America attracts emergency cases from across our region.

3. RVC Equine has had a steady year in terms of caseload and income in a rather flat market with increasing competition. Diagnostic imaging continues to be at the heart of our operation, and this year we have upgraded and expanded our CT facilities. In common with other centres, the RVC is seeing a reduced number of surgical and anaesthetic cases, which reflects the willingness and ability of some horse owners to meet the costs of veterinary care in the current financial climate.

4. The hospitals are supported by the Pathology and Diagnostic Services Unit, where we continue to investigate ways of expanding our portfolio of specialised diagnostic tests and where we are building a reputation in forensic veterinary pathology.

RVC Clinical Services have continued to outperform the financial KPIs approved by Council in 2012, and this year's annual contribution exceeded £1.5m, compared to £1.1m in 2014/15.

The financial outlook for 2016/17 must take into account the full-year effect of significant investments in staff this year; however, these will be offset to some degree by further growth in caseload, where capacity allows, and efforts to improve cost capture and business process efficiency.

Corporate responsibility

Staff

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

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

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

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

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

Equality and diversity

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

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

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

The newly re-structured HR Team includes provision for a new Equality and Diversity professional. The focus of post will be to ensure that equality and diversity is further embedded across the College and that the targets included in our action plan are monitored and reviewed on a regular basis.

Financial review

Scope of the Financial Statements

The consolidated financial statements cover the activities of the College, the Animal Care Trust (ACT), London BioScience Innovation Centre Limited (LBIC), RVC Developments Limited, and Royal Veterinary College (Hong Kong) Limited.

The Financial Statements have been prepared in accordance with the Statement of Recommended Practice 2014: Accounting for Further and Higher Education ("SORP 2015") which has replaced SORP 2007. The new SORP is based upon Financial Reporting Standard 102 ("FRS 102") which became the new generally accepted accounting practice for the UK for accounting periods ending after 1st January 2016.

There are a number of substantive changes both in presentation and accounting policies arising from FRS 102 and SORP 2015. Changes in accounting policy, where a choice can be made, have been approved by the College's Council on the recommendation of Finance & General Purposes Committee. These policies relate to:

Recognition of income: for government capital and revenue grants, SORP 2015 allows either the "accruals" or "performance" method to be used. Under the former, income is recognised in line with the related expenditure. Under the latter, income is recognised at the point of entitlement which is when performance-related conditions have been met. In most instances, this mirrors the accruals method; however, for capital grants, the point of entitlement is on receipt. The College has elected to use the performance method for its income recognition.

Revaluation of land and buildings: the College took the opportunity to undertake a one-off revaluation of its land and buildings, as permitted under the SORP. Following the valuation exercise, the decision was taken to revalue land only which has given rise to an increase of £81.3m in fixed asset values.

Other changes arising from the SORP, for which there is no choice in accounting policy, which impact on the College are:

- reporting of liabilities relating to pension deficit recovery plans for multi-employer pension schemes;
- accrual of the cost of unused annual leave entitlement;
- reporting of liabilities arising from interest rate swaps;
- reporting of endowment fund income and expenditure in the Statement of Comprehensive Income (SOCI) – previously the Income & Expenditure Statement – rather than through a movement in endowment reserves.

The College's full accounting policies are presented on pages 28 to 33.

Prior-year results have been re-stated in line with the new reporting requirements. An analysis of the changes in the College's previously reported position under SORP 2007 compared to SORP 2015 at the transition date (1 August 2014) and for the 2014/15 financial year is also provided in tabular form in Note 35 to the financial statements.

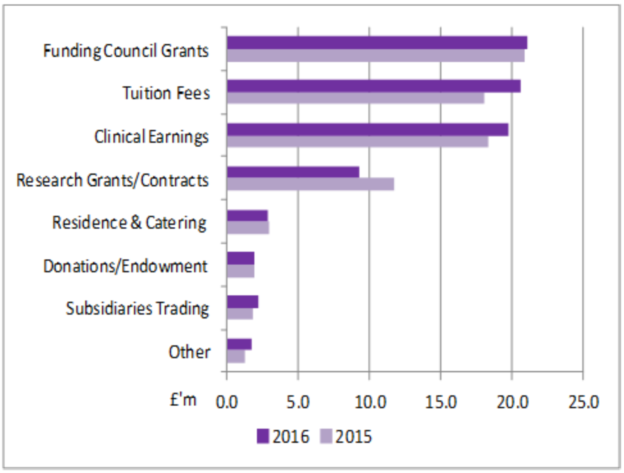
Results for the year

The College's consolidated results for the period to 31 July 2016, compared to the prior year, are presented in the following table. A summary of the impact of FRS 102 adjustments on the reported position is also presented.

	2016	2015
	£m	*£m*
Income	79.3	76.0
Expenditure	76.4	77.9
Surplus before other gains and losses	3.0	(1.1)
(Loss)/Gain on investments	(0.2)	1.1
Taxation	(0.1)	(0.3)
Surplus/(Deficit) for the year	**2.7**	**(0.3)**
FRS 102 adjustments included in the above:		
Pension provision movement + interest charges	1.5	3.4
Increase in fair value of interest rate swaps	1.7	0.9
Changes in income recognition - Capital grants	0.9	0.8
Changes in income recognition - Other	0.1	0.4
Endowment funds reporting	(0.5)	(1.1)
Holiday pay accrual	0.1	(0.2)
Pre-FRS 102 position	**6.5**	**3.9**

Income

The College's total income was £79.3m, an increase of 4.3% compared to the previous year. The main sources of income are shown in the following chart:



Funding Council grants, at £21.1m, remain the College's main source of income. Following the introduction of the £9,000 UK/EU undergraduate tuition fee in 2012-13, the balance of funding for teaching continues to shift away from public funds (provided through the HEFCE Teaching Grant) towards student tuition fees which, for most UK/EU students, are funded from student loans. Nevertheless, the HEFCE Teaching Grant continues to be an important income stream (2016: £14.4m) for the College as its programmes are in high-cost, primarily clinical, subject areas which continue to receive funding.

Despite the College's performance in the 2014 Research Excellence Framework (REF) being a significant improvement on its 2008 rating, HEFCE Research (QR) funding, at £4.6m, was 10% lower than in 2014/15 due to the funding method and relative performance of other institutions.

Tuition fees have increased by 14% and, at £20.6m, are now only marginally lower than income from Funding Council grants. The increase is a combination of a further cohort of new regime (£9,000 fee) UK/EU students and student number growth. A particular success in 2015/16 was the exceptionally strong recruitment to the College's BSc/MSci programmes for which the intake increased by over 50 students (+65%).

The College continues to target growth in international student numbers and income from this source increased by 5% on the previous year. At £5.1m, international fees represented 25% of the College's total tuition fee income.

Clinical and related earnings increased to £19.8m from £18.3m in the prior year. Of this, Clinical Services (comprising the College's veterinary hospitals and diagnostic laboratories) generated £18.6m (a 9% increase), delivering a gross contribution of £1.5m, up £0.4m compared to 2014/15.

As reported in last year's accounts, the RVC, in common with other research-intensive universities, has taken the opportunity to claim Research and Development Expenditure Credits (RDEC) for the period of eligibility (April 2013 to July 2015) and accrued a (pre-tax) sum of £1.3m in 2014/15. Finalisation of the claims has yielded a further (pre-tax) sum of £0.2m which has been accrued in these accounts.

Excluding RDEC, income from externally-funded research grants and contracts, at £9.1m, was £0.9m down on the previous year. This is a reflection of the downturn in grant application success rates in 2014 which, as discussed earlier, has now returned to the previous level.

Other income increased by 7% to £6.2m. This is due to increased occupancy of office and laboratory space by external clients of the London BioScience Innovation Centre (LBIC). Residences and catering income and other rental income were in line with 2014/15.

Income from donations and endowments, at £1.9m, increased by 40% compared to the previous year. The majority (74%) of donations were restricted in nature. This is due in part to the College's fund-raising approach which has been to focus on specific campaigns, notably the QMHA 30th anniversary appeal.

Expenditure

Reported expenditure, at £76.4m, represents a reduction of £0.8m compared to the previous year.

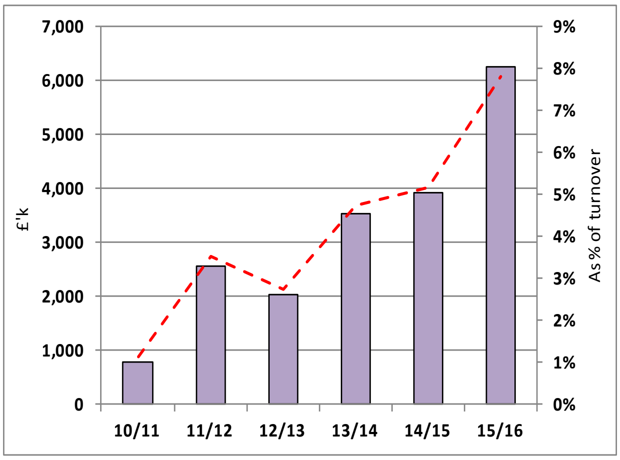
There are two significant factors which have given rise to the reduction:

- movements in the reporting of liabilities required under the new SORP, notably the pension provision and the fair value of interest rate swaps. The impact on expenditure of these movements was £3.1m in 2015/16 compared to £4.3m in 2014/15;
- release (reducing expenditure) of provisions in 2015/16 amounting to £1.6m relating to potential prior year tax liabilities which have now been settled or are close to resolution. A partial release of £0.7m 2014/15 was made in 2014/15.

Setting these factors aside, total expenditure increased by £1.2m (1.6%). Staff costs rose by 5% due to a combination of increased staff numbers (mainly associated with additional income generation), incremental pay progression and the 1% national pay award. Other operating expenses were marginally lower primarily due to a reduced volume of activity on externally funded research grants and contracts. Depreciation costs increased by 2% as assets were completed and brought into use. Excluding the impact of the movement on the fair value of interest rate swaps, interest and other finance costs decreased by 17% primarily due to exchange rate gains.

Surplus

The reported surplus for the year, under the new SORP, is £2.7m compared to a deficit of £0.3m in 2014/15. In order to aid understanding of the actual performance of the College in 2015/16 compared to 2014/15 and prior years, the impact of the SORP adjustments has been omitted from the following graph:



The 2015/16 pre-FRS 102 surplus of £6.4m represents a significant improvement compared to the budgeted position of £0.2m even allowing for the provision release of £1.6m. The budget was set at a point when there appeared to be a strong likelihood of public funding cuts following the May 2015 General Election. A prudent approach was also taken in budgeting for student number growth and pay costs. In the event, there were favourable outcomes in relation to all of these and this, alongside strong performance in other areas of the College's activities, has resulted in a positive financial outturn building on the trend of recent years.

Capital investment

The College has continued to invest in its physical infrastructure with capital expenditure of £7.7m (2015: £2.6m) on research, clinical and teaching facilities to improve the student and staff experience. The main lecture theatre (now named the Alumni Lecture Theatre) at the Hawkshead Campus has been fully refurbished. A state-of-the-art social learning space, capable of seating 180 students, has been created and provides technology-rich group study rooms and informal study booths. Construction of a new Sports Centre is well underway and this is due to open by Easter 2017. Significant investment has also been made to replace ageing and inefficient major plant and undertake other energy saving projects.

IT investment has been focused on completion of the work to replace the College's core and peripheral network infrastructure and on the transformation and modernisation of telephony. A new unified communications system has been procured and implementation is underway. As well as providing flexible, easy-to-use communication tools for staff and students, it also replaces the hospital pager system greatly enhancing operational efficiency in this critical area.

Improvements have been made to audio-visual, video-conferencing, lecture capture and other classroom technologies across the College, including the installation of the latest smart whiteboards.

Borrowing

Outstanding borrowing at 31 July 2016 was £22.0m (2015: £22.1m), representing a borrowing ratio (borrowings: total income) of 28% (2015: 29%). The College's outstanding long-term debt amounted to £20.7m (2015: £22.0m) and is held with the Royal Bank of Scotland. All loans are held by the College and have a maximum duration of 25 years. In order to ensure certainty of interest charges over the life of these loans, the College took out floating-to-fixed interest rate swaps.

During 2015/16, the College secured £1.2m in Salix interest-free loan funding to undertake a range of energy efficiency projects. The funding is repayable over a period to April 2020.

Treasury policy and investments

The College's Treasury Policy seeks to ensure an appropriate return on investments at a level of risk agreed by the College Council. The College's long-term investments, the majority of which are endowment assets, are managed by Ruffer LLP, who were appointed in October 2013. At 31 July 2016, the value of the portfolio held with Ruffer was £12.1m (2015: £12.3m) comprising a range of equity, fixed interest and cash funds. Investment returns over the year represented a loss of 5% (2015: 6% gain). The year-end market valuation was a £0.4m gain (2015: £0.6m gain). Under the new SORP, gains/losses are reported in the SOCI.

Investment of working capital funds is monitored by the Finance and General Purposes Committee. Funds are placed for fixed-term periods with counterparties approved under the Treasury Policy. As at 31 July 2016, £14.0m (2015: £14.0m) was held with three counterparties, other than the College's main banker, for terms of up to 6 months. An average interest rate of 1.2% was achieved over the year.

Cash flows

Cash generation from operating activities has been a priority as the College has built up its cash reserves over recent years to fund its capital investment plans. Key financial performance indicators relate to cash generation and utilisable cash balances. The College held cash and short-term deposits of £23.4m at 31 July 2016 (2015: £23.2m). This includes cash held within the endowment portfolio amounting to £0.4m (2015: £1.3m). Excluding endowment fund cash, net liquidity days were 120 (2015: 115).

Pension funds

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

Pensions remain a significant liability. The March 2014 valuation of the USS showed that it was in substantial deficit and fundamental changes were subsequently implemented by the Trustees, which took effect in April 2016. These were:

- closure of the Scheme's final salary section with all members accruing future benefits on a career re-valued earnings basis up to a salary cap of £55,000, beyond which a defined contribution scheme applies;
- an increase in the employer contribution rate from 16% to 18% of pay and the employee rate from 6.5% to 8%.

The March 2014 valuation of SAUL also showed it to be in deficit. This is being addressed by an increase in employer contributions from 13% to 16% of pay for a 3-year period which commenced 1 April 2016.

As both USS and SAUL are pooled multiemployer schemes, it is not possible to reliably separate out each institution's share of the Schemes' assets and liabilities. However, under the new SORP, the College is required to recognise its liability to fund the deficit recovery plans of each Scheme. The College's liabilities as at 31 July 2016 were: USS £7.2m (2015: £6.5m), SAUL £0.6m (2015: £0m).

Financial outlook

Notwithstanding the difficult and uncertain public funding environment in recent years, the RVC has delivered healthy operating surpluses and built up sizeable cash reserves. This has been achieved through targeted growth in our income streams and a robust and proactive approach to cost control. As a result, our financial performance, as measured by key financial metrics, compares favourably with the rest of the sector.

In addition to our financial performance, we have consolidated our position as a world-leading institution, cementing our brand and reputation. Our bid to retain HEFCE Institution-specific Funding was successful and confirmed the distinctive, specialist and innovative nature of our teaching provision. The College was again ranked number three in the QS World University Rankings making it the top veterinary school in the UK and Europe and the highest ranked outside North America.

There is strong student demand for our courses with international recruitment in the 2016/17 cycle particularly pleasing.

The College is, therefore, well placed, both financially and reputationally, to enter the next phase of its development. In order to ensure our financial sustainability, we must invest for the long term and our financial strategy has been to reach a position where we are able to make that investment both in our physical and human resources.

Plans are currently being developed for a major 5-year programme of capital investment at both our campuses to ensure that we remain competitive and continue to attract the best students and staff. The investment will allow us to replace ageing building stock, which is no longer fit for purpose, and refurbish and re-configure other space to create additional capacity and optimise space usage.

The work will be funded by a combination of cash reserves and external financing and detailed financial modelling is currently being undertaken to assess the affordability of our plans.

In developing the business case, we have given due regard to the financial risks which continue to face higher education, notably pension costs and the possibility of public funding cuts. The impact of the Brexit vote is, of course, a matter of concern to us as it is to the rest of the sector. However, in this regard, the College is less exposed than many other institutions having a relatively small proportion of EU students, a substantial third income stream (clinical) and the potential to deliver increased contribution through continuing strong demand from UK and international students. We, therefore, recognise the imperative to continue to diversify and grow our income from non-public sources and the investment we are planning will support this.

Work by HEFCE's Financial Sustainability and Strategy Group (FSSG) has shown that Veterinary Sciences is the most expensive subject to teach. With the declining unit of teaching resource, delivering value for money, therefore, remains high on our agenda. Plans are underway to re-shape our academic provision, both research and teaching, in preparation for the next REF and the Teaching Excellence Framework (TEF) ensuring there is an appropriate focus on strategic priorities and on tangible outputs. Some of our administrative functions are also being restructured into more cognate groupings with a view to deploying finite resources as effectively as possible. We continue to actively engage in collaborative procurement to deliver cost savings and remain one of the highest performing institutions nationally in the use of purchasing consortia.

The Strategic and Financial Review was approved by Council on 23 November 2016 and signed on its behalf by:

Lord Curry of Kirkharle

CHARITABLE STATUS AND PUBLIC BENEFIT STATEMENT
for the year ended 31 July 2016

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

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

General principles of public benefit

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

Principle 1: There must be an identifiable benefit or benefits

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

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

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

Delivery of public benefit from the mission and strategic aims

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

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

Our goals:

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

Delivery of public benefit through education and training

The provision of higher education remains one of the College's core activities. The primary beneficiaries are the students who participate in higher education at the College. Ultimately higher education provides a skilled population that can contribute to the enhancement of society and the economy through productive careers. In 2015/16, 580 students of the College graduated from programmes of undergraduate, postgraduate and research study. As part of this process, graduates of the College's main undergraduate degree, the Bachelor of Veterinary Medicine, were also admitted into membership of the Royal College of Veterinary Surgeons and many of them go on to work in veterinary practices to provide expert advice and treatment for the benefit of both animals and their owners. Pleasingly 94% of students on our BVetMed programme were employed within 6 months of graduation. The College recognises the growing relevance to society and the economy of the veterinary profession's contribution to food production, the control of disease and animal welfare, and has re-profiled some of its academic activities in response to this.

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

Since the internet is a publicly available resource, educational providers have recognised the opportunities for distance learning. In recent years the College has been developing better pedagogical expertise and technical capacity to support distance education courses at both undergraduate and postgraduate levels. Distance learning programmes allow students to study at their own pace from any location globally. In some of the College's highly specialised areas, distance learning creates a critical cohort mass of students thereby supporting the sustainable sharing of knowledge. The knowledge gained, especially by those from developing countries, is used directly to influence key decisions in the veterinary profession in those countries.

Delivery of public benefit through research

Researchers at the College are actively engaged in enhancing understanding in the basic biomedical sciences as well as in veterinary sciences. The vast majority of this research is undertaken for publication - often a condition of the research funder - and thus the outcomes of research activities add to the publicly available knowledge in these areas. Research is undertaken so that it has the potential to enhance or change society for the better through increasing understanding, influencing behaviours and stimulating economic opportunities.

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

The College is active in research to develop new vaccines for poultry and pigs, major food producing species globally. Novel vaccines for respiratory disease producing bacteria in pigs would greatly reduce the need to use antibiotics in pig production, hence addressing society's concern that such practices add to the problem of antimicrobial resistance which is no respecter of species barriers. Yeast based antigen delivery systems for vaccines are also being developed which have the advantage of being stable in a freeze dried form and so are not dependent on a cold chain for delivery to the animals that need them – this makes them accessible for animals kept in developing countries.

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

Delivery of public benefit through outstanding clinical activity

In the last year, RVC Clinical Services provided over 45,000 clinical contacts with animals presented through the College's range of clinical facilities, which are staffed and equipped to cater for the full range of farm and companion animal species from dogs, cats, and horses through to exotic pets.

Our clinical teams offer a very broad range of diagnostic techniques and treatment options to provide optimal care, whether cases are presented for primary care directly by their owners, or at the request of professional colleagues for secondary and tertiary services. Our capabilities range from the provision of routine clinical examinations and basic health care for all species to advanced trauma care, all the way up to highly complex procedures such as open heart surgery in dogs, for which we are the only centre capable in the UK. The College's clinical employees are also regular attendees at external events, such as shows and professional exhibitions, delivering lectures and workshops to audiences including the general public and farmers, as well as veterinary surgeons.

Delivery of public benefit through access to opportunity

The College actively encourages applications from all those with the academic ability to succeed, regardless of their background. One of the key elements of this institutional strategy continues to be the Gateway programme, the one-year course providing a route into the full BVetMed degree and to which reference is made in previous financial statements. The College provides an extensive range of masterclasses, school visits and summer schools designed to encourage young people to realise their ambitions and to become students at the RVC. We are also heavily committed to supporting the work of regional networks both in London and Hertfordshire and to this end collaborate with other HEIs in providing science activities, information, advice and guidance (IAG) and veterinary related sessions to both primary and secondary school students. To further encourage wider participation and to ensure that aspiring students are not deterred by financial disadvantage, the College offers generous bursaries to assist with tuition fees and living costs.

The College continues to organise annual residential summer schools as part of its access and participation strategies and each year a significant proportion of the attendees signify their intention to apply for our full-time degrees. Many of these also become Ambassadors on their arrival at College. The summer schools are currently supported by the Sutton Trust. The number of primary and secondary school students involved in some aspects of RVC’s access and participation work reached over 30,000 in 2015/16. Academic staff and student ambassadors have once again demonstrated their commitment to widening participation and the high quality of their work is recognised throughout the sector; we have over 140 registered and trained ambassadors.

As well as working with school students RVC also works with the teachers. For two years we have run a Sutton Trust funded Teachers’ Summer School in partnership with Imperial College and Kings College London.

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

Delivery of public benefit through public and community engagement

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

Our evening program of RVC Lates is held twice a year and is supported by numerous partners as well as the general public. The events introduce the general adult public to the research undertaken at the RVC with a new theme chosen for each one. The College’s Anatomy Museum continues to be a great educational resource and groups of all ages are introduced to the study of Anatomy and Animal Welfare. The College attends Science Fairs and Public Festivals around the country, including the Cheltenham Science Festival and the Green Man Festival. The RVC participates three times a year in the Family Days run by the Royal Institution which were attended by over 700 parents and children.

Our public and community work is supported by a number of societies and organisations including: Francis Crick Institute, Welcome Trust, Natural History Museum, Royal Society of Biology, Society of Physiology, Royal Institution, Royal Society of Chemistry.

Delivery of public benefit through sustainability

The College is committed to the implementation of an Environmental Policy which aims to reduce its environmental impacts across key areas including energy and carbon, waste, transport and biodiversity.

We have made exciting progress recently, undertaking an ambitious programme of 50 energy efficiency projects with the aim of reducing our carbon emissions by 1,300 tonnes. These works will play a critical role in achieving and exceeding our energy reduction targets of 20% by 2020. The College has also reviewed its energy procurement strategy leading to a decrease in cost and consumption, switching suppliers such that 100% of our electricity now comes from renewable sources.
We have retained our accreditation for the IS014001 environmental management system. This is a major international standard which demonstrates the College’s commitment to improve its environmental performance.

As part of our Green Travel Plan, our shuttle bus service has been enhanced increasing capacity, flexibility and capacity.

We continue the important work of contributing towards environmental protection and conservation through the implementation of our Biodiversity Action Plan: a programme of habitat creation and enhancement. The development of a nature trail and the Hamling memorial garden have improved our green spaces and provided both a teaching resource and place of retreat for staff, students and visitors to access.

The College encourages sustainable procurement and actively engages with suppliers to deliver sustainable solutions, where appropriate.

Our plans for major capital investment involve replacement of inefficient buildings and outdated plant to make the RVC a more environmentally friendly institution for the benefit of students, staff and the local community.

RESPONSIBILITIES OF THE COLLEGE COUNCIL
for the year ended 31 July 2016

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

RECORD KEEPING AND ACCOUNTING

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and enable it to ensure that the financial statements are prepared in accordance with the College's Charter, the Statement of Recommended Practice on Accounting for Further and Higher Education 2014 and other relevant accounting standards.

FINANCIAL STATEMENTS

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

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

INTERNAL CONTROLS

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

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

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

CORPORATE GOVERNANCE
for the year ended 31 July 2016

The College is committed to exhibiting best practice in all aspects of corporate governance. Throughout the year ended 31 July 2016, the College has been in compliance with the Guide for Members of Governing Bodies of Universities and Colleges in England and Wales that was issued by the Committee of University Chairmen (CUC) in 2004 and revised in 2009. It has, since the launch in December 2015 of the new Higher Education Code of Governance, completed a full Governance Review to ensure compliance with the new code and adherence more generally with best practice in Corporate Governance. The review has now almost its action phase and, following a gap analysis of practice and process against the new code, the RVC is confident that it is fully compliant with all those elements with which it must comply and is continuing to monitor and ensure that its compliance with the code is as effective and efficient as it should be, and that its recommendations are not only met but exceeded where appropriate. In accordance with the CUC Code, the RVC has adopted a Statement of Primary Responsibilities as part of its governance arrangements.

The Council of the College has an on-going process for identifying, evaluating and managing the College's significant risks in support of institutional strategic and operational objectives. This process has been in place for the year ending 31 July 2016 and up to the date of Council's approval of the Annual Report and Accounts. It has also been subject to a full review and improvement process in the course of the 2015/16 year to further ensure that it meets the requirements of HEFCE's accounts direction. The Risk Register subject to a full annual scrutiny by Council each September and is available to Council Members at every meeting.

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

The Charter and Statutes require that the governance of the College shall be vested in the Council, which, as the governing body, is collectively responsible for overseeing the institution's activities, determining its future direction and fostering an environment to achieve the institutional mission. The Council has a majority of members from outside the College (known as independent members and numbering 11 out of 15 Council Members) from whom the Chairman, Vice-Chairman and Hon Treasurer are elected. None of the independent members receives any payment for the work done for the College, apart from the reimbursement of expenses, if claimed.

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

The Principal is the Chief Executive of the College, who, under the Statutes, is responsible for the conduct of the College and exercises considerable influence on the development of institutional strategy, the identification and planning of new developments and the shaping of institutional ethos. In these aspects of the Principal's portfolio of responsibilities, senior staff contribute collaboratively. Under the terms of the formal Memorandum of Assurance and Accountability between the College and the Higher Education Funding Council for England, the Principal is the Accountable Officer of the College and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons.

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

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

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

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

The Principal and the College's senior managers receive reports setting out key risk indicators and consider possible control issues. The Risk Register is regularly reviewed and amended as appropriate, and the nature of the risk process overseen by Audit Committee. The Risk management process has been reviewed and improved in 2015/16 and work now continues in embedding risk management practices within the organisation.

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

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

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

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

We have audited the financial statements of the Royal Veterinary College (RVC) for the year ended 31 July 2016 set out on pages 24 to 61. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the Council, in accordance with the Charters and Statutes of the College. Our audit work has been undertaken so that we might state to the Council those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Council and auditor

As explained more fully in the Statement of Responsibilities of the College Council set out on page 19, the Council is responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the College's affairs as at 31 July 2016 and of the Group's and College's income and expenditure, gains and losses, changes in reserves and cash flows for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education; and

- meet the requirements of HEFCE's *Accounts direction to higher education institutions for 2015-16 financial statements*.

Opinion on other matters prescribed in the HEFCE Audit Code of Practice (effective 1 August 2014) issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the Group and the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;

- income has been applied in accordance with the College's Statutes

- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them; and

- the corporate governance and internal control requirements of HEFCE's *Accounts direction to higher education institutions for 2015-16 financial statements* have been met.

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

1 December 2016

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
for the year ended 31 July 2016

	Notes	RVC Group 2016 £'000	RVC Group 2015 £'000	College 2016 £'000	College 2015 £'000
Income					
Tuition fees and education contracts	1	20,598	18,011	20,598	17,978
Funding body grants	2	21,141	20,849	21,141	20,849
Research grants and contracts	3	9,282	11,379	9,282	11,379
Clinical and related income	4	19,777	18,311	19,777	18,311
Other income	4	6,189	5,823	4,557	4,140
Investment income	5	411	276	417	258
Total income before endowments and donations		**77,398**	**74,649**	**75,772**	**72,915**
Donations and endowments	6	1,935	1,377	770	1,226
Total income		**79,333**	**76,026**	**76,542**	**74,141**
Expenditure					
Staff costs	7	43,975	44,081	43,386	43,458
Other operating expenses	10	23,988	25,311	23,417	24,418
Depreciation and amortisation	8	5,563	5,450	5,341	5,236
Interest and other finance costs	9	2,846	2,330	2,739	2,188
Total expenditure		**76,372**	**77,172**	**74,883**	**75,300**
Surplus / (Deficit) before other gains losses and share of operating surplus/deficit of joint ventures and associates		**2,961**	**(1,146)**	**1,659**	**(1,159)**
(Loss) / Gain on investments	11	(170)	1,130	(128)	1,018
Surplus / (Deficit) before other tax		**2,791**	**(16)**	**1,531**	**(141)**
Taxation	12	(58)	(291)	(58)	(291)
Surplus / (Deficit) for the year		**2,733**	**(307)**	**1,473**	**(432)**
Total Comprehensive Income for the year		**2,733**	**(307)**	**1,473**	**(432)**
Represented by:					
Endowment comprehensive income for the year		(328)	834	(325)	829
Restricted comprehensive income for the year		639	(59)	(275)	(182)
Unrestricted comprehensive income for the year		2,422	(1,082)	2,073	(1,079)
		2,733	**(307)**	**1,473**	**(432)**

The consolidated income and expenditure relates wholly to continuing operations.

The notes on pages 34 to 61 form an integral part of these financial statements.

STATEMENT OF CHANGES IN RESERVES
for the year ended 31 July 2016

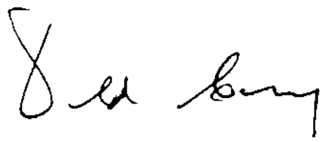
	Notes	Income and expenditure account			Revaluation	
		Endowment	Restricted	Unrestricted	Reserve	Total
		£'000	£'000	£'000	£'000	£'000
GROUP						
Balance at 1 August 2014		**9,706**	**2,795**	**128,569**	**4,114**	**145,184**
Surplus / (deficit) from the income and expenditure statement		834	(59)	(1,082)	-	(307)
Other comprehensive income		-	-	-	-	-
Transfer between reserves		(361)	-	358	3	-
Total comprehensive income for the year		**473**	**(59)**	**(724)**	**3**	**(307)**
Balance at 1 August 2015		**10,179**	**2,736**	**127,845**	**4,117**	**144,877**
						-
Surplus / (deficit) from the income and expenditure statement		(328)	639	2,422	-	2,733
Other comprehensive income		-	-	-	-	-
Transfer between reserves		-	-	-	-	-
						-
Total comprehensive income for the year		**(328)**	**639**	**2,422**	**-**	**2,733**
Balance at 1 July 2016		**9,851**	**3,375**	**130,267**	**4,117**	**147,610**
COLLEGE						
Balance at 1 August 2014		**9,650**	**2,118**	**127,525**	**4,114**	**143,407**
						-
Surplus / (deficit) from the income and expenditure statement		829	(182)	(1,079)	-	(432)
Other comprehensive income				-		-
Transfer between reserves		(361)		358	3	-
Total comprehensive income for the year		**468**	**(182)**	**(721)**	**3**	**(432)**
Balance at 1 August 2015		**10,118**	**1,936**	**126,804**	**4,117**	**142,975**
						-
Surplus / (deficit) from the income and expenditure statement		(325)	(275)	2,073	-	1,473
Other comprehensive income				-	-	-
Transfer between reserves				-	-	-
Total comprehensive income for the year		**(325)**	**(275)**	**2,073**	**-**	**1,473**
Balance at 1 July 2016		**9,793**	**1,661**	**128,877**	**4,117**	**144,448**

The notes on pages 34 to 61 form an integral part of these financial statements.

BALANCE SHEET
for the year ended 31 July 2016

	Notes	RVC Group 2016 £'000	RVC Group 2015 £'000	College 2016 £'000	College 2015 £'000
Non-current assets					
Intangible assets	14	184	295	184	295
Fixed assets	15	149,874	147,992	148,688	146,585
Heritage assets	16	4,117	4,117	4,117	4,117
Investments	17	11,642	10,952	10,095	9,503
Non-current receivables	18	-	-	1,684	1,885
		165,817	**163,356**	**164,768**	**162,385**
Current assets					
Stock	19	982	959	971	947
Trade and other receivables	20	8,950	8,154	9,495	8,712
Investments - short term	21	10,000	10,000	10,000	10,000
Cash and cash equivalents	22	13,553	13,173	13,316	12,558
		33,485	**32,286**	**33,782**	**32,217**
Less: Creditors due within one year	23	(16,078)	(15,868)	(18,605)	(16,827)
Net current assets		**17,407**	**16,418**	**15,177**	**15,390**
Total assets less current liabilities		**183,224**	**179,774**	**179,945**	**177,775**
Creditors - amounts due after more than one year	24	(27,414)	(26,304)	(27,414)	(26,304)
Provisions					
Pension provisions	25	(7,762)	(6,469)	(7,645)	(6,372)
Other provisions	25	(438)	(2,124)	(438)	(2,124)
Total net assets		**147,610**	**144,877**	**144,448**	**142,975**
Restricted reserves					
Income and expenditure reserve - endowment reserve	26	9,851	10,179	9,793	10,118
Income and expenditure reserve - restricted reserve	27	3,375	2,736	1,661	1,936
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		130,267	127,845	128,877	126,804
Income and expenditure reserve - revaluation reserve		4,117	4,117	4,117	4,117
Total Reserves		**147,610**	**144,877**	**144,448**	**142,975**

The financial statements on pages 24 to 61 were approved by the Council on 23 November 2016 and signed on its behalf by:



Lord Curry of Kirkharle
Chairman of Council

Mr R Bright CB
Honorary Treasurer

Professor Stuart Reid
Principal

The notes on pages 34 to 61 form an integral part of these financial statements.

CASH FLOW STATEMENT
for the year ended 31 July 2016

	Notes	RVC Group 2016 £'000	RVC Group 2015 £'000
Cash flow from operating activites			
Surplus for year		2,733	(307)
Adjustment for non-cash items			
Depreciation	8	5,451	5,178
Amortisation of intangible assets	8	112	272
Unrealised loss / (gain) on investments	11	(445)	(458)
Unrealised foreign exchange loss / (gain)		(404)	(36)
Decrease / (increase) in stock	19	(23)	(152)
Decrease / (increase) in receivables	20	(796)	(1,277)
Increase / (decrease) in creditors	21	1,320	(1,695)
Increase / (decrease) in pension provisions	25	1,293	3,392
Increase / (decrease) in other provisions	25	(1,686)	(969)
Non-cash adjustments		*4,822*	*4,255*
Adjustment for investing or financing activities			
Investment income	5	(411)	(276)
Interest payable (excluding pension scheme charge)	9	2,649	2,256
New endowments	6	(3)	(17)
Realised loss / (gain) on investments	11	615	(672)
New restricted funds	6	(1,431)	(1,004)
Capital grant income	2	(1,042)	(726)
Investing or financing adjustments		*377*	*(439)*
Net cash inflow from operating activities		**7,932**	**3,508**
Cash flow from investing activites			
Capital grants receipts	2	1,042	726
Disposal of non-current asset investments	17	3,363	5,136
Withdrawal of deposits		10,000	5,000
Change in endowment cash		(860)	478
New restricted funds	6	1,431	1,004
Investment income	5	411	276
Investment movement		22	(42)
Realised (loss) / gain on investments	11	(615)	672
Payments made to acquire intangible assets	14	-	(42)
Payments made to acquire fixed assets	15	(7,371)	(2,617)
New non-current asset investments	17	(3,512)	(5,330)
New deposits		(10,000)	(10,000)
Net cash inflow from investing activities		**(6,089)**	**(4,739)**
Cash flow from financing activites			
Interest paid	9	(1,397)	(1,291)
Interest element of finance leases	9	(23)	(41)
New loans	24	1,208	-
Repayments of amounts borrowed	24	(1,541)	(1,352)
Capital element of finance leases	24	290	(299)
Net cash inflow from financing activities		**(1,463)**	**(2,983)**
Increase / (decrease) in cash and cash equivalents in the year		**380**	**(4,214)**
Cash and cash equivalents at 1 August		13,173	17,387
Cash and cash equivalents at 31 July		13,553	13,173
Movement in the year		**380**	**(4,214)**

The notes on pages 34 to 61 form an integral part of these financial statements.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES
for the year ended 31 July 2016

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 2015 ("SORP 2015") and in accordance with Financial Reporting Standards (FRS 102). The Royal Veterinary College ("the College") is a public benefit entity and therefore has applied the relevant public benefit requirements of FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of fixed assets and derivative financial instruments). They conform to guidance published by the Higher Education Funding Council for England.

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

2. BASIS OF CONSOLIDATION

The consolidated financial statements include the College and all undertakings in which it has a controlling interest for the financial year to 31 July 2016. The results of subsidiaries acquired or disposed of during the period are included in the Consolidated Statement of Comprehensive Income and Expenditure from the date of acquisition or up to the date of disposal. Intra-RVC Group transactions are eliminated on consolidation.

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

Associated companies and joint ventures are accounted for, where appropriate, using the equity method.

3. INCOME RECOGNITON

Tuition fees and education contracts

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

Revenue grant funding

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

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

Capital grants

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

Other income

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

Investment income

Investment income is credited to the statement of income and expenditure on a receivable basis.

Donations and endowments

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

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

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

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

a. Restricted donations - the donor has specified that the donation must be used for a particular objective, which may include the acquisition or construction of fixed assets.

b. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the College.

c. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the College has the power to use the capital

d. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

4. ACCOUNTING FOR RETIREMENT BENEFITS

Defined benefit schemes

The two principal pension schemes for the College's staff are the Universities Superannuation Scheme (USS) and the Superannuation Arrangements of the University of London (SAUL). The schemes are defined benefit schemes which are externally funded and were contracted out of the State Second Pension (S2P) up to 5 April 2016. Each fund is valued every three years by professionally qualified independent actuaries.

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

A liability is recorded within provisions for any contractual commitment to fund past deficits within the schemes.

Defined contribution plans

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

5. EMPLOYMENT BENEFITS

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

6. OPERATING LEASES

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

7. FINANCE LEASES

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

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

8. INTEREST AND OTHER FINANCE COSTS

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

9. ACCOUNTING FOR JOINT OPERATIONS, JOINTLY CONTROLLED ASSETS AND JOINTLY CONTROLLED OPERATIONS

Where material, the College accounts for its share of joint ventures using the equity method.

The College accounts for its share of transactions from joint operations and jointly controlled assets in the Consolidated Statement of Income and Expenditure.

10. SERVICE CONCESSION ARRANGEMENTS

The RVC Group had no service concession arrangements at the balance sheet date.

11. FOREIGN CURRENCY

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

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the RVC Group's RVC presentational currency, sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are reported as an item of Other Comprehensive Income.

12. TAXATION

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Paragraph 1 of Schedule 6 to the Finance Act 2010 and accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478 to 488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The Royal Veterinary College Animal Care Trust ("the ACT") is a charity registered in England and Wales with the Charity Commission (charity no. 281571).

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

The College, London BioScience Innovation Centre Ltd. ("LBIC") and the ACT are VAT registered as part of the College's VAT Group. The College's VAT RVC Group receives no exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

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

13. INTANGIBLE ASSETS

Intangible assets are amortised between 3 and 7 years representing the remaining estimated economic life of the assets. Intangible assets are subject to periodic impairment reviews as appropriate.

14. FIXED ASSETS

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets (itemised below) that had been revalued to fair value on or prior to the date of transition to the FEHE SORP 2015, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

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

Land

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

Buildings

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

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

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

Equipment

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

All assets are depreciated over their useful economic lives to the RVC Group of between 3 and 10 years, except that any equipment integral to a leasehold building is depreciated over the shorter of the remaining lease term and the equipment's expected useful economic life. No depreciation is charged on assets not yet deployed, which will be shown as work in progress. Depreciation is charged in the year in which the asset is brought into use with the depreciation being charged on a straight line monthly basis beginning the first full month after deployment.

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet.

15. HERITAGE ASSETS

Works of art and other valuable artefacts valued at over £25,000 and the College’s historic library collection have been capitalised and recognised at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable. Heritage assets are not depreciated as their long economic life and high residual value mean that any depreciation would not be material.

Heritage assets are formally reviewed every three years (the last review was undertaken in 2013/14). All other classes of heritage asset, which are less material in value, are reviewed periodically, not more than six years from the previous review, to determine whether a formal revaluation is required.

16. INVESTMENT PROPERTIES

Investment property is land and buildings held for rental income or capital appreciation rather than for use in delivering services. The RVC Group held no investment properties at the balance sheet date.

17. INVESTMENTS

Non-current asset investments are held on the Balance Sheet at amortised cost less impairment.

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

Current asset investments are held at fair value with movements recognised in the Surplus or Deficit.

18. STOCK

Stock comprises stores held by clinical services, farm livestock and produce and some building maintenance supplies. Stocks are stated at the lower of their cost and net realisable value except in the case of farm livestock where some livestock valuations are available externally. For practical purposes, it is assumed that net realisable value is the same as either the cost charged on to external customers or the cost of the equivalent item most recently purchased. Stocks are valued on a “last in, first out” (LIFO) basis.

Stocks of consumables held for administrative purposes and in academic departments are expensed during the year and are not valued on the balance sheet.

19. CASH AND CASH EQUIVALENTS

Cash includes cash in hand, and deposits (including cash at bank) repayable on demand. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

20. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised in the financial statements when:

(a) the RVC Group has a present obligation (legal or constructive) as a result of a past event;

(b) it is probable that an outflow of economic benefits will be required to settle the obligation; and

(c) a reliable estimate can be made of the amount of the obligation.

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

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

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

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes to the Financial Statements.

21. DERIVATIVES

Derivatives are held on the Balance Sheet at fair value with movements in fair value recorded in the Surplus or Deficit.

22. RESERVES

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the College (or the ACT), are held as a permanently restricted fund which the College (or the ACT) must hold in perpetuity.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore the College or the ACT is restricted in the use of these funds.

23. TRANSITION TO SORP 2015

The College is preparing its financial statements in accordance with FRS 102 for the first time and consequently has applied the first time adoption requirements. An explanation of how the transition to the FEHE SORP 2015 has affected the reported financial position, financial performance and cash flows of the consolidated results of the College is provided in note 35.

Application of first time adoption grants certain exemption from the full requirements of SORP 2015 in the transition period. The following exemption has been taken into these financial statements:

Revaluation as deemed cost has been used for land measured at fair value at the transition date (1 August 2014).

24. CHANGE IN ACCOUNTING POLICY

The College has changed its accounting policy in relation to the timing of depreciation charges for buildings in 2015/16 with building assets being recognised on completion of the works but the first depreciation charge being taken in the first full financial year of operation. This is for practical purposes to facilitate the efficient recognition of completed assets.

The College has also adopted the recommended best practice in relation to the recognition of the constituent components of buildings into the main constituent elements: structure; fit-out; and plant and machinery. Building assets have also been re-lifed following a report received from the College's retained valuers. This has involved the College reviewing the asset lives of the individual components, making a prudent assessment of the expected useful economic life, informed by the information provided by the valuers.

1. TUITION FEES AND EDUCATION CONTRACTS

	RVC Group		College	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Full-time undergraduate students - UK and EU	12,206	9,877	12,206	9,845
Full-time postgraduate students - UK and EU	1,272	1,406	1,272	1,406
Part-time undergraduate students - UK and EU	54	55	54	55
Part-time postgraduate students - UK and EU	289	138	289	137
International students	5,059	4,812	5,059	4,812
Higher Education course fees	**18,880**	**16,288**	**18,880**	**16,255**
Research training support grants	953	930	953	930
Short course fees	765	793	765	793
	20,598	**18,011**	**20,598**	**17,978**

2. FUNDING BODY GRANTS

	RVC Group		College	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
HEFCE recurrent grants				
Teaching	14,419	13,753	14,419	13,753
Research	4,611	5,123	4,611	5,123
HEFCE specific grants				
Higher Education Innovation Fund	1,014	1,133	1,014	1,133
Other specific grants	55	114	55	114
HEFCE capital grants	1,042	726	1,042	726
	21,141	**20,849**	**21,141**	**20,849**

3. RESEARCH GRANTS AND CONTRACTS

	RVC Group		College	
	2016	**2015**	**2016**	**2015**
	£'000	**£'000**	**£'000**	**£'000**
Research councils	2,350	3,336	2,350	3,336
UK based charities	1,868	1,289	1,868	1,289
UK central government, local, health and hospital autho	1,044	675	1,044	675
UK industry, commerce, public corporations	737	856	737	856
EU government bodies	1,686	2,506	1,686	2,506
EU other	603	692	603	692
Other international	727	666	727	666
Other source of funding	68	15	68	15
	9,083	**10,035**	**9,083**	**10,035**
Research Development Expenditure Credit	199	1,344	199	1,344
	9,282	**11,379**	**9,282**	**11,379**

Along with other research intensive universities, RVC has submitted claims to the UK Government under the Research Development Expenditure Credit (RDEC) scheme. This relates to eligible research activities undertaken between 1 April 2013 and 31 July 2015. In the July 2015 budget, the UK Government announced that universities would no longer be eligible to claim credits. RVC submited a claim for the period to 31 July 2013 and included an estimate of the amount claimable for the period to 31 July 2015 in the accounts for the year ended 31 July 2015. The final claims have now been made and included in this year's accounts (together with the related expected tax charges).

4. OTHER INCOME

	RVC Group		College	
	2016	**2015**	**2016**	**2015**
	£'000	**£'000**	**£'000**	**£'000**
Residences, catering and conference income	2,896	2,978	2,896	2,842
Rent and other income	1,065	1,008	1,661	1,298
Subsidiaries trading income	2,228	1,837	-	-
Other income	**6,189**	**5,823**	**4,557**	**4,140**
Clinical and related earnings	19,777	18,311	19,777	18,311
Other income and clinical income	**25,966**	**24,134**	**24,334**	**22,451**

5. INVESTMENT INCOME

	RVC Group		College	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Investment income on endowments	109	113	109	113
Investment income on restricted reserves	10	8	-	-
Other investment income	292	155	308	145
	411	**276**	**417**	**258**

6. DONATIONS AND ENDOWMENTS

	RVC Group		College	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
New endowments	3	17	3	17
Donations with restrictions	1,431	1,004	757	1,117
Unrestricted donations	501	356	10	92
	1,935	**1,377**	**770**	**1,226**

7. STAFF COSTS

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

	2016	2015
	Number	Number
Teaching and research departments	322	313
Clinical and related services	225	199
Academic services	140	135
Administration and central services (including subsidiaries)	60	53
Premises	69	70
	816	**770**

Staff costs for the above:		2016	2015
		£'000	£'000
Salaries		34,916	33,528
Social security costs		2,979	2,646
Pension schemes - employer contributions	32	4,775	4,243
Movement on pension provisions	25	1,096	3,319
Restructuring and redundancy costs		209	345
		43,975	**44,081**

7. STAFF COSTS *continued*

Emoluments of the Principal:	**£**	**£**
Salary	243,767	238,886
Allowances	39,272	39,272
Pension contributions to USS	42,591	40,180
	325,630	**318,338**

Remuneration of other higher paid staff, excluding employer's pension contributions:	**2016 No of Staff**	**2015 No of Staff**
£100,000 to £109,999	4	1
£110,000 to £119,999	1	3
£120,000 to £129,999	3	3
£130,000 to £139,999	3	1
£140,000 to £149,999	3	3
	14	**11**

Key management personnel:

At the College the Senior Management Group (SMG) comprises those persons having authority and responsibiltiy for planning, directing, and controlling the activites of the College. Staff costs above includes compensation paid to members of the SMG.

	2016	**2015**
	£	**£**
Key management personnel compensation	2,094,384	2,014,419

Council members:

The College's Council Members are the trustees of the College as an exempt charity. The Council is also the Corporate Trustee for the Royal Veterinary College Animal Care Trust, a registered charity. Related party transactions involing members of Council are disclosed in Note 33 below.

No member of Council has received any remuneration (or waived any payments) for acting as a member of Council (staff and ex officio Council members' remuneration as employees of the College are disclosed in the Staff Costs table above).

The total expenses paid to or on behalf of 6 Council members in the year was £5,983 (2015: on behalf of 6 members, £4,533).

8. DEPRECIATION AND AMORTISATION

		2016	2015	2016	2015
		£'000	£'000	£'000	£'000
Depreciation of fixed assets - wholly owned		5,187	4,893	4,966	4,679
Depreciation of fixed assets - held on finance leases		264	285	264	285
Depreciation of fixed assets	15	**5,451**	**5,178**	**5,230**	**4,964**
Amortisation of intangible assets	14	112	272	111	272
		5,563	**5,450**	**5,341**	**5,236**

9. INTEREST AND OTHER FINANCE COSTS

	RVC Group		College	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Loan interest	1,397	1,291	1,291	1,152
Finance lease interest	23	41	23	41
Exchange differences	(440)	8	(438)	8
Increase in fair value of derivatives	1,669	916	1,669	915
Net charge on pension scheme	197	74	194	72
	2,846	**2,330**	**2,739**	**2,188**

10. ANALYSIS OF EXPENDITURE

2015/16	Staff Costs £'000	Other Operating Expenses £'000	Depreciation and amorisation £'000	Interest and other finance costs £'000	2016 Total £'000
Academic departments	13,499	2,927	-	-	16,426
Academic services	2,815	1,517	208	45	4,585
Research grants and contracts	4,101	3,435	-	(13)	7,523
General education expenditure	913	5,045	-	-	5,958
Residences, catering and conference services	258	1,106	725	2,630	4,719
Premises	2,029	3,352	4,268	5	9,654
Staff and student facilities	318	1,028	53	-	1,399
Clinical and other services	13,065	4,553	43	15	17,676
Subsidiary undertakings	558	951	266	306	2,081
Administration and central services	5,259	1,972	-	(254)	6,977
Other expenditure	1,160	(1,898)	-	112	(626)
	43,975	**23,988**	**5,563**	**2,846**	**76,372**

The Other expenditure category relates mainly to RVC Group wide provisions for liabilities disclosed in note 25.

Included in Other Operating Expenses are:

External auditor's fees for the College of £35,290

External auditor's fees for other audit work of £23,442

External auditor's fees for non-audit services of £23,537

10. ANALYSIS OF EXPENDITURE *continued*

2014/15	Staff Costs £'000	Other Operating Expenses £'000	Depreciation and amorisation £'000	Interest and other finance costs £'000	2015 Total £'000
Academic departments	13,706	3,087	-	-	16,793
Academic services	2,537	1,384	311	2	4,234
Research grants and contracts	3,710	4,188	-	-	7,898
General education expenditure	857	4,307	-	-	5,164
Residences, catering and conference services	269	1,350	842	1,974	4,435
Premises	1,963	3,320	4,012	14	9,309
Staff and student facilities	240	768	1	-	1,009
Clinical and other services	12,214	4,242	71	19	16,546
Subsidiary undertakings	581	1,119	213	240	2,153
Administration and central services	4,706	1,546	-	-	6,252
Other expenditure	3,298	-	-	81	3,379
	44,081	**25,311**	**5,450**	**2,330**	**77,172**

11. LOSS / GAIN ON INVESTMENTS

	RVC Group		College	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Investments - realised gains / (losses)	(615)	672	(506)	588
Investments - unrealised gains / (losses)	445	458	378	430
(Loss) / gain on investments	**(170)**	**1,130**	**(128)**	**1,018**

12. TAXATION

	RVC Group	
	2016	2015
	£'000	£'000
Recognised in the statement of comprehensive income		
Current tax		
Current tax expense	58	291
Adjustment in respect of previous years	-	-
Current tax expense	**58**	**291**
Deferred tax		
Origination and reversal of timing differences	-	-
Reduction in tax rate	-	-
Recognition of previously unrecognised tax losses	-	-
Deferred tax expense	**-**	**-**
Total tax expense	**58**	**291**

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

13. CHANGE IN FAIR VALUE OF HEDGING INSTRUMENTS

	RVC Group		College	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Gross book value at 1 August	(5,342)	(4,426)	(5,341)	(4,425)
Gross book value at 31 July	(7,011)	(5,342)	(7,010)	(5,341)
Change in fair value of hedging financial instruments	**(1,669)**	**(916)**	**(1,669)**	**(916)**

14. INTANGIBLE ASSETS

	RVC Group		College	
	2016	**2015**	**2016**	**2015**
	£'000	**£'000**	**£'000**	**£'000**
Gross book value at 1 August	1,713	1,671	1,713	1,671
Additions in the year	-	42	-	42
Gross book value at 31 July	**1,713**	**1,713**	**1,713**	**1,713**
Accumulated amortisation at 1 August	1,418	1,146	1,418	1,146
Amortisation charge for the year	111	272	111	272
Accumulated amortisation at 31 July	**1,529**	**1,418**	**1,529**	**1,418**
Net book value at 31 July	**184**	**295**	**184**	**295**

The addition in 2015/16 relates to the purchase of a software intangible asset.
The amortisation period is 5 years.

15. TANGIBLE FIXED ASSETS

	Land and Buildings			Fixtures, Fittings and Equipment	Assets in the Course of Construction	Total Fixed Assets
	Land and Structure	Fit-Out	Plant and Machinery			
	£'000	£'000	£'000	£'000	£'000	£'000
GROUP						
Cost or valuation						
At 1 August 2015	145,035	20,347	23,483	6,232	1,930	197,027
Additions	-	-	-	763	6,608	7,371
Transfers	867	1,078	1,395	1,359	(4,699)	-
Surplus on revaluation	-	-	-	-	-	-
Disposals	-	-	-	-	(38)	(38)
At 31 July 2016	**145,902**	**21,425**	**24,878**	**8,354**	**3,801**	**204,360**
Depreciation						
At 1 August 2015	28,336	6,581	9,577	4,541	-	49,035
Charge for the Year	1,526	1,677	1,640	608	-	5,451
Written back on revaluation	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
At 31 July 2016	**29,862**	**8,258**	**11,217**	**5,149**	**-**	**54,486**
Net book value						
At 31 July 2015	116,699	13,766	13,906	1,691	1,930	147,992
At 31 July 2016	**116,040**	**13,167**	**13,661**	**3,205**	**3,801**	**149,874**
COLLEGE						
Cost or valuation						
At 1 August 2015	140,803	20,347	23,483	6,132	1,931	192,696
Additions	-	-	-	763	6,608	7,371
Transfers	866	1,078	1,395	1,359	(4,698)	-
Surplus on revaluation	-	-	-	-	-	-
Disposals	-	-	-	-	(38)	(38)
At 31 July 2016	**141,669**	**21,425**	**24,878**	**8,254**	**3,803**	**200,029**
Depreciation						
At 1 August 2015	25,479	6,581	9,577	4,474	-	46,111
Charge for the Year	1,315	1,677	1,640	598	-	5,230
Written back on revaluation	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
At 31 July 2016	**26,794**	**8,258**	**11,217**	**5,072**	**-**	**51,341**
Net book value						
At 31 July 2015	115,324	13,766	13,906	1,658	1,931	146,585
At 31 July 2016	**114,875**	**13,167**	**13,661**	**3,182**	**3,803**	**148,688**

At 31 July 2016, freehold land and buildings included £81m in respect of freehold land held by the College and which is not depreciated.

15. TANGIBLE FIXED ASSETS *continued*

Building-related assets leased by the College included above:	**Land and Structure**	**Fixtures, Fittings and Equipment**
Net book value	**£'000**	**£'000**
At 31 July 2015	71	143
At 31 July 2016	**-**	**300**

Consolidated fixtures, fittings and equipment include assets held by the College under finance leases as follows:

	2016	**2015**
	£'000	**£'000**
Cost	1,256	956
Accumulated depreciation	(812)	(598)
Charge for year	(144)	(215)
Net book value	**300**	**143**

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

16. HERITAGE ASSETS

	RVC Group		**College**	
	2016	**2015**	**2016**	**2015**
	£'000	**£'000**	**£'000**	**£'000**
Heritage assets held at valuation	4,117	4,117	4,117	4,117
At 31 July 2016	**4,117**	**4,117**	**4,117**	**4,117**

There were no additions or disposals in the year.

Heritage assets are held for their contribution to knowledge and culture. The assets recognised as such are principally works of art and illustrations of the racehorse Eclipse (the post-mortem examination of Eclipse in 1789 was in effect the beginning of the veterinary profession in the UK) and a collection of historic veterinary books and articles dating from the 18th Century. Works of art are stated at their insurance valuation. These assets are formally re-valued every 3 years. The most recent valuation was undertaken by Bonhams for the year in July 2014.

17. NON-CURRENT INVESTMENTS

Group	Subsidiary Companies	Other Fixed Asset Investments	Total
	£'000	£'000	£'000
At 1 August 2015	-	10,952	10,952
Additions	-	3,512	3,512
Disposals	-	(3,363)	(3,363)
Investment income	-	3	3
Realised gain	-	93	93
Unrealised gain (year-end market valuation)	-	445	445
At 31 July 2016	**-**	**11,642**	**11,642**

College			
At 1 August 2015	123	9,380	9,503
			-
Additions	-	3,008	3,008
Disposals	-	(2,878)	(2,878)
Investment income	-	2	2
Realised gain	-	79	79
Unrealised gain (year-end market valuation)	-	381	381
At 31 July 2016	**123**	**9,972**	**10,095**

Details of the subsidiary undertakings are disclosed in Note 31 below.
The other fixed asset investments relate mainly to listed investments, the majority of which are managed by our external investment managers, Ruffer LLP. These investments have been valued at 31 July 2016. Any investments held directly by the College are recorded in the accounts at fair value.

18. NON-CURRENT RECEIVABLES

	RVC Group		College	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Amounts falling due after more than one year:				
Loans to subsidiary undertakings	-	-	1,684	1,885
	-	**-**	**1,684**	**1,885**

At 31 July 2016 the value for the loan provided to London BioScience Innovation Centre Limited (LBIC) was £1.9m (2015: £2.1m) of which £201,000 is due within one year. The loan is on commercial terms and mirrors the arrangements for the loan held by the College to fund the development of the McFadyean building occupied by LBIC. The loan is not expected to be fully repaid until 2024.

19. STOCK

	RVC Group		College	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
General consumables	697	701	686	689
Farm stock	285	258	285	258
	982	**959**	**971**	**947**

20. CURRENT RECEIVABLES

	RVC Group		College	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Research grant receivables	2,120	1,716	2,120	1,716
Other trade receivables	4,149	4,357	3,920	3,543
Other receivables	1,649	1,035	1,611	1,061
Prepayments and accrued income	989	1,005	989	868
Amounts due from subsidiary undertakings	-	-	812	1,483
Amounts due from concessionary loans	43	41	43	41
	8,950	**8,154**	**9,495**	**8,712**

RVC has provided a loan to RVC Hong Kong Limited at commercial rates. The value of the loan at 31 July 2016 was £610,413 (2015: £518,308). The loan is to be converted to share capital in 2016/17 and hence is being reported as payable within one year.

21. CURRENT INVESTMENTS

	RVC Group		College	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Short term deposits	10,000	10,000	10,000	10,000
	10,000	**10,000**	**10,000**	**10,000**

Deposits are held with banks operating in the London market and regulated by the Prudential Regulation Authority. The deposits disclosed have less than twelve months maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at the time of placement.

At 31 July 2016 the weighted average interest of these fixed rate deposits was 1.2% per annum and the remaining weighted average period for which the interest rate is fixed on these deposits was 229 days. The fair value of these deposits was not materially different from the book value at the balance sheet date.

22. CASH AND CASH EQUIVALENTS

	RVC Group		College	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Cash in hand	57	34	61	34
Cash at bank	9,018	7,801	8,845	7,378
Current deposits	4,478	5,338	4,410	5,146
	13,553	**13,173**	**13,316**	**12,558**

23. CREDITORS – AMOUNTS DUE WITHIN ONE YEAR

	RVC Group		College	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Unsecured loans	1,577	1,542	1,577	1,542
Obligations under finance leases	173	272	173	272
Trade payables	2,218	1,162	2,218	1,059
Taxation due including social security	1,587	1,733	1,504	1,629
Research grant payables	6,320	5,900	6,320	5,900
Accrued expenses and deferred income	4,203	5,259	4,029	4,868
Amounts owed to subsidiaries	-	-	2,784	1,557
	16,078	**15,868**	**18,605**	**16,827**

24. CREDITORS – AMOUNTS DUE AFTER ONE YEAR

		RVC Group		College	
		2016	2015	2016	2015
	Note	£'000	£'000	£'000	£'000
Amounts falling after one year:					
Obligations under finance leases		27	218	27	218
Economic hedges		7,011	5,342	7,011	5,342
Unsecured loans		20,376	20,744	20,376	20,744
		27,414	**26,304**	**27,414**	**26,304**
Analysis of unsecured loans:					
Due between one and two years		1,709	1,319	1,709	1,319
Due between two and five years		4,681	4,031	4,681	4,031
Due in five years or more		13,986	15,394	13,986	15,394
Due after more than one year		**20,376**	**20,744**	**20,376**	**20,744**
Due within one year	23	1,577	1,542	1,577	1,542
Total unsecured loans		**21,953**	**22,286**	**21,953**	**22,286**

The loan terms, applicable interest rates and counter-parties are as follows:

Lender	Amount £'000	Term ends	Interest rate %
HEFCE (Revolving Green Fund)	35	November 2016	nil
Salix	1,208	April 2020	nil
RBS	1,885	March 2024	5.26
RBS	1,501	January 2026	5.66
RBS	1,466	January 2026	5.66
RBS	15,858	November 2034	5.90
Total loans held by the College	**21,953**		

25. PROVISIONS FOR CURRENT LIABILITIES

	Obligation to fund deficit on USS Pension	Obligation to fund deficit on SAUL Pension	Total Pension Provisions	Tax Provisions	Staff Related Provisions	Total Other
	£'000	£'000	£'000	£'000	£'000	£'000
RVC Group						
At 1 August 2015	6,469	-	6,469	2,049	75	2,124
Utilised in the year	(258)	(113)	(371)	(188)	-	(188)
Additions in the year	965	699	1,664	-	-	-
Unused amounts released in the year	-	-	-	(1,423)	(75)	(1,498)
At 31 July 2016	**7,176**	**586**	**7,762**	**438**	**-**	**438**
College						
At 1 August 2015	6,372	-	6,372	2,049	75	2,124
Utilised in the year	(255)	(110)	(365)	(188)	-	(188)
Additions in the year	957	681	1,638	-	-	-
Unused amounts released in the year	-	-	-	(1,423)	(75)	(1,498)
At 31 July 2016	**7,074**	**571**	**7,645**	**438**	**-**	**438**

The obligation to fund the past deficits for the Universities Superannuation Scheme (USS) and for the Superannuation Arrangements of the University of London (SAUL) arises from the contractual obligations with the respective pension schemes for total payments relating to benefits to be provided arising from past performance of the respective schemes. SAUL reported its first deficit in autumn 2015. Management have assessed potential growth in the pay bill for employee members of the schemes over the period of the contracted obligation to reach an assessment of the provision required. The provisions will unwind over the period of the respective scheme's contractual obligations, taking into account discount rates in each year.

Tax provisions relate to potential prior year tax liabilities. The provision has been reduced at 31 July 2016 to reflect the resolution of a number of issues during 2015/16. It is expected that the remaining issues will be settled by the end of the calendar year 2017.

Staff related provisions relate to potential costs arising from employment issues. These are reviewed annually and any amounts not required are released.

26. ENDOWMENTS RESERVE

RVC Group	Restricted Permanent £'000	Expendable Endowments £'000	2016 Total £'000	2015 Total £'000
Balances at 1 August				
Capital	1,108	4,393	5,501	5,330
Accumulated income	2,348	2,330	4,678	4,376
	3,456	**6,723**	**10,179**	**9,706**
New endowments	-	3	3	17
Investment income	37	73	110	113
Expenditure	(63)	(248)	(311)	(318)
(Decrease)/ increase in market value of investments	(41)	(89)	(130)	1,022
Total endowment comprehensive income for the year	**(67)**	**(261)**	**(328)**	**834**
Expendable endowment written back to donations	-	-	-	(361)
Balances at 31 July	**3,389**	**6,462**	**9,851**	**10,179**

College	Restricted Permanent £'000	Expendable Endowments £'000	2016 Total £'000	2015 Total £'000
Capital	1,108	4,340	5,448	5,282
Accumulated income	2,348	2,322	4,670	4,368
	3,456	**6,662**	**10,118**	**9,650**
New endowments	-	3	3	17
Investment income	37	72	109	113
Expenditure	(63)	(246)	(309)	(318)
(Decrease)/ increase in market value of investments	(41)	(87)	(128)	1,017
Total endowment comprehensive income for the year	**(67)**	**(258)**	**(325)**	**829**
Expendable endowment written back to donations	-	-	-	(361)
Balances at 31 July	**3,389**	**6,404**	**9,793**	**10,118**

Analysis by type of purpose:

	RVC Group		College	
	2016 £'000	**2015 £'000**	**2016 £'000**	**2015 £'000**
Scholarships and prizes	2,703	2,741	2,645	2,680
Student welfare and support	1,458	1,507	1,458	1,507
Research support	3,752	3,922	3,752	3,922
Clinical services support	1,938	2,009	1,938	2,009
	9,851	**10,179**	**9,793**	**10,118**

No funds were in deficit in either 2015/16 or the prior year.

27. RESTRICTED RESERVE

Reserves with restrictions are as follows:

RVC Group	Unspent capital grants £'000	Donations and Other £'000	2016 Total £'000	2015 Total £'000
Balances at 1 August	**1,173**	**1,563**	**2,736**	**2,795**
New grants	-	-	-	-
New donations	-	1,431	1,431	1,004
Investment income	-	10	10	8
Capital grants utilised	-	-	-	(94)
Expenditure	-	(781)	(781)	(1,033)
(Decrease)/ increase in market value of investments	-	(21)	(21)	56
Total restricted comprehensive income for the year	**-**	**639**	**639**	**(59)**
Balances at 31 July	**1,173**	**2,202**	**3,375**	**2,736**

College	Unspent capital grants £'000	Donations and Other £'000	2016 Total £'000	2015 Total £'000
Balances at 1 August	**1,173**	**763**	**1,936**	**2,118**
New grants	-	-	-	-
New donations	-	757	757	1,117
Investment income	-	-	-	-
Capital grants utilised	-	-	-	(94)
Expenditure	-	(1,032)	(1,032)	(1,205)
(Decrease)/ increase in market value of investments	-	-	-	-
Total restricted comprehensive income for the year	**-**	**(275)**	**(275)**	**(182)**
Balances at 31 July	**1,173**	**488**	**1,661**	**1,936**

Analysis of Donations and Other Restricted Funds by purpose:

	RVC Group		College	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Research support	1,794	2,108	1,661	1,936
Clinical services support	1,581	628	-	-
	3,375	**2,736**	**1,661**	**1,936**

28. CAPITAL AND OTHER COMMITMENTS

	RVC Group		College	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Commitments contracted for	3,000	1,334	3,000	1,334
	3,000	**1,334**	**3,000**	**1,334**

29. CONTINGENT LIABILITIES

The College has given written undertakings to support the subsidiary companies for twelve months from the date of approval of these financial statements.

30. LEASE OBLIGATIONS

Total rentals payable under operating leases:	31 July 2015				31 July 2016
	Land and buildings	Plant and machinery	Other leases	Total	
	£'000	£'000	£'000	£'000	£'000
Payable during the year	-	6	161	167	174
Future minimum lease payments due:					
Not later than 1 year	81	3	163	247	167
Later than 1 year and not later than 5 years	-	4	199	203	450
Later than 5 years	-	-	-	-	-
Total lease payments due	**81**	**7**	**362**	**450**	**617**

31. SUBSIDIARY UNDERTAKINGS

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

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

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

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

32. PENSION SCHEMES

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

		RVC Group	
		2016	2015
	Note	£'000	£'000
Employer's Contributions for			
Universities Superannuation Scheme (USS)		3,311	3,023
Superannuation Arrangements for the University of London (SAUL)		1,464	1,220
	7	**4,775**	**4,243**

In accordance with FRS 102, annual contributions to the Universities Superannuation Scheme and the Superannuation Arrangements of the University of London (SAUL) are accounted for as if each was a defined contribution scheme.

USS

The College participates in the Universities Superannuation Scheme. Throughout the current and preceding periods, the scheme was a defined benefit only pension scheme until 31 March 2016 which was 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 Section 28 of FRS 102 "Employee 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. Since the institution has entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit), the institution recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the income and expenditure account.

The total cost charged to the profit and loss account is £3,023k (2015: £2,846k). The latest available full actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method. Since the institution cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

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

Defined liability numbers for the scheme have been produced using the following assumptions:

	2016	2015
Discount rate	3.6%	3.3%
Pensionable salary growth	n/a	3.5% in first year and 4.0% thereafter
Pension increases (CPI)	2.2%	2.2%

32. PENSION SCHEMES *continued*

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality 98% of S1NA ["light"] YoB tables – No age rating
Female members' mortality 99% of S1NA ["light"] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

	2016	**2015**
Males currently aged 65 (years)	24.3	24.2
Females currently aged 65 (years)	26.5	26.4
Males currently aged 45 (years)	26.4	26.3
Females currently aged 45 (years)	28.8	28.7

	2016	**2015**
Scheme assets	£49.8bn	£49.1bn
Total scheme liabilities	£58.3bn	£60.2bn
FRS 102 total scheme deficit	£8.5bn	£11.1bn
FRS 102 total funding level	85%	82%

SAUL

The College participates in the Superannuation Arrangements of the University of London (SAUL), which is a centralised defined benefit scheme within the United Kingdom and was contracted-out of the Second State Pension (prior to April 2016). SAUL is an independently-managed pension scheme for the non-academic staff of over 50 colleges and institutions with links to higher education.

Pension benefits accrued within SAUL currently build up on either a Final Salary basis or a Career Average Revalued Earnings (CARE) basis. Following a consultation with Members, the SAUL Final Salary Section will close from 31 March 2016 and all Members will build up benefits on a CARE basis from 1 April 2016.

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

Funding policy

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

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

A formal actuarial valuation of SAUL is carried out every three years by a professionally qualified and independent actuary. The last actuarial valuation was carried out with an effective date of 31 March 2014. Informal reviews of SAUL's position, reflecting changes in market conditions, cash flow information and new accrual of benefits, are carried out between formal valuations.

32. PENSION SCHEMES *continued*

The funding principles were agreed in November 2015 and are due to be reviewed at SAUL's next formal valuation in 2017.

The Trustee and Employers have agreed that the Technical Provisions deficit at the 31 March 2014 valuation will be addressed by employer contributions of 3% of Salaries between 1 April 2016 and 31 March 2018 (inclusive). The overall level of the Employers' contributions will, therefore, increase from 13% of Salaries to 16% of Salaries with effect from 1 April 2016.

Accounting policy and costs reflected in the College's accounts

The College is a Participating Employer in SAUL. The actuarial valuation applies to SAUL as a whole and does not identify surpluses or deficits applicable to individual employers. As a whole, the market value of SAUL's assets was £1,927 million representing 97% of the liabilities for benefits accrued up to 31 March 2014.

It is not possible to identify an individual employer's share of the underlying assets and liabilities of SAUL. The College accounts for its participation in SAUL as if it were a defined contribution scheme and pension costs are therefore based on the amounts actually paid (i.e. cash amounts) in accordance with paragraphs 28.11 of FRS 102.

The Trustee and Employers have agreed that the Technical Provisions deficit at the 31 March 2014 valuation will be addressed by employer contributions of 3% of salaries between 1 April 2016 and 31 March 2018 (inclusive). The defined benefit liability to be recognised by the College in respect of the deficit contributions due to SAUL (i.e. the present value of the deficit contributions) is £0.6m as at 31 July 2016 (2015: £0m). This liability is based on a projection of salaries over the period to 31 March 2018 (in accordance with SAUL's Technical Provisions).

33. RELATED PARTY TRANSACTIONS

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

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

The Hon. Treasurer during 2015/16, Mr Charles Perrin, was a member of the SAUL Trustee Company Investment Committee. SAUL received £1.464m in pension contributions from RVC in 2015/16 (£1.220m in 2014/15). These transactions are conducted at arms- length and in the normal course of business.

Mr Oliver Dunham was President of the RVC Students' Union (RVCSU) for the 2015/16 academic year, being succeeded by Ms Becca Bowes from 1 August 2016. The President of the RVCSU is *ex officio* a member of Council of the RVC. The RVCSU received £251,387 from RVC in the normal course of business (£188,091 in 2014/15) including both grant funding and trading transactions. In addition, the College provided grant-in-kind in the form of rent-free premises and associated services totalling £89,772 to RVCSU (£89,772 in 2014/15).

The Principal, Professor SWJ Reid, is a trustee of the University of London. In 2015/16, RVC made payments in the normal course of business totalling £235,731 to the University of London and its associated undertakings (£199,477 in 2015-15).

34. ACCOUNTING ESTIMATES AND JUDGEMENTS

USS

FRS 102 makes the distinction between a group pension plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as those provided by USS and SAUL.

The accounting for a multi-employer scheme, where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit, results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit). The resulting expense is recognised in the Statement of Comprehensive Income. Council are satisfied that the schemes provided by USS and SAUL meet the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plans in existence at the date of approving the financial statements.

The RVC Group and College's provisions for pension liabilities have been calculated using a methodology agreed by the sector and informed by discussions with the two main pension schemes, USS and SAUL. In line with financial forecasts supplied to the College's main regulator, the Higher Educational Funding Council for England (HEFCE), the College has assumed that payroll costs will rise by an average of 3.8% a year over the period of the respective recovery plans for USS and SAUL. These expected cost increases assume underlying pay awards and increases in pay arising from promotions and re-grading, as well as the effect of inflation. No change in overall staff numbers is assumed for the period of the respective scheme's recovery plans. The College has utilised information provided by Mercers to the British Universities Finance Directors Group to inform its use of discount rates in the calculation of the provisions for liabilities for future pension contributions.

Service Concessions

Neither the College nor its subsidiaries have service concession arrangements.

35. TRANSITION TO FRS 102 AND THE FEHE SORP 2015

As explained in the accounting policies, these are the College's first financial statements prepared in accordance with FRS 102 and the SORP. The Principal Accounting Policies set out above have been applied in preparing the financial statements for the year ended 31 July 2016, the comparative information presented in these financial statements for the year ended 31 July 2015 and in preparation of an opening FRS 102 Statement of Financial Position (Balance Sheet) at 31 July 2014. In preparing its opening FRS 102 SORP 2015 based balance sheet, the College has adjusted amounts prepared previously in accordance with its old basis of accounting (SORP 2007). An explanation of how the transition to FRS 102 and SORP 2015 has affected the College's financial position, financial performance and cash flows is set out in the following tables.

35. TRANSITION TO FRS 102 AND THE FEHE SORP 2015 *continued*

Balance Sheet at 1 August 2014 – Transition from SORP 2007

	Notes	2007 SORP	SORP 2015 Transition: Presentation	SORP 2015 Transition: Disclosures	SORP 2015
		At 1 August 2014			
		£'000	£'000	£'000	£'000
Non-current assets					
Intangible assets	a	-	525	-	525
Fixed assets	a, b, c, d	73,665	(4,639)	81,970	150,996
Heritage assets	b	-	4,114	-	4,114
Investments	e, f	20	10,299	-	10,319
Non-current receivables		-	-	-	-
		73,685	**10,299**	**81,970**	**165,954**
[Endowment asset investments]	e	11,158	(11,158)	-	-
Current assets					
Stock		807	-	-	807
Trade and other receivables	k	6,457	-	420	6,877
Investments - short term		5,000	-	-	5,000
Cash and cash equivalents	f	16,528	859	-	17,387
		28,792	**859**	**420**	**30,071**
Less: Creditors due within one year	d, h	(17,780)	-	97	(17,683)
[Provisions]	g	(3,093)	3,093	-	-
					-
Net current assets		**7,919**	**3,952**	**517**	**12,388**
Total assets less current liabilities		**92,762**	**3,093**	**82,487**	**178,342**
Creditors - amounts due after more than one year	d, l	(22,072)	-	(4,916)	(26,988)
Provisions					
Pension provisions	j	-	-	(3,077)	(3,077)
Other provisions	g	-	(3,093)	-	(3,093)
Total net assets		**70,690**	**-**	**74,494**	**145,184**
[Deferred capital grants]	m	27,626	(27,626)	-	-
Restricted reserves					
I&E reserve - endowment reserve	e	11,158	(1,452)	-	9,706
I&E reserve - restricted reserve	l	-	1,944	851	2,795
Unrestricted Reserves					
I&E reserve - unrestricted reserve	c, d, h, j	31,906	104,280	(7,617)	128,569
I&E reserve - revaluation reserve	b, c	-	(77,146)	81,260	4,114
Total Reserves		**70,690**	**-**	**74,494**	**145,184**

35. TRANSITION TO FRS 102 AND THE FEHE SORP 2015 *continued*

Balance Sheet at 31 July 2015 – Transition from SORP 2007

	Notes	2007 SORP	SORP 2015 Transition: Presentation	SORP 2015 Transition: Disclosures	SORP 2015
		At 31 July 2015			
		£'000	£'000	£'000	£'000
Non-current assets					
Intangible assets	a	-	295	-	295
Fixed assets	a, b, c, d	70,720	(4,412)	81,684	147,992
Heritage assets	b	-	4,117	-	4,117
Investments	e, f	408	10,544	-	10,952
Non-current receivables		-	-	-	-
		71,128	**10,544**	**81,684**	**163,356**
[Endowment asset investments]	e	11,882	(11,882)	-	-
Current assets					
Stock		959	-	-	959
Trade and other receivables	k	8,048	-	106	8,154
Investments - short term		10,000	-	-	10,000
Cash and cash equivalents	f	11,835	1,338	-	13,173
		30,842	**1,338**	**106**	**32,286**
Less: Creditors due within one year	d, h	(16,416)	-	548	(15,868)
[Provisions]	g	(2,124)	2,124	-	-
Net current assets		**12,302**	**3,462**	**654**	**16,418**
Total assets less current liabilities		**95,312**	**2,124**	**82,338**	**179,774**
Creditors - amounts due after more than one year	d, l	(20,744)	-	(5,560)	(26,304)
Provisions					
Pension provisions	j	-	-	(6,469)	(6,469)
Other provisions	g	-	(2,124)	-	(2,124)
Total net assets		**74,568**	**-**	**70,309**	**144,877**
[Deferred capital grants]	m	26,838	(26,838)	-	-
Restricted reserves					
I&E reserve - endowment reserve	e	11,882	(1,703)	-	10,179
I&E reserve - restricted reserve	l	-	1,173	1,563	2,736
Unrestricted Reserves			-		
I&E reserve - unrestricted reserve	c, d, h, j	35,848	104,417	(12,420)	127,845
I&E reserve - revaluation reserve	b, c	-	(77,049)	81,166	4,117
Total Reserves		**74,568**	**-**	**70,309**	**144,877**

35. TRANSITION TO FRS 102 AND THE FEHE SORP 2015 *continued*

Statement of Comprehensive Income for 2014/15 – Transition from SORP 2007

Group			SORP 2015 Transition		
		2007 SORP	STRGL Items	Disclosures	SORP 2015
		£'000	£'000	£'000	£'000
Income					
Tuition fees and education contracts		18,011	-	-	18,011
Funding body grants	m	21,323	-	(474)	20,849
Research grants and contracts	n, p	11,791	-	(412)	11,379
Clinical and related income		18,311	-	-	18,311
Other income	q	7,674	-	(1,851)	5,823
Investment income		276	-	-	276
Total income before endowments and donations		**77,386**	**-**	**(2,737)**	**74,649**
Donations and endowments	k, p	-	952	425	1,377
Total income		**77,386**	**952**	**(2,312)**	**76,026**
Expenditure					
Staff costs	h, j	40,969	-	3,112	44,081
Other operating expenses	d	26,747	-	(1,436)	25,311
Depreciation and amortisation	d	5,165	-	285	5,450
Interest and other finance costs	j, l	1,291	-	1,039	2,330
Total expenditure		**74,172**	**-**	**3,000**	**77,172**
Surplus / (Deficit) before other gains losses and share of operating surplus/deficit of joint ventures and associates		**3,214**	**952**	**(5,312)**	**(1,146)**
(Loss) / Gain on investments		-	1,130	-	1,130
Surplus / (Deficit) before other tax		**3,214**	**2,082**	**(5,312)**	**(16)**
Taxation		(291)	-	-	(291)
Surplus / (Deficit) for the year		**2,923**	**2,082**	**(5,312)**	**(307)**
Transfer to/from endowments		998	-	(998)	-
Total Comprehensive Income for the year		**3,921**	**2,082**	**(6,310)**	**(307)**
Represented by:					
Endowment comprehensive income for the year		-	2,082	(1,248)	834
Restricted comprehensive income for the year		-	-	(59)	(59)
Unrestricted comprehensive income for the year		3,921	-	(5,003)	(1,082)
		3,921	**2,082**	**(6,310)**	**(307)**

35. TRANSITION TO FRS 102 AND THE FEHE SORP 2015 *continued*

Notes to Transition from SORP 2007

*	Cross references to Notes to the Financial Statements above. Line items shown above in [square brackets] show the position of disclosures under SORP 2007.
a	Intangible Assets are now disclosed separately from Tangible Fixed Assets.
b	Heritage Assets are now disclosed separately from Tangible Fixed Assets. The related Heritage Assets Revaluation Reserve is now shown separately.
c	The College revalued its freehold land at 31 July 2014. The revalued land was held at deemed cost at 1 August 2014 and therefore transferred from the Revaluation Reserve to the Income and Expenditure Account - Unrestricted Reserve at 1 August 2014. Further details of the valuation are provided in Note
d	In accordance with SORP 2015, finance leases relating to plant, property and equipment are now recognised within Tangible Fixed Assets with a carrying net book value recognised at 1 August 2014. The accumulated amortisation charge at 1 August 2014 has also been recognised with the annual charge reflected in the Statement of Comprehensive Income.
e	Endowment Asset Investments are no longer shown separately from other Investments.
f	The current cash element of Investments held with the College's fund managers are now disclosed under Cash and Cash Equivalents.
g	Provisions are no longer included in Net Current Assets and are now shown under Other Provisions.
h	The accrued cost of holidays not taken at 31 July each year is now recognised within Current Creditors with the cost charged to Staff Costs within the Statement of Comprehensive Income.
j	Under SORP 2015, the Group has recognised Pensions Provisions relating to the Group's obligations to its pensions schemes. Further details are provided in Notes 25,32 and 34.
k	Pledges receivable are now recognised as a Current or Non-Current Receivable when there is certainty of the value and the timing of the receipt can be estimated.
l	The College entered into interest rate swaps to limit its exposure to future interest rate variations on its borrowing. In accordance with FRS 102, changes in fair value of the swap have been recognised on 1 August 2014 and at 31 July thereafter.
m	Capital grants received are now recognised in the Statement of Comprehensive Income on receipt. Any capital grant received is held in a Restricted Reserve to be transferred to the Income and Expenditure Account - Unrestricted Reserve once the specific performance conditions have been met.
n	Income received with non-standard performance conditiosn must now be recognised on receipt.
p	Income received relating to Non Exchange Transactions is now recognised as Donations on entitlement to the income.
q	Other commercial income previously deferred has now been recognised on entitlement to the income.

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ROYAL
VETERINARY
COLLEGE

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

The College has charitable status.