

**Annual Report and Financial Statements
2019/20**

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CHAIRMAN'S INTRODUCTION for the year ended 31 July 2020

I am pleased to present the Royal Veterinary College's (RVC) Annual Report and Financial Statements for the year 2019/20. This has been my first year as Chairman of Council and what a year!

Drawing a line in the sand in the middle of a pandemic, as our Financial Year reporting deadline requires, has been an interesting exercise with uncertainty and change pervading all of our operations. That we are able to look back on the last 12 months with some degree of satisfaction is comforting, as these foundations will be critical in the coming years as we forge our recovery in what is a vastly altered environment for Higher Education.

With nearly half of the period under report affected by the spread of COVID-19 through society, there is no doubt that several elements of our performance have been under pressure. However, with a precautionary approach, the RVC has, thus far, managed the crisis and navigated a course that has delivered an outcome in line with budget for 2019/20 and set a more positive trajectory than the more conservative scenarios in our mid-year financial modelling had indicated. That said, with the financial pressures that predated COVID-19, the uncertainties posed by the UK's departure from the EU, and with a range of new calls on our resources, there is much work to be done to maintain the sustainability and levels of investment that we know are required for long term success.

Addressing these challenges has required enormous effort, patience and understanding from all at the RVC – our staff, our students, my colleagues on Council and, importantly, our external stakeholders.

In particular, the shift to blended delivery of our teaching and the adaptation of hospital processes to maintain our clinical services, accompanied by the necessity of “working from home” for most, have required significant additional outlay on many of our systems. If ever proof was needed that remote learning was not a cheap option, this has provided it.

Throughout, we have remained committed to our standards in all areas of our business as it will be the maintenance of these markers of quality that will allow RVC to continue to deliver to its mission locally, nationally and internationally. We do not underestimate the challenges ahead and remain alert to how rapidly the situation can change. We will continue to adopt a precautionary approach, with the health and safety of our community at the forefront of our decisions, as it has been throughout.

Finally, on behalf of the RVC Council, I express my gratitude to the Principal, his team, all the staff, the Students' Union and our wonderful students as a whole for pulling together to ensure that we deliver the best teaching and student experience, research and clinical services in these unprecedented times. Council has been inspired by all of you.

Thank you for your interest in the RVC; your continued support has never been more appreciated.

With best wishes,

Barbara, Baroness Young of Old Scone
Chairman

PRINCIPAL'S REPORT for the year ended 31 July 2020

I am delighted to add my welcome to that of my Chairman, Baroness Young, to this annual account of the Royal Veterinary College's (RVC) performance. An unusual year; one hopes a unique one.

As an epidemiologist, dealing with disease outbreaks has been part of my life for 30 years but never did I think that I would call on that experience as a Principal to the extent that the pandemic has required. And as any epidemiologist will tell you, it is the need for a team made up of individuals from many disciplines that is key to intervention and prevention - and in that regard RVC has been fortunate. Regardless of role, it has been the commitment, collegiality and, ultimately, selfless actions of the majority that saw us through the last months of 2019/20 and prepared us for the rigours of the new financial year.

And so to the figures. Bolstered by the upfront financing we have in place for our major construction project, providing valuable, albeit temporary, financial headroom, we have been able to maintain our activities despite periods of lockdown and ensure we are well placed to welcome students and patients back as restrictions have allowed. Making big decisions early and erring on the side of caution, the recovery of income from clinical activity was encouraging and the financial outcome for the year gone was significantly better than anticipated in late spring.

Whilst this outcome has been assisted by cost savings arising from necessarily reduced activity in some areas and stringent cost management in others, our thinking now turns to a "business as normal model" where "normal" will require modifications

to our current structures and functions, and where the model must continue to deliver both academic and fiscal sustainability. This will not be easy and, as the Chairman suggests, the difficulties we face, and the investments required, are large and reshaping will be necessary; not least of these will be EU exit and pension provision.

However, I am confident that we will address these challenges. Behind the financials lie many stories, and these are about people – predominantly, our students and staff. Without their efforts, the outturn would be very different; without them there is no RVC. I am in their debt.

Finally, I offer my thanks to Baroness Young and her fellow Councillors, many of who are relatively recent recruits; governance and oversight are all the more important in times of crisis and their guidance, understanding and trust have been an enormous part of the RVC's ability to respond and adapt to the challenges we have faced.

Institutional success is often seen as a relative measure – relative to others, relative to budgets, relative to targets. That we have started our next year on solid foundations and in good spirits could justifiably be regarded as a success, in and of itself. I hope you agree.

With all best wishes

Stuart WJ Reid
Principal

STRATEGIC AND FINANCIAL REVIEW for the year ended 31 July 2020

Context and Risk Analysis

Founded in 1791, the Royal Veterinary College (RVC) was the first of its kind in the UK and remains the only independent Higher Education institution dedicated to teaching and research in the veterinary and allied sciences, whilst also benefiting from being a member institution of the federal University of London. As one of the largest veterinary schools in Europe, RVC also provides the most extensive veterinary, para-veterinary and animal science undergraduate and postgraduate courses of any veterinary school in the world.

The RVC's key strategic objectives have been refreshed and are set out in its extended Strategic Plan to 2021. The three pillars of our mission are: Education, discovery and translation of new knowledge and delivery of optimal clinical care and opinion. Above all, the RVC seeks to push back the frontiers of what is possible in veterinary medicine and its associated sciences.

The College has adopted a range of Key Performance Indicators to assess its progress against its Strategic Plan. Areas covered include: student recruitment, retention and employability; improving the student experience in both educational and well-being terms; financial performance and sustainability; quality of research outputs and funding success; growth in clinical caseload; and staff retention and well-being.

The Strategic Risk Register focuses on the College's key strategic risks. These are regularly reviewed and re-assessed and new risks identified. All risks are rated based on their likelihood and impact and the extent to which they can be, and have been, mitigated. The process is led by the College Executive Committee (CEC) and, at the governance level, by Council. The risks 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. Operational level risks across the College are collated and regularly reviewed, ensuring that mitigating actions are aligned with strategic level risks and objectives.

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

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

Risks associated with the UK's exit from the EU are addressed under each theme. A specific COVID-19 risk register has also been created.

The RVC Council's appetite to risk is reflected in the following statement:

"The College endeavours to minimise impact arising from risks affecting financial sustainability, student progress and outcomes, community wellbeing, operational efficacy and reputation, committing to manage and invest resources in mitigating these to tolerable levels. However, 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 must be in final agreement with Council".

STRATEGIC AND FINANCIAL REVIEW *continued*

In order to monitor and manage the heightened risks posed by the COVID-19 pandemic, the College has taken a range of actions, including:

- holding additional meetings of the CEC and governing body;
- establishing CEC sub-groups to address specific issues and ensure business continuity by adapting its activities to the new restrictions;
- implementing robust health and safety measures and liaising with local agencies on outbreak planning;
- creating a COVID-19 section of the website for students, staff and clients;
- developing an RVC Resilience Commitment and Pledge;
- making additional investment in key areas including blended learning resources and health and safety;
- ceasing all non-essential revenue and capital expenditure;
- undertaking extensive financial scenario modelling; and
- facilitating secure remote working for staff.

Strategic Review

Our Learning and Teaching

The emergence of the COVID-19 pandemic in the academic year 2019/2020 posed some unique and unanticipated challenges in respect of teaching, learning, assessment and recruitment. The College has, nevertheless, managed to provide ongoing education for all existing student cohorts. Those cohorts of students scheduled to graduate in 2020 were able to do so with, where relevant, full accreditation from the professional regulatory bodies. We also successfully completed a recruitment cycle ensuring continuity of admissions and progression.

The necessity to cease face-to-face delivery of all teaching at the time of the first UK lockdown brought about a rapid change in our teaching to that of “emergency remote delivery”. Much of this was achievable in the short-term with existing facilities

and expertise; however, as the pandemic persists, we have made significant investment in resources to deliver a high-quality blended learning experience for our students for the longer term. Assessments have also been moved online.

Despite the pandemic, we have managed to pursue most of our longer-term strategic goals, although some have had to be postponed. The College has validated a Bachelor in Veterinary Medicine and Surgery (BVMS) degree which will enable it to enter into franchise agreements with other providers in future. New post-registration nursing qualifications are undergoing validation and accreditation which will provide clearer pathways to advanced careers in veterinary nursing. We continue to develop our portfolio of BSc and MSc courses to ensure that they play to our unique strengths and remain attractive to future applicants. Plans to introduce a revised curriculum for our BVetMed programme and to introduce new pathways in our Post Graduate Certificate in Veterinary Clinical Practice were delayed due to the pandemic. Planning for both of these projects has resumed in the academic year 2020/21.

Applicant numbers for most of our courses remain sound. Overall there was a 10% drop in applicants in 2019/20 which may reflect greater competition from other institutions for students in veterinary and animal-related subjects. There was considerable growth in the number of overseas applicants for our 5-year BVetMed programme. The student recruitment cycle for 2020/21 was thrown into considerable uncertainty by the pandemic and subsequent changes in A-level assessment by the Government. We have slightly over-recruited to our BVetMed programmes whereas numbers on our Veterinary Nursing and BSc/MSc pathways have somewhat reduced. Fortunately, fears of a significant fall in students wishing to enrol in university courses this year have not materialised.

Our Student Experience

Our commitment to build a diverse and inclusive student body has seen an increasing proportion of students admitted from non-traditional backgrounds across all undergraduate courses. Work across our widening participation, academic and student support teams is both strengthening

and diversifying the support we provide to meet the needs of this changing student body.

The COVID-19 pandemic has led to more of our student support services being delivered online and this has proved effective in providing students more choice and opportunity to access these services. Significant work has been done by widening participation and recruitment teams to further increase applications and admission from under-represented groups to reach the ambitious targets we have set in our Access and Participation Plan 2020-25. Again, the move to online activity has resulted in a significant increase in outreach and engagement with students from these groups.

The pandemic has also strengthened the collaborative work between the College and the Students' Union and has led to a number of joint initiatives, in particular the Race Equality Task Group, which aims to raise awareness of race equality issues across the RVC community.

The establishment of the Learning and Wellbeing Directorate has focused our efforts in supporting all students to reach their potential through managing their health and wellbeing. Combined with a sustained programme of enhanced student engagement and representation, this has reinforced the place of the student at the centre of our mission. This strategy is continuing to have a positive impact on our students' experience. We were proud to be ranked second in the world among veterinary educational establishments by the prestigious QS rankings. This evidences the high quality of the educational experience we offer.

Our Research and innovation

Acquisition of funding for research remains strong, in particular our ability to attract funding from medical sources for public health and translational research involving large animal experimental models and veterinary patients. The total value of grants and contracts awarded during the 2019 calendar year was £16.5m, which is a record total for the RVC and includes two UKRI Hubs. Grants awarded to date in 2020 (£12.0m in the first 8 months) show continued successes both in the Global Challenges Research Fund (GCRF)

competitions, COVID-19 emergency funding and from new academic appointments made in strategically important areas targeted for the Research Excellence Framework (REF) 2021. The College has also had recent success in securing capital grant funding (£2.1m) from the Hertfordshire Local Enterprise Partnership for a Translational Research Centre (including a 3T MRI) and £1.25m from the Wolfson Foundation towards the development of research facilities, as part of the Hawkshead Campus capital development.

Despite these successes, the future for research funding remains uncertain with no clarity as to whether, and on what basis, the UK will be able to access EU Government funding, a source which represents c15% of our current external grant portfolio.

In addition, focus on COVID-19 funding is likely to impact negatively on UKRI responsive mode funding in the future. Finally, continuation of the award of Official Development Assistance (ODA) funding to support collaborative research with partners in developing countries, which has benefited our research funding portfolio substantially, is by no means guaranteed.

COVID-19 has inevitably impacted on our ability to undertake research, within the laboratories, animal facilities and in the field. Our research facilities were closed from 23rd March until 8th June when a phased reopening began. Researchers are booking space in the laboratories and animal facilities and this is working well. A number of grant-funded researchers were furloughed under the Government's Job Retention Scheme. Wellcome awarded all of its grant holders a funded extension of 6 months to mitigate against the impact of the pandemic on their research. The College has also received UKRI funding (£0.4m) to provide support to Research Council funded projects.

Postgraduate research students have also been negatively impacted in their ability to progress their research. UKRI has committed to provide additional funding to our Doctoral Training

Partnership¹ (led by UCL) to allow extensions for final year students due to finish their studies by 31 March 2021. The College has also funded extensions for final year students and is assessing whether further support may be necessary for students in earlier years in order for them to complete their PhDs.

Returning to the progress we have made in securing external funding to pursue our research strategy, the following is an assessment across the College's research programmes:

- Within *Livestock Health and Production*, we have continued to successfully attract funding to undertake research that benefits low and middle-income countries. A £2m GCRF (MRC) grant was secured to continue work within Jordan on the epidemiology of Middle Eastern Respiratory Syndrome (MERS) coronavirus and its transmission between the Bedouin people and their camels. This builds on our collaborations with the Jordan University of Science and Technology. We have also been awarded £750k for a COVID-19 emergency grant to work with colleagues in Peru and Bolivia looking at risk factors for transmission of the virus through food markets in these countries. Thus, the RVC's reputation for undertaking public health research that attracts high quality funding is rapidly growing.
- As part of our strategy to build capacity in *Genomic Epidemiology*, a means of studying pathogen evolution influencing transmission between species, we have appointed a new research fellow who, since joining the College in April, has been awarded a prestigious Sir Henry Wellcome Fellowship to work on the epidemiology and outbreak prediction of yellow fever virus.
- In the field of *Antimicrobial Resistance (AMR)*, we have secured a GCRF Cluster award to address livestock-derived antimicrobial pollution in the Nairobi River in Kenya. This grant is designed to generate pilot data for a much larger programme of research in the future. We have also secured a training grant to run alongside the UKRI GCRF One Poultry Hub, the goal of which is to build a network of researchers with expertise in molecular diagnostics to monitor and investigate antimicrobial resistance in South Asia. In addition, our spinout company, Tecrea Ltd., whose technology is based on a polymer that forms nanoparticles and enhances drug transport into bacteria, has secured a significant deal with a major animal health company.
- With the establishment of our new *Vaccinology and Cell Therapy Hub* as part of the Hawkshead capital development, we are strengthening our expertise in this field. A recent appointment in vaccinology has secured Wellcome funding, as part of a collaboration with a Wellcome Investigator from the University of Oxford, studying the molecular mechanisms of erythrocyte invasion by malaria.
- In *Comparative Medicine and Clinical Sciences*, new appointees in the brain health and behaviour group have won major grants to start their RVC research careers. Clinician scientists in neurology have been awarded starter grants from the Academy of Medical Sciences, placing them in a good position to obtain pilot data for future fellowship applications. An MRC New Investigator award has been secured to work on the role that mitochondrial fusion has in the pathophysiology of ischaemic brain injury in infants. Funding has also been won from the charity Aligning Science Across Parkinson in a large program grant led by researchers at UCL with RVC leading the work on the functional genetics of LRRK2 protein in Parkinson's Disease. These successes are very timely as we prepare for REF 2021 and support our strategy to build basic science capacity in neurosciences to complement our strength in clinical neurology.
- The translational research programmes in *Bioelectronic Medicine* and in *Duchenne*

¹ London Interdisciplinary Biosciences Consortium (LIDo)

Muscular Dystrophy also continue to secure external funding, which augers well for the success of the new Translational Research Centre when it opens in January 2022. Emergency funding for COVID-19 research has been secured from Innovate UK to develop a blood filtration system to remove cytokines (IL-6), important in improving survival of ICU patients. Our comparative genetics researchers have also won a COVID-19 emergency grant to study the genetics of dog and cat susceptibility to coronavirus infection. This may shed some light on human susceptibility.

Despite the pandemic, the *London Bioscience Innovation Centre (LBIC)* has had another successful year, achieving 97% occupancy and making a net surplus of £0.6m. Rental income has been sustained and clients have now returned to the Centre. The continued success of LBIC will depend on development of competing Life Science clusters within the Kings Cross area (Knowledge Quarter) in the next five years and the relationship LBIC and the RVC are able to establish with them. As the lead on a recent government-sponsored Science and Innovation Audit of the area, the RVC, and LBIC, are well-positioned in this regard.

Our Clients and Patients

Our objective is to deliver outstanding compassionate clinical care and expert advice to stakeholders through our veterinary teaching hospitals and affiliated clinical centres, simultaneously supporting delivery of our undergraduate and postgraduate educational objectives, our research and providing a contribution to the financial sustainability of the College.

We continue to focus in two broad areas. First is the provision and expansion of clinical centres allowing enhanced experiential learning opportunities for our undergraduate and postgraduate students in veterinary medicine and nursing, both in general and specialist veterinary practice and related activities. Second is to develop our teaching hospitals as true centres of excellence, offering the most advanced diagnostic and therapeutic clinical facilities and services, exploiting our national and international

collaborative biomedical research strengths. During the past year we have:

1. Continued to expand opportunities for students to undertake training in general practice settings with a doubling of the shelter medicine rotation experience, further expansion of our exotics case-load at the Beaumont Sainsbury Animal Hospital (BSAH) and the introduction of a tracking rotation at a mixed small animal and equine general practice in Berkshire.
2. Expanded our increasingly successful advanced intracranial corrective surgical services in small animals and continued the development of a novel nerve graft technique for the management of recurrent laryngeal paralysis in horses.
3. Introduced a specialist oncology service for companion animals and overseen a marked (~30%) expansion of our specialist ophthalmology service.
4. Completed the second year of operations of Acorn House Veterinary Hospital, a first opinion practice acquired in June 2018 through our new trading subsidiary, RVC Veterinary Practices Ltd.
5. Undertaken substantial and comprehensive changes to our educational resources to facilitate blended learning opportunities for the clinical components of all our programmes.

By adapting our processes and practices in response to the COVID-19 pandemic, the RVC's Clinical Services have continued to meet all accreditation standards, providing comprehensive clinical material for delivery of our undergraduate and postgraduate veterinary medicine and veterinary nursing programme, whilst ensuring staff, student and client safety.

Our People

As a leading provider of higher education in veterinary and biosciences, the RVC aims to be an employer of choice for those seeking to work in the veterinary, biosciences and one health sectors. We

STRATEGIC AND FINANCIAL REVIEW *continued*

recognise that, in order to succeed, we need to attract, develop and retain a highly skilled workforce from a range of diverse backgrounds to work in a collaborative and supportive way in line with the RVC Behaviours Framework.

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

The RVC values its highly skilled workforce and supports positive and proactive engagement with its Behaviours Framework as part of a commitment to professionalism and personal development at all levels. It offers a broad range of personal, professional and skills-based development opportunities through a structured annual programme including leadership and management, health and safety and wellbeing. Due to the COVID-19 restrictions, many training courses have been adapted in order to facilitate remote delivery. Specific training and networking opportunities have been developed in order to support staff both in terms of the practicalities of working remotely and the potential impact on their wellbeing during lockdown.

In the last year, we have broadened our development offering by training our first cohort of internal coaches through the Chartered Management Institute approved coaching qualification. These qualified coaches will now provide a valuable internal resource for those looking to improve their development with the support of formal coaching. In addition to this, we are developing a range of talent management and leadership offerings to support all staff in their career progression.

This year our work in embedding the RVC behaviours into the culture of the College was

recognised with the AUA Mark of Excellence award.

There are specific programmes in support of Early Career Researchers, 'Inset' days for teaching staff and a Management Development Programme (MDP). The latter promotes the use of the Behaviours Framework and is specifically designed to support newly appointed and promoted managers at the College. This year we have also launched a mentoring programme to support Early Career researchers. We have recruited mentors with a range of disciplines, backgrounds and career paths who are at different stages in their own career.

Probationary lecturers are required to complete the College's Postgraduate Certificate in Veterinary Education and encouraged to take up membership of the Higher Education Academy on completion.

All staff development is underpinned by personal development objectives agreed via the Annual Appraisal and Review process. Academic Probation and Promotion procedures have been re-designed to ensure a robust, transparent and equitable process.

Staff wellbeing is supported through encouraging open communication between staff and their managers, access to an occupational health service, onsite gym facilities and an Employee Assistance Programme that includes a free 24-hour telephone advice line available to all employees. Where operationally viable, we actively encourage flexible working, both for new recruits and existing staff. A Staff Health & Wellbeing Group, reporting to Safety Committee, works to develop good practice in supporting staff health and wellbeing. It also takes account of the work of the Equality Strategy Group, and the Student Development Committee.

The College approved a new Health and Safety Strategy in July 2018 based around the HSG65 Safety Management Model and identified sector best practice. It has a well-established health & safety risk assessment process, a targeted training programme and set of policies and standard operating procedures in key areas. The Safety Committee reviews policy and procedures,

monitors leading and lagging KPIs including accident and incident reporting and reports at each meeting of Council.

As part of staff induction, employees are required to undertake mandatory training that is deemed essential by the College for the safe and efficient delivery of services for their role. This training is designed to reduce organisational risk, comply with policies and guidelines and includes on-line training covering health and safety, diversity and inclusion, data awareness and GDPR.

With the changes arising from Brexit, the free movement of people from the EU/EEA and Switzerland (excluding Irish nationals) will cease on 31 December 2020. This will mean that all candidates recruited from overseas who meet eligibility requirements, will require a visa from 1 January 2021. In line with this change, the Government has revised the UKVI Visa scheme to a new points-based system. From 1 January 2021, all non-UK nationals offered a position at the RVC will require a visa. Recruiting managers have been briefed on the new process in a series of presentations and Q&A sessions.

Current employees who are EU/EEA nationals have previously been offered a series of briefing sessions facilitated jointly by HR and an Immigration Lawyer. Employees wishing to apply for British Citizenship are offered an interest free loan in order to support them with the significant cost of the application. All EU/EEA nationals currently employed by the RVC will be contacted by HR and advised of the process to follow in order to ensure they can continue to work in the UK beyond June 2021.

Equality and diversity

The importance of equality and diversity is widely promoted across the RVC. The Equality and Diversity Committee (EDC) is responsible for developing strategy, policy and monitoring compliance. It reports to the CEC and has revised its membership to improve the representation of both staff and students so that there is an integrated approach to this important area. All departments and groups within the College have nominated two members of staff to represent their

interests on the EDC. Departmental Equality and Diversity Action Plans have been developed to support the delivery of the College-wide equality action plans. In addition, there has been active recruitment and training of Dignity at Work advisors in all departments.

Newly recruited staff must successfully complete online equality and diversity awareness training before being confirmed in post. All staff involved in recruitment and selection must also attend specific training which includes awareness of unconscious bias in the recruitment decision-making process. Given demographic trends in the veterinary profession and the composition of the College's own staff and student bodies, an area of particular importance is women's career and personal development. In October 2017, the College gained the Athena SWAN bronze award in recognition of its work to date and Action Plan. The Aurora Leadership Programme was initiated in 2018-2019 to support the career development of female staff. There was a large number of applicants for the programme and the eight successful candidates gave very positive feedback as to the benefits to their personal and professional development. A further eight women successfully completed the programme in 2019/20 with a further cohort planned for 2020/21.

A Project Group was formed to work on developing a new Equality Objectives and Action Plan (2020-24 EOAP). This Group included representation from all staff groups and involved extensive consultation with the wider College community. The EOAP was approved by Council in March 2020.

In response to the issues surrounding Black Lives Matter and the impact this has had on the RVC community, the EDC has established, at the direction of the Principal, a Race Equality Task Group. The Group comprises of staff and student representation and has a remit to formulate an action plan to address issues of race equality across the College.

Our Dignity at Work Policy has been reviewed and Dignity at Work Ambassadors have undergone refresher training.

The College is currently consulting with staff representatives and working with colleagues to

STRATEGIC AND FINANCIAL REVIEW *continued*

complete a number of 'Equality Impact Assessments' and risk assessments to cover both employees working from home and planning for the phased return of staff to our campuses, subject to government guidelines.

Scientific research and government guidelines on COVID 19 have highlighted several vulnerable groups, where personal characteristics, or a combination of these, have an adverse impact on their susceptibility to the virus. HR are working with Learning and Wellbeing, Health and Safety and Infrastructure Services Department to help ensure appropriate adjustments to working practices can be made in order to mitigate the risks as far as possible.

Financial review

Scope of the Financial Statements

The Consolidated Financial Statements cover the activities of the Royal Veterinary College (RVC), the Royal Veterinary College Animal Care Trust (ACT), London BioScience Innovation Centre Limited (LBIC) and RVC Veterinary Practices Limited (RVP). Two further subsidiaries, RVC Developments Limited and Royal Veterinary College (Hong Kong) Limited, are no longer actively trading and are not reported in these accounts.

The Financial Statements have been prepared in accordance with the Financial Reporting Standard 102 ("FRS 102") and the Statement of Recommended Practice 2019: Accounting for Further and Higher Education ("SORP 2019"). Accounting policies are presented in the Statement of Principal Accounting Policies.

Result for the year

The College's consolidated results for the period to 31 July 2020, compared to the prior year, are presented in the following table:

£'m	2019/20	2018/19
Income	108.9	101.4
Expenditure	90.2	108.6
Surplus/(loss) before gains/losses and taxation	18.7	(7.2)
(Loss)/gain on investments	(1.0)	0.3
Taxation	(0.1)	(0.1)
Reported surplus/(loss)	17.6	(7.0)

There has been a significant shift (£24.6m) in the reported outturn between the two financial years. This is a combination of several factors mostly arising from technical adjustments and reporting requirements required under FRS 102. These can vary significantly year-on-year giving rise to swings in the reported surplus.

Two key areas, relating to pension provisions and income recognition (capital grants), have given rise to the bulk of the changes between 2018/19 and 2019/20:

£'m (Favourable)/ Adverse	2019/20	2018/19	Change
USS pension provision*	(9.9)	12.9	(22.8)
Capital grant	(6.5)	(0.5)	(6.0)
Total	(16.4)	12.4	(28.8)

*For further details regarding the pension provision, please see below under *Pension funds*.

Operating performance

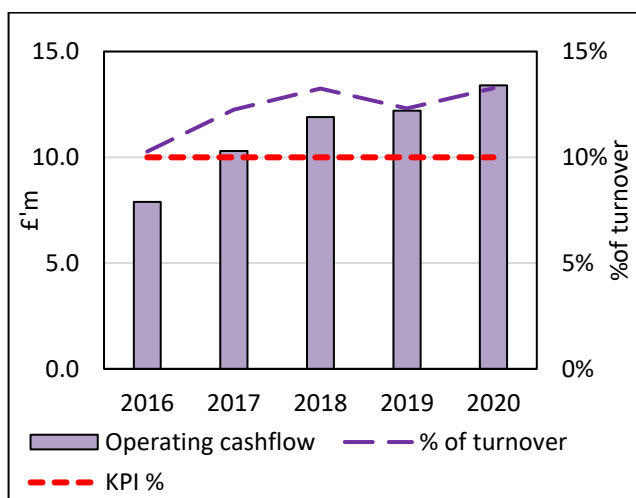
The reporting requirements under FRS 102 obscure a proper understanding of the College's underlying operating performance. For this reason, such adjustments are excluded for internal budgeting and management accounts reporting purposes. A reconciliation between the position reported in the financial statements and the management accounts is presented in the following table:

£'m	2019/20	2018/19	Change
Reported surplus/(loss)	17.6	(7.0)	24.6
USS pension provision	(9.9)	12.9	(22.8)
Capital grant	(6.5)	(0.5)	(6.0)
Other FRS 102 adjustments	(0.7)	(1.1)	0.4
(Gain)/Loss on investments	1.0	(0.3)	1.3
Property sales	-	(0.9)	0.9
Taxation	0.1	0.1	-
Operating contribution	1.6	3.2	(1.6)

Council set a pre-COVID 19 budget for operating contribution in 2019/20 of £1.6m. Whilst clinical income and residential fees were adversely impacted by the pandemic in the latter part of the year, there were offsetting expenditure reductions, arising from reduced activity and strict cost controls, such that the budgeted operating contribution of £1.6m was achieved. The reduction in the operating contribution between 2018/19 and 2019/20 is largely due to an increase in depreciation costs in 2019/20 which represent a non-cash item.

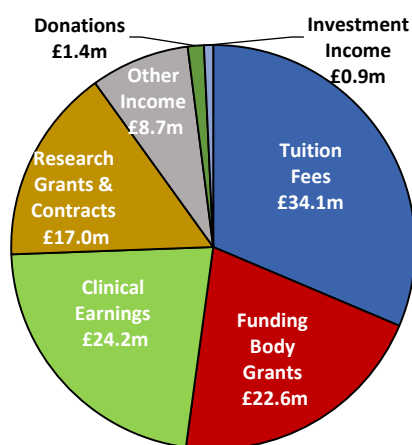
The College uses operating cash flow as a key metric of financial performance since this excludes the

depreciation impact. Operating cash flow in 2019/20 was £13.4m, representing 13.3% (2019: 12.3%) of operating turnover. The trend over the past five years is as follows:



Income

The College’s total income was £108.9m, compared to £101.4m in 2018/19: an increase of 7.4%. Sources of income are shown in the following chart:



Tuition fees, at £34.1m, are the College’s main income stream. These increased by 10.7% (£3.3m) on the prior year. Fees from international students increased by £4.5m, accounting for 53% (2019: 44%) of total tuition fee income. The increase was a combination of fee rises and increased recruitment, including roll-through of prior years’ student number growth. This was partially offset by reduced income from UK/EU students, research training support grants and short courses.

Funding body grants, at £22.6m, increased by 6%. Funding for teaching (£14.1m) is provided by the

Office for Students and remains an important income stream to the RVC as our programmes are in high-cost, primarily clinical, subject areas. There was a £0.3m reduction in the grant due to fewer UK/EU students. Included within the Teaching grant is a recurrent institution-specific funding allocation (£1.3m), awarded in recognition of the College’s world-leading teaching provision.

Research (QR) funding, provided by Research England, was £5.2m: a £0.5m increase on the previous year. Of this, £0.3m was due to an accelerated payment of the 2020-21 funding allocation to assist institutions with cash flow during the pandemic. The remainder of the increase reflects an inflationary uplift to the main grant. In the period between Research Excellence Framework (REF) exercises, this funding tends to remain relatively stable.

Higher Education Innovation (HEIF) funding, also from Research England, rose by 16% (to £1.4m) due to an increased level of eligible activity within the College.

Income (£1.2m) reported under Specific Grants relates to a Connecting Capabilities Fund grant (£5m in total) from Research England. RVC is the lead partner, with three other London institutions (the Bloomsbury SET), in this initiative to develop innovative and technical solutions to combat infectious disease and antimicrobial resistance. The increase of £0.9m on the prior year reflects a higher volume of activity in the share of grants awarded to the College.

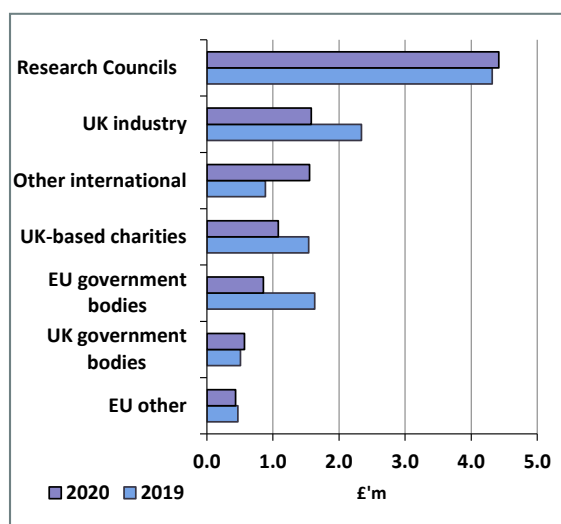
Clinical and related income reduced by 2.3% to £24.2m. Clinical operations comprise the College’s veterinary teaching first opinion and referral hospitals, diagnostic laboratories and RVC Veterinary Practices Ltd. In the initial months of the COVID-19 pandemic, business was significantly impacted, being cut back to emergency and urgent cases only. With the easing of restrictions, and implementation of strict social distancing and safety protocols, case-load volume increased towards the end of the financial year.

Income from externally-funded research grants and contracts was £17.0m. This included a receipt of £6.5m (2019: £0.5m) from the Hertfordshire Local

STRATEGIC AND FINANCIAL REVIEW *continued*

Enterprise Partnership (LEP) in final settlement of a £7m capital grant towards the construction and equipping of a Centre for Vaccinology and Cell Therapy within the Hawkshead campus capital programme. Excluding this grant, income decreased by 10% to £10.5m (2019: £11.7m).

The breakdown of funding by sponsor type, compared to the prior year, was as follows:



Research income is reported in line with the related expenditure. There is, therefore, a time lag before the full impact of changes in the proportion of awards by sponsor type is reflected in the financial accounts data.

As in 2018/19, Research Council funding was the main source of research grant income in 2019/20. As outlined earlier, the College has been awarded several recent UKRI grants to maintain this volume going forward.

There was an increase in income from international organisations which included the US Government, Bill and Melinda Gates Foundation and industrial sponsors. However, the adverse impact of the UK's exit from the EU on funds sourced from EU government bodies has become more pronounced.

Restrictions on conducting laboratory research due to COVID-19 resulted in a slowdown in expenditure (and associated income) for several months of the financial year. Where eligible, some grant-funded staff were placed on furlough under the Job

Retention Scheme (JRS). This income is reported under Other income.

Other income decreased by £1.2m to £8.7m. Of this, £0.7m is attributable to the prior year sale of the College's share of a property, jointly owned with four other University of London institutions, which housed the London International Development Centre (LIDC).

Income reported under this category comprises student residential fees and catering, rental of office and laboratory space by external clients of the London BioScience Innovation Centre (LBIC), and services provided under commercial contracts for use of the College's research facilities.

Residential income in the final term of the academic year was impacted by COVID-19 as the majority of students vacated their rooms and were issued refunds. This, along with reduced catering income, contributed to a £1m reduction compared to the prior year.

Despite the pandemic, LBIC's business has remained resilient, with 97% occupancy, generating income from external clients of £2.5m: an increase of 8% on the previous year.

As mentioned above, the College accessed funding from the JRS in respect of furloughed staff impacted by the pandemic. A total of £0.5m was claimed in the financial year.

Investment income, at £0.8m, was in line with the prior year. This comprises income (interest, dividends) earned through the College's investment fund portfolio, managed by UBS AG, and interest on short-term cash balances held in fixed and notice deposits.

Income from Donations, at £1.4m, was £0.1m lower than the previous year. Of the funds received, just over half related to fund-raising for the Hawkshead capital project.

Expenditure

Expenditure, at £90.2m, decreased by £18.4m (17.0%) compared to the prior year. As discussed above, the year-on-year variance has been significantly

distorted by the impact of the reporting of movements in the valuation of the pension provision. The overall movement on this was a credit of £9.9m in 2019/20 compared to a debit of £12.9m in 2018/19. Adjusting for these items, expenditure was £100.1m: an increase of £4.3m (4.5%) which is explained in the following paragraphs.

Staff costs, excluding the pension provision adjustment, were £57.8m, increasing by 6.8% on the prior year, representing 53% of turnover (2019: 53%). The increase was a combination of incremental pay progression, a 2.0% national pay award, the full year effect of a 1.5% increase in the USS employer contributions from April 2019 and a further increase of 1.6% in October 2019. In addition, staff numbers, expressed as Full-Time Equivalents (FTEs), increased by 2.6% to 961. The increase was primarily due to fixed-term staff working on externally funded projects.

Other operating expenses, at £32.8m, reduced by 3.8%. Of this, 1.2% (£0.4m) was due to a reclassification of amortisation costs under 'Depreciation and amortisation' in 2019/20. The remainder is attributable to a reduced volume of activity, notably in the hospitals, in the latter part of the financial year due to COVID-19. Cost savings also arose from campus depopulation and curtailment of travel and events.

Depreciation and amortisation costs increased by 31% to £8.3m. Of this, 8% was due to the aforementioned reclassification of amortisation costs. The remainder of the increase primarily relates to completion of the major refurbishment works at the Camden campus as well as the purchase of clinical and research equipment and investment in IT. Amortisation costs (£0.4m) represent the write-off over a 10-year period of goodwill relating to the acquisition of Acorn House Veterinary Hospital through RVC Veterinary Practices Ltd.

Interest and other finance costs, at £1.6m, include interest charges (£1.2m) relating to external financing (£45m private placement) along with a notional charge of £0.3m in respect of the unwinding of the USS pension provision.

Capital investment

The College has been undertaking a substantial programme of capital investment at both campuses.

As reported in last year's Annual Report, work was completed at the Camden Campus (£15m) and involved extensive refurbishment and re-configuration of existing space in the main Hobday Building creating a student centre, student social learning space, new and upgraded teaching rooms and learning resource centre, new research laboratories, extended dining and student/staff social facilities, refurbished office space.

At the Hawkshead campus, a £45m project is underway to re-develop the heart of the campus, replacing obsolete teaching, research and office space with state-of-the art and sustainable facilities including a major new lecture theatre and a Vaccinology and Cell Therapy Centre. Construction work was temporarily halted for a month at the outset of the pandemic but has been progressing since, albeit at a reduced level to manage social distancing. The project is estimated to be completed in phases from January 2021 to June 2022.

Other projects undertaken during the year included renewal of major plant and scheduled refurbishment works across the estate.

IT investment has been focussed on improving the services and systems which underpin much of the College's activities, with an emphasis on capacity, resilience and security. This has been particularly important given the shift to remote working arrangements for many staff.

Investment was also made in research and clinical equipment; some of the latter funded by grants from the Animal Care Trust.

With the onset of COVID-19, non-essential capital projects were put on hold in the interests of health and safety, as well as cost saving.

Borrowing

In 2018, the College restructured and increased its borrowing to support these capital developments concluding a notes issue for a £45m private placement with Sun Life Assurance Company of Canada in July 2018. The notes are fixed rate and

STRATEGIC AND FINANCIAL REVIEW *continued*

unsecured with 15 to 25-year maturities. The funds raised were deployed in part to pay off existing long-term debt and associated breakage costs (£23.6m in total).

The College also has £0.4m outstanding in Salix interest-free loan funding to undertake a range of energy efficiency projects. The funding is repayable over a period to October 2022.

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. For long-term reserves, the objective is to achieve a total return above inflation (CPI) of at least 3.5% p.a. (net of fees) over a rolling three-year period.

The College's investment portfolio has been managed by UBS AG since January 2018. At 31 July 2020, the value of the portfolio was £13.3m (2019: £14m) comprising a range of equity, fixed interest and cash funds. The impact of the pandemic on markets is reflected in the performance of the portfolio which recorded a 4.9% loss in the 12 months to 31 July 2020. Since its inception, the fund has achieved an annualised return of 2.12%.

Cash, cash equivalents and short-term deposits

Cash, cash equivalents and short-term deposits at 31 July 2020 were £50.6m compared to £44.6m at 31 July 2019.

On securing of the private placement funds in July 2018, the College consolidated its cash holdings and the majority of surplus cash is also now administered by UBS AG. For short-term reserves, our policy is to achieve the best possible return whilst preserving the capital value with a minimum level of risk. Funds are placed in fixed-term and notice deposits with counterparties meeting criteria set out in the Treasury Policy. At 31 July 2020, £35.6m was under such arrangements. With the downturn in economic markets, it is proving difficult to place funds to secure a reasonable return.

Excluding endowment fund cash of £0.4m (2019: £0.3m), net liquidity days at the end of the year were 200 (2019: 181). This is well in excess of the College's KPI of 90 days and reflects in part the securing of external financing in advance of major capital spend.

Pension funds

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

In common with the rest of the Higher Education sector, pension costs represent a significant risk to the RVC. Both USS and SAUL are pooled multi-employer schemes and, as such, it is not possible to separately identify each employer's share of the schemes' assets and liabilities. Institutions are, however, required to recognise their liability for any pension deficit recovery plans put in place.

Both schemes were re-valued as at 31 March 2017. The SAUL valuation showed a small surplus and the Trustee and employers agreed that no changes to contributions or benefits were required ahead of the next valuation (March 2020).

In contrast, the USS had moved into further deficit, which led to a lengthy and protracted period of negotiation and consultation between the Trustee and employers (represented by Universities UK) on how to address this given the significant increases in employer and employee contributions being indicated. As part of this process, an updated actuarial valuation at 31 March 2018 was undertaken, which showed a reduced deficit compared to the 2017 valuation. Following further consultation, which required certain commitments from employers, a revised, less punitive, schedule of contributions and deficit recovery plan were agreed with the valuation formally concluded in September.

Since resolution had not been reached at 31 July 2019, we were required to recognise in our financial statements, the liability associated with the deficit recovery plan as indicated by the 2017 valuation. As a result, the pension provision increased by £12.9m to £19.5m.

With the revised deficit recovery plan, the pension liability reduced to £9.6m at 31 July 2020, giving rise to a £9.9m credit to the Statement of Comprehensive Income and Expenditure (SOCIE).

The next USS valuation was brought forward a year to March 2020 and a consultation with employers is now underway. The deadline for conclusion of the

STRATEGIC AND FINANCIAL REVIEW *continued*

process, with formal sign-off by the Trustee and Pension Regulator, is June 2021. Please refer to *Note 38: Pension Schemes* for further information.

Future outlook

In previous years' annual reports, we have referenced the uncertain external environment for higher education; however, the current circumstances pose unprecedented challenges few, if any, could have envisaged.

With delivery of our business more than ever affected by factors outwith our direct control, the ability to respond and adapt effectively is critical and requires us to be proactive in anticipating, managing and mitigating risks. We have set out earlier in this document the approach being taken to manage the impact of the pandemic on our operations by means of a COVID-19 specific risk register.

Risks relating to the UK's exit from the EU are incorporated within the Strategic Risk Register and Council has received comprehensive briefings on the College's preparations. The potential impact of EU exit on our various activities is considered further below.

Later, in the Going concern section, we provide a more detailed assessment of the RVC's financial outlook for the next 12 months based on our latest forecasts. In summary, early indicators for the start of the new academic year for student recruitment and delivery of our research and clinical services are encouraging, though not without ongoing downside impact from COVID-19. The College is also fortunate in having temporarily strong liquidity and, with it, the financial headroom to monitor how the situation develops without having to take immediate corrective action.

Looking ahead, visioning and planning for our Strategy 2021-26 is well underway. Over the period of the current Strategic Plan, the RVC has achieved considerable success in all its mission areas, consolidating its position as world-leading institution, having been ranked in the top three² for Veterinary Sciences in the prestigious QS World Rankings over the past seven years. It remains one of

the few veterinary schools in the world to hold accreditations from all the major regulatory bodies, having achieved a successful reaccreditation in 2018. The College holds a TEF Gold award and has consistently high student satisfaction ratings. This success has been underpinned by robust and consistent financial performance. Measured by key financial metrics, the RVC has compared favourably with the rest of the sector in recent years.

The current exceptional circumstances have required us to take stock and adapt the way we operate; however, we believe our underlying business model is sound with the potential for all three mission areas to grow, diversify and innovate. We remain optimistic for the next phase of our strategic development but do not underestimate the immediate challenges nor the financial rigour required to address them.

Learning and teaching

Demand for our courses from both UK and international students continues to be strong. Despite the disruption of the latest recruitment cycle, student numbers on our veterinary medicine programmes have exceeded target and applications for the 2021/22 academic year are strong. The RVC has a relatively small proportion of EU students and is less exposed to the ramifications of EU exit in this regard than many other institutions.

We have progressed our plans for establishing collaborative teaching programmes through partnerships with other institutions. A new joint Bachelor in Veterinary Sciences with Aberystwyth University is recruiting for the 2021/22 academic year. We continue to pursue strategic partnerships at home and abroad as we seek to establish a portfolio approach to student recruitment and teaching-related income.

Our £60m capital investment programme across both campuses is creating start-of-the-art teaching and learning facilities to ensure the RVC remains an attractive place of study for current and future student cohorts.

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

Whilst the pandemic has necessitated modifications to the way we deliver our teaching, it has also accelerated planned developments in the field of blended learning. These resources offer longer term benefits by facilitating more flexible and competitive offerings, particularly in our postgraduate programmes. Further investment will be needed to fully exploit these opportunities.

Although its launch has been delayed due to the pandemic, the curriculum for our veterinary medicine programme has undergone a major refresh to ensure it remains at the forefront of veterinary teaching practice.

Finally, the RVC, in common with other member institutions, has applied to acquire university status under the University of London Act 2018³. This offers a number of benefits including the potential to market and brand the College more effectively on the international stage.

Research and innovation

As outlined elsewhere, the external research environment has become increasingly competitive and uncertain on a number of fronts with traditional funding sources under threat. The RVC has already demonstrated its ability to adapt to the changing focus of existing funders and to engage with new ones. Increasingly, collaboration with external partners is a pre-requisite for funding calls and the College has been proactive in establishing such partnerships.

We are actively involved in the One Health agenda, committed to improving human and animal health and welfare. Veterinarians and biological scientists have a crucial role to play and, as outlined earlier, we have secured major grant funding in the fields of infectious diseases and antimicrobial resistance, including for COVID-19 research.

The RVC's research strength has been recognised by it being named as a Food and Health Organisation (FAO) Reference Centre for Veterinary Epidemiology and a World Organisation for Animal

Health (OIE) Collaborating Centre in Risk Analysis & Modelling. In the past year, Professor Alan Wilson became a fellow of the Royal Society and Professor Stuart Reid was made an international member of the prestigious US National Academy of Medicine. Research commercialisation and knowledge exchange are also areas with potential for further growth. Major grant funding has already been secured through the Connecting Capability Fund (Research England) and from industrial sponsors. The creation of the Vaccinology and Cell Therapy Hub and Translational Research Centre at our Hawkshead campus are two further important developments in this regard.

The above stands us in good stead for REF2021, preparations for which are well advanced.

Clinical Services

The primary purpose of our veterinary teaching hospitals is the education and training of our students. Nevertheless, clinical income from our clients represents a significant third income stream to the College. Maintaining our client base is essential and the RVC's reputation for exemplary clinical care has been confirmed with all our hospitals ranked as "Outstanding" under the Royal College of Veterinary Surgeons (RCVS) Practice Standards Scheme in all five categories.

The financial contribution from Clinical Services has come under pressure from pay cost inflation as the College competes with the remuneration on offer from the corporate veterinary sector for specialist clinicians. EU exit represents an additional threat to recruitment and retention as a sizeable proportion of our clinical staff have traditionally come from mainland Europe. In this context, the addition of veterinary surgeons to the Shortage Occupation List (July 2019) was welcome news and recognised the significant skills gap, and associated risks, in this specialist field.

EU exit also poses a risk to our Clinical Services in the form of sourcing of veterinary drugs. We have

³ The Act enables the member institutions of the federal University of London to seek university status in their own right whilst remaining part of the federation.

STRATEGIC AND FINANCIAL REVIEW *continued*

engaged proactively with its key suppliers to mitigate the risk of supply chain disruption.

There is the potential to deliver an improved financial return from our Clinical Services by streamlining business processes and through more proactive engagement with our clients. With a greater focus on general practice training for our undergraduate students, the specialist referral business can operate on a more commercial basis.

There is also the opportunity to innovate in the fields of digital technology, artificial intelligence and telemedicine though this will require investment.

Financial sustainability

The finances of Higher Education institutions were already under significant pressure and the pandemic has further compounded the situation. Whilst there is potential to grow and diversify some income streams, others are coming under increasing strain.

The erosion of the unit of resource for teaching, as a result of government funding cuts and the freezing of regulated tuition fees since 2017 has impacted disproportionately on the RVC. Our courses are exclusively in clinical and high-cost disciplines with Veterinary Sciences being the most expensive of all subjects to teach⁴. With a review of the funding model for higher education in prospect, we look to government to rebalance resources to properly recognise high-cost subject provision and the unique contribution of specialist institutions to the UK's reputation for world-class education. Without this, the long-term sustainability of our current teaching provision would be called into question.

We acknowledge the need to demonstrate value for money by delivering our activities as efficiently and effectively as possible. A Business Improvement Unit has recently been established to support this agenda. Several major cost items are, however, outside our direct control. Principal among these are pay costs which represent our biggest area of spend and are subject to increasing pressure on a number of fronts, including pensions, national pay bargaining,

competition for specialist staff. Non-pay costs are also likely to increase as a result of EU exit.

The RVC's Finance Strategy sets KPIs for cash generation to ensure there are sufficient funds both to meet our loan repayment obligations and to continue to invest appropriately in our business. As discussed, investment in our clinical facilities at the Hawkshead campus will be necessary in the short to medium term both in the physical estate and in digital technology. Ongoing investment in IT infrastructure and business systems also remains a priority.

Our current strong liquidity provides temporary financial headroom; however, we are under no illusion that action will be required to deliver recurrent cost savings and restore financial performance to a sustainable level. To this end, a range of measures is under consideration. The nature, extent and timing of these will depend on how the situation develops over the coming months.

Going concern

Council has assessed whether it continues to be appropriate to prepare the RVC's financial statements on a going concern basis having regard, in particular, to the ongoing risks associated with the COVID-19 pandemic. Based on its assessment, Council takes the view that there is no material uncertainty relating to the RVC's status as a going concern in the 12-month period from the date of signature of these financial statements and beyond this. The basis for Council's view is set out in the following paragraphs.

From the outset of lockdown (March 2020 onwards) and in order to assess the potential financial impact of the pandemic on the College's financial sustainability, Council received detailed scenario modelling based on varying assumptions as to the scale of the downturn in key income streams. The purpose of the scenarios (which were updated as necessary to reflect the evolving situation) was to give an indication of the timing and quantum of corrective measures which might be required.

⁴ Measuring the cost of provision using Transparent Approach to Costing data, Department for Education, May 2019

Three scenarios were presented - Optimistic, Prudent and Pessimistic. In common with the rest of the sector, they were developed at a time when restrictions were significantly curtailing the business of the College's veterinary hospitals as well as the ability to undertake laboratory research. The outlook for student recruitment, both UK and international, in the upcoming academic session was also highly uncertain. Outputs from the modelling were presented in the form of the impact on operating contribution/cash flow and the cash position over a 4-year period to 2023-24. All scenarios indicated that mitigating action would be required to restore operating performance to more sustainable levels; however, only under the pessimistic scenario were cash balances forecast to fall below an acceptable threshold and this not until 2022.

Since these scenarios were prepared, there has been a lesser negative impact than had been assumed in some areas. As restrictions have been eased, hospital caseload has increased and a phased return to work in the research laboratories has taken place. Whilst clinical income and residential fees were temporarily adversely impacted in the latter part of the 2019/20 financial year, income from teaching and research was largely unaffected. This, combined with expenditure reductions arising from reduced activity and strict cost controls, resulted in an operating contribution and cash flow in line with the pre COVID-19 budget for the year and an improvement on what had been forecast under the scenario modelling.

Council has been provided with updated forecasts which present an improved outlook approaching that of the previous optimistic scenario, although still showing a negative impact due to COVID-19. For the 2020-21 academic year, core government funding for teaching and research has been confirmed and student recruitment has exceeded the optimistic scenario. The College recognises the challenges students face in coming to terms with alternative modes of teaching and an altered university experience. Significant investment has been made in blended learning resources to provide students with fulfilling and innovative learning opportunities to enable them to achieve their required learning outcomes, including those of regulatory bodies. Students are being provided with extensive tools and

guidance in these new ways of learning. Support for student wellbeing and mental health has also been enhanced given the greater likelihood of increased demand due to the stresses that students have endured both inside and outside the College due to the COVID-19 pandemic.

The College has made the health and safety of its staff and students a priority, implementing robust measures to ensure our campuses are as safe as possible. This has facilitated business continuity for those activities which cannot be performed off-site such as in the clinics and research facilities. Student clinical and practical training is also taking place under strict safety protocols. For many staff, remote working arrangements are in place and operating effectively.

Key to going concern is liquidity. Due to the upfront financing of the capital programme, the College has strong liquidity with £50.6m held in cash, cash equivalents and short-term deposits at 31 July 2020. Whilst balances will reduce as capital expenditure increases, the latest forecast position 12 months from the date of signature of these accounts is £33m. This represents 120 days' spend which exceeds our internally set KPI of 90 days and is well above the OfS reporting threshold of 30 days. The external financing is subject to bullet repayment arrangements for which the first tranche (£15m) is not due until 2033. Based on the latest forecasts, loan covenants are not at risk of being breached.

This current strong liquidity affords the financial headroom to monitor how the situation develops without the necessity of having to take immediate, and potentially premature, action. Nevertheless, Council recognises that the risks of continuing adverse impact of the pandemic are ever present and is proactively monitoring these and the College's contingency planning, which includes options for corrective cost saving measures.

From the perspective of financial materiality, the loss of teaching, and associated, income is the key risk. Continuity of teaching provision and retention of our students is, therefore, critical. The investment made in blended learning, alongside the arrangements in place to enable the practical and clinical aspects of our programmes, is equipping students to achieve their learning outcomes. Feedback to date has been

STRATEGIC AND FINANCIAL REVIEW continued

positive. Nevertheless, given the various challenges students are facing, there is a risk of increased student attrition. Given the popularity of the College's core teaching programmes, there are opportunities to restore some of this loss from future intakes, if necessary. However, as stated previously, evidence from the recruitment cycle for 2020-2021 is positive with no evidence to date of increased attrition.

Should the College be required to move to a fully off-campus model for a period of time, there would be implications for the latter (clinical years) of our veterinary programmes, although it is highly likely that the final year students would be exempt from such a directive. Nevertheless, this would be a matter for the veterinary profession at a national level and there is regular dialogue with the regulator on this and other issues relating to student progression into the profession, given the current challenges.

In the event that students moved away from campus for a period, there would be a loss of residential income, along with liabilities to third party providers. However, the College does not have a significant residential offering and the adverse financial impact, though unwelcome, would be manageable.

Notwithstanding the potential for further short-term financial downturn, it is Council's view that the College's strong liquidity, alongside the mitigating measures which have been, and could be, taken,

provide sufficient assurance as to going concern for the purpose of these financial statements. Whilst the pandemic has inevitably challenged delivery of the RVC's business, changing aspects of it for the longer term, the underlying offering remains valid and sustainable.

The Strategic and Financial Review was approved by Council on XX January 2021 and signed on its behalf by:

Barbara, Baroness Young of Old Scone
Chairman

CHARITABLE STATUS AND PUBLIC BENEFIT STATEMENT for the year ended 31 July 2020

The Royal Veterinary College is an exempt charity under the terms of the Charities Act 2011⁵. The Office for Students (OfS) has been the principal regulator for higher education providers since April 2018.

In setting and reviewing the College's objectives and activities, Council has had due regard to the Charity Commission's guidance on the reporting of public benefit and particularly to its supplementary public benefit guidance on the advancement of education. Attention is also paid to guidance (Regulatory Advice 5) issued by the OfS in its role as principal regulator on behalf of the Charities Commission.

General principles of public benefit

The public benefit requirement of the Charities Act 2011 has two aspects:

1. The 'benefit aspect' - to satisfy this aspect there must be an identifiable benefit or benefits:
 - (a) It must be clear what the benefits are;
 - (b) The benefits must be related to the aims;
 - (c) Benefits must be balanced against any detriment or harm.
2. The 'public aspect' - to satisfy this aspect the benefit must be to the public, or section of the public:
 - (a) The beneficiaries must be appropriate to the aims;
 - (b) Where benefit is to a section of the public, the opportunity to benefit must not be unreasonably restricted by geographical or other restrictions;
 - (c) People in poverty must not be excluded from the opportunity to benefit; and
 - (d) Any private benefit must be incidental.

In general, for a purpose to be a charitable purpose it must satisfy both the benefit and the public aspects.

Delivery of public benefit from the mission and strategic aims

The College's mission and goals, approved by Council in the extended Strategic Plan to 2021, address this directly:

Our mission:

Our mission is to deliver inspirational leadership and excellence in veterinary medicine, biological and biomedical sciences research and education by embracing the aspirations of our talented staff and students and meeting the diverse and dynamic needs of society through innovative scholarship and pioneering clinical activity.

Our goals:

- To be global leaders in the delivery of high quality, relevant programmes in veterinary education and associated subjects;
- To work in partnership with our students to provide them with an educationally, socially and culturally enriching experience;
- To deliver relevant, useful and economically sustainable research programmes of international significance and impact to the animal health and comparative biomedical sector in the context of One Health;
- To provide outstanding and compassionate clinical care and contribute to the continuous advancement of knowledge and skills in clinical practice; and
- To be the international employer of choice for those seeking to work in the veterinary, biosciences, One Health and higher education sector.

Delivery of public benefit through education and training

The provision of undergraduate and postgraduate higher education remains the principal reason for the RVC's existence. Ultimately these programmes produce a skilled population able to contribute to

⁵ Charities Act 2011, s 22 schedule 3.

CHARITABLE STATUS AND PUBLIC BENEFIT STATEMENT *continued*

the enhancement of society and the economy. In 2019/20, despite the challenges caused by the COVID-19 pandemic, close to 700 students of the College graduated from undergraduate and postgraduate programmes including research study. Graduates of the main undergraduate degree, the Bachelor of Veterinary Medicine, were admitted to membership of the Royal College of Veterinary Surgeons with many engaged in a range of activities providing expert advice and treatment for the benefit of both animals and their owners. The RVC 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. Graduates of the Foundation degree in Veterinary Nursing become Registered Veterinary Nurses providing skilled nursing care to veterinary patients.

The current COVID-19 pandemic illustrates the importance to society of individuals trained in the investigation and management of disease outbreaks, particularly those that emerge at the interface between human and animal populations. The RVC offers a unique combination of post-graduate qualifications including an MSc in Veterinary Epidemiology an MSc in One Health and MScs in Wild Animal Health and Biology. These provide advanced training and equip graduates with unique sets of skills.

The RVC is one of the largest providers of clinical specialist training in Europe through programmes like the Post Graduate Certification in Veterinary Clinical Practice and the Masters in Veterinary Medicine. It 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 promoting state-of-the-art veterinary services.

The College continues to develop its pedagogical expertise and enhance its technological capacity to support distance education courses at both undergraduate and postgraduate levels. These programmes allow students to study at their own pace from any location globally. In some highly specialised areas, this creates a critical cohort mass

of students and thereby supports the sustainable sharing of knowledge. The knowledge gained, especially by those from developing countries, is used directly to influence key decisions in the veterinary profession in those countries.

Through its LIVE (Lifelong, Independent Veterinary Education) Centre, the RVC drives innovation and best practice in veterinary teaching and learning nationally and internationally.

Delivery of public benefit through research

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. Researchers at the RVC 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.

The College is actively involved in the One Health agenda. Increasingly, the outcomes of research into improving animal health and wellbeing are applicable to understanding and improving human health (e.g. research into antimicrobial resistance, arthritis, bone pain following fracture, food safety, neuromuscular disorders, brain ischaemia, degenerative brain diseases such as Parkinson's Disease, tendon disease, type II diabetes, effect of dietary factors on vascular function). The findings 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 addressing infectious disease problems that cross between wild and domestic animals and humans (e.g., Avian Influenza, Middle Eastern Respiratory Syndrome (MERS) virus, Brucellosis, Schistosomiasis, Toxoplasmosis, Campylobacter infections and antimicrobial resistance). Work in Schistosomiasis is influencing World Health Organisation (WHO) guidelines for prevention of this problem in people, with the recognition that animals need to be treated as part of a control campaign because animal and human schistosomes hybridise. Furthermore, work showing that wildlife in Mongolia and Kazakhstan are

CHARITABLE STATUS AND PUBLIC BENEFIT STATEMENT *continued*

susceptible to infection with the virus causing Peste des Petits Ruminants (PPR) is informing the Food and Agriculture Organization's (FAO) Global Eradication Plan for PPR.

The College is active in research to develop new vaccines for poultry and pigs; both major food-producing species globally. By reducing the need to use antibiotics in animal production, these vaccines would help to address problems of antimicrobial resistance. Yeast-based antigen delivery systems for vaccines are also being developed which are stable in a freeze-dried form making them accessible for animals kept in developing countries.

New technology developed by RVC researchers which enables antimicrobial drugs to be delivered into human and bacterial cells more effectively is being used in a human clinical trial. This technological advance is an important one in the global fight against antimicrobial resistance. Work in collaboration with a major animal health pharmaceutical company will likely see this technology deployed in products to treat bacterial infections in animals in the future. In addition, the use of phage technology is being developed to diagnose bacterial infections and identify whether they are resistant to antibiotics, providing much more rapid assessment than is currently possible.

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

The RVC's veterinary teaching hospitals 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. Clinical Services provided over 24,000 first consultations with owners of animals presented through the College's clinical facilities.

Our capabilities range from the provision of routine clinical examinations and basic health care for all species to highly complex tertiary referral procedures uniquely offered by the RVC such as open heart surgery in dogs, hypophysectomy for cats and dogs and laryngeal nerve grafts for horses.

A number of specific services for clients in demonstrable hardship are underpinned by charitable donations or supported by endowment funds.

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

The College also provides support for wider public awareness of veterinary and allied health issues by supporting clinical employees of the College to regularly attend external events, such as talks, shows and professional exhibitions, to deliver lectures and workshops and to give media broadcasts to audiences including the general public and farmers, as well as veterinary surgeons.

The College works in partnership with shelter medicine organisations providing veterinary care to stray and abandoned animals. In addition, these activities provide experiential learning opportunities in shelter medicine and accessible care for the veterinarians and veterinary nurses of the future.

Delivery of public benefit through access to opportunity

The College continually seeks to develop and refine its access activities to support educational attainment and social mobility. We have an ambitious five-year Access and Participation Plan with enhanced targets to increase access for students from disadvantaged and low participation backgrounds. This was recently approved by the Office for Students (OfS).

The Veterinary Gateway Programme provides an important and successful foundation pathway towards the BVetMed degree for a significant number of our widening participation (WP) cohort of students. Our ambition is to have a greater number from the WP cohort achieving the entry

CHARITABLE STATUS AND PUBLIC BENEFIT STATEMENT *continued*

requirements for direct entry to the first year of the BVetMed degree. We are also doing more to promote our BSc and Veterinary Nursing degrees to this cohort. In support of this aim, we have developed a contextual admissions process and provided more support for WP students prior to selection interviews, which has proved successful in its first iteration.

We also provide an extensive range of outreach and inreach activities including masterclasses, school visits and Easter and summer schools, both residential and non-residential. Participants are from school Years 10-12. Our own student ambassadors also play a hugely important role in this work. Many of them entered the College via a WP route and serve as enthusiastic and ideal role models. This year, the COVID-19 pandemic required all activity from the end of March to transfer to online delivery. This has proved to be a major success, with our ability to engage with WP students broadening and record levels of engagement from students. The dedication of the WP and External Relations teams in providing virtual activities and events has demonstrated that these engage and support those students most in need. It is our intention to progress this work so that virtual programmes become an integral part of our strategy.

We seek to raise the awareness and ambitions of WP students to tertiary education in general. We are an active partner in the Uni Connect programme, the national project to further the aims and aspirations of young people from areas of the country where progress to higher education is low. As part of this work we collaborate with Uni Connect teams across London and beyond. The College engages with primary and secondary schools and further education colleges, basing our activity strategically around the student life cycle to increase the academic attainment of students in our target institutions to deliver benefit through access to opportunity. We are developing processes and support mechanisms to ensure that students who enter the College via our various WP routes have both the educational, professional and pastoral support to succeed in their degree and career outcomes.

Each year the RVC holds a residential summer school for Year 12 secondary school and further education college students. This continues to be supported financially by the Sutton Trust. A significant

proportion of those attending subsequently apply to the College for places on our range of degree programmes. Again, this year the summer school was held online, and this format has proved to be highly successful for the students, the staff and the ambassadors involved.

As well as working with school students, RVC also works with teachers to support them in their subject knowledge and to ensure that the information and advice they cascade to their students in relation to the RVC is accurate and relevant. We have established teacher networks which enable us to promote activities to state schools.

The role of our Access and International Engagement team is to ensure that the wider community, locally, nationally and internationally, has access to, and an understanding of, the educational and training opportunities offered by the RVC. So as not to deter aspiring students from studying due to financial disadvantage, the College offers generous scholarships and bursaries to assist with tuition fees and living costs.

Delivery of public benefit through public and community engagement

The College also promotes knowledge and understanding of biosciences and veterinary sciences among the wider community, contributing to adult learning and the enhancement of social, cultural and economic well-being.

“Night at the Vet College” is an open evening event which runs twice a year and is supported not only by the College but also by other partner institutions. Thematic events are open to the general adult public to demonstrate the research undertaken at the RVC. Throughout the year, groups of all ages are introduced to the study of anatomy and animal welfare using, in particular, the College’s anatomy museum in Camden. For much of 2020 it has not been possible to host such face-to-face events and we have begun to look at virtual methods of delivery. We intend to develop webinars and activity sites, based on our Summer School work, which can be rolled out to individuals and groups and, importantly, to the parents of the school students with whom we engage.

CHARITABLE STATUS AND PUBLIC BENEFIT STATEMENT *continued*

The College works closely with the King's Cross Knowledge Quarter to deliver local activities in central London and we also attend science fairs and community festivals in local areas and public festivals around the country. It is the intention that this work will continue in both a virtual and face-to-face format.

We work in collaboration with numerous partners to deliver education for the common good. Such partners include: The Royal Society, Francis Crick Institute, Wellcome Trust, Natural History Museum, Royal Society of Biology, Society of Physiology, and the Royal Society of Chemistry.

We are continuing to build on our local community engagement particularly working to build stronger relationships in Welwyn Hatfield to build on our more established programme in Camden. Our audiences include local residents, schools and community groups. Prior to COVID-19 and the associated lockdown/social distancing measures, and in addition to our usual programme, we had commenced targeted engagement with primary schools local to the Hawkshead Campus with farm and environmental themed visits.

We continue to contribute to matters of local concern including traffic and travel plans and now organise regular litter picking sessions on the roads and by-ways around campus. Contact with Welwyn Hatfield Borough Council (WHBC) is maintained across a variety of issues such as local economic development and youth projects. There is proactive engagement with local policy makers, residents and community groups such as the Green Belt Society, as well as members and officers from WHBC and North Mymms Parish Council. This includes activity directly relating to the WHBC Local Plan.

During recent months, the RVC was able to support local hospital and care home needs by providing PPE and critical clinical equipment. This included organising a local 'scrubs' donation programme.

This year, many of our usual events in support of community engagement have necessarily been cancelled or postponed. Whilst we cannot run physical events, we have ensured we keep the community up to date with our activities via social media and have offered activities for local children such as an art competition. Our farm has re-doubled

its efforts to supply fresh meat and eggs during lockdown and we delivered produce to elderly neighbours when they could not leave their homes.

Delivery of public benefit through sustainability

Strategy

In 2019, the RVC published its first Environmental Sustainability Strategy [Environmental Strategy](#) setting out targets to be met by 2021 in the following key areas of environmental impact:

- Energy and carbon reduction
- Sustainable transport
- Resources and Waste
- Water management
- Wildlife enhancement

The targets align with the environmental aims of the United Nations Sustainable Development Goals.

The College is working towards implementing an environmental management system to the international standard ISO 14001 using a phased approach through EcoCampus. Silver accreditation was achieved during 2019-2020.

Energy and carbon reduction

A number of carbon reduction projects have been implemented during 2019-2020:

- Automatic meter reading equipment has been installed on all utility meters and sub-meters. A monitoring and targeting platform has been installed to assist in identifying further opportunities for energy saving, quantifying savings from projects and raising awareness;
- Boilers have been replaced in some of our buildings with increased efficiency to reduce gas consumption;
- Timers have been installed on incubators and water baths to prevent them from being left on overnight;
- Plant operating times are regularly reviewed to ensure energy reductions are made whilst meeting the demands of the occupants; and
- All electricity purchased is from 100% renewable sources.

Sustainable transport

The College has a Green Travel Plan to encourage more sustainable travel to and from our campuses including reducing the number of single occupancy car journeys. A Transport Management Group meets

CHARITABLE STATUS AND PUBLIC BENEFIT STATEMENT *continued*

regularly to develop and implement new measures for sustainable travel.

Shuttle bus times are regularly reviewed to ensure that the frequency of the service matches the demand and any changes to train times. The level of service has been increased with a greater frequency of buses which run for longer hours, including a weekend service.

Electric vehicle charging points are being installed at both our Camden and Hawkshead campuses. A car share Facebook group has been set up by the Student Climate Change Committee to reduce the number of single use car journeys both to site and when students are returning home.

Resources and waste

RVC continues to operate a zero waste to landfill approach to waste disposal. Initiatives have been implemented to increase recycling including the introduction of Terracycle collection boxes for items which are not usually recyclable.

To ensure RVC minimises the environmental impact of resource use during development projects the following measures have been included in the specifications of the Hawkshead capital development:

- Forest Stewardship Council (FSC) or Programme for Endorsement of Forest Certification (PEFC) certified wood to be used;
- Environmental declarations provided, where appropriate; and
- Products to be used include those with carbon neutral manufacture, take back schemes and recycled content.

Water management

The water contract has been retendered to enable automatic meter reading equipment is installed to all water meters to improve accuracy of data and identify areas of reduction.

Wildlife enhancement

A Wildlife Management Plan has been completed which details the types of conditions of habitats located within the estate with recommendations for enhancements including planting hedgerows, managing woodlands and clearing ponds.

A tree-planting event was held at Hawkshead in November 2019 to support the Woodland Trust's 'Big Climate Fightback' campaign. Pupils from local primary schools attended and with the help of RVC student volunteers planted 50 trees on the main lawn, over 100 bulbs in the Memorial Garden and made 8 bird boxes to take home with them.

Awareness

A "Green Team" has been established at RVC consisting of staff across both campuses to help drive environmental improvements.

A switch off campaign was held at Camden campus to encourage staff to turn off any equipment not needed overnight. This resulted in a 13% lower than annual average energy use and helped establish a baseload for the buildings.

Various awareness raising events were held for both staff and students including a litter picking event.

Procurement

Sustainable procurement is encouraged. Potential suppliers are explicitly required to comment in their tender proposals on how they will contribute to the sustainability aims of the College in reducing adverse environmental impacts.

Investments

The College's externally managed investment portfolio is subject to sustainable screens, which seek to identify companies with the strongest environmental, social and governance characteristics. There is no direct investment in fossil fuel stocks. Green bonds form part of our portfolio and these finance renewable energy and other environmentally beneficial projects.

STATEMENT OF RESPONSIBILITIES OF THE COLLEGE COUNCIL in respect of the Annual Report and the Financial Statements for the year ended 31 July 2020

The Council is responsible for preparing the Annual Report and Financial Statements in accordance with the requirements of the Office for Students' Terms and conditions of funding for higher education institutions and Research England's Terms and conditions of Research England grant and applicable law and regulations.

Members of the Council are required to prepare Consolidated ("Group") and parent RVC ("College") financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The terms and conditions of funding further require the financial statements to be prepared in accordance with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education, in accordance with the requirements of the Accounts Direction issued by the Office for Students. The Council is required to prepare financial statements which give a true and fair view of the state of affairs of the Group and parent College and of their income and expenditure, gains and losses and changes in reserves for that period.

In preparing the Group and parent College financial statements, the Council is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent College or to cease operations, or have no realistic alternative but to do so.

The Council is responsible for keeping proper accounts and proper records in relation to the accounts. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Council is also responsible for ensuring that:

- funds from whatever source administered by the Group or the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students and Research England have been applied in accordance with the terms and conditions attached to them;
- there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- securing the economical, efficient and effective management of the College's resources and expenditure.

The Council is responsible for the maintenance and integrity of the corporate and financial information included on the College's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CORPORATE GOVERNANCE STATEMENT for the year ended 31 July 2020

The Royal Veterinary College (RVC) is committed to ensuring it operates in accordance with identified good practice in all aspects of its corporate governance. The RVC is confident that for the year ended 31 July 2020 it is fully compliant with all those elements of the Higher Education Code of Governance issued by the Committee of University Chairs (CUC) in December 2015 and revised in June 2018. It continues to monitor and ensure that its compliance with the Code is as effective and efficient as it should be and that recommendations are not only met but exceeded, where considered appropriate. In accordance with the CUC Code, the RVC has adopted a Statement of Primary Responsibilities as part of its governance arrangements. The RVC, through the management and governance arrangements detailed below also monitors compliance with, and maintains appropriate controls to ensure that it meets, the conditions of registration with the Office for Students (OfS), as well as other relevant regulatory responsibilities.

The Council of the RVC has an on-going process for identifying, evaluating and managing significant risks relating to the delivery of institutional strategic and operational objectives. This process has been in place for the year ending 31 July 2020 and up to the date of the Council's approval of the Annual Report and Accounts. The risk register is subject to regular review by the Council and is available to the Council members at every meeting.

The RVC can trace its history as a corporate body back to 1791 and is an independent body, whose legal status derives from its Royal Charter. Its objects, powers and framework of governance are set out in the Charter and its supporting Statutes, which were most recently revised in 2010 and are currently still pending approval by the Office for Students (OfS) and Privy Council following recent revisions arising as a consequence of amendments to the University of London Act, the OfS's conditions for registration and the College's application for University title.

The Charter and Statutes require that the governance of the RVC shall be vested in the Council, which, as the governing body, is collectively responsible for overseeing the institution's activities, determining its future direction and fostering an environment to achieve the institutional mission.

The Council has a majority of members from outside the RVC (known as independent members and numbering 11 out of 15 Council Members) from whom the Chairman, Vice-Chairman and Honorary Treasurer are elected annually. None of the independent members receives any payment for the work done for the College, apart from the reimbursement of expenses, if claimed. Internal members consist of the Principal, two elected representatives of the Academic Board and the annually elected President of the Students' Union.

The 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 the institutional ethos. In these aspects of the Principal's portfolio of responsibilities, senior staff contribute collaboratively. In accordance with the Terms and Conditions of Funding for Higher Education Institutions and Regulatory Advice 10: Accountable Officers (OfS 2018.29), 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 Sub-Committees. All Council Committees are formally constituted with terms of reference and a specified membership and all report to the Council.

The Finance and General Purposes Committee normally meets three to four times a year and, *inter alia*, recommends to the Council the adoption of the College's Financial, Estates and Human Resource Strategies. It recommends to the Council the annual

revenue and capital budgets and monitors performance in relation to the approved budgets. It also monitors the performance of the College's investments and progress with capital projects.

In this last Academic year, additional ad hoc meetings of the Council and of its Finance and General Purposes Committee have been held in order to understand and receive assurances in relation to management's approach to COVID-19 and its actual and potential impact on the RVC's operations, student and staff wellbeing and experience and the College's financial sustainability.

There is a Senior Staff Remuneration Committee (SSRC), which is comprised of independent members of the Council, including the Chairman and Honorary Treasurer. The SSRC meets annually to determine the remuneration of the Principal and other senior staff. The Committee's decisions are informed by the professional advice of the Director of Human Resources, appropriate sector benchmarking and other relevant factors. The SSRC operates in accordance with the CUC's Higher Education Senior Staff Remuneration Code.

The 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 relevant publications from the OfS as they affect the College's business and monitors adherence to regulatory requirements.

Whilst some senior staff attend Audit Committee meetings, they are not members of the Committee. The Audit Committee normally has a pre-meeting of members only, meets with internal and external auditors without College staff present and retains the right to hold its full meetings in their absence.

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. It separately, but in tandem with, Finance and General Purposes Committee, ensures via internal and external reports, as well as lines of assurance and

reports from management, the regularity and propriety of the use of public funds.

The Statutes require that there shall be an Academic Board, chaired by the Principal. Membership of Academic Board consists of Professors and Readers of the RVC, Chairs of the Board's Sub-Committees, representatives of the teaching staff, the Academic Registrar and the Director of Learning and Wellbeing. The Board reports to, and advises, the Council on all substantive academic matters. Academic assurance is provided to the Council via reports from the Vice-Principals leading each mission area (Learning and Teaching, Student Experience, Research & Innovation and Clinical Services) and from the Academic Board. Substantive reports detailing the College's arrangements and approach to quality assurance, teaching excellence and the student experience, and external judgements of these, are also provided.

The Council also receives reports and recommendations from the Safety Committee, the Ethics and Welfare Committee, and the Nominations and Fellows Committee.

The Principal and the College Executive Committee regularly review and amended as appropriate the Strategic Risk Register. The RVC's Risk Management Policy and Procedures are overseen by Audit Committee. Risk management processes have been reviewed and refreshed in recent years and work continues to embed a risk management culture within the organisation from operational through to strategic risks. In the last six months of this academic year a specific risk register was developed alongside normal processes to manage the risks arising from the COVID-19 crisis and to provide regular assurance to the Council.

In compliance with the Charity Commission [www.charitycommission.gov.uk], the RVC maintains a Register of Interests of members of the Council which is published on our website alongside details of governance and management arrangements and our financial statements. Any enquiries about the constitution and governance of the RVC should be addressed to the Secretary to Council.

Statement of internal control

The Council, as governing body, is responsible for ensuring that the RVC has a sound system of internal control and for reviewing its effectiveness. Such a system is designed to understand and manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The risk management process covers business, operational and compliance risks as well as financial risks.

The College's system of internal control, which is designed to discharge the responsibilities set out in the Statement of Responsibilities of the Council, includes the following elements:

- clear definitions of the responsibilities and delegated authority of heads of academic and administrative departments;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of academic performance and monthly reviews of financial results involving variance reporting and quarterly updates of forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal appraisal and review according to approval limits set by the Council;
- Financial Regulations, together with supporting financial policies and procedures, approved by Finance & General Purposes Committee and/or Audit Committee as appropriate; and
- a professional Internal Audit team, provided by an external firm, whose annual programme is approved by the Audit Committee, and endorsed by Council. The Head of Internal Audit provides Council with an annual report on internal audit activity within the College, and a view on the adequacy and effectiveness of the College's system of internal control, including internal financial control.

Planning of both external and internal audit work is risk-based informed by the Strategic Risk Register. On the recommendation of Audit Committee, the Council has adopted a revised Risk Management [Annual Report and Financial Statements 2019/20](#)

Strategy and Policy which sets out the College's approach to risk management. It ensures that key risks are identified and managed appropriately, and that risk management is integrated with planning activity, operational plans and performance monitoring.

In accordance with the Strategy and Policy:

- the Council has charged Audit Committee with keeping the integrity and effectiveness of the organisation's risk management under review which duty is discharged by regular oversight of the Strategic Risk Register; and
- the College Executive Committee supports the Principal in discharging the responsibility for implementation of the Strategy and Policy as well as ensuring that risk management is embedded in strategic and operational decision-making processes. It also ensures ownership of risk management throughout the organisation (including the identification and management of risks) and regularly reviews strategic and operational risk registers.

During the year, the College re-tendered its audit services. BDO have been appointed as external auditors commencing with the 2019/20 audit. KPMG are the new internal auditors with effect from the 2020/21 financial year.

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. Given the potential for increased risks to internal controls due to alternative working arrangements during the pandemic, Audit Committee charged KPMG to undertake a review of the College's financial governance during COVID-19. This gave an assurance rating of *"significant assurance with minor improvement opportunities"*.

The Council ensures there are adequate and effective arrangements in place to manage public funds appropriately in line with the conditions of grant and the principles of regularity, propriety and value for money and to protect the interests of taxpayers and other stakeholders. This is achieved through the operation of policies which are regularly tested by internal and external audit or other internal monitoring with appropriate reports through to the

CORPORATE GOVERNANCE STATEMENT *continued*

Council after consideration by sub-committees as appropriate.

The Council is of the view that there is a robust process for identifying, evaluating and managing the principal risks to achievement of the College's objectives; that it has been in place for the year ended 31 July 2020 and up to the date of approval of the financial statements and that it accords with OfS guidance.

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of the Royal Veterinary College ("the College") and its subsidiaries ("the Group") for the year ended 31 July 2020 which comprise the Statement of Comprehensive Income, The Statement of Changes in Reserves, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2020 and of the Group's and the College's income and expenditure, gains and losses, changes in reserves and of the Group's and the College's cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Council's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Council have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the College's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT *continued*

Other information

The Council are responsible for the other information. Other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information including the Chairman's introduction, Principal's report, Strategic and Financial review, Charitable status and Public benefit statement, Statement of Responsibilities of the College Council and the Corporate Governance statement and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters required by the Office for Students ("OfS") and Research England

In our opinion, in all material respects:

- Funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.
- Funds provided by the OfS, UK Research and Innovation (including Research England) have been applied in accordance with the relevant terms and conditions.
- The requirements of the OfS's Accounts Direction (OfS 2019.41) have been met.

We have nothing to report in respect of the following matters in relation to which the OfS requires us to report to you if, in our opinion:

- The College's grant and fee income, as disclosed in the note to the accounts, has been materially misstated.
- The College's expenditure on access and participation activities for the financial year has been materially misstated.

Responsibilities of the Council

As explained more fully in the Council's responsibilities statement set out on page 28, the Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Council members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council are responsible for assessing the Group and the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intend to liquidate the Group or the College or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

INDEPENDENT AUDITOR'S REPORT *continued*

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

In addition, we also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the College have been properly applied only for the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Terms and Conditions of Funding with the OfS and Research England.

Use of our report

This report is made solely to the Council, as a body, in accordance with Section 75 of the Higher Education Research Act 2017. Our audit work has been undertaken so that we might state to the College's Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the Council members as a body, for our audit work, for this report, or for the opinions we have formed.

James Aston MBE (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Gatwick

27 January 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED AND RVC STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 July 2020

		2020		2019	
		Consolidated	RVC	Consolidated	RVC
		£'000	£'000	£'000	£'000
Income					
Tuition fees and education contracts	1	34,126	34,126	30,846	30,849
Funding body grants	2	22,616	22,616	21,330	21,330
Research grants and contracts	3	16,994	16,994	12,226	12,226
Clinical and related income	4	24,233	21,683	24,796	22,471
Other income	4	8,665	5,831	9,850	7,667
Investment income	5	843	814	845	819
Total income before donations and endowments		107,477	102,064	99,893	95,362
Donations and endowments	6	1,397	2,442	1,479	1,909
Total income		108,874	104,506	101,372	97,271
Expenditure					
Staff costs		57,802	55,852	54,138	52,382
Provisions for pension obligations charged to staff costs		(10,259)	(10,151)	12,760	12,621
Staff costs - total	8	47,543	45,701	66,898	65,003
Other operating expenses	12	32,782	30,421	34,089	32,377
Depreciation and amortisation	10	8,279	7,658	6,312	6,072
Interest and other finance costs	11	1,588	1,593	1,311	1,335
Total expenditure		90,192	85,373	108,610	104,787
Surplus / (Deficit) before other gains / (losses)		18,682	19,133	(7,238)	(7,516)
(Loss) on disposal of fixed assets	14	-	-	(7)	(2)
(Loss) / gain on investments	15	(1,011)	(776)	345	263
Surplus / (Deficit) before tax		17,671	18,357	(6,900)	(7,255)
Taxation	16	(66)	-	(90)	-
Surplus / (Deficit) for the year		17,605	18,357	(6,990)	(7,255)
Total comprehensive income / (expenditure) for the year		17,605	18,357	(6,990)	(7,255)
Represented by:					
Endowment comprehensive expenditure for the year		(382)	(381)	(139)	(135)
Restricted comprehensive income for the year		1,472	1,488	1,138	1,318
Unrestricted comprehensive income / (expenditure) for the year		16,515	17,250	(7,989)	(8,438)
		17,605	18,357	(6,990)	(7,255)
All items of income and expenditure relate to continuing activities.					

The accompanying policies and notes on pages 40 to 79 form part of these financial statements.

CONSOLIDATED AND RVC STATEMENT OF CHANGES IN RESERVES
for the year ended 31 July 2020

	Income and expenditure account			Revaluation	Total £'000
	Endowment £'000	Restricted £'000	Unrestricted £'000	Reserve £'000	
Consolidated					
Balance at 1 August 2019	9,051	2,831	140,163	4,583	156,628
(Deficit) / surplus from the income and expenditure statement	(382)	1,472	16,515	-	17,605
Revaluation of heritage assets	-	-	-	-	-
Other comprehensive income	-	-	-	-	-
Release of restricted funds spent in year	-	(725)	725	-	-
Total comprehensive (expenditure) / income for the year	(382)	747	17,240	-	17,605
Balance at 31 July 2020	8,669	3,578	157,403	4,583	174,233
RVC					
Balance at 1 August 2019	9,036	308	138,978	4,583	152,905
(Deficit) / surplus from the income and expenditure statement	(381)	1,488	17,250	-	18,357
Revaluation of heritage assets	-	-	-	-	-
Other comprehensive income	-	-	-	-	-
Release of restricted funds spent in year	-	(725)	725	-	-
Total comprehensive (expenditure) / income for the year	(381)	763	17,975	-	18,357
Balance at 31 July 2020	8,655	1,071	156,953	4,583	171,262

The accompanying policies and notes on pages 40 to 79 form part of these financial statements.

CONSOLIDATED AND RVC STATEMENT OF FINANCIAL POSITION
for the year ended 31 July 2020

		2020		2019	
		Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
Non-current assets					
Intangible assets and goodwill	17	3,156	159	3,550	175
Tangible assets	18	171,148	170,576	165,244	164,514
Heritage assets	19	4,583	4,583	4,583	4,583
Investments	20	13,013	10,041	13,652	10,543
Investments in subsidiaries	21	-	4,273	-	4,273
Non-current receivables	23	-	760	-	1,011
		<u>191,900</u>	<u>190,392</u>	<u>187,029</u>	<u>185,099</u>
Current assets					
Stock	24	1,898	1,786	1,311	1,228
Trade and other receivables	25	10,137	10,861	8,851	8,702
Investments - short-term	26	15,000	15,000	30,411	30,411
Cash and cash equivalents	27	35,592	32,748	14,151	12,391
		<u>62,627</u>	<u>60,395</u>	<u>54,724</u>	<u>52,732</u>
Less: Creditors, amounts falling due within one year	28	(24,941)	(24,476)	(19,565)	(19,910)
Net current assets		<u>37,686</u>	<u>35,919</u>	<u>35,159</u>	<u>32,822</u>
Total assets less current liabilities		<u>229,586</u>	<u>226,311</u>	<u>222,188</u>	<u>217,921</u>
Creditors - amounts due after more than one year	29	45,428	45,229	45,684	45,684
Provisions					
Pension provisions	30	9,592	9,487	19,542	19,332
Other provisions	30	333	333	334	-
Total net assets		<u>174,233</u>	<u>171,262</u>	<u>156,628</u>	<u>152,905</u>
Restricted reserves					
Income and expenditure reserve - endowment reserves	31	8,669	8,655	9,051	9,036
Income and expenditure reserve - restricted reserves	32	3,578	1,071	2,831	308
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		157,403	156,953	140,163	138,978
Income and expenditure reserve - revaluation reserve		4,583	4,583	4,583	4,583
Total Reserves		<u>174,233</u>	<u>171,262</u>	<u>156,628</u>	<u>152,905</u>

The financial statements on pages 36 to 79 were approved and authorised for issue by Council on 27 January 2021 and signed on its behalf by:

Baroness Young of Old Scone
Chairman of Council

Mr Roger Bright
Vice Chairman of Council
and Honorary Treasurer

Professor Stuart Reid
Principal

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 July 2020

	Consolidated	
	2020	2019
	£'000	£'000
Cash flow from operating activities		
Surplus / (deficit) for the year	17,605	(6,990)
Adjustment for non-cash items		
Depreciation and amortisation	8,279	6,704
Loss on impairment of fixed assets	-	7
Unrealised loss / (gain) on investments	1,124	(301)
(Increase) in stock	(588)	(69)
(Increase) in trade and other receivables	(1,283)	(1,363)
Increase in trade and other payables	5,495	3,171
(Decrease)/increase in pension provision	(9,950)	12,902
Increase in other provisions	82	1
Other non-cash items	(3)	138
<i>Adjustment for non-cash items</i>	<u>3,256</u>	<u>21,790</u>
Adjustment for investing or financing activities		
Investment income	(842)	(845)
Interest payable	1,235	1,251
Endowment income	(10)	(10)
Realised (gain) on investments	(113)	(44)
New restricted funds	(376)	(955)
Capital grant income	(7,215)	(1,315)
Net cash inflow from operating activities	<u>13,440</u>	<u>12,281</u>
Cash flows from investing activities		
Capital grants receipts	7,215	1,315
Disposal of non-current asset investments	7,647	4,431
Withdrawal of deposits	15,411	-
Change in investment portfolio cash	-	164
New restricted funds	376	955
Investment income	842	845
Realised gain on investments	113	44
Payments made to acquire new subsidiary	-	(334)
Payments made to acquire fixed assets	(13,820)	(16,597)
New non-current asset investments	(8,019)	(4,990)
New deposits	-	(30,411)
Net cash inflow / (outflow) from investing activities	<u>9,765</u>	<u>(44,578)</u>
Cash flows from financing activities		
Loan interest	(1,214)	(1,214)
Finance lease interest	(21)	(37)
Loan capital repayments	(334)	(334)
Finance lease capital repayments	(240)	(255)
Net cash (outflow) from financing activities	<u>(1,809)</u>	<u>(1,840)</u>
Increase / (Decrease) in cash and cash equivalents in the year	<u>21,396</u>	<u>(34,136)</u>
Cash and cash equivalents at beginning of the year	14,151	48,370
Exchange losses on cash and cash equivalents	45	(83)
Cash and cash equivalents at end of the year	<u>35,592</u>	<u>14,151</u>
Movement in the year	<u>21,396</u>	<u>(34,136)</u>

The accompanying policies and notes on pages 40 to 79 form part of these financial statements.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES for the year ended 31 July 2020

a. Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education, 2019 edition (“FEHE SORP 2019”) and in accordance with Financial Reporting Standards (“FRS 102”).

The Royal Veterinary College (“RVC”) is a public benefit entity and therefore has applied the relevant public benefit requirements of FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of land and of heritage assets). They conform to guidance published by the Office for Students.

b. Going concern

The activities of the RVC and its subsidiary undertakings, together with the factors likely to affect its future development, performance and position are set out in the Strategic and Financial Review, along with the financial position of the RVC and its subsidiaries, its cash flows, liquidity position and borrowing facilities. Council has a reasonable expectation that the RVC and its subsidiary undertakings have adequate resources to continue in operational existence for the foreseeable future and has set out the basis for this assessment in the Going Concern section of the Strategic and Financial Review. Accordingly, Council continues to adopt the going concern basis in preparing the annual financial statements.

c. Parent disclosure exemptions

In preparing the separate financial statements of the RVC, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the RVC; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the RVC as their

remuneration is included in the totals for the Group as a whole.

d. Basis of consolidation

The consolidated financial statements include the RVC and all undertakings in which it has a controlling interest (or over which it has control) for the financial year to 31 July 2020. Intra-Group transactions are eliminated on consolidation.

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

e. Income recognition

Tuition fees and education contracts

Tuition fee income represents all fees chargeable to students or their sponsors, received and receivable, which are attributed to the current accounting period. Fee income is stated gross of any expenditure which is not a discount and credited to the 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 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 Statement of Financial Position and released to income as the conditions are met.

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

Capital grants

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

Other income

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

Investment income

Investment income is credited to the Statement of Comprehensive Income on a receivable basis.

Donations and endowments

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

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

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

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

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

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

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

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

f. Accounting for retirement benefits

Defined benefit schemes

The two principal pension schemes for the RVC's staff are the Universities Superannuation Scheme (USS) and the Superannuation Arrangements of the University of London (SAUL). The schemes are defined benefit schemes which are externally funded. Each fund is valued every three years by professionally qualified independent actuaries.

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

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES *continued*

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

g. Employment benefits

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

h. Operating leases

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

i. Finance leases

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

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

j. Interest and other finance costs

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

k. Accounting for joint operations, jointly controlled assets and jointly controlled operations

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

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

l. Service concession arrangements

Neither the RVC nor any subsidiary had any service concession arrangements at the Statement of Financial Position date.

m. Foreign currency

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

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the RVC's presentational currency, sterling, at foreign exchange rates ruling at the Statement of Financial Position date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES *continued*

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.

n. Taxation

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

The 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 RVC.

The RVC, London BioScience Innovation Centre Limited (LBIC), and the ACT are VAT registered as part of the RVC's VAT Group; RVC Veterinary Practices Limited has separate VAT registration. The RVC and its subsidiaries receive no exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

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

recovered. Deferred tax assets and liabilities are not discounted.

o. Intangible assets and goodwill

Goodwill arises on consolidation and is based on the difference between the fair value of the consideration given for the undertaking acquired and the fair value of its separable net assets at the date of acquisition.

Goodwill is amortised over 10 years representing the remaining expected economic lives of the long-life assets to which the goodwill relates.

Other intangible assets are amortised between 3 and 10 years representing the remaining estimated economic life of the assets. Intangible assets are subject to periodic impairment reviews as appropriate.

Goodwill and intangible assets are subject to periodic impairment reviews as appropriate.

Negative goodwill is amortised over 5 years or the service lives of long-life assets to which the goodwill is attributed.

p. Fixed assets

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

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

Land

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

Buildings

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

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

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

Equipment

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

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

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Statement of Financial Position.

q. Heritage assets

A heritage asset is a tangible or intangible asset with historic, artistic, scientific, technological, geophysical, or environmental qualities that is held and maintained principally for its contribution to knowledge and culture. Heritage assets held at RVC include works of art, valuable publications and other artefacts.

These assets are mostly individually listed, have been gifted to or purchased by the RVC over the years since its establishment in 1791 and, if capitalised originally, no longer feature in the fixed asset register. The two groups of assets are stated at valuation in the financial statements based on periodic valuations carried out, most recently in 2017 by experienced fine arts and books' valuers. A valuation review is planned for the financial year ending 31 July 2021 and every fourth year thereafter.

Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

With many of the Heritage Assets on view or accessible, their condition is regularly assessed and, therefore, there has been no impairment in the value of these assets.

r. Investments

Non-current asset investments are held on the Statement of Financial Position at amortised cost less impairment.

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

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

s. Stock

Stock comprises stores held by clinical services, farm livestock and produce, some building maintenance supplies and some operational stocks.

Farm stocks comprises biological assets, farm produce and farm consumables. Biological assets are

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES *continued*

living animals or plants held as assets from which economic benefits flow to the RVC.

Agricultural produce is the harvested product of a biological asset. The RVC's farming operations to support student learning include breeding sheep which are stated at fair value. The values held for these assets are not considered material for separate disclosure as a non-current asset and are shown as a current asset within Farm stocks. Changes in fair value less costs to sell are recognised in the Statement of Comprehensive Income.

Other stocks are stated at the lower of their cost and net realisable value. For practical purposes, it is assumed that net realisable value is the same as either the cost charged on to external customers or the cost of the equivalent item most recently purchased. Stocks are valued at the lower of cost and expected selling price. Stock counts are carried out as close to the year end as is practically feasible with estimates for stock movements being used where appropriate.

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

t. Cash and cash equivalents

Cash includes cash in hand and deposits repayable on demand.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value, typically with a term less than three months.

u. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- (a) the RVC (or one of its subsidiaries) has a present obligation (legal or constructive) as a result of a past event;
- (b) it is probable that an outflow of economic benefits will be required to settle the obligation; and

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

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

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

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

Contingent assets and liabilities are not recognised in the Statement of Financial Position but are disclosed in the notes to the Financial Statements.

v. Reserves

Reserves are classified as restricted or unrestricted funds and comprise the following:

- (a) Reserves with restricted purposes consist of endowment reserves and restricted reserves. Restricted endowment reserves include balances which, through endowment to the RVC (or the ACT), are held as a permanently restricted fund which the RVC (or the ACT) must hold in perpetuity. Other restricted reserves include balances where the donor has designated a specific purpose and therefore the RVC or the ACT is restricted in the use of these funds;
- (b) Unrestricted reserves include general unrestricted funds and funds designated by Council; and
- (c) The revaluation reserve arises from the periodic revaluation of heritage assets.

w. Management estimates and judgements

Corporation Tax

Corporation tax payable for 2019/20 has been estimated (based on information available from the prior year and an initial calculation by RVC staff) and will be subject to independent corporation tax calculations after these Financial Statements have been approved.

Intangible assets - Goodwill

Goodwill arises from the acquisition in July 2018 of Acorn House Veterinary Hospital in Bedford by the RVC's subsidiary company, RVC Veterinary Practices Limited ("RVP"). Income levels at RVP continue to meet RVP's expectations on acquisition of Acorn House and RVP therefore considers that the net book value of goodwill is reasonable.

Tangible assets

The RVC carries out an annual impairment review of fixed assets. As a result of the annual review, an impairment was recognised in RVP's equipment net book value and this is reflected in the tangible assets note to these Statements.

The RVC is confident that it is reasonable to continue with current valuations for its buildings as, at the last valuation of the RVC's property portfolio as at 31 July 2014, the RVC's buildings were identified as significantly under-valued overall. Income generated by the RVC's operational properties continues to be positive and therefore supports this approach.

Provision for Pensions liabilities

FRS 102 distinguishes between a group pension plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as those provided by the Universities Superannuation Scheme (USS) and the Superannuation Arrangements of the University of London (SAUL) – both of which the RVC is party to. Further details of the pension schemes are provided in Note 38 to these Financial Statements. The accounting for a multi-employer scheme, where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit, results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit). The resulting expense is recognised in the Statement of Comprehensive Income in accordance with section 28 of FRS 102. Council is satisfied that the schemes provided by USS and SAUL meet the definition of a multi-employer scheme.

The RVC Group and the College's provision for USS pension liabilities have been calculated using a methodology agreed by the higher education sector.

The RVC has therefore recognised the discounted fair value of the contractual contributions under the funding plans in existence at the date of approving the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 July 2020

1. Tuition Fees and Education Contracts

	2020		2019	
	Consolidated	RVC	Consolidated	RVC
	£'000	£'000	£'000	£'000
Full-time undergraduate students - UK and EU	13,445	13,445	14,394	14,394
Full-time postgraduate students - UK and EU	714	714	644	644
Part-time undergraduate students - UK and EU	60	60	71	71
Part-time postgraduate students - UK and EU	149	149	206	209
International students	18,079	18,079	13,538	13,538
Higher Education course fees	32,447	32,447	28,853	28,856
Research training support grants	754	754	864	864
Short course fees	925	925	1,129	1,129
	34,126	34,126	30,846	30,849

2. Funding Body Grants

		2020	2019
		Consolidated	Consolidated
		and RVC	and RVC
		£'000	£'000
Recurrent grants			
Office for Students		14,071	14,361
Research England		5,205	4,730
Office for Students - capital grants	32	296	301
Specific grants			
Higher Education Innovation Fund		1,418	1,222
Other specific grants		1,197	322
Research England - capital grants	32	429	394
		22,616	21,330

3. Research Grants and Contracts

	2020 Consolidated and RVC £'000	2019 Consolidated and RVC £'000
Research councils	4,418	4,318
UK based charities	1,082	1,540
UK government, local and health bodies	7,060	1,017
UK industry, commerce, public corporations	1,579	2,338
EU government bodies	854	1,633
EU other	434	468
Other international	1,555	887
Other source of funding	12	25
	16,994	12,226

Included under UK government, local and health bodies in 2020 is a sum of £6,490k (2019: £510k) receivable from the Hertfordshire Local Enterprise Partnership (LEP) relating to a £7m capital grant towards the construction and equipping of a Centre for Vaccinology and Cell Therapy as part of the Hawkshead campus capital development.

4. Other Income (including Clinical and Related Income)

	2020		2019	
	Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
Residences, catering and conferences	2,236	2,079	3,126	3,077
Rent and other income	3,339	3,253	4,230	4,590
Subsidiaries trading income	2,549	-	2,494	-
Government grant - CJRS	541	499	-	-
Other income	8,665	5,831	9,850	7,667
Clinical and related income	24,233	21,683	24,796	22,471
	32,898	27,514	34,646	30,138

RVC and its subsidiary entities have received government grant support under the UK government's COVID-19 furlough scheme (Coronavirus Job Retention Scheme [CJRS]), amounting to £541k.

5. Investment Income

		2020		2019	
		Consolidated	RVC	Consolidated	RVC
		£'000	£'000	£'000	£'000
Investment income on endowments	31	304	304	350	339
Investment income on restricted reserves	32	181	-	89	-
Other investment income		358	510	406	480
		<u>843</u>	<u>814</u>	<u>845</u>	<u>819</u>

6. Donations and Endowments

		2020		2019	
		Consolidated	RVC	Consolidated	RVC
		£'000	£'000	£'000	£'000
New endowments	31	10	10	10	10
Donations with restrictions	32	738	811	955	1,470
Unrestricted donations		649	1,621	514	429
		<u>1,397</u>	<u>2,442</u>	<u>1,479</u>	<u>1,909</u>

7. Grant and Fee Income

	2020	2019
	Consolidated	Consolidated
	£'000	£'000
Grant income from the Office for Students	14,367	14,662
Grant income from other bodies	22,402	15,349
Fee income for research awards (exclusive of VAT)	466	382
Fee income from non-qualifying courses	1,594	1,897
Fee income for taught awards (exclusive of VAT)	<u>32,066</u>	<u>28,567</u>
Total Grant and fee income	<u>70,895</u>	<u>60,857</u>

Grant income from other bodies includes Coronavirus Job Retention Scheme (CJRS) grant funding (£541k) reported under Other income (Note 4).

8. Staff Costs

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

	2020 Consolidated Number	2019 Consolidated Number
Academic departments	219	206
Academic services	73	67
Clinical services	353	344
Research grants and contracts	65	67
General education expenditure	23	24
Residences, catering and conference services	8	9
Premises	61	64
Staff and student facilities	17	19
Subsidiary undertakings	11	11
Administration and central services	104	97
Other services	27	29
	<u>961</u>	<u>937</u>

Staff costs for the above:

	2020 Consolidated £'000	2019 Consolidated £'000
Salaries	45,645	43,355
Social security costs	4,461	4,302
Pension schemes - employer contributions 38	7,301	6,370
Restructuring and redundancy costs	395	111
Staff costs (excluding pensions provision)	<u>57,802</u>	<u>54,138</u>
Movement on pension provision		
- Universities Superannuation Scheme 38	(10,259)	12,760
Total staff costs	<u>47,543</u>	<u>66,898</u>

9. Remuneration of Senior and Higher Paid Staff

	2020	2019
	£'000	£'000
Emoluments of the Principal:		
Salary	261	257
Bonus	15	15
Allowance - travel	12	12
Allowance - accommodation ¹	42	35
	330	319
Pension contributions to USS	57	50
	387	369

All emoluments are payrolled and subject to tax.

¹ Allowances for 2020 include a back-dated sum of £2,384 relating to the prior year.

Justification for the Principal (Head of Institution)'s Remuneration

The remuneration of the Principal, Professor Stuart Reid, along with other senior staff, is determined by the Senior Staff Remuneration Committee (SSRC) which meets annually and comprises independent members of Council, including the Chairman and Honorary Treasurer. The Committee has a duty to ensure that the Principal's remuneration is appropriate to attract and retain the calibre of individual required to lead a complex world-leading specialist institution delivering across three core mission areas: teaching, research and clinical services. The Committee's decisions are informed by the professional advice of the Secretary to Council and the Director of Human Resources, appropriate benchmarking and other relevant factors. In this context, salaries on offer in the private veterinary market and at veterinary schools overseas, notably the United States, are an important consideration. Deans of US Veterinary Schools, though not heads of institutions, are remunerated at a level equivalent to, and in some cases higher than, the College Principal.

The RVC is the largest and longest established veterinary school in the English-speaking world and one of the few globally to hold accreditations from all the major regulatory veterinary bodies. RVC produces world-class research and supports the veterinary profession through its referral hospitals, including the Queen Mother Hospital for Animals, Europe's largest small animal hospital. It also owns a number of subsidiary entities including a registered charity, a centre for innovation in biosciences and a first opinion veterinary hospital. Given the RVC's specialist status, the Principal represents the College, not only as the head of an academic institution but also as a leading veterinary professional and, in this capacity, is a member of a number of national and international statutory and regulatory bodies. During his RVC tenure, Professor Reid has served as the President of the Royal College of Veterinary Surgeons. He has also been recognised at the highest levels, having been awarded a CBE in 2018 for his contributions to the veterinary profession and higher education and more recently was elected as an international member to the prestigious US National Academy of Medicine for his professional leadership and commitment to science.

In 2019/20, Professor Reid, along with other senior staff, was awarded a 2% increase to his base salary which rose from £253k to £261k. This was equivalent to the national HE pay award for the year paid to other College staff. Since his appointment in January 2011, his base salary has increased by an average of 2.6% p.a. Under Professor Reid's leadership, the RVC has had notable successes including TEF Gold, re-accreditation from all the major regulatory veterinary bodies, significant improvement in student satisfaction scores and robust financial performance. In 2019, the College was ranked number one veterinary school in the QS World University Rankings, having been in the top three in the previous four years. In recognition of this, and his other achievements, Professor Reid was awarded a non-consolidated bonus of £15k during 2019/20.

9. Remuneration of Senior and Higher Paid Staff *continued*

With the latter months of the academic and financial year disrupted by the COVID-19 pandemic, Professor Reid has displayed exceptional and exemplary leadership in his oversight and direction of the major adjustments required across the College to protect the health and safety of students and staff whilst maintaining business continuity.

Professor Reid’s remuneration also includes (taxable) allowances for accommodation and travel of £42k and £12k respectively. As the Principal is required to live within a reasonable travelling distance of the College, the accommodation allowance is provided to meet the rental costs of a property located close to the Hawkshead Campus and on a direct train route to London (Camden Campus).

Median Pay

The Principal’s basic salary is 8.2 times (2019: 8.2 times) the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the RVC to its staff.

The Principal’s total remuneration is 10.1 times (2019: 9.8 times) the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the RVC of its staff.

Key Management Personnel

The College Executive Committee (CEC) comprises those persons having authority and responsibility for operational planning, directing, and controlling the activities of the RVC. Staff costs reported above includes compensation paid to members of the CEC.

	2020	2019
	£	£
Key management personnel:		
Compensation paid or accrued in year	3,002,453	2,740,890
Movement on USS pension provisions	(922,113)	1,146,522
Total key management personnel compensation	2,080,340	3,887,412
Number of key management personnel (headcount)	20	19

9. Remuneration of Senior and Higher Paid Staff *continued*

Higher Paid Staff

Remuneration of other higher paid staff, excluding employer's pension contributions:	2020	2019
	No. of Staff	No. of Staff
£100,000 to £104,999	1	5
£105,000 to £109,999	1	6
£110,000 to £114,999	4	3
£115,000 to £119,999	1	1
£120,000 to £124,999	-	1
£125,000 to £129,999	1	-
£130,000 to £134,999	1	2
£135,000 to £139,999	1	-
£140,000 to £144,999	1	3
£145,000 to £149,999	1	-
£150,000 to £154,999	-	2
£155,000 to £159,999	2	1
	<u>14</u>	<u>24</u>

Figures for 2019/20 have been represented in line with revised requirements set by the Office for Students. The figures presented are payments made or due in the financial year.

Compensation for loss of office of £nil was paid in respect of higher paid staff (2019: £nil).

10. Depreciation and Amortisation

	2020		2019	
	Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
Depreciation of tangible assets	7,863	7,620	6,312	6,072
Amortisation of goodwill	416	38	-	-
Depreciation and amortisation	8,279	7,658	6,312	6,072

For 2019/20, RVC has reclassified amortisation under the Depreciation and amortisation caption. In 2018/19, amortisation was included in Other operating expenses (Note 12) as follows:

	2019	
	Consolidated £'000	RVC £'000
Amortisation of goodwill	378	-
Amortisation of software assets	14	14
Other operating expenses - Amortisation of intangible assets	392	14

Depreciation and amortisation comprise:

	Note	2020		2019	
		Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
Depreciation of tangible assets:					
Wholly owned assets		7,636	7,393	6,065	5,825
Assets held on finance leases		227	227	247	247
Depreciation of tangible assets	18	7,863	7,620	6,312	6,072
Amortisation of intangible assets:					
Amortisation of goodwill		378	-	378	-
Amortisation of software assets		38	38	14	14
Amortisation of intangible assets	17	416	38	392	14
Total - Depreciation and amortisation		8,279	7,658	6,704	6,086

Goodwill relates to the acquisition of Acorn House Veterinary Hospital, acquired by RVC Veterinary Practices Limited on 1 July 2018. Goodwill is amortised over 10 years.

11. Interest and Other Finance Costs

		2020		2019	
		Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
Private placement interest payable		1,214	1,214	1,214	1,214
Other interest payable		-	8	-	25
Finance lease interest		21	21	37	37
Exchange differences		44	44	(82)	(82)
Net charge on USS pension scheme	37	309	306	142	141
		<u>1,588</u>	<u>1,593</u>	<u>1,311</u>	<u>1,335</u>

12. Other Operating Expenses and Analysis of Expenditure by Activity

2019/20	Staff Costs £'000	Other Operating Expenses £'000	Depreciation and Amortisation £'000	Interest and Other Finance Costs £'000	2020 Total £'000
Academic departments	16,859	5,147	147	2	22,155
Academic services	4,229	1,612	668	21	6,530
Clinical services	17,643	6,265	799	-	24,707
Research grants and contracts	3,624	3,969	288	4	7,885
General education expenditure	1,319	3,920	-	8	5,247
Residences, catering and conference service	341	1,384	756	449	2,930
Premises	2,711	4,636	4,795	725	12,867
Staff and student facilities	842	1,078	478	-	2,398
Subsidiary undertakings	532	1,081	217	98	1,928
Administration and central services	7,491	3,294	73	-	10,858
Other services	1,300	345	58	-	1,703
Other expenditure	(9,348) ¹	51 ²	-	281	(9,016)
	<u>47,543</u>	<u>32,782</u>	<u>8,279</u>	<u>1,588</u>	<u>90,192</u>

¹ Included under Other expenditure - Staff Costs is the movement on the USS Pensions Provision.

² Other operating expenses includes a write-back arising from impairments as well as movements on Other provisions and loss on impairment of equipment (see Note 14).

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

2018/19	Staff Costs £'000	Other Operating Expenses ⁴ £'000	Depreciation £'000	Interest and Other Finance Costs £'000	2019 Total £'000
Academic departments	15,885	4,801	59	-	20,745
Academic services	3,883	1,741	443	34	6,101
Clinical services	16,545	6,774	286	4	23,609
Research grants and contracts	3,997	4,355	220	(8)	8,564
General education expenditure	1,134	4,147	-	-	5,281
Residences, catering and conference service	345	1,530	702	449	3,026
Premises	2,697	4,982	4,015	725	12,419
Staff and student facilities	817	1,083	327	-	2,227
Subsidiary undertakings	738	1,099	217	35	2,089
Administration and central services	6,984	3,227	8	(2)	10,217
Other services	1,310	438	35	-	1,783
Other expenditure	12,563 ⁵	(88) ⁶	-	74	12,549
	<u>66,898</u>	<u>34,089</u>	<u>6,312</u>	<u>1,311</u>	<u>108,610</u>

⁴ In 2018/19, Other Operating Expenses included Amortisation (see Note 10)(2019/20:included in Depreciation and amortisation)

⁵ Included under Other expenditure - Staff Costs was the movement on the USS Pensions Provision.

⁶ Negative expenditure coded to the Other expenditure - Other Operating Expenses included movements on Other Provisions.

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

BDO LLP were appointed as external auditors of the RVC for 2019-20 (in the prior year, KPMG LLP provided external audit and related services).

Included in Other Operating Expenses (excluding irrecoverable VAT) are:

External auditor's fees for the RVC's financial statements of £50,000 (2019: £40,000)

External auditor's fees for other audit work of £47,600 (2019: £44,450)

External auditor's fees for non-audit services of £19,850 (2019: £23,170)

Other audit work includes the following:

	2020
	£
Audit of Subsidiaries' financial statements	21,100
Audit of US GAAP financial statements	26,400

The United States Department of Education requires the RVC to provide audited US GAAP accounts (on an annual basis from 2019) in accordance with the rules of the Federal Loans programme.

Non-audit services relate to Corporation Tax compliance and submission of the RVC's and subsidiaries' Corporation Tax returns and external compliance audit services:

	2020
	£
Tax compliance services	13,350
London BioScience Innovation Centre Ltd.	
service charge audit	2,000
External compliance audits	4,500

Council members (Trustees)

The RVC's Council Members are the trustees of the RVC as an exempt charity. The Council is also the Corporate Trustee for the Royal Veterinary RVC Animal Care Trust, a registered charity. Related party transactions involving members of Council are disclosed in Note 38 below.

No member of Council has received any remuneration (or waived any payments) for acting as a member of Council. Staff and, where applicable, ex officio Council members' remuneration as employees of the RVC are disclosed in Notes 8 and 9 above.

The total expenses paid to seven Council members in the year was £2,887 (2019: paid to eight members, £6,470). One former member of Council, whose term ended on 31 July 2019, was reimbursed expenses of £2,005 in 2019-20.

13. Access and Participation Plan

	2020 Consolidated and RVC £'000
Access and participation investment	
Access investment	466
Financial support investment	561
Research and education investment	12
Support for disabled students	256
Total access and participation investment	1,295
Amount included within Staff costs (Note 8)	536
<p>During 2019-20, RVC has spent £1.3m on Access and Participation activities to deliver for students from underrepresented groups, including equal access to education and opportunity, financial support (bursaries and hardship funds), support for students with a disability, and research and evaluation in order to improve access and participation overall (including widening participation activities).</p>	
<p>RVC's Access and Participation Plan for 2019-20 can be found here: https://www.rvc.ac.uk/Media/Default/study/Undergraduate/documents/rvc-access-plan-2019-2020.pdf</p>	

14. (Loss) on Disposal or Impairment of Fixed Assets

These Financial Statements include a loss on disposal of fixed assets in 2018/19 as follows:

	2020		2019	
	Consolidated	RVC	Consolidated	RVC
Disposal of tangible assets - equipment	-	-	(7)	(2)
	<u>-</u>	<u>-</u>	<u>(7)</u>	<u>(2)</u>
In 2019/20 the following impairment has been recognised:				
Impairment of tangible assets - equipment	(54)	-	-	-
	<u>(54)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<p>Following an impairment review of equipment, RVC Veterinary Practices Ltd. has written down the value of equipment at Acorn House Veterinary Hospital. Losses on these impairments are included in Other operating expenses.</p>				

15. (Loss) / Gain on Investments

	2020		2019	
	Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
Investments - realised gains	113	89	44	34
Investments - unrealised (losses) / gains	(1,124)	(865)	301	229
Net (Loss) / gain on investments	<u>(1,011)</u>	<u>(776)</u>	<u>345</u>	<u>263</u>

Further details of the investments are disclosed in Note 20.

16. Taxation

	2020	2019
	Consolidated £'000	Consolidated £'000
Recognised in the Statement of Comprehensive Income		
Tax accrued from prior year	(123)	(44)
Tax charge recognised in year	66	123
Tax adjustments written back	123	11
Current tax charge	<u>66</u>	<u>90</u>
Factors affecting current tax charge		
Surplus / (Deficit) before taxation	17,605	(6,900)
<i>Exclude:</i> Movement on pensions provisions (Note 37)	(10,259)	12,760
Surplus before taxation (excluding pensions provision)	<u>7,346</u>	<u>5,860</u>
Surplus / (deficit) (excluding pensions provision) multiplied by standard rate of corporation tax in the UK of 19%	1,396	1,113
RVC surplus exempt from tax	(369)	(1,155)
Balances eliminated on consolidation exempt from tax	54	54
Expenses disallowable for tax in subsidiaries	292	225
Capital allowances in subsidiaries	(173)	(173)
Loss in subsidiary	(244)	(1)
Corporation tax due to prior year relief correction	-	-
Corporation tax due before Gift Aid relief	161	90
Gift Aid relief	(1,051)	(63)
Other adjustments posted	-	-
Total current tax charge	<u>66</u>	<u>90</u>

17. Intangible Assets and Goodwill

	2020		2019	
	Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
Software				
Gross book value at 1 August	1,902	1,902	1,809	1,809
Additions in the year	22	22	93	93
Gross book value at 31 July	1,924	1,924	1,902	1,902
Accumulated amortisation at 1 August	1,727	1,727	1,713	1,713
Amortisation charge for the year	38	38	14	14
Accumulated amortisation at 31 July	1,765	1,765	1,727	1,727
Net book value at 31 July	159	159	175	175
Software intangible assets have an amortisation period of 5 years.				
Goodwill				
Gross book value at 1 August	3,785	-	3,785	-
Additions in the year	-	-	-	-
Gross book value at 31 July	3,785	-	3,785	-
Accumulated amortisation at 1 August	410	-	32	-
Amortisation charge for the year	378	-	378	-
Accumulated amortisation at 31 July	788	-	410	-
Net book value at 31 July	2,997	-	3,375	-
Total Intangible assets and goodwill	3,156	159	3,550	175
Goodwill relates to the acquisition of Acorn House Veterinary Hospital, acquired by RVC Veterinary Practices Limited on 1 July 2018. Goodwill is amortised over 10 years.				

18. Tangible Assets

	Freehold Land and Buildings		Plant and Machinery	Fixtures, Fittings and Equipment	Assets in the Course of Construction	Total Fixed Assets
	Land and Structure	Fit-Out				
	£'000	£'000				
Consolidated						
Cost or valuation						
At 1 August 2019	148,797	37,463	31,576	14,590	3,433	235,859
Additions	-	-	-	2,183	11,637	13,820
Transfers	-	1,423	487	127	(2,037)	-
Impairments	-	-	-	(73)	-	(73)
At 31 July 2020	148,797	38,886	32,063	16,827	13,033	249,606
Consisting of:						
Valuation of land at 31 July 2014	81,664	-	-	-	-	81,664
Cost of other fixed assets	67,133	38,886	32,063	16,827	13,033	167,942
At 31 July 2020	148,797	38,886	32,063	16,827	13,033	249,606
Depreciation						
At 1 August 2019	33,796	13,236	15,655	7,928	-	70,615
Charge for the Year	1,198	2,838	1,945	1,882	-	7,863
Impairments	-	-	-	(19)	-	(19)
At 31 July 2020	34,994	16,074	17,600	9,791	-	78,459
Carrying amount (net book value)						
At 31 July 2020	113,803	22,812	14,463	7,036	13,033	171,148
At 31 July 2019	115,001	24,227	15,921	6,662	3,433	165,244
RVC						
Cost or valuation						
At 1 August 2019	144,564	37,463	31,576	14,315	3,384	231,302
Additions	-	-	-	2,081	11,600	13,681
Transfers	-	1,338	487	127	(1,952)	-
At 31 July 2020	144,564	38,801	32,063	16,523	13,032	244,983
Consisting of:						
Valuation of land at 31 July 2014	81,664	-	-	-	-	81,664
Cost of other fixed assets	62,900	38,801	32,063	16,523	13,032	163,319
At 31 July 2020	144,564	38,801	32,063	16,523	13,032	244,983
Depreciation						
At 1 August 2019	30,298	13,236	15,655	7,598	-	66,787
Charge for the Year	1,193	2,838	1,945	1,643	-	7,620
At 31 July 2020	31,491	16,074	17,600	9,241	-	74,407
Carrying amount (net book value)						
At 31 July 2020	113,073	22,727	14,463	7,282	13,032	170,576
At 31 July 2019	114,266	24,227	15,921	6,717	3,384	164,514

RVC Veterinary Practices Limited carried out an impairment review of fixed assets for the year ended 31 July 2020. This led to a net write-back of impairments of £53,876 which is included within Other operating expenses in the Consolidated Statement of Comprehensive Income.

18. Tangible Assets *continued*

Consolidated fixtures, fittings and equipment include assets held by the RVC under finance leases (and included above) were as follows:		
	2020	2019
	£'000	£'000
Cost	1,170	1,470
Accumulated depreciation	(724)	(777)
Charge for year	(247)	(247)
Net book value	199	446

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

19. Heritage Assets

	2020	2019
	Consolidated and RVC	Consolidated and RVC
	£'000	£'000
Heritage assets held at valuation	4,583	4,583
At 31 July 2020	4,583	4,583

There were no additions or disposals in the year.

RVC holds various valuable works of art and publications in its collection. These comprise three main categories:

- Works of art including a collection of portraits and sculptures mainly of veterinary subjects;
- Collection of historic veterinary books and articles dating from the 17th and 18th centuries; and
- Natural history collections relating to veterinary studies.

Heritage assets are held for their contribution to knowledge and culture. Works of art are stated at their insurance valuation. The most recent valuation was undertaken by Bonhams as at 31 July 2017.

20. Investments

Movement on the investment long-term portfolio comprises:				
	2020		2019	
	Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
At 1 August	13,652	10,543	12,748	9,816
Additions	8,019	6,196	4,990	3,842
Disposals	(7,647)	(5,922)	(4,431)	(3,378)
Realised gain	113	89	44	34
Unrealised (loss) / gain	(1,124)	(865)	301	229
At 31 July	13,013	10,041	13,652	10,543

The consolidated investments portfolio is managed by UBS AG except for some specific direct investments held directly by the RVC. Term deposits placed by UBS on behalf of the RVC are disclosed in Note 26 (Investments – Short-term) and balances readily available to the RVC are included in Note 27 (Cash and cash equivalents).

RVC is a minority shareholder in a spin-off company, Tecrea Limited, which was founded in February 2012 and specialises in nanotechnology research and innovation. During 2019/20, the RVC took up the option to purchase additional shares, at a cost of £90k, from two of the founding shareholders who had decided to sell their interests, increasing its holding from 18% to 19.6%. RVC's shareholdings in Tecrea Limited and Tecrea Animal Health Limited (TAHL) (established in 2019) are subscribed and held at a nominal value of less than £1.

21. Investments in Subsidiaries

	2020 RVC £	2019 RVC £
RVC Veterinary Practices Limited	4,150,000	4,150,000
London BioScience Innovation Centred Limited	123,000	123,000
RVC Developments Limited	2	2
Royal Veterinary College (Hong Kong) Limited	2	2
	<u>4,273,004</u>	<u>4,273,004</u>

Investments in subsidiaries are eliminated on consolidation. Further information on subsidiary companies and consolidated entities is provided in Note 22.

22. Subsidiary and Consolidated Entities

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

Company	Holding	Nature of Business	Jurisdiction where registered	Shareholding
London BioScience Innovation Centre Limited	100%	Laboratory and offices for bioscience companies	England and Wales (no. 04013123)	123,000 ordinary £1
RVC Veterinary Practices Limited	100%	Veterinary practice	England and Wales (no. 11293077)	4,150,000 ordinary £1
RVC Developments Limited	100%	Construction services provided to RVC	England and Wales (no. 07114564)	2 ordinary £1
Royal Veterinary College (Hong Kong) Limited	100%	Education provision in Hong Kong	Hong Kong (no. 1337151)	2 ordinary £1

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

The RVC is the corporate (sole) Trustee of The Royal Veterinary College Animal Care Trust, a charity registered with the Charity Commission in England and Wales (charity no. 281571). As the RVC exercises control over the Animal Care Trust, the Trust's accounts are fully consolidated in the RVC's consolidated financial statements.

RVC Developments Limited and Royal Veterinary College (Hong Kong) Limited had no trading activity in the year. In accordance with section 479C of the Companies Act 2006, the RVC has waived the requirement for RVC Limited to produce audited financial statements for the year ending 31 July 2020. The RVC has also provided a guarantee under section 479C of the Companies Act 2006.

23. Non-Current Receivables

	2020		2019	
	Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
Amounts falling due after more than one year:				
Loan to subsidiary undertaking	-	760	-	1,011
	<u>-</u>	<u>760</u>	<u>-</u>	<u>1,011</u>

The amounts shown under the RVC relates to the long-term element of a loan to London BioScience Innovation Centre Limited (LBIC). At 31 July 2020 the total value of the loan outstanding from LBIC was £1m (2019: £1.2m) of which £236,000 is due within one year (see Note 25). The loan is on commercial terms and mirrors that previously in place between the RVC and the Royal Bank of Scotland, which was repaid in July 2018 and funded the development of the McFadyean Building which LBIC occupies. The RVC's loan to LBIC is not due to be fully repaid until 2024.

24. Stock

	2020		2019	
	Consolidated	RVC	Consolidated	RVC
	£'000	£'000	£'000	£'000
General consumables	1,500	1,388	1,007	924
Farm stocks	398	398	304	304
	<u>1,898</u>	<u>1,786</u>	<u>1,311</u>	<u>1,228</u>

Farm stocks include biological assets of dairy cattle valued at £246,000 (2019: £148,000), store cattle of £18,000 (2019: £7,000), sheep of £37,000 (2019: £47,000), other farm animals of £10,000 (2019: £6,000), growing crops of £14,000 (2019: £13,000) as well as feeds and forages of £60,000 (2019: £74,000) and other farm stocks £13,000 (2019: £9,000). Biological assets have been reviewed and revalued at fair value based on information available as of 31 July 2020.

25. Trade and Other Receivables

	2020		2019	
	Consolidated	RVC	Consolidated	RVC
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Research grant receivables	2,116	2,116	3,032	3,032
Other trade receivables	5,854	5,524	3,860	3,439
Other receivables	287	287	81	56
Prepayments and accrued income	1,880	1,827	1,774	1,769
Amounts due from subsidiary undertakings	-	1,107	-	302
Amounts due from concessionary loans	-	-	104	104
	<u>10,137</u>	<u>10,861</u>	<u>8,851</u>	<u>8,702</u>

The short-term element of the loan to London BioScience Innovation Centre Limited is included as Amounts due from subsidiary undertakings: further details are provided in Note 23 above.

26. Investments – Short-Term

	2020		2019	
	Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
Short-term deposits	15,000	15,000	30,411	30,411
	<u>15,000</u>	<u>15,000</u>	<u>30,411</u>	<u>30,411</u>

The RVC and ACT's short-term cash deposits are managed through the RVC's investment fund managers UBS AG and placed with its counterparties. Further information on the portfolio managed by UBS AG is provided in Note 20.

27. Cash and Cash Equivalents

	2020		2019	
	Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
Cash in hand	85	85	129	115
Cash at bank	17,241	14,397	8,827	7,187
Current deposits	18,266	18,266	5,195	5,089
	<u>35,592</u>	<u>32,748</u>	<u>14,151</u>	<u>12,391</u>

Cash at bank comprises balances held in RVC and subsidiary entity current accounts with the Royal Bank of Scotland (including euro and US dollar accounts) and with UBS AG.

Current deposits represent funds held on call with UBS AG, along with currency accounts also managed by UBS AG as part of the RVC's portfolio. They also include cash equivalents in the form of funds placed for periods of less than three months in fixed term or on call deposits with counterparties.

28. Creditors – Amounts falling due within one year

	2020		2019	
	Consolidated	RVC	Consolidated	RVC
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Unsecured loans	214	214	334	334
Obligations under finance leases	239	239	238	238
Trade payables	1,194	1,148	1,928	1,834
Taxation due including social security	3,246	2,894	2,540	2,267
Research grant payables	13,015	13,015	8,423	8,423
Accrued expenses and deferred income	7,033	6,596	6,102	5,370
Amounts owed to subsidiaries	-	370	-	1,444
	<u>24,941</u>	<u>24,476</u>	<u>19,565</u>	<u>19,910</u>
For 2019/20, Client deposits repayable after one year have been reclassified from Creditors due within one year.				

29. Creditors – Amounts falling due after one year

	2020		2019	
	Consolidated	RVC	Consolidated	RVC
	£'000	£'000	£'000	£'000
Amounts falling due after one year:				
Private placements	45,000	45,000	45,000	45,000
Unsecured loans	229	229	443	443
Trade payables	199	-	-	-
Obligations under finance leases	-	-	241	241
	<u>45,428</u>	<u>45,229</u>	<u>45,684</u>	<u>45,684</u>

The private placements were raised in July 2018 with Sun Life Assurance Company of Canada and its UK subsidiary company. The funds raised were used in part to repay £22m in unsecured loans (and associated breakage costs of economic hedges) held with the Royal Bank of Scotland. The balance is being applied to part fund RVC's major capital programme. Other unsecured borrowings are detailed below.

For 2019/20, Client deposits repayable after one year have been reclassified from Creditors due within one year.

	2020	2019
	Consolidated and RVC	Consolidated and RVC
	£'000	£'000
Analysis of unsecured loans and private placements:		
Due between one and two years	214	214
Due between two and five years	15	229
Due in five years or more	45,000	45,000
Due after more than one year	<u>45,229</u>	<u>45,443</u>
Due within one year	214	334
Total unsecured borrowings	<u>45,443</u>	<u>45,777</u>

The loan terms, applicable interest rates and counter-parties of unsecured borrowings as at 31 July 2020 are as follows:

Lender	Amount £'000	Term ends	Interest rate %
Salix	443	October 2022	nil
Sun Life Canada	15,000	July 2033	2.55
Sun Life Canada	15,000	July 2038	2.72
Sun Life Canada	15,000	July 2043	2.82
Total unsecured borrowings	<u>45,443</u>		

RVC secured interest-free Salix loan funding to support investment in energy efficiency projects. The outstanding balance of £0.4m is repayable over the next three years.

30. Provisions for Pension and Other Liabilities

	Provision to fund deficit on USS Pension	Acorn House Practice acquisition	Tax liabilities	Legal claims	Total Other Provisions
	£'000	£'000	£'000	£'000	£'000
Consolidated					
At 1 August 2019	19,542	334	-	-	334
Utilised in the year	(399)	(334)	-	-	(334)
Additions in the year	309	-	196	137	333
Unused amounts released in the year	(9,860)	-	-	-	-
At 31 July 2020	9,592	-	196	137	333
RVC					
At 1 August 2019	19,332	-	-	-	-
Utilised in the year	(395)	-	-	-	-
Additions in the year	306	-	196	137	333
Unused amounts released in the year	(9,756)	-	-	-	-
At 31 July 2020	9,487	-	196	137	333
<p>The provision to fund the past deficit for the Universities Superannuation Scheme (USS) arises from the contractual obligation with the scheme for total payments relating to benefits to be provided arising from past performance of the scheme. Management have assessed potential changes in the pay bill and numbers of employee members of USS over the period of the contracted obligation to reach an assessment of the provision required. The provision unwinds over the period of the scheme's recovery plan, taking into account the scheme's surplus or deficit and the applicable discount rate (as advised by Mercers). Further details of pension schemes are provided in Note 38.</p> <p>The Acorn House provision for future payments related to obligations to the vendors of the veterinary practice which were subject to the sales performance of the business acquired by RVC Veterinary Practices Ltd., in its first full year of operation. This provision was fully paid out in September 2019.</p> <p>The tax liabilities provision arises from a review undertaken in the financial year ending 31 July 2020 which identified potential tax adjustments relating to employment location and, separately, benefits provided to a small group of employees.</p> <p>The legal claims provision relates to three individual claims currently under investigation.</p>					

31. Endowment Reserves

Consolidated	Restricted	Expendable	2020	2019
	Permanent £'000	Endowments £'000	Total £'000	Total £'000
Balances at 1 August				
Capital	1,158	4,430	5,588	5,636
Accumulated income	1,470	1,993	3,463	3,554
	<u>2,628</u>	<u>6,423</u>	<u>9,051</u>	<u>9,190</u>
New endowments	4	6	10	11
Investment income	88	216	304	350
Expenditure	(45)	(244)	(289)	(374)
(Decrease) in market value of investments	(118)	(289)	(407)	(126)
Total endowment comprehensive (expenditure) for the year	<u>(71)</u>	<u>(311)</u>	<u>(382)</u>	<u>(139)</u>
Balances at 31 July	<u>2,557</u>	<u>6,112</u>	<u>8,669</u>	<u>9,051</u>
RVC				
	Restricted	Expendable	2020	2019
	Permanent £'000	Endowments £'000	Total £'000	Total £'000
Balances at 1 August				
Capital	1,158	4,414	5,572	5,617
Accumulated income	1,470	1,994	3,464	3,554
	<u>2,628</u>	<u>6,408</u>	<u>9,036</u>	<u>9,171</u>
New endowments	4	6	10	11
Investment income	88	216	304	339
Expenditure	(45)	(243)	(288)	(374)
(Decrease) in market value of investments	(118)	(289)	(407)	(111)
Total endowment comprehensive (expenditure) for the year	<u>(71)</u>	<u>(310)</u>	<u>(381)</u>	<u>(135)</u>
Balances at 31 July	<u>2,557</u>	<u>6,098</u>	<u>8,655</u>	<u>9,036</u>
Analysis by type of purpose:				
	Consolidated		RVC	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Scholarships and prizes	2,878	2,940	2,864	2,925
Student welfare and support	1,439	1,535	1,439	1,535
Research support	3,249	3,419	3,249	3,419
Clinical services support	1,103	1,157	1,103	1,157
	<u>8,669</u>	<u>9,051</u>	<u>8,655</u>	<u>9,036</u>
No funds were in deficit in either 2019/20 or the prior year.				

32. Restricted Reserves

Consolidated	Unspent	Donations	2020	2019
	Capital Grants	and Other	Total	Total
	£'000	£'000	£'000	£'000
Balances at 1 August	-	2,831	2,831	3,008
New grants	725	-	725	1,315
New donations	-	738	738	955
Investment income	-	181	181	88
Expenditure	-	(57)	(57)	(1,194)
Increase / (decrease) in market value of investments	-	(115)	(115)	(26)
Total restricted comprehensive income for the year	725	747	1,472	1,138
Capital grants utilised and released to unrestricted reserve	(725)	-	(725)	(1,315)
Balances at 31 July	-	3,578	3,578	2,831
RVC	Unspent	Donations	2020	2019
	Capital Grants	and Other	Total	Total
	£'000	£'000	£'000	£'000
Balances at 1 August	-	308	308	305
New grants	725	-	725	1,315
New donations	-	811	811	1,470
Investment income	-	-	-	-
Expenditure	-	(48)	(48)	(1,467)
Total restricted comprehensive income for the year	725	763	1,488	1,318
Capital grants utilised and released to unrestricted reserve	(725)	-	(725)	(1,315)
Balances at 31 July	-	1,071	1,071	308
Analysis by type of purpose:				
	Consolidated		RVC	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Research support	407	377	285	232
Student welfare and support	964	971	-	-
Scholarships and prizes	11	21	-	-
Teaching support and general education	140	126	-	-
Clinical services support	1,270	1,260	-	-
Capital appeal	786	76	786	76
	3,578	2,831	1,071	308

33. Consolidated Reconciliation of Net Debt

	2020	
	£'000	
Net debt 1 August 2019	<u>32,105</u>	
Movement in cash and cash equivalents	(21,441)	
Acquisition of subsidiaries	-	
Disposal of subsidiaries	-	
Other changes	(702)	
Changes in market value and exchange rates	128	
Net debt 31 July 2020	<u>10,090</u>	
Change in net debt	<u>(22,015)</u>	
	31 July 2020	31 July 2019
Analysis of net debt	Consolidated	Consolidated
	£'000	£'000
Cash and cash equivalents	35,592	14,151
Borrowings: amounts falling due within one year		
Unsecured loans	214	334
Obligations under finance leases	239	238
	<u>453</u>	<u>572</u>
Borrowings: amounts falling due after one year		
Private placements	45,000	45,000
Unsecured loans	229	443
Obligations under finance leases	-	241
	<u>45,229</u>	<u>45,684</u>
Net debt	<u>10,090</u>	<u>32,105</u>

34. Capital and Other Commitments

Provision has not been made for the following capital commitments at 31 July:		
	2020	2019
	Consolidated	Consolidated
	and RVC	and RVC
	£'000	£'000
Commitments contracted for	16,598	3,676
	<u>16,598</u>	<u>3,676</u>
The increase in capital commitments reflects the awarding of the main construction contract for the Hawkshead campus capital project.		

35. Contingent Liabilities

The RVC has given written undertakings to support the subsidiary companies until 31 January 2022.

36. Lease Obligations

Total rentals payable under operating leases	Year ending 31 July 2020			Year ending
	Land and	Other leases	Total	31 July 2019
Consolidated and RVC	Building			Total
	£'000	£'000	£'000	£'000
Payable during the year	66	64	130	214
Future minimum payments due				
Not later than 1 year	66	-	66	130
Later than 1 year and not later than 5 years	263	-	263	263
Later than 5 years	525	-	525	591
Total payments due	<u>854</u>	<u>-</u>	<u>854</u>	<u>984</u>

37. Pension Schemes

Different categories of staff employed by the RVC and its subsidiaries are eligible to join one of four different schemes. The two principal pension schemes for the RVC's staff are two defined benefit schemes: the Universities Superannuation Scheme and the Superannuation Arrangements of the University of London. To meet its pension auto-enrolment obligations towards directly engaged staff who are not eligible for the two main pension schemes, the RVC is also a member of the Universities and RVCs Retirement Savings Scheme, a defined benefit scheme. RVC Veterinary Practices Limited ("RVP") enrolls its staff into a defined benefit scheme, the People's Pension scheme.

In accordance with FRS 102, annual contributions to USS and SAUL are accounted for as if each was a defined contribution scheme. The RVC's obligations to fund past deficits for USS are reflected in Note 30 above. The effect of these schemes in the Financial Statements is as follows:

	Note	2020		2019	
		Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
Statement of income and expenditure - net					
pension cost in year					
Universities Superannuation Scheme (USS)		4,977	4,925	4,265	4,219
Superannuation Arrangements for the University of London (SAUL)		2,283	2,257	2,070	2,045
People's Pension Scheme		32	-	-	-
Universities and Colleges Retirement Savings Scheme (UCRSS)		9	9	7	7
Employer's contributions	8	<u>7,301</u>	<u>7,191</u>	<u>6,342</u>	<u>6,271</u>
Movement on pension past service cost					
- USS Pension Scheme Provision	8	<u>(10,259)</u>	<u>(10,151)</u>	12,760	12,621
Net pension charge to Staff costs		<u>(2,958)</u>	<u>(2,960)</u>	19,102	18,892
Interest cost - unwind of discount					
- USS Pension Scheme Provision	11	309	306	142	142
Total net charge to SOCI		<u>(2,649)</u>	<u>(2,654)</u>	<u>19,244</u>	<u>19,034</u>
Statement of financial position - provision					
for pension scheme liability					
Pension provisions					
- USS Pension Scheme Provision	30	(9,592)	(9,487)	(19,542)	(19,332)
Total liability on SOFP		<u>(9,592)</u>	<u>(9,487)</u>	<u>(19,542)</u>	<u>(19,332)</u>

37. Pension Schemes *continued*

Universities Superannuation Scheme (USS)

RVC participates in the USS pension scheme, which is the main scheme covering most academic and academic-related staff. The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund.

Because of the mutual nature of the scheme, the scheme's assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The RVC is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by section 28 of FRS 102, *Employee benefits*, the RVC Consolidated Group and the RVC therefore account for USS as if it were a wholly defined contribution scheme. As a result, the amount charged to the Consolidated Statement of Comprehensive Income represents the contributions payable to the scheme in respect of each accounting period. Since the RVC has entered into an agreement, the USS Recovery Plan, that determines how each employer within the scheme will fund the overall deficit, the RVC recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the Consolidated Statement of Comprehensive Income.

As shown in the table above, the cost charged to the Statement of Comprehensive Income for in-year employer's contributions is £4,977k (2019: £4,265k). Deficit recovery contributions due within one year for the institution are £460k (2019: £400k).

The latest available complete actuarial valuation of the Retirement Income Builder section of the scheme was at 31 March 2018 (the valuation date), which was carried out using the projected unit method. A valuation as at 31 March 2020 was underway but not yet complete as of 31 July 2020 (USS expect to complete this by the statutory deadline of 30 June 2021).

Since the RVC cannot identify its share of the Retirement Income Builder section of the scheme assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

The 2018 valuation was the fifth 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 £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

The key financial assumptions used in the 2018 valuation are described below:

Discount rate	Years 1-10: CPI + 0.14% reducing linearly to CPI - 0.73% Years 11-20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21 Years 21+: CPI +1.55%
Pension increases (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2018 actuarial valuation. The mortality assumptions used in these figures are as follows:

Mortality base table	<i>Pre-retirement:</i> 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females <i>Post-retirement:</i> 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females.
Future improvements to mortality	CMI_2017 with a smoothing parameter of 8.5 and a long-term improvement rate of 1.8% p.a. for males and 1.6% for females.

37. Pension Schemes *continued*

Universities Superannuation Scheme (USS) *continued*

The current life expectancies on retirement at age 65 are:

	2018	2017
	Valuation	Valuation
Males currently aged 65 (years)	24.4	24.6
Females currently aged 65 (years)	25.9	26.1
Males currently aged 45 (years)	26.3	26.6
Females currently aged 45 (years)	27.7	27.9

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6%. The 2020 deficit recovery liability reflects this plan.

The RVC Consolidated Group's provisions for USS pensions liability figures (disclosed in the table above and resulting in the provision for USS pensions in Note 30) have been produced using the following assumptions:

	2020	2019
Discount rate	0.73%	2.44%
Pensionable payroll growth (average per annum)	3.23%	2.11%

In September 2020, the Trustee of the Universities Superannuation Scheme (USS) launched a consultation with Universities UK on key aspects of the scheme's 2020 valuation. The scope of this exercise covers a wide range of potential outcomes - reflecting issues still to be resolved on employer support as well as uncertainties for the higher education sector and financial markets in general - but, based on the proposals put forward, the Trustee has indicated that the fund's deficit at 31 March 2020 could range from between £9.8bn and £17.9bn. The Trustee has until 30 June 2021 to conclude the valuation.

Superannuation Arrangements of the University of London (SAUL)

The RVC participates in the Superannuation Arrangements of the University of London (SAUL), which is a centralised defined benefit scheme within the United Kingdom. SAUL is an independently-managed pension scheme for the non-academic staff of over 50 colleges and institutions with links to higher education.

Pension benefits accrued within SAUL currently build up on a Career Average Revalued Earnings (CARE) basis.

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

Funding policy

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

37. Pension Schemes *continued*

Superannuation Arrangements of the University of London (SAUL) *continued*

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 July 2020 Continued

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 2017. Informal reviews of SAUL's position, reflecting changes in market conditions, cash flow information and new accrual of benefits, are carried out between formal valuations.

The funding principles were agreed by the Trustee and employers in June 2018 and are due to be reviewed at SAUL's next formal valuation in 2020.

At the 31 March 2017 valuation SAUL was fully funded on its Technical provisions basis so no deficit contributions were required. The Trustee and employers have agreed that the ongoing employers' contributions will continue at a rate of 16% of CARE salaries.

Accounting policy and costs reflected in the RVC's accounts

The RVC is a participating employer in SAUL. The actuarial valuation applies to SAUL as a whole and does not identify surpluses or deficits applicable to individual employers. As a whole, the market value of SAUL's assets was £3,205 million representing 102% of the liabilities for benefits accrued up to 31 March 2017.

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

As there was a technical provisions surplus at 31 March 2017, there is no defined benefit liability (i.e. the present value of any deficit contributions due to SAUL) to be recognised by the RVC. The latest actuarial report available was produced as at 31 March 2019 for SAUL by Mercer Limited on 25 July 2019 and calculated that the surplus at 31 March 2019 was £104 million, equivalent to a funding level of 103%.

Universities and Colleges Retirement Savings Scheme (UCRSS)

The RVC participates in the Universities and Colleges Retirement Savings Scheme (UCRSS), which is a defined contribution scheme for the higher and further education sector. It is a centrally arranged scheme, established under a Framework Agreement with Advanced Procurement for Universities and Colleges Limited. UCRSS is delivered through the Mercer Master Trust. UCRSS enables the RVC to provide access to pensions provision for those staff who are not eligible for the two main schemes operated by the RVC and for the College to meet its pension automatic enrolment responsibilities under the Pensions Act 2008.

People's Pension Scheme

RVC Veterinary Practices Limited uses the People's Pension Scheme to meet its pension automatic enrolment responsibilities under the Pensions Act 2008: this also provides continuity for the staff previously employed by the Acorn Partnership. The People's Pension Scheme is a master trust (a multi-employer scheme run by trustees) and provides a defined contribution scheme available to employers across the United Kingdom.

38. Related Party Transactions

The operating statements of the Royal Veterinary College include transactions with related parties. These transactions are disclosed where members of the RVC's Council disclose an interest in a body with whom the College undertakes transactions which are considered material to the RVC's Financial Statements and/or those of the other party. Due to the nature of the College's operations and the composition of Council (being drawn from local and private sector organisations and the RVC), it is inevitable that transactions will take place with organisations in which members of Council may have an interest.

A register of the interests of members of Council is maintained. RVC has not disclosed transactions with other Group entities (as all those entities are fully controlled by the RVC and the College holds 100% of the voting rights of those entities with share capital).

Ms J Urquhart-Gilmore was President of the RVC Students' Union (RVCSU) for the 2019/20 academic year and was succeeded by Mr Q Wedmore from 1 August 2020. The President of the RVCSU is ex officio a member of Council of the RVC. The RVCSU received £242,291 from RVC in the normal course of business (2019: £255,151) including both grant funding and trading transactions. In addition, the RVC provided grant-in-kind in the year in the form of rent-free premises and associated services estimated to total £95,940 to RVCSU (estimated at £95,940 in 2018/19).

The Principal, Professor SWJ Reid, in his role as Principal, is a member of the Board of Trustees of the University of London. RVC made payments in the normal course of business totalling £180,900 to the University of London and its associated undertakings (2019: £38,195). Professor Reid is a Board member of the Food Standards Agency: as part of its routine business, the College received a project studentship in 2019/20 for £6,623 from the FSA (prior year: £NIL).

Professor Reid is a Board member of the Surveillance and Epidemiology of Drug-resistant Infections Consortium (SEDRIC), a part of the Wellcome Trust. Dr Anne-Marie Coriat is a member of Council and Head of UK/EU Research Landscape at Wellcome. The RVC received funding of £283,734 from Wellcome in the year (2019: £284,011).

Professor Andrew Pitsillides is a member of Council and served during the year as a member of the College of Experts of Arthritis Research as well as a member of its Fellowship Funding Panel. RVC received £146,791 from Arthritis Research in the year (2019: £166,567).

COUNCIL MEMBERS

The Council members who held office during the year and until the date on which the Financial Statements were formally approved were as follows:⁶

Independent Members

Baroness Young of Old Scone F&GPC, RC (Chairman from 1 August 2019 & re-appointed 1 August 2020)

Mr RMF Bright F&GPC, RC (Hon. Treasurer; Vice Chairman from 1 August 2019 & re-appointed 1 August 2020)

Ms J Alexander F&GPC

Dr A-M Coriat

Dr D Danson AC (to 31 July 2020)

Mr R Hargreaves

Mr J Heawood F&GPC

Mr A Laycock AC

Dr S Lishman CBE

Ms A Pearce Higgins AC (Chairman of Audit Committee from 1 August 2020)

Mr P Reid F&GPC

Members elected by the Academic Board

Professor J Maddison

Professor A Pitsillides

President of the RVC Students' Union (ex-officio)

Ms J Urquhart-Gilmore (2019/20) F&GPC (to 31 July 2020)

Mr Q Wedmore (2020/21) F&GPC (from 1 August 2020)

Principal (ex-officio)

Professor SWJ Reid CBE F&GPC

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

CO-OPTED MEMBERS OF COUNCIL COMMITTEES

Mr D Cook AC

Mrs A Cooper F&GPC

Mrs A O'Hara F&GPC

Dr S Virdee AC

⁶ Members of the following Council Committees are signified as follows:

F&GPC Finance and General Purposes Committee

AC Audit Committee

RC Remuneration Committee

The Royal Veterinary College

Finance Department

Financial Accounting Team

4 Royal College Street

London

NW1 0TU

United Kingdom

+44 (0)20 7468 5000

Email: finance@rvc.ac.uk

www.rvc.ac.uk



**Celebrating over 229 years.
Still making history.**

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