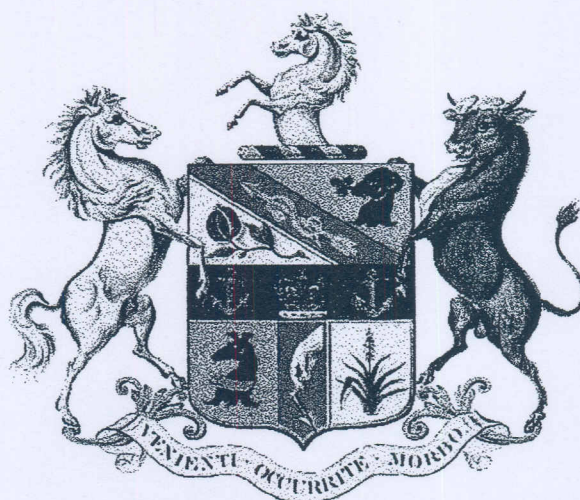


# ROYAL VETERINARY COLLEGE

University of London  
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## FINANCIAL STATEMENTS 2000

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## CONSOLIDATED FINANCIAL SUMMARIES

	2000 £000	1999 £000	1998 £000	1997 £000	1996 £000
<b>INCOME &amp; EXPENDITURE ACCOUNT</b>					
Funding Council grants	10,241	8,671	7,688	7,312	7,604
Academic fees and support grants	2,627	2,378	2,717	2,570	2,155
Research grants and contracts	4,105	3,745	3,254	3,442	2,933
Other operating income	5,316	4,560	4,031	3,663	3,435
Endowment income and interest receivable	941	892	1,383	1,199	1,008
Profit on sale of fixed assets and investments	105	60	124	196	-
<b>TOTAL INCOME</b>	<b>23,335</b>	<b>20,306</b>	<b>19,197</b>	<b>18,382</b>	<b>17,135</b>
Staff Costs	(12,499)	(10,901)	(10,346)	(9,924)	(9,154)
Depreciation	(1,250)	(1,208)	(1,200)	(1,097)	(734)
Other operating expenses	(7,745)	(7,254)	(6,860)	(6,313)	(6,227)
<b>TOTAL EXPENDITURE</b>	<b>(21,494)</b>	<b>(19,363)</b>	<b>(18,406)</b>	<b>(17,334)</b>	<b>(16,115)</b>
<b>SURPLUS FOR THE YEAR</b>	<b>1,841</b>	<b>943</b>	<b>791</b>	<b>1,048</b>	<b>1,020</b>

### BALANCE SHEET

Fixed assets & investments	19,031	18,446	15,015	13,988	12,216
Endowment asset investments	6,915	5,910	5,535	4,802	4,082
Cash at bank and in hand	2,154	735	3,858	4,854	5,351
Net non cash current (liabilities) / assets	(1,922)	(1,318)	(1,090)	(911)	38
Provisions, long term loan & deferred capital grants	(10,261)	(10,759)	(11,704)	(12,643)	(13,507)
<b>TOTAL NET ASSETS</b>	<b>15,917</b>	<b>13,014</b>	<b>11,614</b>	<b>10,090</b>	<b>8,180</b>

# TREASURER'S REPORT

for the year ended 31 July 2000

## 1 SCOPE OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the SORP: Accounting for Further and Higher Education, and the relevant accounting standards. The consolidated financial statements cover the activities of the College and the Animal Care Trust (ACT), a separate charity registered with the Charities Commission.

## 2 RESULTS FOR THE YEAR

	2000	1999
	£000	£000
Income	23,335	20,306
Expenditure	(21,494)	(19,363)
Surplus for the year	<b>1,841</b>	<b>943</b>

The consolidated surplus includes sums intended for strategic development aimed at further improving the academic performance of the College. It also reflects the inevitable time-lag between the receipt of new funding for additional student numbers (see section 3 below) and the incidence of the employment costs of the additional staff appointments enabled by that new funding.

## 3 INCOME

Total income for the year rose by 15%. Funding Council grants showed an overall increase of 18%, however, 13% (£1,140,000) of this was for additional funded places. The increase in student numbers is also reflected in a 14% rise in home full-time student fees. The College's continued success in bidding for additional funded student numbers under the HEFCE scheme has a significant beneficial effect on the College's financial position.

Income from research grants and contracts increased by 10%. Whereas research grant income shows little change, that from research contracts rose by 22%. Contributions to overheads under this heading rose from £389,000 to £422,000 (8%). The unchanged research grant income shows the increased intensity of competition for peer-reviewed research grants in the bio medical sector generally and justifies the College's investment in various schemes to enhance research performance. The 17% increase in other operating income resulted from increased clinical and related earnings.

## 4 EXPENDITURE

Overall expenditure increased by 11%, staff costs rose by 15% mainly as a result of an increase in Academic and Academic-Related staff. Other operating expenses increased by 7%. Expenditure on laboratory consumables remained static, legal and other outside consultancy increased by 65%.

The main reasons for this are a) the retention of the College's IT consultants; b) the introduction of a mobile MRI scanner facility at the Queen Mother Hospital; and c) an increase in the use of sub-contractors on research projects. Miscellaneous expenses rose by 55% mainly due to an increase in staff recruitment costs. Depreciation charged to general income rose from £464,000 in 1999 to £739,000.

## 5 INVESTMENTS

The closing market value of the College's investment portfolio was £8,348,000 (1999 -£7,449,000).

## 6 CAPITAL PROJECTS

During the year work was completed on the new student accommodation at Hawkshead and work was started on the student accommodation at Camden Town. Both these developments have been funded from a loan of £5m from the Royal Bank of Scotland, signed on 25 October 2000. A new barn for the Biological Services Unit at Hawkshead was completed. Developmental work continued on the plans for the large animal clinical centre and learning resources centre, both at Hawkshead and the College's reserves contain significant sums earmarked for expenditure on these projects.

## 7 CASH FLOW

Net cash inflow was £911,000 accounted for mainly by a net inflow from operating activities. Closing net funds stood at £3,695,000.

## 8 FUTURE DEVELOPMENTS

The main challenge for the College in the future is to recruit additional academic staff. The surplus reflects the fact that this has proved difficult in this financial year. The College will continue to expand its infrastructure to provide excellent facilities for teaching and research. At the end of the financial year the College established a wholly-owned subsidiary company, London BioScience Innovation Centre Limited, to take forward the development of a promising proposal for the provision of a biotechnology and bioscience innovation centre at the Camden site.

## 9 CONCLUSION

2000 can be regarded as having been financially satisfactory with the surplus exceeding that expected. The College remains financially sound and in a strong position to meet future challenges.

# INCOME AND EXPENDITURE ACCOUNTS

for the year ended 31 July 2000

	Note	Consolidated		College	
		2000 £000	1999 £000	2000 £000	1999 £000
<b>INCOME</b>					
Funding Council grants	1	10,241	8,671	10,241	8,671
Academic fees and support grants	2	2,627	2,378	2,627	2,378
Research grants and contracts	3	4,105	3,745	4,105	3,745
Other operating income	4	5,316	4,560	5,279	4,521
Endowment income and interest receivable	5	941	892	516	714
Profit on sale of fixed assets and investments		105	60	105	60
<b>TOTAL INCOME</b>		<b>23,335</b>	<b>20,306</b>	<b>22,873</b>	<b>20,089</b>
<b>EXPENDITURE</b>					
Staff costs	6	12,499	10,901	12,418	10,832
Depreciation	9	1,250	1,208	1,250	1,208
Other operating expenses	7	7,745	7,254	7,599	7,131
<b>TOTAL EXPENDITURE</b>	8	<b>21,494</b>	<b>19,363</b>	<b>21,267</b>	<b>19,171</b>
<b>SURPLUS FOR THE YEAR</b>	20	<b>1,841</b>	<b>943</b>	<b>1,606</b>	<b>918</b>

The consolidated income and expenditure relates wholly to continuing operations.

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Surplus for the year	20	1,841	943	1,606	918
Appreciation of fixed asset investments	19	57	82	57	82
Appreciation of endowment asset investments	18	211	(7)	229	-
Endowment income retained for year		65	(60)	50	47
New endowments	18	498	313	166	45
Profit on disposal of endowment assets	18	231	129	224	129
<b>TOTAL RECOGNISED GAINS FOR THE YEAR</b>		<b>2,903</b>	<b>1,400</b>	<b>2,332</b>	<b>1,221</b>

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

# BALANCE SHEETS

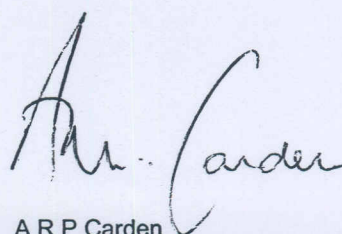
as at 31 July 2000

	Note	Consolidated		College	
		2000 £000	1999 £000	2000 £000	1999 £ 000
<b>FIXED ASSETS</b>					
Tangible assets	9	17,598	16,907	17,598	16,907
Investments	10	1,433	1,539	1,433	1,539
Endowment Asset Investments	11	6,915	5,910	4,535	3,866
<b>CURRENT ASSETS</b>					
Stocks in hand	12	366	323	343	305
Debtors	13	2,020	2,175	2,019	2,170
Short term deposits		1,059	76	2,906	1,448
Cash at bank and in hand		1,095	659	1,071	648
		4,540	3,233	6,339	4,571
Creditors: Due Within One Year	14	(4,308)	(3,816)	(6,587)	(5,464)
Net current assets / (liabilities)		232	(583)	(248)	(893)
Total assets less current liabilities		26,178	23,773	23,318	21,419
Creditors: Due After More Than One Year	15	(212)	(190)	(87)	-
Provisions for liabilities and charges	16	(1,446)	(1,455)	(1,446)	(1,455)
Deferred capital grants	17	(8,603)	(9,114)	(8,603)	(9,114)
<b>TOTAL NET ASSETS</b>		<b>15,917</b>	<b>13,014</b>	<b>13,182</b>	<b>10,850</b>
Represented by:					
<b>ENDOWMENTS</b>					
Specific	18	5,827	4,985	3,447	2,941
General	18	1,088	925	1,088	925
		6,915	5,910	4,535	3,866
<b>RESERVES</b>					
Income and Expenditure account	20	8,863	7,022	8,508	6,902
Revaluation - fixed asset investments	19	139	82	139	82
<b>TOTAL FUNDS</b>		<b>15,917</b>	<b>13,014</b>	<b>13,182</b>	<b>10,850</b>

The financial statements on pages 3 to 16 were approved by the Council on 6 December 2000 and signed on its behalf by:



Professor L E Lanyon  
Principal



A R P Carden  
Chairman of Finance Committee

# CASH FLOW STATEMENTS

for the year ended 31 July 2000

	Note	Consolidated		College	
		2000 £000	1999 £000	2000 £000	1999 £000
Net cash inflow from operating activities	21	2,744	925	3,230	1,094
Returns on investments and servicing of finance	22	362	455	258	396
Capital expenditure and financial investment	23	(1,263)	(4,376)	(1,723)	(4,544)
Cash outflow before liquid resources and financing		1,843	(2,996)	1,765	(3,054)
Management of liquid resources - bank deposits		(983)	1,480	(1,458)	1,418
Financing loan and finance lease	24	51	(65)	116	(65)
<b>INCREASE / (DECREASE) IN CASH</b>		<b>911</b>	<b>(1,581)</b>	<b>423</b>	<b>(1,701)</b>

## RECONCILIATION OF CASH FLOW TO MOVEMENT IN FUNDS

Increase / (Decrease) in cash in the period	911	(1,581)	423	(1,701)
Increase / (Decrease) in short term deposits	983	(1,480)	1,458	(1,418)
Repayment of loan	65	65	-	65
New finance lease	(116)	-	(116)	-
Changes in net funds	1,843	(2,996)	1,765	(3,054)
Opening net funds	1,852	4,848	2,096	5,150
<b>CLOSING NET FUNDS</b>	<b>3,695</b>	<b>1,852</b>	<b>3,861</b>	<b>2,096</b>

	Opening Balance £000	Cash Flows £000	Other Changes £000	Closing Balance £000
<b>CHANGES IN NET FUNDS - Consolidated</b>				
Endowment short term deposits	1,372	475	-	1,847
Other cash	659	436	-	1,095
Short term deposits	76	983	-	1,059
Loan and finance lease repayable within one year	(65)	65	(94)	(94)
Loan and finance lease repayable after one year	(190)	(116)	94	(212)
	<b>1,852</b>	<b>1,843</b>	<b>-</b>	<b>3,695</b>
<b>CHANGES IN NET FUNDS - College</b>				
Other cash	648	423	-	1,071
Short term deposits	1,448	1,458	-	2,906
Finance lease repayable within one year	-	-	(29)	(29)
Finance lease repayable after one year	-	(116)	29	(87)
	<b>2,096</b>	<b>1,765</b>	<b>-</b>	<b>3,861</b>

# NOTES TO THE ACCOUNTS

for the year ended 31 July 2000

	Note	Consolidated		College	
		2000	1999	2000	1999
		£000	£000	£000	£000
<b>1 FUNDING COUNCIL GRANTS</b>					
Recurrent grants		9,548	8,039	9,548	8,039
Specific grants		409	130	409	130
Deferred capital grants released in year:					
Buildings	17	284	284	284	284
Equipment		-	218	-	218
		<b>10,241</b>	<b>8,671</b>	<b>10,241</b>	<b>8,671</b>
<b>2 ACADEMIC FEES AND SUPPORT GRANTS</b>					
Student fees - full-time		734	642	734	642
Student fees - full-time overseas and full cost		1,674	1,574	1,674	1,574
Student fees - part-time		90	15	90	15
Research training support grants		46	63	46	63
Short course fees		83	84	83	84
		<b>2,627</b>	<b>2,378</b>	<b>2,627</b>	<b>2,378</b>
<b>3 RESEARCH GRANTS AND CONTRACTS</b>					
Income from research grants		2,193	2,180	2,193	2,180
Income from research contracts		1,912	1,565	1,912	1,565
		<b>4,105</b>	<b>3,745</b>	<b>4,105</b>	<b>3,745</b>
Research Councils		240	303	240	303
UK based charities		1,696	1,654	1,696	1,654
UK government bodies		692	466	692	466
UK industry and commerce		755	1,005	755	1,005
EU government bodies		141	91	141	91
EU business		195	108	195	108
Outside EU		386	118	386	118
		<b>4,105</b>	<b>3,745</b>	<b>4,105</b>	<b>3,745</b>
<b>4 OTHER OPERATING INCOME</b>					
Residences, catering and conference		348	298	348	298
Clinical and related earnings		4,884	4,180	4,884	4,180
Rent and other income		84	82	47	43
		<b>5,316</b>	<b>4,560</b>	<b>5,279</b>	<b>4,521</b>

# NOTES TO THE ACCOUNTS

for the year ended 31 July 2000

	Note	Consolidated		College	
		2000 £000	1999 £000	2000 £000	1999 £000
<b>5 ENDOWMENT INCOME AND INTEREST RECEIVABLE</b>					
Transferred from specific endowments	18	140	190	51	24
Income from short-term investments		163	325	163	325
Release from deferred capital grant		227	241	227	241
Donations, gifts and legacies received		411	136	75	124
		941	892	516	714
<b>6 STAFF COSTS AND STATISTICS</b>					
Wages and salaries		10,678	9,453	10,606	9,393
Social security costs		751	673	747	667
Pension costs	29	1,070	775	1,065	772
	8	12,499	10,901	12,418	10,832
Emoluments of the Principal		107	90	107	90
Excluding employer's pension contributions of £15,000 (1999 - £12,000)					
<b>AVERAGE STAFF NUMBERS</b>					
		Number	Number	Number	Number
Academic		209	189	209	189
Technicians		111	105	111	105
Administrative and academic related		111	101	110	98
Maintenance and manual		36	33	36	33
		467	428	466	425
Remuneration of higher paid staff					
£50,001 - £60,000		4	5	4	5
£60,001 - £70,000		6	4	6	4
<b>7 OTHER OPERATING EXPENSES</b>					
		£000	£000	£000	£000
Residences, catering and conference		143	131	143	131
Consumables and laboratory expenses		2,302	2,304	2,302	2,304
Stationery and publications		515	522	515	522
Student and educational expenditure		332	300	332	300
Rates, cleaning and insurance		269	305	269	305
Electricity, gas, oil and water		432	365	432	365
Small equipment and repairs		873	1,086	846	1,061
Minor works and maintenance		646	630	646	630
External auditors' remuneration - audit fees		21	20	21	20
Legal and other outside consultancy		894	542	894	542
Bad debts and debt collection costs		99	24	99	24
Travelling and subsistence		547	524	547	524
Telephone, fax and postage		285	251	285	251
Miscellaneous expenses		387	250	268	152
		7,745	7,254	7,599	7,131



# NOTES TO THE ACCOUNTS

for the year ended 31 July 2000

	Staff £000	Depn £000	Other Expenses £000	Consolidated	
				2000 Total £000	1999 Total £000
<b>8 EXPENDITURE BY ACTIVITIES</b>					
Academic departments	5,032	154	1,112	6,298	5,616
Academic services	577	74	624	1,275	888
Research grants and contracts	2,063	-	1,620	3,683	3,356
Residences and catering	192	25	236	453	464
Premises and maintenance	549	822	1,227	2,598	2,458
Administration	1,616	10	1,202	2,828	2,455
Clinical and animal services	2,470	165	1,724	4,359	4,126
<b>Consolidated Total</b>	<b>12,499</b>	<b>1,250</b>	<b>7,745</b>	<b>21,494</b>	<b>19,363</b>
<b>College Total</b>	<b>12,418</b>	<b>1,250</b>	<b>7,599</b>	<b>21,267</b>	<b>19,171</b>

Depreciation charge is funded by:

Deferred capital grant	511	744
General income	739	464

	Freehold Properties £000	Furniture & Equipment £000	Consolidated & College	
			2000 Total £000	1999 Total £000
<b>9 TANGIBLE ASSETS</b>				
<b>COST</b>				
1 August	20,670	795	21,465	18,958
Additions *	1,237	704	1,941	3,522
Disposals	-	(395)	(395)	(1,015)
<b>Cost at 31 July</b>	<b>21,907</b>	<b>1,104</b>	<b>23,011</b>	<b>21,465</b>
<b>DEPRECIATION</b>				
1 August	(4,160)	(398)	(4,558)	(4,365)
Charge for the year	(807)	(443)	(1,250)	(1,208)
Eliminated on disposals	-	395	395	1,015
<b>Depreciation at 31 July</b>	<b>(4,967)</b>	<b>(446)</b>	<b>(5,413)</b>	<b>(4,558)</b>
<b>Net Book Value at 31 July</b>	<b>16,940</b>	<b>658</b>	<b>17,598</b>	<b>16,907</b>
<b>Net Book Value at 1 August</b>	<b>16,510</b>	<b>397</b>	<b>16,907</b>	<b>14,593</b>

\*Property costs include £965,000 (1999 - £1,007,000) building work in progress which is not depreciated.

The net book value of an asset held under a finance lease within furniture and equipment is £99,000 (1999 £nil)

Depreciation on owned assets was £1,225,000 (1999 - £1,208,000) and on leased assets was £25,000 (1999 £nil)

# NOTES TO THE ACCOUNTS

for the year ended 31 July 2000

	Consolidated		College	
	2000	1999	2000	1999
	£000	£000	£000	£000
<b>10 FIXED ASSET INVESTMENTS</b>				
Historical cost at 1 August	1,457	422	1,457	422
Additions	603	1,295	603	1,295
Disposals	(766)	(260)	(766)	(260)
Cumulative market value adjustment	139	82	139	82
<b>Market value at 31 July</b>	<b>1,433</b>	<b>1,539</b>	<b>1,433</b>	<b>1,539</b>
<b>11 ENDOWMENT ASSET INVESTMENTS</b>				
Historical cost at 1 August	5,106	4,723	3,118	2,897
Additions	2,079	877	2,079	777
Disposals	(1,760)	(556)	(1,639)	(556)
Cumulative market value adjustment	1,015	804	977	748
Cash movement	475	62	-	-
<b>Market value at 31 July</b>	<b>6,915</b>	<b>5,910</b>	<b>4,535</b>	<b>3,866</b>
Represented by:				
Fixed interest stocks	1,035	1,057	502	385
Equities	4,033	3,481	4,033	3,481
Cash at bank	1,847	1,372	-	-
<b>Market value at 31 July</b>	<b>6,915</b>	<b>5,910</b>	<b>4,535</b>	<b>3,866</b>
<b>12 STOCKS IN HAND</b>				
Consumables	263	221	240	203
Farm stocks	103	102	103	102
	<b>366</b>	<b>323</b>	<b>343</b>	<b>305</b>
<b>13 DEBTORS DUE WITHIN ONE YEAR:</b>				
Trade debtors	1,097	970	1,097	970
Research grant debtors	784	1,151	784	1,151
Taxes receivable	41	17	40	12
Other debtors	98	37	98	37
	<b>2,020</b>	<b>2,175</b>	<b>2,019</b>	<b>2,170</b>
<b>14 CREDITORS: DUE WITHIN ONE YEAR</b>				
Unsecured loan and finance lease	(94)	(65)	(29)	-
Trade creditors	(1,012)	(1,000)	(1,012)	(1,000)
Research grants creditors	(2,374)	(2,282)	(2,374)	(2,282)
Taxes payable	(351)	(314)	(351)	(314)
Other creditors	(163)	(135)	(163)	(135)
Accruals and deferred income	(314)	(20)	(314)	(20)
Animal Care Trust	-	-	(2,344)	(1,713)
	<b>(4,308)</b>	<b>(3,816)</b>	<b>(6,587)</b>	<b>(5,464)</b>

## NOTES TO THE ACCOUNTS

for the year ended 31 July 2000

	Consolidated		College	
	2000 £000	1999 £000	2000 £000	1999 £000
<b>15 CREDITORS: DUE AFTER ONE YEAR</b>				
Unsecured loan	(125)	(190)	-	-
Obligations under Finance Lease	(87)	-	(87)	-
	(212)	(190)	(87)	-
<b>FINANCE LEASE OBLIGATIONS</b>				
Amounts due between one and two years	(29)	-	(29)	-
Amounts due between two and five years	(58)	-	(58)	-
	(87)	-	(87)	-

	Opening Balance £000	(Increase) / Decrease £000	Provision Utilised £000	Closing Balance £000
	<b>16 PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Consolidated and College				
Unutilised backlog maintenance grant (KDK)	(1,075)	-	-	(1,075)
SSAP 24 SAUL pension	(242)	(293)	303	(232)
Contractual early retirement pension	(138)	(1)	-	(139)
	(1,455)	(294)	303	(1,446)

The HEFCE has notified the College that it is seeking the repayment of up to £2,397,000 (1999 £2,397,000) of unutilised backlog maintenance grant on the grounds that it was paid in error. The HEFCE have, however, indicated their willingness to reduce the claim by £1,400,000 (1999 £1,400,000) for amounts spent on certain capital and priority maintenance projects, which would not have otherwise been contemplated but for this funding. It is anticipated that agreement will be reached in the future regarding the provision of £1,075,000 (1999 £1,075,000). The other provisions are a SSAP24 prepayment and a contractual early retirement pension enhancement relating to the Principal.

	Funding Council £000	Other Donors £000	2000 Total £000	1999 Total £000
	<b>17 DEFERRED CAPITAL GRANTS</b>			
1 August				
Buildings	(5,170)	(3,929)	(9,099)	(9,595)
Equipment	-	(15)	(15)	(263)
	(5,170)	(3,944)	(9,114)	(9,858)
Released to Income and Expenditure Account				
Buildings	284	212	496	496
Equipment	-	15	15	248
Net Book Value at 31 July				
Buildings	(4,886)	(3,717)	(8,603)	(9,099)
Equipment	-	-	-	(15)
	(4,886)	(3,717)	(8,603)	(9,114)

# NOTES TO THE ACCOUNTS

for the year ended 31 July 2000

	Specific £000	General £000	2000 Total £000	1999 Total £000
<b>18 ENDOWMENTS</b>				
Consolidated				
At 1 August	(4,985)	(925)	(5,910)	(5,535)
Additions	(431)	(67)	(498)	(313)
Market value adjustment	(211)	-	(211)	7
Profit on disposal	(165)	(66)	(231)	(129)
Income for the year	(175)	(30)	(205)	(130)
Transfer to Income and Expenditure Account	140	-	140	190
<b>At 31 July</b>	<b>(5,827)</b>	<b>(1,088)</b>	<b>(6,915)</b>	<b>(5,910)</b>
Represented by:				
Prize and scholarships	(3,293)	-	(3,293)	(2,803)
Other restricted funds	(2,534)	(1,088)	(3,622)	(3,107)
<b>At 31 July</b>	<b>(5,827)</b>	<b>(1,088)</b>	<b>(6,915)</b>	<b>(5,910)</b>
College				
At 1 August	(2,941)	(925)	(3,866)	(3,645)
Additions	(99)	(67)	(166)	(45)
Market value adjustment	(229)	-	(229)	-
Profit on disposal	(158)	(66)	(224)	(129)
Income for the year	(71)	(30)	(101)	(71)
Transfer to Income and Expenditure Account	51	-	51	24
<b>At 31 July</b>	<b>(3,447)</b>	<b>(1,088)</b>	<b>(4,535)</b>	<b>(3,866)</b>
Represented by:				
Prize funds	(3,293)	-	(3,293)	(2,803)
Other restricted funds	(154)	(1,088)	(1,242)	(1,063)
<b>At 31 July</b>	<b>(3,447)</b>	<b>(1,088)</b>	<b>(4,535)</b>	<b>(3,866)</b>
	Consolidated		College	
	2000	1999	2000	1999
	£000	£000	£000	£000
<b>19 REVALUATION - FIXED ASSET INVESTMENTS</b>				
At 1 August	(82)	-	(82)	-
Current year movement	(57)	(82)	(57)	(82)
<b>At 31 July</b>	<b>(139)</b>	<b>(82)</b>	<b>(139)</b>	<b>(82)</b>

# NOTES TO THE ACCOUNTS

for the year ended 31 July 2000

	Note	Consolidated		College	
		2000 £000	1999 £000	2000 £000	1999 £000
<b>20 INCOME AND EXPENDITURE ACCOUNT</b>					
At 1 August		(7,022)	(6,079)	(6,902)	(5,984)
Current year movement		(1,841)	(943)	(1,606)	(918)
<b>At 31 July</b>		<b>(8,863)</b>	<b>(7,022)</b>	<b>(8,508)</b>	<b>(6,902)</b>
<b>21 RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES</b>					
Surplus before tax		1,841	943	1,606	918
Interest payment on finance lease		6	-	6	-
Depreciation	9	1,250	1,208	1,250	1,208
Deferred capital grants released	17	(511)	(744)	(511)	(744)
Investment income	5	(303)	(515)	(214)	(349)
Profit on sale of fixed asset investments		(105)	(60)	(105)	(60)
Increase in stocks		(43)	(25)	(38)	(19)
Decrease / (Increase) in debtors		154	(39)	151	(42)
Increase in creditors		464	293	1,094	318
Decrease in provisions		(9)	(136)	(9)	(136)
<b>Net cash inflow from operating activities</b>		<b>2,744</b>	<b>925</b>	<b>3,230</b>	<b>1,094</b>
<b>22 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>					
Income from endowments	18	205	130	101	71
Income from short term investments	5	163	325	163	325
Interest element of finance lease payments		(6)	-	(6)	-
		<b>362</b>	<b>455</b>	<b>258</b>	<b>396</b>
<b>23 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>					
Payment for tangible assets		(1,941)	(3,522)	(1,941)	(3,522)
Payment for fixed asset investments	10	(603)	(1,295)	(603)	(1,295)
Payment for endowment assets	11	(2,079)	(877)	(2,079)	(777)
<b>Total fixed and endowment assets acquired</b>		<b>(4,623)</b>	<b>(5,694)</b>	<b>(4,623)</b>	<b>(5,594)</b>
Proceeds from sale of fixed asset investments		871	320	871	320
Proceeds from sales of endowment assets		1,991	685	1,863	685
Endowments received	18	498	313	166	45
		<b>(1,263)</b>	<b>(4,376)</b>	<b>(1,723)</b>	<b>(4,544)</b>

# NOTES TO THE ACCOUNTS

for the year ended 31 July 2000

	Note	Consolidated		College	
		2000 £000	1999 £000	2000 £000	1999 £000
<b>24 FINANCING</b>					
Capital element of new finance lease		116	-	116	-
Unsecured loan repaid		(65)	(65)	-	(65)
<b>Net cash inflow / (outflow) from financing</b>		<b>51</b>	<b>(65)</b>	<b>116</b>	<b>(65)</b>

## 25 CAPITAL COMMITMENTS

At 31 July

Contracted	3,595	700	3,595	700
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## 26 ACCESS FUNDS

Funding Council Grants	42	22	42	22
Distributed to students	(35)	(13)	(35)	(13)
<b>At 31 July</b>	<b>7</b>	<b>9</b>	<b>7</b>	<b>9</b>

## 27 INTEREST IN GROUP UNDERTAKING

London Animal Pathology Ltd (company number 03092338) is a wholly owned subsidiary company registered in England. It had not traded during the year before it was dissolved on 15 February 2000.

London BioScience Innovation Centre Ltd (company number 04013123) was formed on 12 June 2000. It is a wholly owned subsidiary company registered in England. Its main business is to facilitate Bio start up companies.

## 28 RELATED PARTY DISCLOSURES

The College has taken advantage of the exemption conferred by Financial Reporting Standard No 8, 'Related Party Disclosures', not to disclose transactions with related parties which are eliminated on consolidation.

# NOTES TO THE ACCOUNTS

for the year ended 31 July 2000

## 29 PENSION SCHEMES

The two principal pension Schemes for the College's staff are the Universities Superannuation Scheme (USS) and the Superannuation Arrangements of the University of London (SAUL). The assets of the Schemes are held in separate trustee-administered funds. They are final salary defined benefit types. They are externally funded and are valued triennially by actuaries using the aggregate method. Trustees, on advice of the actuaries determine the contribution rates payable. The level of contributions paid by employers to USS takes into account the actuarial deficiency within the USS.

USS provides benefits for academic and related employees of all UK Universities. SAUL provides similar benefits to all other College employees. The pension costs are assessed using the projected unit method. The significant assumptions and other data are summarised as follows:

	USS	SAUL
Latest actuarial valuations	31 Mar 1999	31 Mar 1999
Investment returns per annum	4.5%	4.5%
Salary Increase per annum	3.6%	4.1%
Pension increase per annum	2.5%	2.6%
Market value of assets at last valuation	£18,870 million	£847 million
Percentage of members accrued benefits covered by actuarial value of assets	108%	120%
Current employer contribution rate	14%	10.5%

In compliance with SSAP 24, SAUL contributions were charged to the Income and Expenditure Account so as to spread the costs over employees' working lives with the College.

The actuary to the USS has confirmed that it is appropriate to take the pension costs charged to the Income and Expenditure Account to be equal to the actual contributions paid during the year.

	Note	2000 £000	1999 £000
USS contributions		732	620
USS premature retirement provision		40	(60)
SAUL contributions		303	282
SSAP 24 provision re SAUL		(10)	(72)
Other pension payment		5	5
<b>Total Consolidated Pension Costs</b>	<b>6</b>	<b>1,070</b>	<b>775</b>

# STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

for the year ended 31 July 2000

## 1 ACCOUNTING CONVENTION

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

## 2 BASIS OF CONSOLIDATION

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

## 3 RECOGNITION OF INCOME

Income from specific endowments and donations, research grants, contracts and other services rendered is included to match the expenditure incurred during the year. All income from short term deposits and general endowment asset investment is credited to the Income and Expenditure (I & E) account on a receivable basis. Only the net margin is reported as income in respect of back to back leases.

## 4 PENSION COSTS

Contributions to the USS and SAUL's defined benefit pension scheme are charged to the I & E account so as to spread the cost of pensions over employees' working lives in the College. The amounts charged to the accounts are the same as actual contributions paid for USS. For SAUL the amount charged to the I & E account has been adjusted in accordance with SSAP24.

## 5 CASH FLOWS AND LIQUID RESOURCES

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

## 6 FOREIGN CURRENCIES

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

## 7 FIXED ASSETS

Land and buildings are stated at historical cost. Freehold land is not depreciated. Buildings are depreciated over their expected useful lives of 25 years.

Equipment and furniture costing less than £5,000 per individual item is written off in the year of acquisition. All other equipment is capitalised. Capitalised equipment is stated at cost and depreciated over 3 to 5 years.

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

## 8 LEASES

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

## 9 INVESTMENTS

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

## 10 STOCKS

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

## 11 TAXATION STATUS

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



# RESPONSIBILITIES OF THE COLLEGE COUNCIL

for the year ended 31 July 2000

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

## RECORD KEEPING AND ACCOUNTING

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

## FINANCIAL STATEMENTS

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

- \* that suitable accounting policies are selected and applied consistently;
- \* that judgements and estimates are made that are reasonable and prudent;
- \* that applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- \* that financial statements are prepared on the going concern basis.

The Council has taken reasonable steps to:

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

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

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

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

## INTERNAL FINANCIAL CONTROL

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

- \* clear definitions of the responsibilities and delegated authority of heads of academic and administrative departments;
- \* a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- \* monthly reviews of financial results involving variance reporting and updates of forecast outruns;
- \* clearly defined and formalised requirements for approval and control of expenditure; investment decisions are subject to formal appraisal and review according to approval limits set by the Council;
- \* detailed Financial Regulations of financial controls and procedures are approved by the Audit Committee and Council;
- \* a professional Internal Audit team whose annual programme is approved by the Audit Committee.

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

# CORPORATE GOVERNANCE

for the year ended 31 July 2000

- 1 The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles set out in Section 1 of the Combined Code on Corporate Governance issued by the London Stock Exchange in June 1998. Its purpose is to help the reader of the financial statements understand how the principles have been applied.
- 2 Throughout the year ended 31 July 2000, the College has been in compliance with all the provisions set out in Section 1 of the Combined Code on Corporate Governance insofar as they relate to Universities. The College also complies with the Guide for Members of Governing Bodies of Universities and Colleges in England and Wales that was issued by the Committee of University Chairmen in 1998.
- 3 The College is an independent corporation, whose legal status derives from a Royal Charter granted in 1956, although the College can trace its history as a corporate body back to 1791. Its objects, powers and framework of governance are set out in this Charter and its supporting Statutes.
- 4 The Charter and Statutes require that the government of the College shall be vested in the Council, which has management and control of the College and administers all its property and income. The Council has a majority of members from outside the College (known as lay members) from whom the Chairman, Vice-Chairman and Treasurer are by custom elected. None of the lay members receive any payment for the work they do for the College, apart from the reimbursement of expenses.
- 5 The Statutes also require that there shall be an Academic Board, members of which are the Professors of the College and representatives of the teaching staff, and of which the Principal is Chairman. The Board advises the Council on all academic matters.
- 6 The principal academic and administrative officer of the College is the Principal, who under the Statutes is responsible for the conduct of the College. Under the terms of the formal Financial Memorandum between the College and the Higher Education Funding Council for England, the Principal is the designated officer of the College and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons.
- 7 Although the Council ordinarily meets 3 times a year, much of its detailed work is initially discussed in Committees. All Council Committees are formally constituted with terms of reference and specified membership. All Committees report to the Council.
- 8 A majority of the lay members of Council is appointed by external bodies stipulated in the College's Royal Charter. The Council itself may co-opt up to eight members; proposals for the appointment of co-opted members are considered by the Nominations Committee. Ordinarily, lay members are eligible for re-appointment at the conclusion of the three year term of membership laid down by the Charter.
- 9 The Finance Committee inter alia recommends to Council the College's annual budgets and monitors performance in relation to the approved budgets. The Remuneration Committee determines the remuneration of the most senior staff, including the Principal.
- 10 The Audit Committee meets three times a year, with the College's external and internal auditors in attendance. The Committee considers detailed reports together with recommendations for the improvement of the College's systems of internal control and management's responses. It also receives and considers reports from the Higher Education Funding Council for England as they affect the College's business and monitors adherence to the regulatory requirements. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee.
- 11 As Chief Executive of the College the Principal exercises considerable influence on the development of institutional strategy, the identification and planning of new developments and the shaping of institutional ethos. Senior academic and administrative officers all contribute in various ways to these aspects of the College's affairs but the Principal remains responsible for the conduct of the College.
- 12 The College maintains a register of interests of members of the Council. The Statutes specify that the Secretary to the College shall be Secretary to the Council. Any enquiries about the constitution and governance of the College should be addressed to the Secretary.
- 13 After making appropriate enquiries the Council has a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.
- 14 The Council has reviewed the College's system of internal financial control. Any system of internal financial control can, however, only provide reasonable, but not absolute assurance against material misstatement or loss.

# AUDITORS' REPORT

to the Council of the Royal Veterinary College  
for the year ended 31 July 2000

We have audited the financial statements on pages 3 to 15 which have been prepared under the accounting policies set out on page 15.

## RESPECTIVE RESPONSIBILITIES OF THE COUNCIL AND AUDITORS

As described on page 16, the Council is responsible for ensuring that financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you.

## BASIS OF OPINION

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

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

## OPINION

In our opinion:

\* the financial statements give a true and fair view of the state of the affairs of the College and the group as at 31 July 2000 and of the College's and group's income and expenditure and cash flows for the year then ended and have been properly prepared in accordance with the Statement of Recommended Practice on Accounting for Further and Higher Education and with the College's Charter and Statutes;

\* funds from the Higher Education Funding Council for England, grants and income for specific purposes and from other restricted funds administered by the College have been applied for the purposes for which they were received; and

\* income has been applied in accordance with the College's Charter and Statutes and where appropriate with the Financial Memorandum dated March 1996 with the Higher Education Funding Council for England.

*Deloitte & Touche*

DELOITTE & TOUCHE

Chartered Accountants and Registered Auditors  
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1 Little New Street  
London EC4A 3TR

6 December 2000