Royal Veterinary College
University of London

Annual Report and Financial Statements
2020/21

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CHAIR OF COUNCIL'S INTRODUCTION
for the year ended 31 July 2021

Welcome to the Annual Report and Financial Statements of the Royal Veterinary College covering one of the strangest years in our 230-year history. The COVID-19 pandemic has shaped the lives of many and the RVC is no different. This Annual Report tells how staff, students, partners and collaborators showed huge resilience, ingenuity and ability to pivot rapidly, which brought the RVC through the financial, health and emotional turmoil and enabled us all to cope with the uncertainty. I thank everyone for the heroic response and for their perseverance when the year threw challenge after challenge at us.

The RVC, as the accounts show, finished the year in good shape, but there were times when that was not clear as an outcome! We forecast scenarios ranging from optimistic to impending doom, but the financial outturn has exceeded even the most upbeat position – with a strong focus on business continuity, prudent budgeting and cost control as key elements of the financial success. We had a cushion of cash-in-hand for the ongoing development of the Hawkshead campus which allowed us to move with confidence in our emergency response to the pandemic and its impacts. In the end, we did not have to call on that resource.

The year was full of new ideas as we found alternative ways to teach, to learn, to research, to provide clinical services and to support the work of colleagues while keeping the community safe. Students and staff alike showed amazing patience and understanding and kept a focus on ensuring teaching and learning were maintained. Clinical services were able to continue treating patients with pressing needs and have shown significant catch-up with the lifting of restrictions. It is perhaps in research that the full story is yet to emerge, with the impact of reduced laboratory capacity and significant cuts to funding yet to be fully assessed.

The coming year will hopefully be less of a roller coaster ride although there will be challenges in the funding aftermath of bringing the nation's finances under control and the ongoing evolution of higher education policy and provision. But we are stronger as a result of working together in this unique year and our talented Principal and staff, along with our excellent students have come through with flying colours and only a few dents. You wouldn't expect anything else of the RVC!

With best wishes,

Barbara, Baroness Young of Old Scone
Chair of Council

PRINCIPAL'S REPORT
for the year ended 31 July 2021

I am pleased to add my welcome to that of Baroness Young and to commend to you the Annual Report and Financial Statements of the Royal Veterinary College for the financial year 2020/21. With the entirety of the period under consideration being affected by the SARS-CoV-2 pandemic, it is with gratitude and not a little relief that I can report that the RVC has, thus far, weathered the storm. In common with many of my colleagues in the sector, I offer thanks to all those who have contributed so much. Whilst the full impact will not be known for months, and even years, to come, there is still much reassurance to be had in recognising that, as a community, the response to challenge was swift and selfless as individual resilience, effort and sacrifice preserved the common good.

With robust figures, it will, however, be the stories that will be remembered – closure of campuses, switching to online and blended delivery of teaching, clinical services delivered under the extremes of protective equipment and unable to observe social distancing ….and of course staff and students continuing to work in semi-isolation and often away from family and friends. Add to this our departure from the EU, reduction in key research funding streams and the impact on the professions serving animal health, and the financial outturn is all the more remarkable.

We certainly did not get everything right but, as we emerge from the worst of COVID-19 and consider lessons learned, we can take solace that our campuses and our people are ready for whatever comes next; the vast majority are now vaccinated and we have new skill sets in teaching, studying and living under rapidly changing policies and social conditions.

None of this would have been possible without the steering hand of our Council and a committed community of staff and students, as well as the invaluable contributions of our many stakeholders. I thank them, as I thank you, for your interest and support for the RVC as we look forward to a year that will hopefully be slightly less challenging than the one just gone.

With all best wishes

Stuart WJ Reid
Principal and President

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 strategic objectives are set out in its extended Strategic Plan to 2021. A new Strategic Plan 2022-2026 is nearing completion and is due to be approved by the Council this calendar year. This will again focus on the three pillars of our mission: education, discovery and translation of new knowledge and delivery of optimal clinical care and opinion, as the RVC seeks to push back the frontiers of what is possible in veterinary medicine and its associated sciences.

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

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 the 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 RVC'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
- Business continuity
- Infrastructure investment and resilience
- Student recruitment, experience, wellbeing and outcomes
- Staff recruitment and retention, including succession planning and staff engagement
- Leadership and governance
- Reputation and competitiveness
- Compliance
- Data capability

A specific COVID-19 risk register was developed to manage the exceptional risks posed by the pandemic.

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

"The RVC endeavours to minimise impact arising from risks on our strategic risk register including, but not limited to, 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 RVC is alert to both opportunities and threats. This 'risk aware' approach means that the RVC 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 agreed with the Council".

As reported in last year's Annual Report, the RVC implemented a range of measures to monitor and manage the heightened risks posed by the COVID-19 pandemic. These continued during 2020/21 and were adapted and supplemented, as necessary. They included:

- holding additional meetings of the Principal's Advisory Group, CEC and the governing body;
- establishing CEC sub-groups to address COVID-19 specific issues and ensure business continuity by adapting 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;
- weekly communications from the Principal to staff and students;
- developing an RVC Resilience Commitment and Pledge;
- making additional investment in key areas including blended learning resources and health and safety;
- undertaking extensive financial scenario modelling; and
- facilitating secure remote working for staff.

Given the increased risks caused by the pandemic, the RVC's internal auditors, KPMG, undertook a review of the College's Risk Management and Response to COVID-19 during the year. This gave an assurance rating of *"significant assurance with minor improvement opportunities"*.

Strategic Review

Our Learning and Teaching

The continued disruption caused by the COVID-19 pandemic in the academic year 2020/2021 posed significant challenges in respect of teaching, learning, assessment and student recruitment. Nevertheless, the RVC managed to deliver successfully education for all existing student cohorts. Those students scheduled to graduate in 2021 were able to do so with, where relevant, full accreditation from the professional regulatory bodies. We also successfully completed a recruitment cycle for 2021/22 ensuring continuity of admissions and progression.

Significant investment was made in additional resources to enable us to deliver a high-quality blended learning experience for our students. Limited face-to-face practical teaching was possible, as was a return to clinical rotational teaching in our veterinary hospitals. Government guidelines required us to prioritise campus access for our clinical cohorts of students. Other student cohorts had limited or no access to campus for the entire academic year. Despite these restrictions, modifications to our teaching meant that all learning outcomes could be met. Written assessments were moved online with a mixture of proctored and non-proctored assessments. An exceptional "safety-net" policy was introduced for assessments in the academic year 2020/21 to ensure that students were not significantly disadvantaged by having to study and undertake assessments during the pandemic.

Despite the disruption, several strategic goals were achieved this year. We successfully completed the first recruitment cycle to our joint BVSc degree, offered in partnership with the University of Aberystwyth. The course has recruited to target in its first year. We validated and successfully achieved Royal College of Veterinary Surgeons accreditation for two new certificates in Advanced Veterinary Nursing. These are post-registration nursing qualifications which will provide clearer pathways to advanced careers for registered veterinary nurses. Although delayed by one year, we will be introducing a new curriculum for our BVetMed programme with the 2021 intake.

Applicant numbers for most of our courses have increased for the upcoming academic year and showed recovery, following a fall in the previous year. There has been continued substantial growth in the number of international applicants for our 4 and 5-year BVetMed programmes and modest growth in international applicants to our other courses. There was considerable uncertainty associated with the home student recruitment cycle resulting from the use of "Teacher assessed grades", rather than examinations, to award A-levels. However, our home recruitment has largely been in line with the targets we had set.

In summary, teaching and learning in the academic year 2020/21 was a continuing success in the face of significant challenges.

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 led to more of our student support services being delivered online and this proved effective in providing students more choice and opportunity to access these services. Significant work was done by the widening participation and recruitment teams to further increase applications and admission from under-represented groups to exceed the ambitious targets we set in our Access and Participation Plan 2020-25. Again, the move to online activity resulted in a significant increase in outreach and engagement with students from these groups and we enhanced the support they receive in their transition to university at a time of much disruption to secondary education.

Collaborative work between the College and the Students' Union strengthened during the pandemic, leading 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 Learning and Wellbeing Directorate focused efforts on 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 reinforced the place of the student at the centre of our mission.

In common with others in the sector, the adverse impact of the pandemic was reflected in our UK NSS results. We continue to work with students to improve their experience on all our programmes. On the international front, we were pleased to be ranked globally number 1 among veterinary educational establishments in the QS world university subject rankings. This is a significant metric with regard to recruitment of international students and evidences the high quality of the educational experience we offer.

Our Research and Innovation

Acquisition of funding for research remained encouraging. A total of £10.9m was awarded in grants and contracts during the 2020 calendar year (2019: £17.8m) and, to date, £10.0m has been awarded in the calendar year 2021 (2020: £8.7m). There has been continued success in securing COVID-19 emergency funding and from new academic appointments made in strategically important areas ahead of the Research Excellence Framework (REF) 2021 submission in March 2021.

New grants included a collaborative award led by the University of Pennsylvania to establish a Center of Excellence for Influenza Research and Responses (CEIRR), funded by the US National Institute for Health (NIH). The Centers will study the natural history, transmission and pathogenesis of influenza and provide an international research infrastructure to address influenza outbreaks. The research will draw on the RVC's "One Health" expertise in the transmission of influenza viruses from animals to humans (zoonotic transmission).

A second tranche of funding (£1.9m) has been awarded by Research England to further the work of the Bloomsbury SET, which received a £5m award in 2018 to undertake translational research into the development of new vaccines and diagnostic tools. The latest programme links three of the existing partners (the RVC, the London School of Hygiene and Tropical Medicine (LSHTM) and SOAS) with a consortium based in North-West England, led by Liverpool School of Tropical Medicine and including the University of Liverpool, AstraZeneca, Evotec, Unilever and a group of small to medium-sized businesses working on antimicrobials.

Despite the pandemic, the major capital works at the Hawkshead campus have progressed and include new research laboratories and facilities. As part of these, the Centre for Vaccinology and Regenerative Medicine, part funded by a £7.0m grant from the Hertfordshire Local Enterprise Partnership (LEP) is due to open in Autumn. In the current year, a further £1.25 million was received from the Wolfson Foundation, along with

£645k from UK Research and Innovation (UKRI) under the World Class Laboratories scheme.

Further grant funding of £2.1 million has been received from the Hertfordshire LEP to establish a Centre for Translational Research and Clinical Imaging (including a 3T MRI) which is now under construction at the Hawkshead campus.

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 in the longer term. Whilst the Government has committed to support funding of new Horizon Europe projects for one year from 2021/22, future participation is not yet assured.

Due to cuts to the Global Challenges Research Fund (GCRF) budget in 2021-22, the One Health Poultry Hub project has had its funding for the year reduced by 70%, with uncertainty going forward. In contrast, the GCRF Action Against Stunting Hub (led by LSHTM) , in which the RVC is also involved, has emerged relatively unscathed.

COVID-19 inevitably impacted on our ability to undertake research, within the laboratories, animal facilities and in the field in the early weeks of the pandemic. However, with a phased and managed reopening to ensure adequate social distancing, it was possible for research activity to be maintained and staff, initially furloughed, returned to the laboratories.

In order to support postgraduate research students negatively impacted in their ability to progress their research, the RVC and some sponsors provided funded extensions to enable the students to complete their PhDs.

Returning to the progress 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 building on our substantial portfolio of GCRF funded programme grants. As referenced above, RVC is a base partner in one of only 3 NIH-funded Centers of Excellence in Influenza Research and Response, led by University of Pennsylvania (2021-2028). This is, to our knowledge, the first time a UK veterinary school has secured NIH funding for infrastructure and strategic development as a centre of excellence in the area of pandemic preparedness.

- With the establishment of the Centre for Vaccinology and Regenerative Medicine, and building on the grants reported last year, we have secured a major Biotechnology and Biological Sciences Research Council (BBSRC) grant to fund development of recombinant yeast-based vaccines to optimising vaccine response to oral yeast-based vaccines against coccidiosis in chickens. This demonstrates a recognition of a major strength of scientists at the RVC in apicomplexan protozoal parasites in general. These parasites cause diseases in humans and domestic livestock that are of major importance globally and the comparative approaches between the different parasites of this group may well inform platform strategies.

- In ***Comparative Medicine and Clinical Sciences,*** there was further success in securing funding to support translational projects in the area of regenerative medicine. In August 2020, a leading musculoskeletal biologist moved her research group to the RVC from the Animal Health Trust. Over £500k of funding has been secured to continue programmes of work to understand the genetic risk of fracture in the horse (Alborado Trust) and equine tendon repair (Pet Plan Charitable Trust).

  The RVC won four of the five full grants awarded by Pet Plan Charitable Trust in 2021, which is testament to our innovative veterinary applied research. Two of these also align with the Stem Cell Centre strategy, expanding from research into repair mechanisms for musculoskeletal problems (such as tendon disease) into areas of ophthalmology (deriving cells to treat corneal diseases in dogs from canine induced

pluripotent stem cells) and cardiology (devising novel treatments for feline hypertophic cardiomyopathy).

In addition, funding has been secured for translational medicine projects for human diseases. A contract has been agreed to provide £526k from UCB Biopharma SRL to study Wnt signalling inhibitors to treat sclerosteosis, a debilitating genetic disease of bone. The RVC is part of a grant consortium led by University College London awarded £645k by Medical Research Council (MRC) to study personalised medicine for CLN3 disease, an inherited disease which affects the nervous system. These successes support our strategy to build basic science capacity in neurosciences to complement our strength in clinical neurology.

- We continue to lead the way internationally in clinical research into diabetes in the dog and cat. We have secured a second round of funding from Pet Plan Charitable Trust for the Canine Diabetes Genetics Partnership. This is an indication of the success of the bioinformatics pipelines which are being developed for complex diseases, such as canine diabetes. Funding has also been secured from Royal Canin to continue the feline diabetes research for which the RVC has gained international renown.

Despite the pandemic, the ***London BioScience Innovation Centre (LBIC)*** had another successful year, achieving 96% occupancy and making a net surplus of £0.8 million. Rental income was sustained and clients have now returned to the Centre. The continued success of LBIC will depend on it consolidating its position within the King's Cross area (Knowledge Quarter) and establishing an effective relationship with other Life Science clusters. As the lead on a 2018 Government-sponsored Science and Innovation Audit of the area, the RVC, and LBIC, are well-positioned in this regard.

Our Clients and Patients

Our mission 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 on two broad areas. First, the provision and expansion of a range 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, the development of our teaching hospitals as true centres of excellence, offering the most advanced diagnostic and therapeutic clinical facilities and services while effectively being the "clinical laboratories" bringing to fruition the results of our national and international collaborative biomedical research activities.

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 first opinion emergency case load in our Small Animal referral hospital and the introduction of a tracking rotation at a mixed farm animal and equine practice in Hertfordshire.

2. Continued to expand our specialist clinical services for undergraduate and postgraduate clinical education. Exotics case load at the Beaumont Sainsbury Animal Hospital (BSAH) continues to grow. In partnership with the Institute of Zoology, we have commenced a second zoo tracking option, focusing on primates. A new pig production rotation has been introduced with the largest pork producer in the UK.

3. Expanded our tertiary referral activities in the areas of advanced cardiothoracic surgery and surgical management of endocrine disorders in small animals, while responding to a dramatic increase in demand for our specialist ophthalmology and oncology specialist services.

4. Completed the third year of our second small animal first opinion practice, Acorn House

Veterinary Hospital. The practice has expanded its caseload by over 35% since it was acquired in June 2018.

5. Undertaken substantial and comprehensive changes to our educational resources to facilitate blended learning opportunities for the clinical components of all our programmes.

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 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 & 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 continues to support its highly skilled workforce through the provision of a varied and dynamic Learning and Development (L&D) programme which, for the last 18 months, has been adapted to be delivered remotely. As we transition to a more on campus approach to working, we will be incorporating some of these positive adaptations into our annual L&D programme. Acknowledging the need for our employees to be digitally equipped as we move to more hybrid ways of working, we have now formed a 'Digital Capabilities' working group to review our current digital capabilities and plan appropriate interventions to support staff in advancing these.

This year we were successful in our reaccreditation for the HR Excellence in Research award, which acknowledges our commitment to supporting contract researchers in the areas of employment, research environment and professional development. We continue to develop this provision for researchers through a new innovation, 'Researcher Thursdays', which offers sessions on subjects such as social media, public engagement and commercialisation.

In order to achieve the greatest impact, our L&D offerings include a variety of development interventions. We have now supported our second cohort of delegates to become qualified coaches and, as restrictions ease and more people return to campus, we will be promoting the benefits of coaching to aid their development. Alongside this we continue to develop a coaching and mentoring culture by hosting meetings to share and develop practice.

Our Management Development Programme (MDP) has always been a core element of our provision. This year we have enhanced the MDP to include action learning sets to help embed the learning into real life scenarios. We have successfully adapted our 'Developing the confidence to lead' programme to a blended provision which includes videos of content with workbooks, and synchronised remote group discussion/coaching. This has attracted a large and wide-ranging cohort.

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 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 the Safety Committee, works to

develop good practice in supporting staff health and wellbeing. It also takes account of the work of the Equality and Diversity Committee (EDC) and the Student Development Committee.

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 covers health and safety, diversity and inclusion, data awareness and GDPR.

With EU exit, the free movement of people from the EU/EEA and Switzerland (excluding Irish nationals) ceased on 31 December 2020. All candidates recruited from overseas, who meet eligibility requirements, now require a visa. In line with this change, the Government revised the UKVI Visa scheme to a new points-based system and has also introduced a UK entry requirement called the Academic Technology Approval Scheme (ATAS) as an employment prerequisite that affects some individuals. Recruiting managers have been briefed on the new processes.

We have developed and launched our Visa Reimbursement Policy. This offers interest free loans to support employees with the costs of visa applications for themselves and their families and applying for British Citizenship.

Equality and diversity

We continue to advance and embed equality, diversity and inclusion throughout the RVC. The EDC is responsible for developing strategy, policy and monitoring compliance. Each area of the College is represented by an Equality Champion. A package of training and development interventions is being created to better support them in delivering impact and advancing equality in their local areas.

A project group has also been assembled to review the current Equality and Diversity training offered to staff, taking into consideration new ways of working and how best to achieve the variety of equality objectives to which the RVC has committed. Our Dignity at Work and Study Policy has been updated and new ambassadors trained to offer support and guidance to staff. A 'Report and Support' tool has also been deployed allowing individuals to anonymously report a concern on behalf of themselves or someone else or to speak to an advisor.

Like many higher education institutions, events of the past year prompted the RVC to reflect on its race equality journey, to grapple with understanding the lived experiences and challenges faced by many within its community, and to progress an effective race equality agenda. In the summer of 2020, the Race Equality Task Group (RETG) was commissioned and tasked to explore issues relating to race equality and produce a set of recommendations for the RVC to implement.

The report has now been completed and its recommendations are being considered by the EDC. The Committee will recommend on priorities and implementation in the context of the broader equality and diversity agenda. The report has also been shared with the RVC Council.

As an institution, we currently hold the Athena SWAN Bronze award and are due to submit our renewal application for this award in 2022. As part of our preparations, a new Self-Assessment Team has been established to review our past achievements and plan future goals. Work has already commenced with the launch of a new Athena SWAN survey. The information gathered will form the basis of our application and new action plan.

We also continue to support women through the Aurora Leadership Programme, which was initiated in 2018-2019 to support the career development of female staff.

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.

Results for the year

The College's consolidated results for the period to 31 July 2021, compared to the prior year, are presented in the following table:

£'m	2020/21	2019/20	Change
Income	111.4	108.9	2.5
Expenditure	(102.5)	(90.2)	(12.3)
Surplus before gains and taxation	**8.9**	**18.7**	**(9.8)**
Gain/(loss) on investments	2.4	(1.0)	3.4
Taxation	(0.1)	(0.1)	-
Surplus for the year	**11.2**	**17.6**	**(6.4)**

The movement in the outturn between the two financial years includes accounting adjustments required under FRS 102. These can give rise to significant volatility in the outturn from year to year which is not representative of underlying operating performance. For this reason, management excludes these adjustments for internal budgeting and management accounts reporting purposes.

As in previous years, the most material of these adjustments relates to the movement in the USS pension provision for which there was a £9.9m credit to the Statement of Comprehensive Income (SOCI) in 2019/20, compared to a charge of £0.8m in 2020/21: a swing of £10.8m.

Other significant items which give rise to year-on-year volatility include the movement in the year-end valuation of the investment fund portfolio, one-off capital grants, and restricted donations and endowments, which are ring-fenced for specific purposes and not available to support general activity.

In 2020/21, the reported surplus was further boosted by the following:

- a change in accounting treatment relating to Higher Education Innovation Fund (HEIF) grant funding, resulting in a release to income of prior year balances (£1.6m);
- resolution of prior year VAT settlements (£0.5m); and
- release of residual balances on expired research grants (£0.2m).

A more representative view of the operating performance for the year, adjusting for these items, is presented in the following table:

£'m	2020/21	2019/20
Surplus for the year	11.2	17.6
USS pension provision	0.8	(9.9)
Capital grants	(4.0)	(6.5)
(Gain)/loss on investments	(2.4)	1.0
Restricted donations and endowments	0.8	(0.9)
Release of HEIF/ research balances	(1.8)	0.4
VAT settlement	(0.5)	-
Operating contribution	**4.1**	**1.7**

Whilst there was a £6.4m downturn in the reported surplus, the operating contribution increased by £2.4m compared to the prior year.

As reported in last year's Annual Report, detailed scenario modelling was undertaken based on varying assumptions as to the scale of the downturn in key income streams due to the pandemic. Three scenarios were presented - Optimistic, Prudent and Pessimistic.

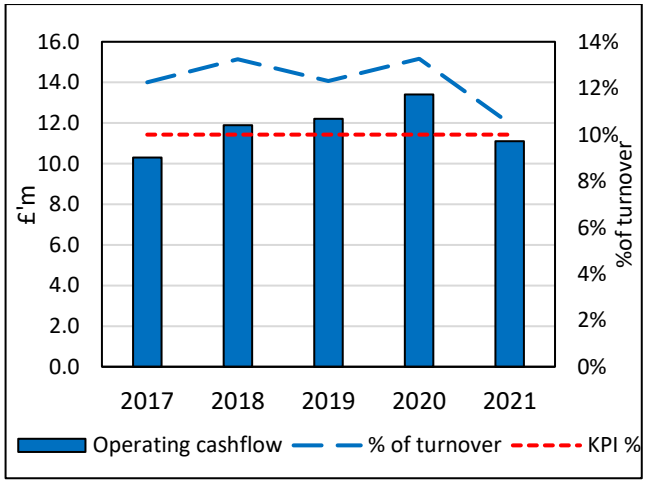
Outputs from the modelling were presented to the Council to show the impact on operating contribution/cash flow and the cash position over a 4-year period to 2023/24. These scenarios were developed at a time when lockdown restrictions

were significantly curtailing the business of the RVC's veterinary hospitals as well as the ability to undertake laboratory research. The outlook for student recruitment, both UK and international, in the upcoming 2020/21 academic session was also highly uncertain.

Due to these exceptional circumstances, the Council deferred approval of the College's 2020/21 Budget from July 2020 to later in the financial year, once the outcome of the student recruitment cycle was known and the likely impact of the pandemic on other aspects of the RVC's business would potentially be clearer. Interim non-pay budgets were set for the initial five months of the financial year and expenditure on staff costs and capital work was strictly controlled.

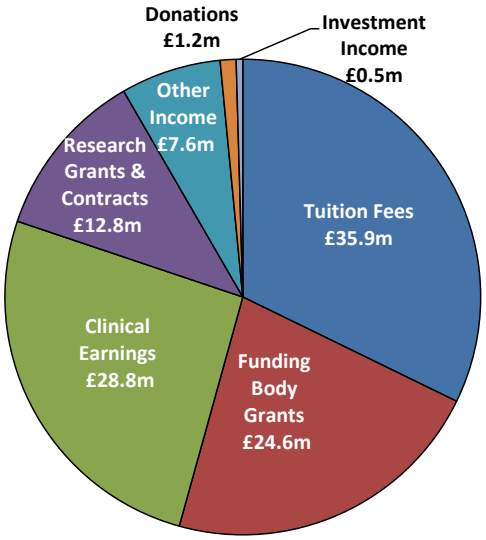
The 2020/21 Budget was formally approved by the Council in January 2021. As this was during the third national lockdown, amid prevailing uncertainty, the underpinning assumptions were prudent and cautious such that a break-even operating contribution was budgeted. With restrictions lifted and business continuity maintained, the anticipated financial pressures eased such that a £2.7m operating contribution was delivered, exceeding both the budget for the year and the projection under the Optimistic scenario.

The College uses operating cash flow as a key metric of financial performance setting a target of >10% of turnover. Operating cash flow in 2020/21 was £11.1m, representing 10.5% (2020: 13.3%) of operating turnover. The trend over the past five years, and against the 10% KPI, was as follows:



Income

Total income was £111.4m, compared to £108.9m in 2019/20: an increase of 2.3%. Sources of income in 2020/21 are shown in the following chart:



Tuition fees, at £35.9m, are the RVC's main income stream. These increased by 5.3% (£1.8m) on the prior year. Fees from international students increased by £1.4m to £19.5m, accounting for 54% (2020: 53%) of total tuition fee income. Student recruitment to the Veterinary Medicine programmes was largely unaffected by the pandemic, although there was some fall-off in numbers on the Biological Sciences and Veterinary Nursing programmes. In recognition of the financial hardship many students would be facing, 2020/21 tuition fee rates were frozen at 2019/20 levels.

Funding body grants, at £24.6m, increased by £2.0m. The bulk of this increase (£1.6m) relates to the release of prior year HEIF balances referenced below. Funding for teaching (£12.6m) is provided by the Office for Students and remains an important income stream to the RVC as its programmes are in high-cost, primarily clinical, subject areas. There was a £1.5m reduction in the grant due to a combination of fewer UK/EU students and a decrease in the funding per student full-time equivalent (fte). 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 which was in line with the prior

year. In the period between Research Excellence Framework (REF) exercises, this funding tends to remain relatively stable.

The significant £2.3m increase in Higher Education Innovation funding (HEIF) to £3.7m is due to a change in accounting treatment relating to prior year balances which were released to income in the year. Excluding these sums, the year-on-year increase was £0.2m.

Income reported under Specific Grants (£1.7m) 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 £0.5m on the prior year reflects a higher volume of activity in the share of grants awarded to the College.

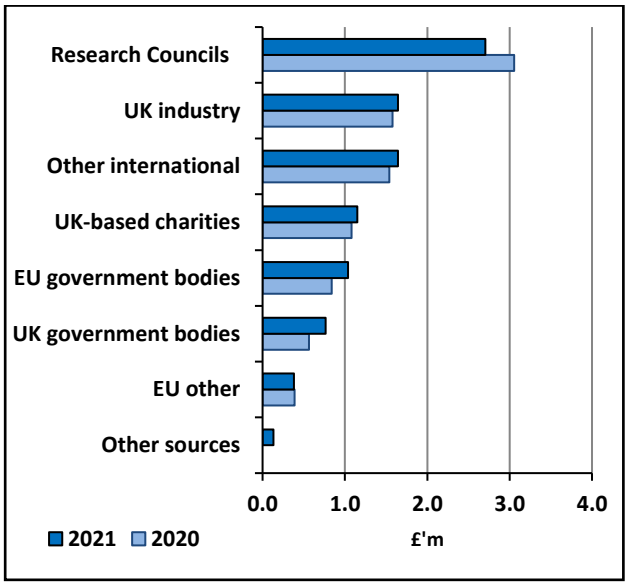
Clinical and related income increased by 18.6% to £28.8m. Clinical operations comprise the College's veterinary teaching first opinion and referral hospitals, diagnostic laboratories and RVC Veterinary Practices Ltd. In the initial months of the COVID-19 pandemic, business was significantly impacted, being cut back to emergency and urgent cases only, which was reflected in the prior year outturn. With the easing of restrictions, alongside implementation of strict safety protocols, caseload increased strongly and, with it, income generated.

Income from externally-funded R**esearch grants and contracts** was £12.8m compared to £17.0m in the prior year. Both years included one-off capital grants (2021: £3.35m; 2020: £6.5m) as follows:

2020/21		
Hertfordshire Local Enterprise Partnership	£2.1m	Centre for Translational Research & Clinical Imaging
Wolfson Trust	£1.25m	Centre for Vaccinology and Regenerative Medicine
2019/20		
Hertfordshire Local Enterprise Partnership	£6.5m	Centre for Vaccinology and Regenerative Medicine

Funds received and passed on to collaborative research partners have been excluded from income in 2020/21 with an offsetting adjustment made to other operating expenses. The quantum of the adjustment was £2.1m. The equivalent sum in 2019/20 was £1.4m. .

Excluding the impact of these one-off items and adjustments, income was £9.5m in 2020/21, compared to £9.0m in 2019/20. The breakdown of funding by sponsor type in each year was as follows:



Research income is reported in line with the related expenditure. As such, there is 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 2019/20, Research Council funding was the main source of research grant income in 2020/21, although marginally lower. There were small increases in income from all other sponsor types.

Following closure of research facilities at the start of the pandemic, laboratory research recommenced in June 2020, with appropriate social distancing and protective measures in place.

Other income decreased by £1.1m to £7.6m. 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.

Residence and catering income, at £1.9m, was down by £0.2m compared to the prior year. Residence fees were waived in both years for students who had booked RVC accommodation but whose learning was delivered fully online for all or part of the year. Residential income was £1.5m in each year. Catering income in 2020/21 was £0.2m: a reduction of £0.2m compared to 2019/20, reflecting the significantly reduced footfall of both students and staff for a full rather than a partial year.

The reduction from £3.3m to £2.7m in rent and other income primarily relates to reduced rental of other College accommodation and facilities due to the pandemic.

LBIC's business remained resilient, with 96% occupancy, generating income from external clients of £2.7m which was in line with the previous year. LBIC's profits are gift-aided to the RVC and in both years amounted to £0.7m.

In the early part of the financial year, the College accessed funding from the Government's Job Retention Scheme in respect of furloughed staff impacted by the pandemic with a total of £0.1m claimed (2020: £0.5m).

Investment income 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. At £0.5m, this was £0.3m down on the prior year due to a combination of lower interest rates available on short-term cash deposits and surplus cash balances having reduced.

Income from **Donations**, at £1.2m, was £0.2m lower than the previous year which had included some larger donations towards the Hawkshead capital project. Of the sum received in 2020/21, £0.6m (2020: £0.1m) arose from legacies as the delays to probate during the pandemic started to lift.

There was a significant improvement in the value of the investment portfolio which registered a £2.4m gain in the year, compared to the prior year loss of £1.0m, as economic markets recovered after the initial shock of the pandemic.

Expenditure

Expenditure, at £102.5m, increased by £12.3m (13.6%) compared to 2019/20. As discussed earlier, the year-on-year variance has been distorted by the impact of the reporting of movements in the valuation of the pension provision. The overall movement on this was a debit of £0.8m compared to credit of £9.9m in 2019/20. Adjusting for this, the year-on-year increase was £1.6m (1.6%) which is explained in the following paragraphs.

Staff costs, excluding the pension provision adjustment, were £59.6m, increasing by 3.1% on the prior year and representing 54% of turnover (2020: 53%). Whilst there were no national pay award or pension increases in the year, annual incremental pay progression accounts for some of the increase. The remainder is a combination of additional staff numbers and voluntary severance and redundancy costs. Expressed as full-time equivalents (ftes), staff numbers increased by 3.2% to 992, primarily in clinical services. A Voluntary Severance Scheme was launched during the year of which £0.6m in settlement payments has been reported in 2020/21. In addition, redundancy costs of £0.6m were incurred relating to restructuring exercises and the termination of staff on fixed term research contracts.

Other operating expenses, at £32.2m, reduced by 1.8%. Part of the reduction relates to the change in accounting treatment of partner payments in 2020/21 on research grants, as referenced above. Adjusting for this, other operating expenses increased by 2.5%. Additional costs were associated with increased clinical services activity, investment in blended learning resources and in pandemic-related health and safety measures and third-party residential void liabilities. There were partially offset by savings from campus depopulation and curtailment of travel and events. Resolution of prior VAT settlements, an in-year improvement in overall VAT recovery and a capital goods scheme claim delivered a £0.8m credit.

Depreciation and amortisation costs remained unchanged at £8.3m as there were no major assets completed or bought into use in the year. 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 £1.7m, comprise interest charges (£1.2m) relating to external financing (£45m private placement), exchange rate losses of £0.4m and a notional charge of £0.1m 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.

Following the extensive refurbishment work at the Camden Campus (£15m) in recent years, a £43m project is underway to re-develop the heart of the Hawkshead campus. This involves replacing obsolete teaching, research and office space with state-of-the art and sustainable facilities including a major new lecture theatre and a Centre for Vaccinology and Regenerative Medicine. Construction work has progressed throughout the financial year, albeit at a slower pace due to social distancing requirements and some supply chain issues.

The College was successful in an application to the Hertfordshire Local Enterprise Partnership for a £2.1m grant towards a Centre for Translational Research and Clinical Imaging based around a 3T MRI scanner. The facility, which will adjoin the Queen Mother Hospital for Animals (QMHA), is currently under construction.

Routine capital refurbishment and upgrade work was curtailed for a proportion of the year in the interests of health and safety, as well as cost saving. The pace of activity has now picked up although inflation in the construction industry, driven by increased demand coupled with materials shortages is proving challenging.

IT investment was focussed on improving services and systems, 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.

Borrowing

In 2018, the College restructured and increased its borrowing to support its capital plans, 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 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).
There is also £0.4m outstanding in Salix interest-free loan funding which is repayable by 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 RVC 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 2021, the value of the portfolio was £16.2m (2020: £13.3m) comprising a range of equity, fixed interest and cash funds. After the adverse impact of the pandemic on markets in the prior year, there was a strong recovery in 2020/21 with the portfolio achieving a 16.5% return in the 12 months to 31 July 2021 (2020: a loss of 4.9%). Since its inception, the fund has achieved an annualised return of 7.9%.

Cash, cash equivalents and short-term deposits

Cash, cash equivalents and short-term deposits at 31 July 2021 were £48.0m compared to £50.6m at 31 July 2020.

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 2021, £28.2m 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 (2020: £0.4m), net liquidity days at the end of the year were

186 (2020: 200). 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.

A formal actuarial revaluation of SAUL is undertaken every three years with the last valuation at 31 March 2020. Given the economic upheaval caused by the pandemic, an updated valuation was undertaken at 31 March 2021 which showed the scheme had a funding level of 110%. As a result, no deficit recovery plan is required; however, employer contributions will be subject to a phased increase from 16% to 21% between April 2022 and January 2023.

The USS was also subject to a 31 March 2020 valuation. The previous valuation, initially undertaken at 31 March 2017 and updated a year later, introduced significant volatility in the calculation of the deficit recovery liability resulting in a £9.9m credit to the SOCI in 2019/20.

The 31 March 2020 valuation has proved to be equally, if not more, challenging. Without resolution at 31 July 2021, the accounts record the position under the 2018 deficit recovery plan which anticipated significant increases to employer and employee contribution rates from October 2021.

Subsequent to the end of the 2020/21 financial year, agreement was reached with the USS Trustee on a new schedule of contributions effective from 1 October 2021. Employer rates increased from 21.1% to 21.4% and those for employees from 9.6% to 9.8%. The avoidance of further prohibitive increases is subject to ratification of benefit reforms and enhanced employer covenant arrangements by 28 February 2022. These will be the subject of employer and employee consultations.

Please refer to *Note 37: Pension Schemes* for further information.

Future outlook

The exceptional and unprecedented circumstances of the pandemic required the RVC rapidly to take stock and adapt the way it operates.

The 2020/21 financial outturn reported in these accounts did not seem possible in June 2020 when the Council was presented with a range of scenarios reflecting varying degrees of severity as to the potential scale of disruption to the College's operations and finances.

The impact of the pandemic has been a real test of the RVC's business continuity, and it is to the great credit of all involved that delivery of our business on all fronts has been maintained. It has been achieved through a combination of careful forward planning and risk assessment, agile decision-making in the face of changing external drivers, an unerring focus on health and safety and huge commitment from staff and students.

The resilience and agility required during the pandemic will be important attributes in the next phase of the College's development as it launches its 2022-26 Strategic Plan later this year.

Over the period of the current Strategic Plan, the RVC has achieved considerable success in all its mission areas, consolidating its position as a world-leading institution, being ranked #1[1] for Veterinary Sciences in the prestigious QS World University Subject Rankings 2021. It remains one of the few veterinary schools in the world to hold accreditations from all the major regulatory bodies, following visits in 2018 and 2021. Our international reputation has been further endorsed through designation as a Food and Health Organisation (FAO) Reference Centre for

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

Veterinary Epidemiology and a World Organisation for Animal Health (OIE) Collaborating Centre in Risk Analysis & Modelling. Clinical excellence has been demonstrated under the Royal College of Veterinary Surgeons Practice Standards Scheme with all the RVC's veterinary hospitals ranked as "outstanding" under the assessment categories.

These successes have been underpinned by robust and consistent financial performance, achieved despite considerable external financial pressures which pre-date the onset of the pandemic and look set to continue. Anticipating, managing and mitigating risks proactively will remain essential activities as they have been throughout the pandemic.

We do not underestimate the immediate and impending challenges, nor the financial rigour required to address them. However, we believe our underlying business model is robust and sustainable with the potential for all three mission areas to grow, diversify and innovate. We, therefore, enter the next phase of our strategic development with optimism.

Learning and teaching

There continues to be strong demand for our courses from both UK and international students. Recruitment to our veterinary medicine programmes for the 2021/22 academic year exceeds budgeted targets. 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. Recent efforts to diversify our international student base and reduce over-reliance on particular countries have been successful.

We have progressed our plans for establishing collaborative teaching programmes through partnerships with other institutions. A new joint Bachelor degree in Veterinary Sciences with Aberystwyth University has successfully recruited the first intake for the 2021/22 academic year. We continue to pursue strategic partnerships at home and abroad, both in veterinary medicine and biological sciences, as we seek to establish a portfolio approach to student recruitment and teaching-related income.

To ensure the RVC continues to offer an excellent study environment for current and prospective students, recent and ongoing capital investment has been focused on enhancing the teaching and learning infrastructure both in the form of on-campus facilities and digital resources. Regarding the latter, the pandemic necessarily accelerated our planned developments in this field. These digital resources offer longer term benefits by facilitating more flexible and competitive offerings, particularly in our postgraduate programmes.

Although its launch was 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.

The renewal of the Advanced Accreditation of all of our MSci and BSc Biological science pathways by the Royal Society of Biology in February 2021 is evidence of our continued commitment to innovation and excellence in science education and the production of highly skilled science graduates.

Finally, the RVC, in common with other member institutions, has applied to acquire university status under the University of London Act 2018 [2]. This offers a number of benefits including the potential to market and brand the College more effectively on the international stage.

Research and innovation

The external research environment has become increasingly competitive and uncertain on several fronts with traditional funding sources reduced (e.g. Global Challenges Research Fund, which is underpinned by Official Development Assistance monies) or under threat (e.g. Horizon Europe). 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

[2] 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.

and the College has been, and continues to be, proactive in establishing such partnerships.

We are actively involved in the One Health and Comparative Medicine 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.

As an FAO Reference Centre and OIE Collaborating Centre, the RVC's research strengths in epidemiology have been internationally recognised. Following on from the previous year's successes of Professor Alan Wilson being named a Fellow of the Royal Society and Professor Stuart Reid an international member of the US National Academy of Medicine, Professor Fiona Tomley was awarded the honour of Commander of the Order of the British Empire (CBE) for services to animal health in June 2021.

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 Centres for Vaccinology and Regenerative Medicine and Translational Research and Clinical Imaging at the Hawkshead campus are two further important developments in this regard.

We await the outcome of the REF2021 exercise and are confident we have made a strong submission, including compelling impact studies.

LBIC is a key player in the RVC's knowledge exchange agenda and is well placed to capitalise on the opportunities afforded by its location in the Kings Cross Knowledge Quarter. A new CEO has been appointed and plans are being developed to further consolidate the LBIC and RVC brand and reputation within the area. LBIC will also manage the SME space within the new Centre for Vaccinology and Regenerative Medicine.

Clinical services

In essence, the clinical centres fulfil three principal roles:

1. Providing clinical case material for both undergraduate and postgraduate teaching.

2. Delivering veterinary services to improve the health and welfare of animals and their owners; both directly through the cases seen in the centres and indirectly through training the specialists and experts of tomorrow, while continuously raising the general standard of care through Continuing Professional Development .

3. Providing the research environment and access to naturally occurring cases of disease. . Our clinical activities constantly generate research questions for which the answers facilitate better understanding of both physiology and pathology, as well as influencing best clinical practice.

Future priorities relate to expansion of our clinical facilities to cater for increased undergraduate and postgraduate teaching opportunities, as well as remaining at the forefront of tertiary referral activities through application of our research to progressing clinical practices. These include:

i. continued expansion of our first opinion practice network – including small animal, equine and food animal practices;
ii. planning for a new state-of-the-art small animal referral hospital;
iii. ongoing development of our capability to implement "individualised medicine" by:
    - using an individual's genetic profile to enhance diagnostic and therapeutic precision while minimising potential adverse events; and
    - therapies targeted to individual organs or parts of organs through selected penetration and cell-signalling technologies.
iv. expansion of our telemedicine services through:
    - use of digital technologies to extend our specialist inputs into a broad range of

diagnostic services such as anatomic pathology, diagnostic imaging;
- providing remote advice for the management of problems within various specific disciplines such as ophthalmology, dermatology and cardiology; and
- providing guidance to owners and their first opinion veterinary team about the options and benefits of specialist referral or ongoing management in their first opinion practice.

The financial contribution from our clinical services is necessarily constrained by the fact that their primary purpose is the education and training of students. Nevertheless, there is potential to deliver a higher financial return through improved business systems and processes. Several projects are currently underway and include replacing our laboratory management information system and implementing a digital patient treatment record system.

Financial sustainability

The Council approved the College's Budget and Financial Forecasts 2021/22 to 2024/25 in July 2021. This represented a return to the normal budgeting cycle, which had been disrupted in the previous year.

Based on the assumptions made, and stress-tested for some potential downside, the forecasts deliver to the College's financial KPIs which are focused on cash generation and maintaining adequate cash reserves. The forecasts will be refreshed to support delivery of the priorities in the new Strategic Plan, once approved, and as articulated in underpinning strategies, in particular the Infrastructure Strategy.
The RVC regards the key risks to its financial sustainability to be loss of teaching income and escalating staff costs.

Tuition fees are the College's major income stream and have increased significantly in recent years due to a successful strategy to increase the proportion of international students on our BVetMed programmes, particularly the 4-year graduate entry. As international fees are non-regulated, this has enabled us to partially mitigate the impact of the erosion of the unit of resource for home undergraduate students, resulting from government funding cuts and the freezing of regulated tuition fees since 2017.

The risk of further pressure on teaching resources from governmental HE reforms remains. Our courses are exclusively in clinical and high-cost disciplines with Veterinary Sciences being the most expensive of all subjects to teach[3]. The re-balancing of funding in the 2021/22 teaching grant towards high-cost and strategically important subjects and specialist institutions was welcome; however, in RVC's case, the financial gain was eliminated by the removal of the premium for London-based institutions.

With a review of the funding model for higher education in prospect, we look to government to properly recognise high-cost subject provision in strategically important and shortage disciplines, as well as the unique contribution of specialist institutions to the UK's reputation for world-class education. Demand from Home students for our BVM programmes significantly outstrips the places available. The RVC is well placed to address the national shortage of veterinary graduates if the costs of such provision are appropriately resourced.

In mitigation of the current funding situation, our latest forecasts continue to reflect a strategy of growth in sources of non-regulated tuition fee income. Although international student recruitment is by its nature uncertain, and more than ever in the current climate, recruitment to our BVetMed programmes for the 2021/22 academic year has been positive. Options for further increasing and diversifying the proportion of non-regulated fee-paying students in future are being actively explored.

With prevailing uncertainty as to the future course of the pandemic, ensuring continuity of teaching provision and retention of our students is critical. For the 2021/22 academic year, all student cohorts are returning to campus and receiving face-to-face teaching, albeit not in large lecture theatres for the

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

first term at least. However, should circumstances dictate and more stringent restrictions are re-imposed, the RVC has demonstrated it can deliver the learning outcomes required of its students effectively. The investment in blended learning resources, alongside the arrangements which enabled the practical and clinical aspects of our programmes to take place on-site under strict safety protocols, are evidence of this.

The RVC acknowledges it must demonstrate value for money by delivering its activities as efficiently and effectively as possible. Several major cost items are, however, outside its direct control. Principal among these are pay costs which represent the biggest area of spend and are subject to increasing pressures on a number of fronts, including pensions, national pay bargaining, employment taxes, competition for specialist staff, the latter particularly in clinical disciplines.

In order to mitigate these cost pressures, the College is committed to recurrent staff cost savings of £2m p.a. As part of this commitment, the recent Voluntary Severance Scheme delivered savings of £0.7m which take effect in the 2021/22 financial year. Measures to achieve further savings will be linked to targeted restructuring exercises, alongside strict controls on the approval of new and replacement posts. The experience of remote working for many of our staff during the pandemic, followed by the transition to a hybrid model, offers an opportunity to challenge and re-visit how our activities are delivered. Acquisition of University title will also be a driver to review our organisational structure to ensure it is lean and fit-for-purpose.

Going concern

The RVC has delivered a positive financial operating return over the past decade, generally exceeding budgeted projections. This has been achieved despite significant public funding challenges and expenditure pressures and, more recently, major disruption due to the pandemic.

The 2021/22 Budget and Financial Forecasts approved by the Council in July 2021 anticipate a continuing trend of robust financial performance. With positive student recruitment, confirmed government grant funding, strong demand for clinical services and research work progressing, the outlook for the current financial year is encouraging and evidence of a resilient business model.

This position is underpinned by strong liquidity. The up-front funding secured for the major capital developments has provided a valuable buffer. Although capital expenditure has ramped up, cash reserves have been replenished by cash generated from our operations. At the end of the 2020/21 financial year, cash and short-term deposits amounted to £47.6m, representing 186 days' spend, well above the 90 days' KPI. Significant headroom in the cash position is forecast for the 12-month period from the date of signature of these financial statements and beyond. Loan covenants are not at risk of being breached.

Based on the above, the Council is satisfied that the RVC has adequate resources to continue in operation for the foreseeable future and, for this reason, the Council considers that the RVC's financial statements should be prepared on a going concern basis.

The Strategic and Financial Review was approved by the Council on 24 November 2021 and signed on its behalf by:

Barbara, Baroness Young of Old Scone
Chair of Council

CHARITABLE STATUS AND PUBLIC BENEFIT STATEMENT
for the year ended 31 July 2021

The Royal Veterinary College is an exempt charity under the terms of the Charities Act 2011[4]. The Office for Students (OfS) has been the principal regulator for higher education providers since April 2018.

In setting and reviewing the RVC's objectives and activities, the Council has had due regard to the Charity Commission's guidance on the reporting of public benefit and particularly to its supplementary public benefit guidance on the advancement of education. Attention is also paid to guidance (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; and
   (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 the 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

[4] Charities Act 2011, s 22 schedule 3.

the enhancement of society and the economy. In 2020/21, despite the challenges caused by the COVID-19 pandemic, approximately 700 students of the College graduated from undergraduate and postgraduate programmes, including research study. Graduates of the RVC's largest undergraduate degree, the Bachelor of Veterinary Medicine, are admitted to membership of the Royal College of Veterinary Surgeons and many engage in a range of activities providing expert advice and treatment for the benefit of animals, their owners and wider society. Graduates of the Foundation degree in Veterinary Nursing become Registered Veterinary Nurses providing skilled nursing care to veterinary patients. 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 modified some of its academic activities in response to this.

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 UK is a world leader in life and biological sciences research which has been identified as a key growth area for the economy of the future, requiring highly skilled graduates. The RVC continues to develop and expand its BSc and MSci Biosciences pathways and its Advanced Accreditation by the Royal Society of Biology acknowledges its excellence in education and in equipping students with the skills highly desired by employers not only in the UK but also globally.

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 a major supplier 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 subject 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.

The RVC actively engages in widening participation activities aiming to broaden access to the professions, seeking to recruit to its programmes students from a wide variety of backgrounds aiming to ensure the professionals it educates are reflective of the society they will serve. In widening access to study and actively supporting students through their degree courses, the College contributes to the benefit to society that is brought about through greater social mobility.

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 and veterinary sciences. Most 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 RVC is actively involved in the One Health and Comparative Medicine agenda. Increasingly, the outcomes of research into improving animal health and wellbeing are also applicable to understanding

and improving human health. These include research into antimicrobial resistance, arthritis, bone pain following fracture, food safety, neuromuscular disorders, brain ischaemia, degenerative brain diseases such as Parkinson's Disease, Duchenne Muscular Dystrophy, tendon disease, type II diabetes, effect of dietary factors on vascular function. The findings are being used to inform research into 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. In relation to COVID-19, research is underway with colleagues in Peru and Bolivia looking at risk factors for transmission of the virus through food markets in these countries. RVC researchers are also studying the genetics of dog and cat susceptibility to coronavirus infection which may shed light on human susceptibility. Other infectious disease research includes Avian Influenza, Middle Eastern Respiratory Syndrome (MERS) virus, Brucellosis, Schistosomiasis, Toxoplasmosis, Campylobacter infections and antimicrobial resistance. Work on 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 to combat hybridisation of animal and human schistosomes.

RVC work indicates that wildlife in Mongolia and Kazakhstan are susceptible to infection with the virus causing Peste des Petits Ruminants (PPR). These studies are informing the Food and Agriculture Organization's (FAO) Global Eradication Plan for PPR. Furthermore, a new project to study Avian influenza is being funded by the National Institutes of Health (NIH).

Intellectual property (IP) is being taken forwards to early-stage commercialisation and impact within diverse areas including flight, cancer, infection, and therapy development. In one example, novel technology developed by RVC researchers enables antimicrobial drugs to be delivered into human and bacterial cells more effectively and 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 totreat 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.

The College is also 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 low-resource countries.

Through its Impact Connector programme, the Bloomsbury SET consortium will work with businesses to deliver products including vaccines, diagnostics and therapeutics that will benefit both animals and humans.

The RVC participates 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 in low-resource settings. The College is involved, through LIDC, in interdisciplinary projects in which animal, medical and social science researchers are operating collaboratively with the goal of improving the health and welfare of both humans and animals in low-to-middle-income countries.

The RVC is unique in being recognised by the FAO as a Reference Centre in Veterinary Epidemiology and the World Organisation for Animal Health (OIE) as a Collaborating Centre in Risk Analysis and Modelling, the latter in partnership with the UK's Animal and Plant Health Agency.

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 companion animal species from dogs, cats, and horses through to exotic pets. There were over 28,000 first consultations with animal owners during the year.

Our capabilities range from the provision of routine basic health care and shelter medicine services 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 RVC 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.

The Veterinary Companion Animal Surveillance System (VetCompass™) is an RVC initiative focused on improving companion animal health. Through the collection and analysis of clinical data, provided by participating veterinary practices, on millions of animals, it seeks to investigate the range and frequency of health problems and identify important risk factors for the most common disorders.

Delivery of public benefit through access to opportunity

In a year that saw lockdown and social isolation for much of society including schools, colleges, public institutions and community groups, the delivery of public benefit and access to opportunity had of necessity to take different forms. The RVC looked to develop new ways of approaching access activities and continued to support educational attainment and social mobility to the full. We were also conscious of the need to work within the parameters of our ambitious five-year Access and Participation Plan to increase access for students from disadvantaged and low participation backgrounds and to narrow the gap between the highest and lowest socio-economic quintiles.

The Veterinary Gateway Programme continues to provide an important and successful pathway towards the BVetMed degree for a significant number of our widening participation (WP) cohort of students. By means of greater virtual and digital activity and much-improved targeting, we are confident that our work is reaching and benefitting more eligible students. To this end, initiatives such as Animal Academy, Summer Schools and working with Animal Aspirations, an RVC student-led project to increase diversity in veterinary medicine and animal-related careers, have been particularly valuable.

Although our 2021 Easter School had to be held over until the new financial year due to COVID-19 restrictions, we were able to continue with a range of virtual activities with schools across the country. We were also able to hold our annual Sutton Trust Year 12 Summer School. The Sutton Trust, to whom we are immensely grateful have supported this event since 2013. The 2021 Summer School was the twentieth that the RVC had held and participants from each year have subsequently qualified as veterinarians. In all this work, we have been supported by staff and our student ambassadors. Many of these entered the College via a WP route and serve as enthusiastic and ideal role models. As we look towards a new academic year, it is our intention 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 and we are an active partner in the Uni Connect Programme. This is a national project which seeks 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. We also continue to be active contributors to the work and projects of networks including AccessHE, Aim

Higher London South, NEON. In 2020/21, RVC initiated the setting up of a network of WP practitioners in the veterinary schools of England and Scotland.

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. We are developing processes and support mechanisms to ensure that students who enter the RVC via our various WP routes have both the educational, professional and pastoral support to succeed in their degree and career outcomes.

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 and is seeking further opportunities to increase and enhance our provision in this area of work.

Delivery of public benefit through public and community engagement

The RVC also promotes knowledge and understanding of bio-sciences and veterinary sciences among the wider community, contributing to adult learning and the enhancement of social, cultural and economic wellbeing.

The on-going lockdown of educational and public activity throughout much of 2020/21 resulted in the cancellation of most of the RVC's "face to face" teaching in schools and in the public domain. Nevertheless, it was still possible to contribute to a number of events organised by other partners. These included the Biology Week run by the Royal Society of Biology and the Royal Society's annual science summer school.

Having devoted considerable time and energy to developing digital resources for use by younger cohorts, the RVC continues to work in partnership for the public good with a range of organisations and societies including: the Royal Society of Biology, the Royal Society of Chemistry, the Knowledge Quarter (Kings Cross/Bloomsbury), Zoological Society of London and City Farms as well as a range of educational organisations. We have a great deal of experience in developing webinars and other digital activity and will carry this forward in partnership work for the benefit of the general public and communities local to our two campuses; hopefully, alongside the return of face to face activities.

Our local community events and activities have been necessarily curtailed throughout the pandemic. However, we have worked to ensure proactive communication with local influencers and stakeholders through continued engagement with Camden Council, Hertfordshire County Council, Welwyn Hatfield Borough Council (WHBC), Camden local Councillors and Parish Councils together with local residents. In addition to our usual programme of educational and local interest support, we have been able to provide COVID-19 related advice (particularly around zoonosis) and community support on a practical level, which included providing PPE, scrubs and critical clinical equipment to local hospital and care homes. This included organising a local 'scrubs' donation programme.

With restrictions lifting we are already in contact with a number of local groups and schools to make provisional plans to recommence our farm visits. Working in partnership with the local police constabulary, we aim to run educational events for local dog owners to encourage responsible behaviour around farm livestock. We continue to contribute to matters of local concern including traffic, travel and environmental plans working with WHBC and local residents.

Sales of farm produce continue to evolve and we have plans to be able to offer fresh, self-service milk to the community soon.

Delivery of public benefit through sustainability

Strategy

The RVC continues to work towards achieving the objectives set out in its Environmental Sustainability Strategy 2019-2021 and remains fully committed not only to achieving these targets but to identifying further improvement opportunities which will be reflected in a refreshed strategy.

The RVC aspires to support all of the United Nations Sustainable Development Goals with specific emphasis on the following:

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

The College achieved Silver accreditation in 2019/20 under the EcoCampus accreditation scheme: a dedicated environmental management system for higher and further education meeting International standard ISO 14001. Work is progressing towards achieving the next stage of Gold.

Energy and carbon reduction

The following carbon reduction projects and measures have been implemented during 2020/21:

- overhaul or replacement of several major plant systems to ensure more efficient energy utilisation and control delivering both lower emissions and cost savings;
- a programme of continued monitoring of energy use via the Stark energy platform, which facilitates better management of energy usage through data and analytics, such as highlighting of maintenance issues so that swift remedial action can be taken;
- replacement of boilers within our Student Village with increased efficiency to reduce gas consumption and deliver better temperature control;
- a major investment project, funded by a Salix loan, to replace all lights within the College Estate to LED fittings which, once completed, is projected to reduce energy consumption by 1.3M KW hours per annum;
- development of a heating decarbonisation plan (HDP) to identify potential efficiencies and energy savings across the estate; and
- signing up to the United Nations Climate Change Race to Zero global campaign for Universities and Colleges, pledging to achieve net zero carbon emissions by 2050.

The College continues to purchase all its electricity 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. Staff and students are encouraged to use bicycles and have access to discount purchase schemes. Bike repair stations have been installed at both campuses. There is a Transport Management Group which meets 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 have been installed at both 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 minimise the environmental impact of resource use during development projects, the following measures have been included in the specifications of the Hawkshead capital development:

- the concrete used for the building frame contains a high proportion of cement replacement to reduce the embodied carbon footprint;
- the building exceeds Energy Performance Ratio regulations;
- only Forest Stewardship Council (FSC) and/or Programme for the Endorsement of Forest Certification (PEFC) certified timber is being used;
- thermal and lighting controls will help the building use energy more efficiently when operational;
- water efficient equipment and fittings are being installed to reduce water consumption; and

- at least 90% of the waste produced during demolition & construction will be re-used or recycled.

Water management
The water contract has been retendered and automatic meter reading equipment is being installed to water meters to improve accuracy of data and identify scope for reduction.

Wildlife enhancement
With the help of the Woodland Trust Community Trees Scheme, over 300 saplings were planted at Boltons Park Farm to repair existing hedgerows and create new ones.

Native and pollinator-centric species are being incorporated in the landscaping and planting strategies for the Hawkshead project to encourage invertebrates and pollinators. House martin nests, along with additional bird and bat boxes, will provide new habitats for these species and encourage wildlife to the campus.

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

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. 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 2021

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 2021

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 2021 it is compliant with all those elements of the Higher Education Code of Governance issued by the Committee of University Chairs (CUC) in September 2020. It continues to monitor and ensure that its compliance with the Code is as effective and efficient as it should be and that the recommendations are met in an appropriate manner. 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, including the OfS and Research England Accounts Direction.

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 2021 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 2021 (the revisions were approved by the Privy Council on the 26th May 2021). The revisions reflect changes 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 outcome of which remains pending and is subject to a decision by the Department of Education.

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 Chair, Vice-Chair 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 2020 -21(OfS 2020.22) 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 & 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, the Council and its Finance & General Purposes Committee have continued to 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. An additional Council meeting was held to look at longer term strategy from 2022 to 2026.

There is a Senior Staff Remuneration Committee (SSRC), which is comprised of independent members of the Council, including the Chair 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. An internal informal review of the SSRC's Terms of Reference has taken place in 2020-21 to further ensure it is operating effectively.

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 the RVC's adherence to regulatory requirements in the context of our assurance universe. The Audit Committee adheres to the CUC Higher Education Audit Committee's Code of Practice (May 2020).

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 & 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, Students, 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. In 2020 -21 the Audit Committee has received a specific expert briefing on quality assurance at the RVC from the Academic Registrar.

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 amend 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. During this academic year a specific risk register was maintained alongside normal processes to manage the risks arising from the COVID-19 crisis and to provide regular assurance to the Council. This will be now be merged into the main risk register to reflect the normalisation of some of the risks and mitigations.

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 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.

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.

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 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 2021 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 on the financial statements

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 2021 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.

We have audited the financial statements of The Royal Veterinary College ("the College") and its subsidiaries ("the Group") for the year ended 31 July 2021 which comprise the Consolidated and College statement of comprehensive income, the Consolidated and College statement of changes in reserves, the Consolidated and College balance sheets, the Consolidated cash flow statement 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Council members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and College's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Council members with respect to going concern are described in the relevant sections of this report.

Other information

The Council is 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 Chair'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"), Research England and the Education and Skills Funding Agency

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) and the Education and Skills Funding Agency 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 Statement of Responsibilities of the College Council, the Council members are 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 is 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 intends 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. 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Group and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations are related to their registration with the Office for Students ("OfS) and their ongoing conditions of registration, and we considered the extent to which non-compliance might have a material effect on the Group Financial Statements or their continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the OfS Accounts Direction and tax legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Council and other management and inspection of regulatory and legal correspondence if any.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

The audit procedures to address the risks identified included:

- Performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud. Areas of identified risk are then tested substantively;
- Challenging assumptions made by management in their significant accounting estimates in particular in relation to the actuarial assumptions used in the defined benefit pension scheme and the Universities Superannuation Scheme, assumptions used in the valuation of Investment Properties, the carrying value of liabilities under service concession arrangements, calculations of impairment provisions and the useful economic lives of pension schemes;
- Identifying and testing journal entries, in particular any journal entries posted from staff members with privilege access rights, journals posted by key management, journals posted by individuals outside of their expected job roles, and others deemed unusual based on our expectations;
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and relevant regulators to identify any actual or potential frauds or any potential weaknesses in internal control which could result in fraud susceptibility.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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, Research England and the Education and Skills Funding Agency.

Use of our report

This report is made solely to the governors, 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

Date: 24 November 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 2021

		2021		2020	
		Consolidated	RVC	Consolidated	RVC
		£'000	£'000	£'000	£'000
Income					
Tuition fees and education contracts	1	35,858	35,858	34,126	34,126
Funding body grants	2	24,584	24,584	22,616	22,616
Research grants and contracts	3	12,838	12,838	16,994	16,994
Clinical and related income	4	28,752	25,597	24,233	21,683
Other income	4	7,609	4,971	8,665	5,831
Investment income	5	541	490	843	814
Total income before donations and endowments		**110,182**	**104,338**	**107,477**	**102,064**
Donations and endowments	6	1,178	1,654	1,397	2,442
Total income		**111,360**	**105,992**	**108,874**	**104,506**
Expenditure					
Staff costs		59,573	57,471	57,802	55,852
Provisions for pension obligations charged to staff costs		754	748	(10,259)	(10,151)
Staff costs - total	8	60,327	58,219	47,543	45,701
Other operating expenses	12	32,190	30,192	32,782	30,421
Depreciation and amortisation	10	8,286	7,653	8,279	7,658
Interest and other finance costs	11	1,685	1,684	1,588	1,593
Total expenditure		**102,488**	**97,748**	**90,192**	**85,373**
Surplus before other gains / (losses)		**8,872**	**8,244**	**18,682**	**19,133**
Gain / (Loss) on investments	15	2,438	1,877	(1,011)	(776)
Surplus before tax		**11,310**	**10,121**	**17,671**	**18,357**
Taxation	16	(98)	-	(66)	-
Surplus for the year		**11,212**	**10,121**	**17,605**	**18,357**
Total comprehensive income for the year		**11,212**	**10,121**	**17,605**	**18,357**
Represented by:					
Endowment comprehensive income / (expenditure) for the year		1,867	1,863	(382)	(381)
Restricted comprehensive income for the year		1,209	635	1,472	1,488
Unrestricted comprehensive income for the year		8,136	7,623	16,515	17,250
		11,212	**10,121**	**17,605**	**18,357**

All items of income and expenditure relate to continuing activities.

The accompanying policies and notes on pages 41 to 80 form part of these financial statements.

CONSOLIDATED AND RVC STATEMENT OF CHANGES IN RESERVES
for the year ended 31 July 2021

	Income and expenditure account			Revaluation	
	Endowment	Restricted	Unrestricted	Reserve	Total
	£'000	£'000	£'000	£'000	£'000
Consolidated					
Balance at 1 August 2020	**8,669**	**3,578**	**157,403**	**4,583**	**174,233**
Total Comprehensive income for the year	1,867	1,209	8,136	-	11,212
Revaluation of heritage assets	-	-	-	1,315	1,315
Other comprehensive income	-	-	-	-	-
Release of restricted funds spent in year	-	(1,431)	1,431	-	-
Total comprehensive income / (expenditure) for the year	**1,867**	**(222)**	**9,567**	**1,315**	**12,527**
Balance at 31 July 2021	**10,536**	**3,356**	**166,970**	**5,898**	**186,760**
RVC					
Balance at 1 August 2020	**8,655**	**1,071**	**156,953**	**4,583**	**171,262**
Total Comprehensive income for the year	1,863	635	7,623	-	10,121
Revaluation of heritage assets	-	-	-	1,315	1,315
Other comprehensive income	-	(1)	3	-	2
Release of restricted funds spent in year	-	(1,431)	1,431	-	-
Total comprehensive income / (expenditure) for the year	**1,863**	**(797)**	**9,057**	**1,315**	**11,438**
Balance at 31 July 2021	**10,518**	**274**	**166,010**	**5,898**	**182,700**

The accompanying policies and notes on pages 41 to 80 form part of these financial statements.

CONSOLIDATED AND RVC STATEMENT OF FINANCIAL POSITION
for the year ended 31 July 2021

		2021		2020	
		Consolidated	RVC	Consolidated	RVC
		£'000	£'000	£'000	£'000
Non-current assets					
Intangible assets and goodwill	17	2,742	124	3,156	159
Tangible assets	18	181,174	180,850	171,148	170,576
Heritage assets	19	5,898	5,898	4,583	4,583
Investments	20	15,788	12,177	13,013	10,041
Investments in subsidiaries	21	-	4,273	-	4,273
Non-current receivables	23	-	497	-	760
		205,602	**203,819**	**191,900**	**190,392**
Current assets					
Stock	24	2,000	1,864	1,898	1,786
Trade and other receivables	25	10,498	11,281	10,137	10,861
Investments - short-term	26	10,021	10,021	15,000	15,000
Cash and cash equivalents	27	37,954	33,754	35,592	32,748
		60,473	**56,920**	**62,627**	**60,395**
Less: Creditors, amounts falling due within one year	28	(23,364)	(22,516)	(24,941)	(24,476)
Net current assets		**37,109**	**34,404**	**37,686**	**35,919**
Total assets less current liabilities		**242,711**	**238,223**	**229,586**	**226,311**
Creditors - amounts due after more than one year	29	45,251	45,015	45,428	45,229
Provisions					
Pension provisions	30	10,416	10,304	9,592	9,487
Other provisions	30	284	204	333	333
Total net assets		**186,760**	**182,700**	**174,233**	**171,262**
Restricted reserves					
Income and expenditure reserve - endowment reserves	31	10,536	10,518	8,669	8,655
Income and expenditure reserve - restricted reserves	32	3,356	274	3,578	1,071
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		166,970	166,010	157,403	156,953
Income and expenditure reserve - revaluation reserve		5,898	5,898	4,583	4,583
Total Reserves		**186,760**	**182,700**	**174,233**	**171,262**

The financial statements on pages 37 to 80 were approved and authorised for issue by Council on 24 November 2021 and signed on its behalf by:

Baroness Young of Old Scone
Chair of Council

Mr Roger Bright
Vice Chair of Council and
Honorary Treasurer

Professor Stuart Reid
Principal and President

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 July 2021

	Consolidated	
	2021	2020
	£'000	£'000
Cash flow from operating activities		
Surplus for the year	11,211	17,605
Adjustment for non-cash items		
Depreciation and amortisation	8,286	8,279
Unrealised gain/ (loss) on investments	(2,096)	1,124
(Increase) in stock	(102)	(588)
(Increase) in trade and other receivables	(361)	(1,283)
(Increase) / decrease in trade and other payables	(1,338)	5,495
Increase / (decrease) in pension provision	824	(9,950)
(Decrease) / increase in other provisions	(129)	82
Other non-cash items	(228)	(3)
Adjustment for non-cash items	*4,856*	*3,156*
Adjustment for investing or financing activities		
Investment income	(541)	(842)
Interest payable	1,221	1,235
Endowment income	-	(10)
Realised (gain) on investments	(341)	(113)
New restricted funds	(521)	(376)
Capital grant income	(4,809)	(7,215)
Net cash inflow from operating activities	**11,076**	**13,440**
Cash flows from investing activities		
Capital grants receipts	4,809	7,215
Disposal of non-current asset investments	5,411	7,647
Withdrawal of deposits	4,978	15,411
New restricted funds	521	376
Investment income	541	842
Realised gain on investments	341	113
Payments made to acquire fixed assets	(17,893)	(13,820)
New non-current asset investments	(5,748)	(8,019)
Net cash (outflow) / inflow from investing activities	*(7,040)*	*9,765*
Cash flows from financing activities		
Loan interest	(1,214)	(1,214)
Finance lease interest	(7)	(21)
Loan capital repayments	(214)	(334)
Finance lease capital repayments	(239)	(240)
Net cash (outflow) from financing activities	*(1,674)*	*(1,809)*
Increase in cash and cash equivalents in the year	**2,362**	**21,396**
Cash and cash equivalents at beginning of the year	35,592	14,151
Exchange losses on cash and cash equivalents	-	45
Cash and cash equivalents at end of the year	37,954	35,592
Movement in the year	**2,362**	**21,396**

The accompanying policies and notes on pages 41 to 80 form part of these financial statements.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES
for the year ended 31 July 2021

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 affects 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. The 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, the 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 2021. 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 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 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 Royal Veterinary College Animal Care Trust ("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 and other members due to the mutual nature of the schemes and therefore these schemes are accounted for as defined contribution retirement benefit schemes.

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

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the 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. 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 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.

l. 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 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.

m. 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.

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

n. 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.

o. 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 the current year by experienced fine arts and books' valuers. Valuation reviews are expected to be carried out every four years.

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.

p. 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 Statement of Comprehensive Income

q. 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 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. 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.

r. 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.

s. 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.

t. 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 the Council; and

(c) The revaluation reserve arises from the periodic revaluation of heritage assets.

u. Management estimates and judgements

Corporation Tax

Corporation tax payable for 2020/21 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.

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 37 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. The Council is satisfied that the schemes provided by USS and SAUL meet the definition of a multi-employer scheme.

The RVC Group and the RVC's provision for USS pension liabilities has 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.

1. Tuition Fees and Education Contracts

	2021		2020	
	Consolidated	RVC	Consolidated	RVC
	£'000	£'000	£'000	£'000
Full-time undergraduate students - UK and EU	13,562	13,562	13,445	13,445
Full-time postgraduate students - UK and EU	858	858	714	714
Part-time undergraduate students - UK and EU	14	14	60	60
Part-time postgraduate students - UK and EU	188	188	149	149
International students	19,475	19,475	18,079	18,079
Higher Education course fees	**34,097**	**34,097**	**32,447**	**32,447**
Research training support grants	823	823	754	754
Short course fees	938	938	925	925
	35,858	**35,858**	**34,126**	**34,126**

2. Funding Body Grants

		2021 Consolidated and RVC £'000	2020 Consolidated and RVC £'000
Recurrent grants			
Office for Students		12,575	14,071
Research England		5,161	5,205
Office for Students - capital grants	32	347	296
Specific grants			
Higher Education Innovation Fund		3,705	1,418
Other specific grants		1,712	1,197
Research England - capital grants	32	1,084	429
		24,584	**22,616**

The increase in the Higher Education Innovation Fund in 2020/21 is due to a change in the recognition of prior year income. Research England - capital grants includes a one-off allocation of £645k under the World Class Laboratories fund.

3. Research Grants and Contracts

	2021 Consolidated and RVC £'000	2020 Consolidated and RVC £'000
Research councils	2,707	4,418
UK based charities	2,401	1,082
UK government, local and health bodies	2,892	7,060
UK industry, commerce, public corporations	1,644	1,579
EU government bodies	1,037	854
EU other	382	434
Other international	1,643	1,555
Other source of funding	132	12
	12,838	**16,994**

Included under UK government, local and health bodies in 2021 is a sum of £2.1m (2020: £6.5m) received from the Hertfordshire Local Enterprise Partnership (LEP) relating to a capital grant towards the construction and equipping of a Centre for Vaccinology and Regenerative Medicine as part of the Hawkshead campus capital development. Also included under UK based charities in 2021 is a sum of £1.25m received from the Wolfson Trust towards the project. Funds transferred to partners under collaborative grants have been excluded from the 2021 figures. This relates primarily to Research councils, for which there was a £2.1m income reduction.

4. Other Income (including Clinical and Related Income)

	2021		2020	
	Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
Residences, catering and conferences	1,941	1,786	2,236	2,079
Rent and other income	2,856	3,062	3,339	3,253
Subsidiaries trading income	2,689	-	2,549	-
Government grant - CJRS	123	123	541	499
Other income	**7,609**	**4,971**	**8,665**	**5,831**
Clinical and related income	28,752	25,597	24,233	21,683
	36,361	**30,568**	**32,898**	**27,514**

RVC and its subsidiary entities have received government grant support under the UK government's Coronavirus Job Retention Scheme (CJRS), amounting to £123k. (2020: £541k)

5. Investment Income

		2021		2020	
		Consolidated	RVC	Consolidated	RVC
		£'000	£'000	£'000	£'000
Investment income on endowments	31	334	334	304	304
Investment income on restricted reserves	32	94	-	181	-
Other investment income		113	156	358	510
		541	**490**	**843**	**814**

6. Donations and Endowments

		2021		2020	
		Consolidated	RVC	Consolidated	RVC
		£'000	£'000	£'000	£'000
New endowments	31	1	1	10	10
Donations with restrictions	32	521	32	738	811
Unrestricted donations		656	1,621	649	1,621
		1,178	**1,654**	**1,397**	**2,442**

Unrestricted donations under RVC includes a gift aid payment from LBIC of £735k (2020: £736k).

7. Grant and Fee Income

	2021	2020
	Consolidated	Consolidated
	£'000	£'000
Grant income from the Office for Students	12,922	14,367
Grant income from other bodies	21,053	22,402
Fee income for research awards (exclusive of VAT)	494	466
Fee income from non-qualifying courses (exclusive of VAT)	1,661	1,594
Fee income for taught awards (exclusive of VAT)	33,703	32,066
Total Grant and fee income	**69,833**	**70,895**

Grant income from other bodies includes Coronavirus Job Retention Scheme (CJRS) grant funding of £123k (2020: £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 2021, expressed as full-time equivalents, was:

	2021 Consolidated Number	2020 Consolidated Number
Academic departments	223	219
Academic services	68	73
Clinical services	379	353
Research grants and contracts	65	65
General education expenditure	27	23
Residences, catering and conference services	8	8
Premises	57	61
Staff and student facilities	19	17
Subsidiary undertakings	9	11
Administration and central services	111	104
Other services	26	27
	992	**961**

Staff costs for the above:

	Note	2021 Consolidated £'000	2020 Consolidated £'000
Salaries		46,304	45,645
Social security costs		4,548	4,461
Pension schemes - employer contributions	37	7,555	7,301
Restructuring and redundancy costs		1,166	395
Staff costs (excluding pensions provision)		**59,573**	**57,802**
Movement on pension provision			
- Universities Superannuation Scheme	37	754	(10,259)
Total staff costs		**60,327**	**47,543**

9. Remuneration of Senior and Higher Paid Staff

Emoluments of the Principal:	2021 £'000	2020 £'000
Salary	261	261
Bonus	-	15
Allowance - travel	12	12
Allowance - accommodation [1]	40	42
	313	330
Pension contributions to USS	58	57
	371	**387**

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 the Council, including the Chair and Honorary Treasurer. The Committee adheres to the Higher Education Senior Staff Remuneration Code and 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 Principal is engaged on the same general terms and conditions as all other RVC employees, including membership of the USS, and the Committee is confident that the current remuneration for the Principal is fair and proportionate taking into account market factors.

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 2020/21, the remuneration for Professor Reid, along with other senior staff, remained unchanged in line with the nationally negotiated salaries of all other RVC employees. Since his appointment in January 2011, the Principal's base salary has increased by an average of 2.4% 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, and robust financial performance. In 2020, the College was for the second time, ranked number one veterinary school in the QS World University Rankings, having been in the top three for the previous five years.

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

Since the beginning of the 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. This exemplary leadership has continued throughout the current transition to a different way of work and study now that restrictions have begun to ease.

Professor Reid's remuneration also includes (taxable) allowances for accommodation and travel of £39.5k 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 7.4 times (2020: 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 9.1 times (2020: 10.1 times) the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total renumeration 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 include compensation paid to members of the CEC.

	2021	2020
	£	£
Key management personnel:		
Compensation paid or accrued in year	2,956,111	3,002,453
Movement on USS pension provisions	73,481	(922,113)
Total key management personnel compensation	**3,029,592**	**2,080,340**
Number of key management personnel (headcount)	20	20

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

Higher Paid Staff

Remuneration of other higher paid staff, excluding employer's pension contributions:	2021	2020
	No. of Staff	No. of Staff
£100,000 to £104,999	1	1
£105,000 to £109,999	-	1
£110,000 to £114,999	4	4
£115,000 to £119,999	1	1
£120,000 to £124,999	-	-
£125,000 to £129,999	1	1
£130,000 to £134,999	1	1
£135,000 to £139,999	1	1
£140,000 to £144,999	1	1
£145,000 to £149,999	1	1
£150,000 to £154,999	-	-
£155,000 to £159,999	2	2
	13	**14**

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 (2020: £nil).

10. Depreciation and Amortisation

	2021		2020	
	Consolidated	RVC	Consolidated	RVC
	£'000	£'000	£'000	£'000
Depreciation of tangible assets	7,866	7,611	7,863	7,620
Amortisation of goodwill	420	42	416	38
Depreciation and amortisation	**8,286**	**7,653**	**8,279**	**7,658**

Deprecation and amortisation comprise:

		2021		2020	
		Consolidated	RVC	Consolidated	RVC
	Note	£'000	£'000	£'000	£'000
Depreciation of tangible assets:					
Wholly owned assets		7,649	7,394	7,636	7,393
Assets held on finance leases		217	217	227	227
Depreciation of tangible assets	18	**7,866**	**7,611**	**7,863**	**7,620**
Amortisation of goodwill		378	-	378	-
Amortisation of software assets		42	42	38	38
Amortisation of intangible assets	17	**420**	**42**	**416**	**38**
Total - Depreciation and amortisation		**8,286**	**7,653**	**8,279**	**7,658**

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

11. Interest and Other Finance Costs

	Note	2021 Consolidated £'000	2021 RVC £'000	2020 Consolidated £'000	2020 RVC £'000
Private placement interest payable		1,214	1,214	1,214	1,214
Other interest payable		-	-	-	8
Finance lease interest		7	7	21	21
Exchange differences		394	394	44	44
Net charge on USS pension scheme	37	70	69	309	306
		1,685	**1,684**	**1,588**	**1,593**

12. Other Operating Expenses and Analysis of Expenditure by Activity

2020/21	Staff Costs £'000	Other Operating Expenses £'000	Depreciation and Amortisation £'000	Interest and Other Finance Costs £'000	2021 £'000
Academic departments	17,490	5,075	356	-	22,921
Academic services	3,922	1,694	704	7	6,327
Clinical services	18,867	7,794	834	-	27,495
Research grants and contracts	3,689	2,241	107	40	6,077
General education expenditure	1,427	3,856	-	19	5,302
Residences, catering and conference service	344	1,681	754	449	3,228
Premises	2,604	5,221	4,615	726	13,166
Staff and student facilities	917	1,379	546	-	2,842
Subsidiary undertakings	588	775	234	89	1,686
Administration and central services	8,554	2,594	73	11	11,232
Other services	1,274	468	63	-	1,805
Other expenditure	651 [1]	(588) [2]	-	344	407
	60,327	**32,190**	**8,286**	**1,685**	**102,488**

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

[2] Other operating expenses includes movements on Other provisions.

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

2019/20	Staff Costs £'000	Other Operating Expenses[4] £'000	Depreciation £'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) [3]	51 [4]	-	281	(9,016)
	47,543	**32,782**	**8,279**	**1,588**	**90,192**

[3] Included under Other expenditure - Staff Costs is the movement on the USS Pensions Provision.

[4] 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*

Included in Other Operating Expenses (excluding irrecoverable VAT) are:
External auditor's fees for the RVC's Group financial statements of £55,000 (2020: £50,000)
External auditor's fees for other audit work of £56,650 (2020: £47,600)
External auditor's fees for non-audit services of £17,310 (2020: £19,850)

Other audit work includes the following:

	2021	2020
	£	£
Audit of Subsidiaries' financial statements	27,610	21,100
Audit of US GAAP financial statements	29,040	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:

	2021	2020
	£	£
Tax compliance services	14,685	13,350
London BioScience Innovation Centre Ltd. service charge audit	2,000	2,000
External compliance audits	2,625	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 one Council member in the year was £234 (2020: paid to seven members, £2,887).

13. Access and Participation Plan

	2021 Consolidated and RVC £'000	2020 Consolidated and RVC £'000
Access and participation investment		
Access investment	478	466
Financial support investment	581	561
Research and education investment	26	12
Support for disabled students	280	256
Total access and participation investment	**1,365**	**1,295**
Amount included within Staff costs (Note 8)	683	536

During 2020-21, RVC has spent £1.37m on Access and Participation activities to support 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).

RVC's Access and Participation Plan for 2020-21 can be found here:
https://www.rvc.ac.uk/Media/Default/study/Undergraduate/documents/RVC%20Access%20Plan%202020-2021.pdf

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

There were no asset disposals in ether year.

	2021		2020	
	Consolidated	RVC	Consolidated	RVC
Disposal of tangible assets - equipment	-	-	-	-
	-	-	-	-

In 2020/21 the following impairment was recognised:

Impairment of tangible assets - equipment	-	-	**(54)**	-
	-	-	**(54)**	-

Following an impairment review of equipment, RVC Veterinary Practices Ltd. wrote off the value of equipment at Acorn House Veterinary Hospital. Losses on these impairments are included in Other operating expenses.

15. Gain / (Loss) on Investments

	2021		2020	
	Consolidated	RVC	Consolidated	RVC
	£'000	£'000	£'000	£'000
Investments - realised gains	341	263	113	89
Investments - unrealised gains / (losses)	2,097	1,614	(1,124)	(865)
Net gain / (loss) on investments	**2,438**	**1,877**	**(1,011)**	**(776)**

Further details of the investments are disclosed in Note 20.

16. Taxation

	2021	2020
	Consolidated	Consolidated
	£'000	£'000
Recognised in the Statement of Comprehensive Income		
Tax accrued from prior year	-	(123)
Tax charge recognised in year	110	66
Tax adjustments written back	(12)	123
Current tax charge	**98**	**66**
Factors affecting current tax charge		
Surplus before taxation	11,044	17,605
Exclude: Movement on pensions provisions (Note 37)	754	(10,259)
Surplus before taxation (excluding pensions provision)	**11,798**	**7,346**
Surplus (excluding pensions provision) multiplied by standard rate of corporation tax in the UK of 19%	2,242	1,396
RVC surplus exempt from tax	(2,304)	(369)
Balances eliminated on consolidation exempt from tax	194	54
Expenses disallowable for tax in subsidiaries	127	292
Capital allowances in subsidiaries	(22)	(173)
Loss in subsidiary	-	(244)
Corporation tax due to prior year relief correction	-	-
Corporation tax due before Gift Aid relief	-	161
Gift Aid relief	(139)	(1,051)
Other adjustments posted	-	-
Total current tax charge	**98**	**66**

17. Intangible Assets and Goodwill

	2021		2020	
	Consolidated	RVC	Consolidated	RVC
	£'000	£'000	£'000	£'000
Software				
Gross book value at 1 August	1,924	1,924	1,902	1,902
Additions in the year	6	6	22	22
Gross book value at 31 July	**1,930**	**1,930**	**1,924**	**1,924**
Accumulated amortisation at 1 August	1,765	1,765	1,727	1,727
Amortisation charge for the year	42	42	38	38
Accumulated amortisation at 31 July	**1,807**	**1,807**	**1,765**	**1,765**
Net book value at 31 July	**123**	**123**	**159**	**159**

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	788	-	410	-
Amortisation charge for the year	378	-	378	-
Accumulated amortisation at 31 July	**1,166**	**-**	**788**	**-**
Net book value at 31 July	**2,619**	**-**	**2,997**	**-**
Total Intangible assets and goodwill	**2,742**	**123**	**3,156**	**159**

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

18. Tangible Assets

	Freehold Land and Buildings			Fixtures, Fittings and Equipment	Assets in the Course of Construction	Total Fixed Assets
	Land and Structure	Fit-Out	Plant and Machinery			
	£'000	£'000	£'000	£'000	£'000	£'000
Consolidated						
Cost or valuation						
At 1 August 2020	148,797	38,886	32,063	16,827	13,033	249,606
Additions	-	-	-	714	17,179	17,893
Transfers	-	77	-	335	(412)	-
Disposals	-	-	-	(1,170)	-	(1,170)
At 31 July 2021	**148,797**	**38,963**	**32,063**	**16,706**	**29,800**	**266,329**
Consisting of:						
Valuation of land at 31 July 2014	81,664	-	-	-	-	81,664
Cost of other fixed assets	67,133	38,963	32,063	16,706	29,800	184,665
At 31 July 2021	**148,797**	**38,963**	**32,063**	**16,706**	**29,800**	**266,329**
Depreciation						
At 1 August 2020	34,994	16,074	17,600	9,791	-	78,459
Charge for the Year	1,404	2,849	1,826	1,787	-	7,866
Disposals	-	-	-	(1,170)	-	(1,170)
At 31 July 2021	**36,398**	**18,923**	**19,426**	**10,408**	**-**	**85,155**
Carrying amount (net book value)						
At 31 July 2021	**112,399**	**20,040**	**12,637**	**6,298**	**29,800**	**181,174**
At 31 July 2020	113,803	22,812	14,463	7,036	13,033	171,147
RVC						
Cost or valuation						
At 1 August 2020	144,564	38,801	32,063	16,523	13,032	244,983
Additions	-	-	-	704	17,179	17,883
Transfers	-	77	-	335	(412)	-
Disposals	-	-	-	(1,170)	-	(1,170)
At 31 July 2021	**144,564**	**38,878**	**32,063**	**16,392**	**29,799**	**261,696**
Consisting of:						
Valuation of land at 31 July 2014	81,664	-	-	-	-	81,664
Cost of other fixed assets	62,900	38,878	32,063	16,392	29,799	180,032
At 31 July 2021	**144,564**	**38,878**	**32,063**	**16,392**	**29,799**	**261,696**
Depreciation						
At 1 August 2020	31,491	16,074	17,600	9,241	-	74,406
Charge for the Year	983	2,841	1,826	1,961	-	7,611
Disposals	-	-	-	(1,170)	-	(1,170)
At 31 July 2021	**32,474**	**18,915**	**19,426**	**10,032**	**-**	**80,847**
Carrying amount (net book value)						
At 31 July 2021	**112,090**	**19,963**	**12,637**	**6,360**	**29,799**	**180,849**
At 31 July 2020	113,073	22,727	14,463	7,282	13,032	170,576

At 31 July 2021, freehold land and buildings included £81m in respect of freehold land held by the College and which is not depreciated.

18. Tangible Assets *continued*

Consolidated fixtures, fittings and equipment include assets held by the RVC under finance leases (and included above) were as follows:

	2021 £'000	2020 £'000
Cost	1,170	1,170
Accumulated depreciation	(971)	(724)
Charge for year	(199)	(247)
Net book value	**-**	**199**

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

	2021 Consolidated and RVC £'000	2020 Consolidated and RVC £'000
Heritage assets held at valuation	5,898	4,583
At 31 July 2021	**5,898**	**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 during the year by Bonhams, a number of works of art were deemed to have increased in value since the previous valuation undertaken as at 31 July 2017.

20. Investments

Movement on the long-term investment portfolio comprises:

	2021		2020	
	Consolidated	RVC	Consolidated	RVC
	£'000	£'000	£'000	£'000
At 1 August	13,013	10,041	13,652	10,543
Additions	5,748	4,426	8,019	6,196
Disposals	(5,411)	(4,167)	(7,647)	(5,922)
Realised gain	341	263	113	89
Unrealised gain / (loss)	2,097	1,614	(1,124)	(865)
At 31 July	**15,788**	**12,177**	**13,013**	**10,041**

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

	2021	2020
	RVC	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
	4,273,004	**4,273,004**

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 Developments Limited to produce audited financial statements for the year ending 31 July 2021. The RVC has also of guarantee under section 479C of the Companies Act 2006.

23. Non-Current Receivables

	2021		2020	
	Consolidated £'000	RVC £'000	Consolidated £'000	RVC £'000
Amounts falling due after more than one year:				
Loan to subsidiary undertaking	-	497	-	760
	-	**497**	**-**	**760**

The amounts shown under the RVC relate to the long-term element of a loan to London BioScience Innovation Centre Limited (LBIC). At 31 July 2021 the total value of the loan outstanding from LBIC was £761k (2020: £1m) of which £264k 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

	2021		2020	
	Consolidated	RVC	Consolidated	RVC
	£'000	£'000	£'000	£'000
General consumables	1,659	1,523	1,500	1,388
Farm stocks	341	341	398	398
	2,000	**1,864**	**1,898**	**1,786**

Farm stocks include biological assets of dairy cattle valued at £184,000 (2020: £246,000), store cattle of £13,000 (2020: £18,000), sheep of £64,000 (2020: £37,000), other farm animals of £2,000 (2020: £10,000), growing crops of £13,000 (2020: £14,000) as well as feeds and forages of £57,000 (2020: £60,000) and other farm stocks £8,000 (2020: £13,000). Biological assets have been reviewed and revalued at fair value based on information available as of 31 July 2021.

General consumables comprises stock held for clinical purposes, building maintenance and operational stock.

25. Trade and Other Receivables

	2021		2020	
	Consolidated	RVC	Consolidated	RVC
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Research grant receivables	2,887	2,887	2,116	2,116
Other trade receivables	5,172	4,898	5,854	5,524
Other receivables	82	81	287	287
Prepayments and accrued income	2,357	1,977	1,880	1,827
Amounts due from subsidiary undertakings	-	1,438	-	1,107
	10,498	**11,281**	**10,137**	**10,861**

The short-term element of the loan (£264k) 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

	2021		2020	
	Consolidated	RVC	Consolidated	RVC
	£'000	£'000	£'000	£'000
Short-term deposits	10,021	10,021	15,000	15,000
	10,021	**10,021**	**15,000**	**15,000**

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

27. Cash and Cash Equivalents

	2021		2020	
	Consolidated	RVC	Consolidated	RVC
	£'000	£'000	£'000	£'000
Cash in hand	78	78	85	85
Cash at bank	19,563	15,363	17,241	14,397
Current deposits	18,313	18,313	18,266	18,266
	37,954	**33,754**	**35,592**	**32,748**

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

	2021 Consolidated	2021 RVC	2020 Consolidated	2020 RVC
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Unsecured loans	214	214	214	214
Obligations under finance leases	-	-	239	239
Trade payables	3,505	3,459	1,194	1,148
Taxation due including social security	2,315	2,008	3,246	2,894
Research grant payables	8,631	8,631	13,015	13,015
Accrued expenses and deferred income	8,699	8,204	7,033	6,596
Amounts owed to subsidiaries	-	-	-	370
	23,364	**22,516**	**24,941**	**24,476**

29. Creditors – Amounts falling due after one year

	2021		2020	
	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	15	15	229	229
Trade payables	236	-	199	-
Obligations under finance leases	-	-	-	-
	45,251	**45,015**	**45,428**	**45,229**

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:

	2021 Consolidated and RVC	2020 Consolidated and RVC
	£'000	£'000
Analysis of unsecured loans and private placements:		
Due between one and two years	15	214
Due between two and five years	-	15
Due in five years or more	45,000	45,000
Due after more than one year	**45,015**	**45,229**
Due within one year	214	214
Total unsecured borrowings	**45,229**	**45,443**

The loan terms, applicable interest rates and counter-parties of unsecured borrowings as at 31 July 2021 are as follows:

Lender	Amount	Term ends	Interest rate
	£'000		%
Salix	229	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	**45,229**		

RVC secured interest-free Salix loan funding to support investment in energy efficiency projects. The outstanding balance of £0.2m is repayable next year.

30. Provisions for Pension and Other Liabilities

	Provision to fund deficit on USS Pension	LBIC rental space provision	Tax liabilities	Legal claims	Total Other Provisions
	£'000	£'000	£'000	£'000	£'000
Consolidated					
At 1 August 2020	9,592	80	196	137	413
Utilised in the year	(489)	-	(127)	(47)	(174)
Additions in the year	1,313	-	-	45	45
Unused amounts released in the year	-	-	-	-	-
At 31 July 2021	**10,416**	**80**	**69**	**135**	**284**
RVC					
At 1 August 2020	9,487	-	196	137	333
Utilised in the year	(486)	-	(127)	(47)	(174)
Additions in the year	1,303	-	-	45	45
Unused amounts released in the year	-	-	-	-	-
At 31 July 2021	**10,304**	**-**	**69**	**135**	**204**

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 37.

The London Bioscience Innovation Centre (LBIC) provision relates to future liability for a contractual commitment associated with making good of a rental space after the end of a client lease.

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, which has not yet been settled. The tax liability provision relating to benefits provided to a small group of employees was released in the year.

The legal claims provision relates to two individual claims currently under investigation, one legal claim was settled in the year to 31 July 2021.

31. Endowment Reserves

Consolidated	Restricted Permanent £'000	Expendable Endowments £'000	2021 Total £'000	2020 Total £'000
Balances at 1 August				
Capital	1,117	4,236	5,353	5,588
Accumulated income	1,440	1,876	3,316	3,463
	2,557	**6,112**	**8,669**	**9,051**
New endowments	1	-	1	10
Investment income	99	235	334	304
Expenditure	(143)	(206)	(349)	(289)
Increase / (Decrease) in market value of investments	549	1,332	1,881	(407)
Total endowment comprehensive (expenditure) for the year	**506**	**1,361**	**1,867**	**(382)**
Balances at 31 July	**3,063**	**7,473**	**10,536**	**8,669**

RVC	Restricted Permanent £'000	Expendable Endowments £'000	2021 Total £'000	2020 Total £'000
Balances at 1 August				
Capital	1,117	4,220	5,337	5,572
Accumulated income	1,440	1,877	3,317	3,464
	2,557	**6,097**	**8,654**	**9,036**
New endowments	1	-	1	10
Investment income	99	235	334	304
Expenditure	(143)	(205)	(348)	(288)
Increase / (Decrease) in market value of investments	549	1,328	1,877	(407)
Total endowment comprehensive (expenditure) for the year	**506**	**1,358**	**1,864**	**(381)**
Balances at 31 July	**3,063**	**7,455**	**10,518**	**8,655**

Analysis by type of purpose:

	Consolidated		RVC	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Scholarships and prizes	3,494	2,878	3,476	2,864
Student welfare and support	1,734	1,439	1,734	1,439
Research support	3,947	3,249	3,947	3,249
Clinical services support	1,361	1,103	1,361	1,103
	10,536	**8,669**	**10,518**	**8,655**

No funds were in deficit in either 2020/21 or the prior year.

32. Restricted Reserves

Consolidated	Unspent Capital Grants £'000	Donations and Other £'000	2021 Total £'000	2020 Total £'000
Balances at 1 August	**-**	**3,578**	**3,578**	**2,831**
New grants	1,431	-	1,431	725
New donations	-	521	521	738
Investment income	-	94	94	181
Expenditure	-	(1,361)	(1,361)	(57)
Increase / (decrease) in market value of investments	-	524	524	(115)
Total restricted comprehensive income for the year	**1,431**	**(222)**	**1,209**	**1,472**
Capital grants utilised and released to unrestricted reserve	(1,431)	-	(1,431)	(725)
Balances at 31 July	**-**	**3,356**	**3,356**	**3,578**

RVC	Unspent Capital Grants £'000	Donations and Other £'000	2021 Total £'000	2020 Total £'000
Balances at 1 August	**-**	**1,071**	**1,071**	**308**
New grants	1,431	-	1,431	725
New donations	-	32	32	811
Investment income	-	-	-	-
Expenditure	-	(828)	(828)	(48)
Total restricted comprehensive income for the year	**1,431**	**(796)**	**635**	**1,488**
Capital grants utilised and released to unrestricted reserve	(1,431)	-	(1,431)	(725)
Balances at 31 July	**-**	**275**	**275**	**1,071**

Analysis by type of purpose:

	Consolidated		RVC	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Research support	477	407	274	285
Student welfare and support	1,121	964	-	-
Scholarships and prizes	22	11	-	-
Teaching support and general education	151	140	-	-
Clinical services support	1,585	1,270	-	-
Capital appeal	-	786	-	786
	3,356	**3,578**	**274**	**1,071**

33. Consolidated Reconciliation of Net Debt

	2021 £'000
Net debt 1 August 2020	**10,090**
Movement in cash and cash equivalents	(2,362)
Acquisition of subsidiaries	-
Disposal of subsidiaries	-
Other changes	(408)
Changes in market value and exchange rates	(45)
Net debt 31 July 2021	**7,275**
Change in net debt	**(2,815)**

Analysis of net debt	31 July 2021 Consolidated £'000	31 July 2020 Consolidated £'000
Cash and cash equivalents	37,954	35,592
Borrowings: amounts falling due within one year		
Unsecured loans	214	214
Obligations under finance leases	-	239
	214	453
Borrowings: amounts falling due after one year		
Private placements	45,000	45,000
Unsecured loans	15	229
Obligations under finance leases	-	-
	45,015	45,229
Net debt	**7,275**	**10,090**

34. Capital and Other Commitments

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

	2021 Consolidated and RVC £'000	2020 Consolidated and RVC £'000
Commitments contracted for	6,247	16,598
	6,247	**16,598**

The decrease in capital commitments reflects the progress made to the Hawkshead 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

Consolidated and RVC	Year ending 31 July 2021 Land and Building £'000	Other leases £'000	Total £'000	Year ending 31 July 2020 Total £'000
Payable during the year	66	-	66	130
Future minimum payments due				
Not later than 1 year	66	-	66	66
Later than 1 year and not later than 5 years	263	-	263	263
Later than 5 years	459	-	459	525
Total payments due	**788**	**-**	**788**	**854**

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 both 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 Colleges Retirement Savings Scheme, a defined contribution scheme. RVC Veterinary Practices Limited ("RVP") enrols its staff into a defined contribution 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:

		2021		2020	
		Consolidated	RVC	Consolidated	RVC
	Note	£'000	£'000	£'000	£'000
Statement of income and expenditure - net pension cost in year					
Universities Superannuation Scheme (USS)		5,164	5,124	4,977	4,925
Superannuation Arrangements for the University of London (SAUL)		2,348	2,324	2,283	2,257
People's Pension Scheme		37	-	32	-
Universities and Colleges Retirement Savings Scheme (UCRSS)		6	6	9	9
Employer's contributions	8	7,555	7,454	7,301	7,191
Movement on pension past service cost - USS Pension Scheme Provision	8	754	748	(10,259)	(10,151)
Net pension charge to Staff costs		8,309	8,202	(2,958)	(2,960)
Interest cost - unwind of discount - USS Pension Scheme Provision	11	70	69	309	306
Total net charge to SOCI		**8,379**	**8,271**	**(2,649)**	**(2,654)**
Statement of financial position - provision for pension scheme liability					
Pension provisions - USS Pension Scheme Provision	30	(10,416)	(10,304)	(9,592)	(9,487)
Total liability on SOFP		**(10,416)**	**(10,304)**	**(9,592)**	**(9,487)**

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 £5,164k (2020: £4,977k). Deficit recovery contributions due within one year for the institution are £460k (2020: £460k).

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.

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	*Pre-retirement:* 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females. *Post-retirement:* 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:

	2021 Valuation	2020 Valuation
Males currently aged 65 (years)	24.6	24.4
Females currently aged 65 (years)	26.1	25.9
Males currently aged 45 (years)	26.6	26.3
Females currently aged 45 (years)	27.9	27.7

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:

	2021	2020
Discount rate	0.87%	0.73%
Pensionable payroll growth (average per annum)	3.59%	3.23%

The March 2020 valuation was signed and filed with The Pensions Regulator with an effective date of 1 October 2021. Under the valuation, the scheme deficit has increased, requiring a range of actions. Employer contributions rose by 0.3% to 21.4% from October 2021 and there is a new deficit recovery plan from April 2022. The latter is subject to the outcome of an employee consultation on benefit reform which is currently underway and must be agreed by February 2022. If agreement is not reached, then there would be further increases in employer and employee contributions taking effect between April 2022 and October 2025. As the 2020 valuation was not finalised by 31 July 2021, the change in the pension liability is a non-adjusting post balance sheet event. Assuming a discount rate of 0.87%, the pension provision would increase from the reported £10.4m to £30.4m (subject to the benefit reform measures being agreed).

More detail in set out in the USS Statement of Funding Principles available at: https://www.uss.co.uk/about-us/valuation-and-funding/statement-of-funding-principles

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*

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.

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 formal actuarial valuation was carried out with an effective date of 31 March 2020 (with the formal report dated June 2021 and signed by the actuary on 23 August 2021). 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 2021 and are due to be reviewed at SAUL's next formal valuation in 2023. The Trustee and employers agreed on 21 June 2021 a revised schedule of contributions for SAUL under which employers will pay contributions of 16% until 31 March 2022, rising to 19% of CARE salary from 1 April 2022, and to 21% of CARE salary from 1 January 2023.

At the 31 March 2020 valuation SAUL showed a shortfall of £217 million, equivalent to a funding level of 94%. Subsequent market movements since the valuation date have been positive and updated calculations provided by SAUL's actuary (Mercer Limited) show that, at 31 March 2021, SAUL was estimated to have a technical provision of £379 million, equivalent to a fund level of 110%. The improvement in SAUL's position between 31 March 2020 and 31 March 2021 is due to the higher than expected investment returns achieved by SAUL's assets: SAUL's total asset return was approximately 19% over the year to 31 March 2021. No deficit contributions were therefore required as of 31 March 2021.

Accounting policy and costs reflected in RVC's accounts

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 (unaudited) market value of SAUL's assets at 31 March 2021 was £4,310 million.

It is not possible to identify an individual employer's share of the underlying assets and liabilities of SAUL. 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 section 28 of FRS 102.

As there was a technical provisions surplus at 31 March 2021, 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 issued as at 31 March 2021 for SAUL by Mercer Limited on 23 August 2021 and calculated that the technical provision surplus at 31 March 2021 was £379 million, equivalent to a funding level of 110%.

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.

37. Pension Schemes *continued*

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

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).

Due to the nature of the College's operations and the composition of the Council (being drawn from other public bodies, private sector organisations and the RVC itself), it is inevitable that transactions will take place with organisations in which members of the Council may have an interest. These transactions are disclosed if they are considered material to the Financial Statements.

Mr Q Wedmore was President of the RVC Students' Union (RVCSU) for the 2020/21 academic year and was succeeded by Mr S Fenton from 1 August 2021. The President of the RVCSU is ex officio a member of Council of the RVC. The RVCSU received £181,370 from RVC in the normal course of business (2020: £242,291) 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 2019/20).

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 £186,345 to the University of London and its associated undertakings (2020: £180,900).

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 the Council and was Head of UK/EU Research Landscape at Wellcome. The RVC received funding of £49,721 from Wellcome in the year (2020: £283,734). RVC made payments in the normal course of business totalling £103,446 to the University of Oxford, Wellcome Trust Centre for Human Genetics (2020: £32,033).

Professor Andrew Pitsillides is a member of the 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 £69,119 from Arthritis Research in the year (2020: £146,791). Professor Andrew Pitsillides also acts as a consultant for Haoma Medica Limited. The RVC received funding of £250,915 from Haoma Medical Limited in the year (2020: £216,703).

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: [5]

Independent Members

Baroness Young of Old Scone F&GPC, RC, N&F (Chair from 1 August 2019 & re-appointed 1 August 2021)

Mr RMF Bright F&GPC, RC, N&F (Hon. Treasurer; Vice Chair from 1 August 2019 & re-appointed 1 August 2021)

Ms J Alexander F&GPC, RC

Dr A-M Coriat N&F

Mr R Hargreaves

Mr J Heawood F&GPC

Mr A Laycock AC

Dr S Lishman CBE (Chair of Ethics & Welfare Committee)

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

Mr P Reid F&GPC (to 31 July 2021)

Dr S Virdee AC (from 1 January 2021)

Members elected by the Academic Board

Professor J Maddison

Professor A Pitsillides

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

Mr Q Wedmore (2020/21) F&GPC (to 31 July 2021)

Mr S Fenton (2020/21) F&GPC (from 1 August 2021)

Principal and President (ex-officio)

Professor SWJ Reid CBE F&GPC

The members of the 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 (to 31 December 2020)

[5] Members of the following Council Committees are signified as follows:
F&GPC Finance and General Purposes Committee AC Audit Committee RC Remuneration Committee
E&W Ethics and Welfare Committee N&F Nominations and Fellows Committee

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ROYAL VETERINARY COLLEGE

Celebrating over 230 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.