



## CONSOLIDATED FINANCIAL SUMMARIES

	2005	2004	2003	2002	2001
	£000	£000	£000	£000	£000
<b>INCOME AND EXPENDITURE ACCOUNT</b>					
<b>INCOME</b>					
Funding Council grants	18,874	15,794	13,489	12,166	10,886
Academic fees and support grants	3,572	3,448	3,097	3,168	2,926
Research grants and contracts	4,781	4,337	4,288	4,272	3,993
Other operating income	10,469	9,855	9,191	7,655	6,843
Endowment and investment income	893	762	610		

# TREASURER'S REPORT

for the year ended 31 July 2005

## 1 SCOPE OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the SORP: Accounting for Further and Higher Education, and the relevant accounting standards. The consolidated financial statements cover the activities of the College, the Animal Care Trust (ACT) and the London BioScience Innovation Centre Limited.

Depreciation rose from £2,648,000 in 2004 to £2,811,000 in 2005, an increase of 6% (2004: 37%).

There being a significant investment in equipment during the year, both for clinical and research activity.

## 2 CONSOLIDATED RESULTS FOR THE YEAR

	2005	2004
	£000	£000
Income	38,589	34,196
Expenditure	(37,805)	(34,588)
Surplus on Continuing Operations	784	(392)
Profit on disposal of assets	-	646
Transfer to specific endowments	122	124
Surplus within General Reserves	<b>906</b>	<b>378</b>

The College had set an objective to achieve a surplus of 1.5% of income in 2004-05 to fund future strategic developments aimed at improving the overall performance of the College. In 2004-05 the College achieved this objective: the surplus for the year as a percentage of income was 2.4%.

## 3 INCOME

Total income for the year rose by 13% (2004: 11%).

Funding Council grants showed an overall increase of 20% (2004: 17%). Teaching and research grant rose by 15% and 7% respectively.

Full time overseas fees showed a decrease in year of 8% (2004: 2% decrease), due to the weak US dollar. Efforts to attract more overseas postgraduate students were successful.

Income resulting from clinical and related earnings continued to perform well, increasing 6% (2004: 7%). This growth was mainly due to increased income from the Queen Mother Hospital for Animals (16%). Other clinical services also performed well during the year. Income from research grants and contracts rose by 10% (2004: 1%), a significant increase on previous years.

## 4 EXPENDITURE

Overall expenditure increased by 9% (2004: 18%), staff costs rose by 10% (2004: 16%) as a result of the continued increase in academic and academic-related staff, recruited to reflect the expansion of the core activities; teaching, research and clinical services.

Other operating expenses increased by 11% (2004: 15%). The most significant increases were in the areas of student and educational expenditure (24%), rates, cleaning and insurance (33%); utilities (32%) and legal and other consultancy (26%).

	Note	Consolidated		College	
		2005 £000	2004 £000	2005 £000	2004 £000
<b>INCOME</b>					
Funding Council Grants	1	18,874	15,794	18,874	15,794
Academic Fees and Support Grants	2	3,572	3,448		

	Note	Consolidated		College	
		2005 £000	2004 £000	2005 £000	2004 £ 000
<b>FIXED ASSETS</b>					
Investments	10	-	-	100	100
Tangible assets	12	41,530	39,017	38,041	35,317
		41,530	39,017	38,141	35,417
Endowment asset investments	11	10,174	8,495	8,865	7,345
<b>CURRENT ASSETS</b>					
Stocks	13	483	371	474	357
Debtors -amounts falling due within one year	14	2,781	2,293	2,967	3,491
Debtors -amounts falling due after more than one year	14	-	-	3,437	2,618
Short term deposits	15	-	374	613	374
Cash at bank and in hand	15	1,728	636	2,399	1,545
		4,992	3,674	9,890	8,385
Creditors - amounts falling due within one year	16	(6,242)	(6,913)	(8,383)	(8,688)
Net current (liabilities) / assets		(1,250)	(3,239)	1,507	(303)
Total assets less current liabilities		50,454	44,273	48,513	42,459
Creditors - amounts falling due after more than one year	17	(7,983)	(7,392)	(7,983)	(7,392)
<b>NET ASSETS</b>		42,471	36,881	40,530	35,067

# CASH FLOW STATEMENTS

for the year ended 31 July 2005

	Note	Consolidated		College	
		2005	2004	2005	2004
		£000	£000	£000	£000
Net cash inflow / (outflow) from operating activities	21	1,896	2,146	2,334	(714)
Returns on investments and servicing of finance	22	(117)	(428)	(10)	(87)
Capital expenditure and financial investment	23	(1,693)	(541)	(2,022)	(620)
Cash outflow before liquid resources and financing		86	1,177	302	(1,421)
Management of liquid resources - short-term deposits		374	338	(239)	1,566
Financing	24	227	(301)	227	2,202
<b>INCREASE IN CASH</b>		<b>687</b>	<b>1,214</b>	<b>290</b>	<b>2,347</b>

## RECONCILIATION OF CASH FLOW TO MOVEMENT IN NET DEBT

Increase in cash in the period	687	1,214	290	2,347
(Decrease) / Increase in short term deposits	(374)	(338)	239	(1,566)
Repayment of loan and finance lease	673	3,016	673	513
New loans	(900)	(2,715)	(900)	(2,715)
	86	1,177	302	(1,421)
Opening net debt	(5,017)	(6,194)	(5,257)	(3,836)
<b>CLOSING NET DEBT</b>	<b>(4,931)</b>	<b>(5,017)</b>	<b>(4,955)</b>	<b>(5,257)</b>

	Opening Balance £000	Cash Flows £000	Other Changes £000	Closing Balance £000
<b>CHANGES IN NET DEBT - Consolidated</b>				
Endowment cash	2,041	(405)	-	1,636
Other cash	636	1,092	-	1,728
	2,677	687	-	3,364
Short term deposits	374	(374)	-	-
	3,051	313	-	3,364
Loan and finance lease repayable within one year	(676)	673	(309)	(312)
Loan and finance lease repayable after one year	(7,392)	(900)	309	(7,983)
<b>NET DEBT</b>	<b>(5,017)</b>	<b>86</b>	<b>-</b>	<b>(4,931)</b>

## CHANGES IN NET DEBT - College

Endowment cash	891	(564)	-	327
Other cash	1,545	854	-	2,399
	2,436	290	-	2,726
Short term deposits	374	239	-	613
	2,810	529	-	3,339
Loan and finance lease repayable within one year	(675)	673	(309)	(311)
Loan and finance lease repayable after one year	(7,392)	(900)	309	(7,983)
<b>NET DEBT</b>	<b>(5,257)</b>	<b>302</b>	<b>-</b>	<b>(4,955)</b>



# NOTES TO THE ACCOUNTS

for the year ended 31 July 2005

	Note	Consolidated		College	
		2005	2004	2005	2004
		£000	£000	£000	£000
<b>6 STAFF COSTS</b>					
Wages and salaries		18,042	16,379	17,770	16,161
Social security costs		1,455	1,314	1,438	1,300
Pension costs	30	1,753	1,644	1,749	1,664
	8	21,250	19,337	20,957	19,125
<b>Emoluments of the Principal</b>					
Salary		145	156	145	156
USS Pension Contributions		14	22	14	22
Benefit in kind		13	-	13	-
Premature Retirement		-	110	-	110
		172	288	172	288
<b>AVERAGE STAFF NUMBERS</b>					
		Number	Number	Number	Number
Teaching and Research Departments		246	247	246	247
Academic Support Services		66	63	66	63
Administration and Central Services		69	69	65	62
Premises		51	49	51	49
Clinical and related services		189	169	189	169
		621	597	617	590

Both staff costs and numbers include temporary staff and staff employed by agents.

The number of staff, including the Principal, who received emoluments in the following ranges was:

£70,001 to £80,000	6	5	6	5
£80,001 to £90,000	4	6	4	6
£90,001 to £100,000	2	3	2	3
£100,001 to £110,000	2	-	2	-
£110,001 to £120,000	1	-	1	-
£150,001 to £160,000	1	1	1	1

	Consolidated		College	
	2005	2004	2005	2004
	£000	£000	£000	£000
<b>7 OTHER OPERATING EXPENSES</b>				
Catering provisions	294	239	294	239
Consumables and laboratory expenses	3,492	3,366	3,485	3,355
Stationery and publications	1,033	943	985	924
Student and educational expenditure	1,170	944	1,170	944
Rates, cleaning and insurance	667	501	618	459
Electricity, gas, oil and water	840	636	796	597
Small equipment and repairs	1,260	1,185	1,242	1,171
Minor works and maintenance	1,175	1,058	1,089	970
External auditors' remuneration	29	32	27	30
Internal audit	28	19	28	19
Legal and other outside consultancy	1,300	1,032	1,293	819
Travelling and subsistence	1,165	1,004	1,127	981
Telephone, fax and postage	433	486	396	460
Miscellaneous expenses	372	437	229	350
	13,258	11,882	12,779	11,318



	Staff	Depn	Other Exp	Interest	Consolidated	
					2005	2004
	£000	£000	£000	£000	Total	Total
8 EXPENDITURE BY ACTIVITIES						
Academic departments	7,632	268	2,397	-	10,297	8,591
Academic services	2,242	313	1,482	-	4,037	3,476
Research grants and contracts	1,983	-	2,052	-	4,035	3,854
Residences and catering	452	5	285	339	1,081	941
Premises and maintenance	1,107	1,615	2,099	-	4,821	4,288
Administration	1,857	70	1,388	-	3,315	3,727
Clinical and other services - College	5,684	329	3,076		9,089	8,352
Clinical and other services - Sub 3,076						

3,076 1072028 Tm (£000)-24 0r9,089



Consolidated		College	
2005	2004	2005	2004
£000	£000	£000	£000

# NOTES TO THE ACCOUNTS

for the year ended 31 July 2005

	Specific £000	General £000	Total £000
18 ENDOWMENTS -CONSOLIDATED			
At 1 August 2004	6,573	1,922	8,495
Additions	418	40	458
Appreciation of Endowment Asset Investment	1,130	213	1,343
Loss on disposal	(5)	(2)	(7)
Income for the year	211	63	274
Expenditure for the year	(328)	(61)	(389)
At 31 July 2005	7,999	2,175	10,174
REPRESENTED BY			
Prize and scholarships	6,487	-	6,487
Other funds	1,512	2,175	3,687
Total Funds	7,999	2,175	10,174

## ENDOWMENTS -COLLEGE

At 1 August 2004	5,423	1,922	7,345
Additions	89	40	129
Appreciation of Endowment Asset Investment	1,130	213	1,343
Loss on disposal	(5)	(2)	(7)
Income for the year	171	63	234
Expenditure for the year	(118)	(61)	(179)
At 31 July 2005	6,690	2,175	8,865
REPRESENTED BY			
Prizes and scholarship funds	6,487	-	6,487
Other funds	203	2,175	2,378
Total Funds	6,690	2,175	8,865

	Consolidated		College	
	2005	2004	2005	2004
19 INCOME AND EXPENDITURE ACCOUNT	£000	£000	£000	£000
At 1 August	12,384	12,006	12,905	12,022
Current year movement	906	378	869	883
At 31 July	13,290	12,384	13,774	12,905

# NOTES TO THE ACCOUNTS

for the year ended 31 July 2005

		Funding Council	Other Donors	Total	
		£000	£000	£000	
20	DEFERRED CAPITAL GRANTS - CONSOLIDATED				
	Buildings	8,705	7,049	15,754	
	Equipment	108	140	248	
	At 1 August 2004	8,813	7,189	16,002	
	Cash Received - Buildings	841	2,609	3,450	
	Cash Received - Equipment	354	117	471	
	Released to I & E Account - Buildings	(392)	(402)	(794)	
	Released to I & E Account - Equipment	(69)	(53)	(122)	
	At 31 July 2005	9,547	9,460	19,007	
	Buildings	9,154	9,256	18,410	
	Equipment	393	204	597	
	 DEFERRED CAPITAL GRANTS - COLLEGE				
	Buildings	8,705	5,864	14,569	
	Equipment	108	140	248	
	At 1 August 2004	8,813	6,004	14,817	
	Cash Received - Buildings	841	2,609	3,450	
	Cash Received - Equipment	354	117	471	
	Released to I & E Account - Buildings	(392)	(333)	(725)	
	Released to I & E Account - Equipment	(69)	(53)	(122)	
	At 31 July 2005	9,547	8,344	17,891	
	Buildings	9,154	8,140	17,294	
	Equipment	393	204	597	
		Consolidated	College		
		2005	2004	2005	2004
21	RECONCILIATION OF OPERATING SURPLUS TO	2005	2004	2005	2004
	NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	£000	£000	£000	£000
	Surplus after depreciation and disposal of assets	784	254	917	934
	Interest payment on loans & finance lease	486	721	339	350
	Depreciation	2,811	2,648	2,600	2,436
	Deferred capital grants released to income	(916)	(850)	(847)	(780)
	Investment income	(362)	(278)	(322)	(248)
	(Profit) on sale of fixed assets and investments	-	(646)	-	(646)
	(Increase) / Decrease in stocks	(112)	57	(117)	55
	(Increase) in debtors	(488)	(32)	(295)	(3,120)
	(Decrease) / Increase in creditors	(307)	358	59	391
	(Decrease) in provisions	-	(86)	-	(86)
	Net cash inflow / (outflow) from operating activities	1,896	2,146	2,334	(714)

	Note	Consolidated		College	
		2005	2004	2005	2004
		£000	£000	£000	£000
22 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Income from endowments	18	274	227	234	197
Income from short term investments	5	95	66	95	66
Interest paid		(486)	(721)	(339)	(350)
		(117)	(428)	(10)	(87)
23 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT					
Payment for tangible assets	12	(5,324)	(5,151)	(5,324)	(5,134)
Payment for endowment assets	11	(2,550)	(591)	(2,550)	(591)
Total fixed and endowment assets acquired		(7,874)	(5,742)	(7,874)	(5,725)
Proceeds from sale of tangible assets		-	675	-	675
Proceeds from sale of fixed asset investments		-	158	-	159
Proceeds from sales of endowment assets		1,802	168	1,802	168
Deferred capital grants received	20	3,921	2,727	3,921	2,854
Endowments received	18	458	1,473	129	1,249
		(1,693)	(541)	(2,022)	(620)
24 FINANCING LOANS					
New loans		900	2,715	900	2,715
Capital repayment		(673)	(3,016)	(673)	(513)
Net cash inflow / (outflow) from financing		227	(301)	227	2,202
25 SUBSIDIARIES					







# RESPONSIBILITIES OF THE COLLEGE COUNCIL

for the year ended 31 July 2005

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

## RECORD KEEPING AND ACCOUNTING

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

## FINANCIAL STATEMENTS

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

- \* that suitable accounting policies are selected and applied consistently;
- \* that judgements and estimates are made that are reasonable and prudent;
- \* that applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- \* that financial statements are prepared on the going concern basis. The Council is satisfied that it has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Council has taken reasonable steps to:

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

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

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

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

# CORPORATE GOVERNANCE

for the year ended 31 July 2005

1 The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles set out in Section 1 of the Combined Code on Corporate Governance issued by the London Stock Exchange July 2003 in so far as it applies to higher education Institutions. Its purpose is to

provide information to the public and to the financial institutions

of the College. (Although the College is not a public company, it is a public interest body and is therefore subject to the provisions of the Companies Act 2006.)

# CORPORATE GOVERNANCE

for the year ended 31 July 2005

13 The Principal and the College's senior managers receive reports setting out key risk indicators and consider possible control issues. The Risk Register is regularly reviewed and amended as appropriate. Good progress has been made in implementing the risk management process at the College, however, it is recognised that there is still further work needed to ensure that the process is fully embedded at all levels within the organisation. The Audit Committee and Council also receive regular reports from the internal audit and from the Safety Committee which include recommendations for improvement. The Audit Committee's role in this area is confined to a high level review of the arrangements for internal control. The Council receives reports on risk and control from the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

14 The College maintains a register of interests of members of the Council. The Statutes specify that the Secretary to the College shall be Secretary to the Council. Any enquiries about the constitution and governance of the College should be addressed to the Secretary.

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

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

# INDEPENDENT AUDITORS' REPORT

to the Council of the Royal Veterinary College  
for the year ended 31 July 2005

We have audited the financial statements of Royal Veterinary College which comprise the income and expenditure accounts, statement of total recognised gains and losses, balance sheets, cash flow statements, reconciliation of cash flow to movement in net debts, statements of changes in net funds, the notes 1 to 30 and the statement of principal accounting policies, which have been prepared under the accounting policies set out therein.

This report is made solely to the Council of the Royal Veterinary College as a body, in accordance with the Financial Memoranda effective from 1 October 2003. Our audit work has been undertaken so that we might state to the Council's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law we do not accept or