Royal College of Veterinary Surgeons Annual Report & Financial Statements 2018



SETTING VETERINARY STANDARDS

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Reference and administrative details:

Officers and professional advisers

(To 13.07.18)

(To 13.07.18)

(Vice-President from 7.07.17,

(Vice-President from 13.07.18)

(President to 13.07.18, Vice-

(Vice-President to 13.07.18)

President from 13.07.18)

(To 13.07.18)

(Treasurer)

(From 13.07.18)

(From 13.07.18)

(From 13.07.18)

(From 13.07.18)

(From 13.07.18)

(From 13.07.18)

President from 13.07.18)

Council members

Elected members

Caroline Allen MRCVS Christopher Barker MRCVS David J Bartram FRCVS Amanda Boag MRCVS

David Catlow MRCVS Danny Chambers MRCVS Niall Connell MRCVS Melissa Donald MRCVS Joanna Dyer MRCVS Lucie Goodwin MRCVS Mandisa Greene MRCVS Tim Greet FRCVS Lynne Hill MRCVS David Leicester MRCVS Stephen May FRCVS

Jacqui Molyneux FRCVS Susan Paterson FRCVS Martin Peaty MRCVS Kate Richards MRCVS Peter Robinson MRCVS Cheryl Scudamore FRCVS Neil Smith FRCVS Christopher Sturgess FRCVS Chris Tufnell MRCVS

Appointed lay members

Derek Bray J Mark Castle Linda Ford Claire McLaughlan Timothy Walker Judith Worthington

Privy Council-appointed members

Richard Davis (To 13.07.18) Nigel Gibbens MRCVS (To 28.02.18) Christine Middlemiss MRCVS (Observer) **Rachel Jennings** (To 13.07.18)

University-appointed members (Ta 10 07 10)

Elaine Acaster	(10 13.07.18)
David Argyle FRCVS	
Karen Braithwaite	(To 13.07.18)
Ewan Cameron MRCVS	
Susan Dawson FRCVS	
Gary England FRCVS	
Richard Hammond MRCVS	(To 13.07.18)
Michael Herrtage FRCVS	(To 13.07.18)
Douglas Hutchison MRCVS	(To 13.07.18)
Andrea Jeffery RVN	
Timothy King MRCVS	(To 13.07.18)
Stuart Reid MRCVS	
Kieron Salmon MRCVS	(To 13.07.18)
James Wood FRCVS	

Appointed veterinary nurses

Elizabeth Cox RVN Racheal Marshall RVN (From 13.07.18) (From 13.07.18)

Senior Team (key management personnel)

Lizzie Lockett **Richard Burley** Kim Cleland Julie Dugmore Eleanor Ferguson Ian Holloway Corrie McCann

Linda Prescott-Clements Anthony Roberts Christine Warman

Audit and Risk Committee

Derek Bray Elizabeth Butler Niall Connell **Richard Davis Timothy Greet** Victor Olowe Judith Rutherford Janice Shardlow

Belgravia House 62-64 Horseferry Road London

25 Gresham Street London EC2V 7HN

Solicitors (to 31.12.18)

Abacus House 33 Gutter Lane London EC2V 8AR

Bates Wells Braithwaite 10 Queen Street Place London EC4R 1BE

Crowe U.K. LLP

St Bride's House 10 Salisbury Square London EC4Y 8EH

(From 13.07.18)

Head office

SW1P 2AF

Bankers

Lloyds Bank plc

Penningtons Manches LLP

Solicitors (from 1.1.19)

Auditor **Registered Auditor**





Leading change in the veterinary professions

A message from the President and CEO While there's rarely a boring or quiet year at the RCVS, there are some that particularly stand out as significant, because you get to see the culmination of years of hard work and preparation.

2018 was one of these years in three key respects – the longplanned changes to our governance arrangements, the launch of our biggest consultation exercise for the past 20 years and our project to develop leadership skills within the veterinary professions.

The Legislative Reform Order agreed by Parliament in May 2018 put into action changes to our governance that had been discussed, and sometimes robustly debated, for many years, all with the aim of increasing our efficiency and accountability. With the consequent reduction in size of Council, increase in meetings and formal lay and veterinary nurse members, these aims now seem within our grasp.

Meanwhile, in November, we launched what might be our most ambitious project for decades – nothing less than a complete overhaul of veterinary education and how we help veterinary students transition to life in practice. In November 2018 we launched a consultation to gather ideas on how we can achieve these big goals – and as the year closed thousands of you had shared your thoughts.

Finally, in this short overview of a big year, we saw the launch, of the RCVS Leadership project, which has as its aim the development of 'everyday leadership' skills at all levels of the professions, developing a new generation of leaders and providing veterinary leadership development opportunities. The aim to build up everyday leadership skills was distilled into the Edward Jenner Veterinary Leadership Programme, a massive open online course developed with the NHS Leadership Academy, launched in November 2018 to provide an interactive way for veterinary professionals to improve their leadership skills. So far over 2,300 people have signed up to the course, which is delivered via FutureLearn. As ever, there were plenty more things going on besides, including ensuring that our core functions, such as registration and regulation of education and professional conduct, continue to evolve and meet better practice; our continuing Brexit preparedness; excellent work in communications and stakeholder engagement; improvements to our IT functionality; and the ongoing work of projects such as the Mind Matters Initiative and ViVet. All this will be detailed further on pages 14 to 21.

We look forward to a coming year that will see us complete the ambitions we set ourselves in our Strategic Plan (2017-19) and the development of a new set of goals and ambitions built on the strong foundations we have laid in recent years.

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Amanda Boag President Lizzie Lockett CEO





"We launched what might be our most ambitious project for decades – nothing less than a complete overhaul of veterinary education and how we help veterinary students transition to life in practice"

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Report to RCVS members

The RCVS Council presents its report and the audited financial statements of the RCVS for the year ending 31 December 2018. Reference and administrative information set out on page 4 forms part of this report.

The College has adopted the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP) (FRS 102), to provide a comparable framework with other organisations. The accounts have been prepared in accordance with the SORP in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

Structure, governance and management

The RCVS regulates the veterinary profession in the UK in accordance with the Veterinary Surgeons Act 1966 (VSA). It discharges duties and exercises powers under the VSA but was created by, and still exists by virtue of, a Royal Charter of 1844. Most of the original Charter was superseded by the Supplemental Charter of 1967. This revoked the Charter of 1844 except so far as its provisions 'incorporate the College, recognise the veterinary art as a profession, authorise the College to have a Common Seal, to hold property, and to sue and be sued'.

A new Supplemental Charter to replace that of 1967 came into operation on 17 February 2015. It does two important things. First, it sets the objects of the College, 'to set, uphold and advance veterinary standards, and to promote, encourage and advance the study and practice of the art and science of veterinary medicine, in the interests of the health and welfare of animals and in the wider public interest'. The Charter gives the College power to 'undertake any activities that seem to it necessary or expedient to help it to achieve its objects' and mentions a number of specific activities.

Second, the Charter recognises veterinary nursing as a profession. It requires the College to continue to keep a list of veterinary nurses, known as the Register of Veterinary Nurses, and gives registered veterinary nurses (RVNs) the

formal status of associates of the College. The Veterinary Nurses Council is required to set standards for their education, training and conduct. Bye-laws attached to the Charter require RCVS Council to make rules dealing with the registration of veterinary nurses and the supervision of their professional conduct.

The bye-laws attached to the Charter supersede all former RCVS bye-laws, but RCVS Council is given power to make rules, protocols and procedures related to its activities under the Charter and the transaction of the business of the College. In preparation for the new Charter coming into operation the RCVS Council in November 2014 made rules and a protocol which preserve some of the content of the former bye-laws.

RCVS Council

The VSA determines the composition of RCVS Council. At the start of 2018 there were 41 members on RCVS Council: 24 elected members (all veterinary surgeons), two members appointed by each university with an accredited veterinary school (Bristol, Cambridge, Edinburgh, Glasgow, Liverpool, London and Nottingham) only one of which must be an MRCVS (there were eleven MsRCVS, one RVN and two lay members) and up to four members who were appointed by the Privy Council (at the start of the year there was one MRCVS and two lay members, with a vacancy due to the Governance review).

In May 2018 a Legislative Reform Order (LRO) was laid before Parliament which reformed our governance arrangements to improve the efficiency and accountability of Council's decisionmaking processes. Over a three-year transition period, the LRO will almost halve the number of Council members and formalise lay and veterinary nurse membership.

The new composition of our Council will lead to an overall reduction from 42 to a maximum of 24 members, made up of:

 13 elected veterinary surgeons to ensure an overall majority of elected members;

Figure 2: Income 2017

Veterinary nurses Practice Standards Scheme Investment income Register of Veterinary Practice Premises RCVS examinations	£1,465,431 £657,472
Investment income Register of Veterinary Practice Premises	£657 472
Register of Veterinary Practice Premises	2001,412
	£336,680
 RCVS examinations 	£196,213
	£154,762
Publications and other income	£11,640
 Disciplinary costs recovered 	£5,500

- six lay people, appointed by an independent panel;
- three members collectively representing UK veterinary schools, reduced from 14 current members drawn from each of the seven accredited UK schools. These will be appointed by the Veterinary Schools Council;
- two veterinary nurse positions appointed by VN Council.

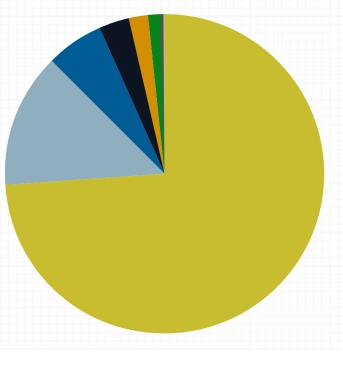
The new terms and conditions of office are:

 elected Council members will serve a term of office of four years, but a maximum limit of three consecutive terms has been introduced, with a mandatory two-year break before a person can stand or be appointed again;

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Figure 1: Income 2018

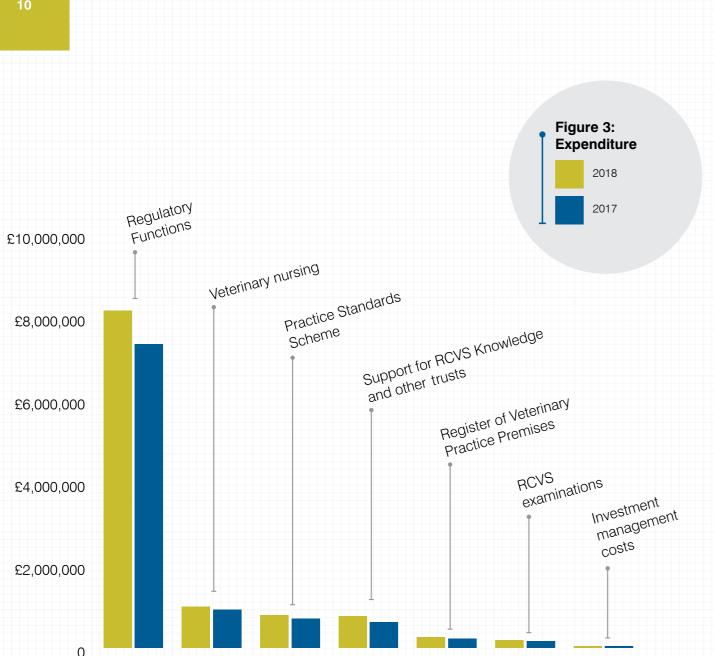
 Veterinary surgeons 	£8,977,328
Veterinary nurses	£1,627,462
Practice Standards Scheme	£745,810
Investment income	£365,599
 Register of Veterinary Practice Premises 	£211,901
 RCVS examinations 	£143,555
 Publications and other income 	£43,732
Disciplinary costs recovered	£6,000



 a mechanism will be introduced so that Council members may be removed for issues relating to poor conduct or behaviour.

To support these changes, two new committees have been introduced and the frequency of public RCVS Council meetings has increased to six in the 2018-19 Presidential year and will increase to eight in the following Presidential year, to aid our decision-making processes.

A new Code of Conduct for Council and committee members came into force in July 2018. The Code covers behaviours,



values, collective responsibility, confidentiality, conflicts of interest, communication and enforcement.

The LRO also called for a review of the current Operational Board, which oversees the management of College business and comprises the RCVS Officer Team, committee chairs and senior staff. It has been decided that, in light of the more frequent Council meetings, the Operational Board will cease to meet from the summer of 2019.

Some of the work of the Operational Board will be transferred to a new Finance and Resources Committee, which will be introduced from summer 2019 and will have within its remit budgets, IT, data issues, human resources, the College estate and strategic communication issues.

From summer 2018 we introduced a new Advancement of the Professions Committee, which is responsible for coordinating and feeding into projects and activities that fall under the College's Royal Charter pledge of advancing veterinary standards. Projects falling under its remit include the Mind Matters Initiative, the RCVS Fellowship, the ViVet innovation project, RCVS Leadership, VN Futures and Vet Futures.

Work is being undertaken to map the charity governance code to the governance framework.

Election and induction of Council members

Every year, the terms of office for three elected members of Council begin at the Annual General Meeting. The election

process starts in early October of the preceding year, when the retiring members eligible for re-election, as well as the veterinary press, are notified of the details of how to stand for election to Council. Only veterinary surgeons on the RCVS Register can stand for election.

Voting papers are distributed in March to all members of the College (other than those who are resident in the Republic of Ireland, who have not retained their right to vote in Council elections). The voting papers are returned to the Electoral Reform Services for collating and secure storage for six months, after which time they are destroyed. In 2018, the number of returned papers was 22.7%. Online voting is also available to members.

A Council member's period of office is usually four years. Newly-appointed members receive an induction with the Executive Office and Senior Team members. Council members' expenses reclaimed from the College are set out in note 5 to the accounts.

RCVS committees

RCVS Council is supported by a system of committees, subcommittees and working parties, on which sit various members of Council and other appointed individuals.

The four statutory committees are:

- the Preliminary Investigation Committee (PIC) the Veterinary Nurse Preliminary Investigation
- Committee (VN PIC)
- the Disciplinary Committee (DC) • the Veterinary Nurse Disciplinary Committee (VN DC)

The main standing committees during 2018 were:

- Advancement of the Professions Committee
- the Audit and Risk Committee
- the Education Committee
- the Standards Committee
- the Veterinary Nurses Council
- PIC/DC Liaison Committee

The Audit and Risk Committee supports the Council by reviewing the comprehensiveness and reliability of the College's assurances and internal controls in meeting the Council's oversight responsibilities.

The Veterinary Nurses Council has overall responsibility for all matters concerning veterinary nurse training, postgualification awards and the registration of gualified veterinary nurses.

Operational Board

The Operational Board oversees the management of all College business, governance and resources. The Operational Board reports to RCVS Council.

Senior Team (key management personnel)

On a day-to-day basis the operations of the College are carried out by the Senior Team, under the direction of the Chief Executive & Secretary. The Senior Team comprises the following post-holders:

- Chief Executive and Secretary
 - Registrar and Director of Legal Services
 - Operations Director and Assistant Registrar
- Communications Director
- Chief Technology Officer
- Education Director
- Human Resources Director
 - Leadership and Innovation Director
- Veterinary Nursing Director

They are responsible for the following:

- communicating the values and culture set by Council; • setting the work programme and ensuring that it is implemented:
- providing adequate support to the Council and Operational Board in making strategic decisions: and, hiring staff.

The Chief Executive and Registrar/Assistant Registrars are appointed by Council, while the other Senior Team members are appointed by the Chief Executive.

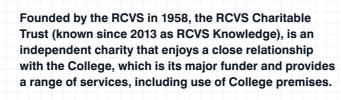
Financial review

Income in 2018 is 11% higher than 2017. This is due to the growth in registrations of veterinary surgeons, retention of veterinary surgeons, an increase in the number of veterinary nursing student enrolments and higher numbers of registered veterinary nurses. The membership of the Practice Standards Scheme has grown and interest in Awards continues.

Expenditure has increased by 12%, mainly due to Regulatory Function costs increasing as a result of the number of Disciplinary Hearings.

In 2017 we had gains on investments of £1,016,282 but on the 31 December 2018 the portfolio had losses of £890,940. The value of investments can rise and fall and RCVS holds them for the longer term. Further information is included under 'Investment powers and performance' on page 23.

The relationship with RCVS Knowledge



A Memorandum of Understanding is in place between the RCVS and RCVS Knowledge. The purpose of this Memorandum is to record an agreement between the College and RCVS Knowledge about the resources and services made available by one organisation to the other and the necessary arrangements for managing these resources.

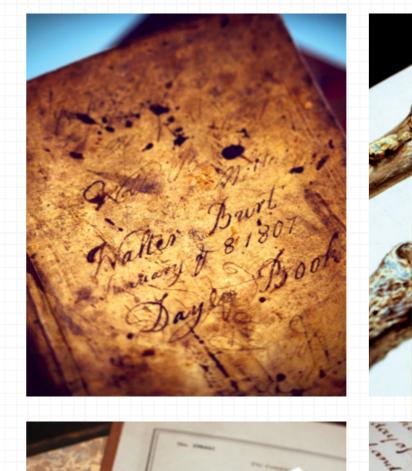
The relationship continues to be kept under review and the contents of the Memorandum are reviewed periodically, last in November 2017. Joint meetings are held between the RCVS and RCVS Knowledge to consider items of mutual interest.

RCVS Knowledge advances the use of evidence-based veterinary medicine in veterinary practice. We support the thousands of dedicated veterinary professionals in delivering high quality evidence-based veterinary medicine to the millions of animals in their care.

Our work focuses on translating and providing accurate and up-to-date evidence to the front line of veterinary practice. Our supportive approach puts evidence and knowledge into the hands of the vet and vet nurse to improve the quality of care they deliver, through our peer-reviewed journal, our library, quality improvement activities and historical collections.

RCVS Knowledge has ten Trustees, of which four are RCVS Council members and six are external trustees. Transactions with RCVS Knowledge are shown in notes 4 and 12 in the financial statements.

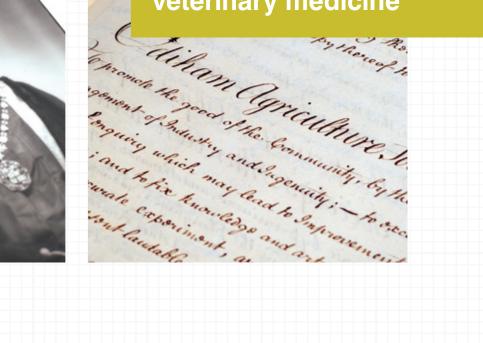








"RCVS Knowledge undertakes a range of activities, including the provision of a specialist library service to the veterinary community, and its major project to take a lead on evidence-based veterinary medicine"



Advancing the professions: **Meeting our** strategic priorities for 2018

Marking the second year of our current Strategic Plan, 2018 has seen the meeting of a number of our ambitions and some of our major projects getting underway. As always, collaboration has been the key. We have always sought to take the professions along with us and gathering their feedback and views has been crucial every step of the way.

The Strategic Plan for 2017-19 sets out our vision for these three years and comprises 39 actions coalescing under five core ambitions. These are:

- A. Developing a learning culture within the profession
- B. Becoming a Royal College with leadership and innovation at its heart
- C. Continuing to develop as a First-rate Regulator and build on the strong foundations laid over the past few years
- D. Improving the global reach of the RCVS
- Ε. Continuous improvement of our service agenda.

Here we detail what we did in 2018 to meet these ambitions:

Learning culture

One of the actions under this ambition was to help change the public's expectations around how they interact with veterinary professionals - highlighting not only the value of veterinary services, but also that there needs to be a commitment by the owner to look after their animal's health and welfare, and so reiterating the principles of responsible animal ownership. To this end, in April we launched a collaborative social media campaign with the British Veterinary Association (BVA) called #petsneedvets, which drew attention to the advantages to the public of having their animal registered with a vet, including access to advice on nutrition and weight, quick and easy access to emergency and critical care, and referral to other professionals or services.

Encouraging the profession to engage with continuing professional development (CPD) in a more meaningful and impactful way is also an important part of developing a learning culture. In February 2017 we launched a one-year pilot of a more reflective and outcomes-based approach to CPD, focused less on measuring hours of learning and more on its impact. This trial was extended in January 2018 and concluded at the end of the year, with the overwhelming majority of those who took part in the trial saying they would support this new model of CPD. Proposals for a permanent shift to outcomes-focused CPD will be discussed in 2019.

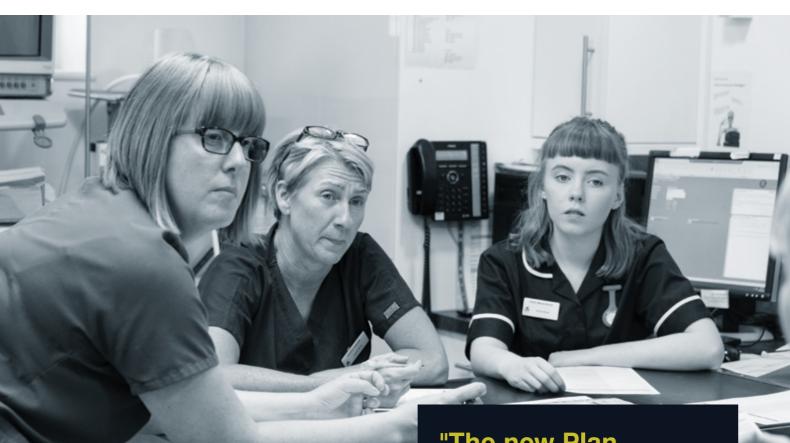
While CPD is important for veterinary surgeons and nurses at all stages of their careers, we have long realised that instilling a learning culture has to start early. Therefore, one of our actions has been to ensure that veterinary students (including prospective ones) have a clear idea of the reality and opportunities of their career choice and to assist vet schools in providing support for them. Greater support for vet students is being considered as part of our Graduate Outcomes proposals (more of which on page 17), while the Mind Matters Initiative has supported VetKind - a one-day mental health and wellbeing course for students in collaboration with the Association of Veterinary Students. For 2019 we are looking to develop new careers materials for prospective vet students and organise a student wellbeing roundtable event.

"We launched a social media campaign with **BVA on the advantages** to the public of having their animal registered with a vet"

Related to this, we have also been looking at how we can improve communication with veterinary and veterinary nursing students so that they are more aware of who we are and what we do prior to joining their respective professions. To meet this action we have made sure to invite veterinary and veterinary nurse students to some of our flagship events, such as Royal College Day, and a key element of our Fellowship Day in October was the presentation by veterinary students of their research. Aside from this, we have appointed student representatives to our Education and Veterinary Nurses Education Committees, worked closely with the Association of Veterinary Students to drive student engagement in the Graduate Outcomes consultation and are setting up a student engagement working group.

Leadership and innovation

2018 has been a critical year in meeting many of the goals set out in this ambition. One of the actions was demonstrating that the RCVS can take a leadership role in governance change,



through the completion of our governance review. This process was completed in May when the Legislative Reform Order (LRO) changing our governance structure cleared the House of Lords and was signed off by the relevant government minister, coming into force in July. This LRO reduces the size of Council, meaning that it can meet more frequently - increasing the agility and scope of its decision-making. It also changed Council's composition to formally include lay and veterinary nursing members for the first time - these new members were welcomed on board at Royal College Day in July.

Leadership was also a key theme in the ongoing development of the RCVS Fellowship, with Council approving a plan of direction for the Fellowship following a presentation by Professor Nick Bacon, Chair of the Fellowship Board. The plan moves the Fellowship closer to its goal of becoming a learned society, with three broad strategic aims - promoting scientific excellence; furthering professional skills and practice and invigorating creativity; and, promoting public awareness of veterinary science. This year also saw another successful Fellowship Day, which welcomed 35 new Fellows of the RCVS.

"The new Plan moves the Fellowship closer to its goal of becoming a learned society"

While the new Fellows may be in the prime of their careers, we have also been keen to recognise and develop leadership skills amongst veterinary surgeons and veterinary nurses at all stages. So, at the British Small Animal Veterinary Association (BSAVA) Congress in April, we were delighted to launch the Edward Jenner Veterinary Leadership course, a massive open online course (MOOC) developed in partnership with the NHS Leadership Academy. Some 550 vets, vet nurses, students and practice managers initially signed up to the pilot and, when it was opened up to all in November, we had 1,800 people signing up. Feedback has been overwhelmingly positive and we will be carrying out a detailed analysis of its impact in 2019.

Our innovation project ViVet has been consolidating its remit this year with the hiring of a dedicated Innovation Executive, the publication of numerous blogs and case studies showcasing examples of how the profession can get involved with innovation, and the development of new resources such as ViVet Bytes, a series of in-depth interviews with veterinary innovators. 2019 will be a big year for ViVet, with the launch of its innovation workshops in January and the second biennial Innovation Symposium due to take place later in the year.

Finally under this ambition, 2018 was a year that saw much discussion, in both traditional and social media, about diversity within the veterinary professions, including members of the veterinary team highlighting incidents of racism and prejudice that they had personally experienced, both from members of the public and colleagues. Our CEO and President met with representatives from the British Veterinary Ethnicity and Diversity Society to discuss the issues and challenges around diversity and see how the College could better support and enable a profession in which individuals from all walks of life are welcomed. We are in the process of setting up a Diversity Working Group to take these issues forward and are also currently looking at how our careers materials could encourage broader diversity amongst the next generation of veterinary students.

Continuing to be a First-rate Regulator

Understanding the requirements of employers, individual professionals and the public for the vets of tomorrow, and how the College could better help develop these individuals, is a key plank of this ambition, and took the form of our Graduate Outcomes review. After a year of preparation, in November we launched the Graduate Outcomes consultation, which asked the profession how we could reform four areas: extra-mural studies (EMS), the Professional Development Phase (PDP) for new graduates, the Day One Competences, and the level of clinical education for general practice offered in the veterinary degree. When the consultation closed in January 2019 almost 2,000 people had completed the survey, which is now being followed by a second stage of in-depth focus groups and interviews.

Many of the other actions contained in this ambition have fallen within the purview of the Legislation Working Party, which is carrying out a root-and-branch review of the current legislative regime for the veterinary professions and its various deficiencies. Included within its remit are a review of Schedule 3 of the Veterinary Surgeons Act. in order to clarify and bolster the role of the veterinary nurse; developing a





strategy for the regulation of allied professionals; reviewing our concerns-handling and disciplinary processes; and exploring compulsory practice inspection. As 2018 ended, the College had prepared a paper for consideration by Council at its January 2019 meeting regarding a model for the inclusion of allied professionals (such as meat inspectors and animal behaviourists) into our regulatory regime.

In terms of clarifying the role of veterinary nurses, this year we also published a series of case studies aimed at helping both veterinary surgeons and nurses better understand how Schedule 3 applies in practice.

"Our service agenda recognises that having happy, engaged staff benefits the profession, the public and animals"

At its November meeting Council also discussed proposals from the Standards Committee regarding how we might be able to regulate veterinary telemedicine and encourage innovation, while still maintaining high levels of animal health and welfare. After considering the proposals, Council decided that further work and consultation would be needed.

Global reach

Like the rest of the country, the focus of much of our global strategy has been on planning for the UK's exit from the European Union in 2019 and mitigating the potential risks in areas such as the veterinary workforce, mutual recognition of professional gualifications and the post-Brexit immigration regime. Work in these areas has continued via regular meetings of the Veterinary Capacity and Capability Project (VCCP) with the Department for Environment, Food & Rural Affairs (Defra) and BVA. Meetings were also held with the Department for Business, Energy & Industrial Strategy regarding mutual recognition of professional qualifications and with the Animal and Plant Health Agency regarding the profession's capacity to meet certification requirements for the export of animal products.

We also conducted and received the results of our second survey of non-UK EU veterinary graduates working in the UK. The survey found that uncertainty around what Brexit will look like is still a significant factor in their lives, while also showing that they were positive about the steps the College has been taking to raise issues surrounding Brexit and lobby aovernment on them.

In terms of lobbying, in September we issued a position statement regarding the potential impact of a 'no-deal' Brexit, highlighting the risks to animal welfare and public health. We also made a joint submission with BVA to the Home Office's Migration Advisory Committee calling on suitably-qualified veterinary surgeons from overseas to be added to the Shortage Occupation List and therefore be less subject to post-Brexit immigration controls.

In terms of improving our support for overseas graduates working in the UK, in November we held one of our CPD courses for overseas vets and VNs with the Veterinary Defence Society to help introduce them to UK practice and develop their communication skills

Our service agenda

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Many of the actions under this ambition recognise that having happy, engaged staff with the best facilities and equipment at their disposal is, ultimately, of benefit to the

profession, the public and animal health and welfare, as it improves how we execute our duties. Improving our human resources processes and protocols have been at the heart of this, with an overhaul of our appraisal and job evaluation systems, the development of new pay structures, the institution of a new mentoring scheme and ongoing work on a new HR information system.

We have also continued to invest in our IT capabilities, with two new members of staff joining the team, the introduction of a new cloud-based backup system, improved online and data security and the development of a system that will allow vets and vet nurses to manage their Direct Debit payments to the College online. In terms of the physical infrastructure, in November we publicly confirmed that we had begun the process of selling our current headquarters at Belgravia House and would be looking for premises that would better accommodate our current and future space requirements, and provide more modern facilities.

This ambition also considered that we should develop and improve the advice that we offer to animal owners to ensure that they get the best out of their interaction with veterinary professionals. In addition to the aforementioned #petsneedvets social media campaign, staff and Council members also attended a number of public events this year, including the Roval Welsh Show and the Devon County Show, with further events planned for 2019. We have also been developing plans for a public-facing digital marketing campaign to promote the Practice Standards Scheme, which will get underway in 2019.

Mind Matters Initiative

Increasingly, the aims of the Mind Matters Initiative – to encourage a compassionate and empathetic profession - are becoming an integral part of the College's core strategy, although it retains a separate identity and some distinct aims. The project's three key streams of activity are: 'prevent', by proactively looking at systemic issues within the veterinary profession and helping minimise the chance of people becoming unwell in the first place; 'protect', through a programme of communications and training designed to equip individuals with the skills and knowledge to stay well; and, 'support', through financial and other support for existing, independent mental health services. Meeting these aims has been aided by the hiring of a dedicated Mind Matters Manager earlier in the year.

We were also delighted when, in September, Council voted to continue to finance the Initiative on an ongoing basis and





increase its annual funding to £250,000 a year to allow it to continue to provide training, encourage research and develop a culture-change programme.

Risks mitigation

Alongside our Strategic Plan we also maintain a Risk Register setting out potential risks and the mitigating processes we have in place. Key risks this year, together with their mitigations, were:

- Brexit (ongoing): The College will continue to work ٠ with partner organisations through the VCCP to develop solutions to mitigate any risks to the veterinary profession after the UK's expected exit from the EU.
- Failure of budgetary and financial controls leading to loss of confidence in RCVS: Oversight from the Treasurer, Operational Board and Audit and Risk Committee. The Operational Board will close in summer 2019 and will, in part, be replaced by a new Finance and

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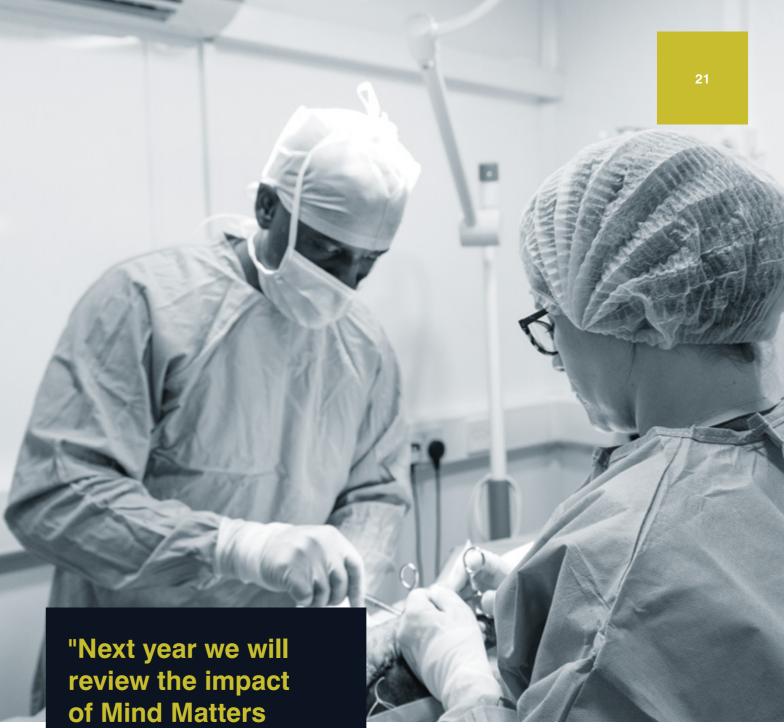
Resources Committee, which will have within its remit budgets, IT, data issues, human resources, the College estate and strategic communication issues.

External factors including reputational damage arising from RCVS decisions: Engagement and consultation with the public and profession on any planned major changes, regular 'horizon-scanning' exercises to pick up future and potential issues and communication training and strategy to deal effectively with any crises.

What next?

The following are the remaining priorities and actions from the 2017-19 Strategic Plan, which will be tackled in 2019. The development of a new three-year Strategic Plan will run in tandem with these activities:

• Review the impact of the Mind Matters Initiative with respect to mitigating the effects of blame culture and



regarding the effects of blame culture"

ensure that the project is well-enough funded and resourced to address the issues.

- Extend our concept of life-long learning to include mentorship
- Help to ensure that prospective veterinary students have a clear idea of the reality and opportunities of a career in veterinary science, and assist the veterinary schools in providing support for them
- Continue to support the Vet Futures and VN Futures ٠ initiatives, working collaboratively across professions to ensure actions are met
- Explore compulsory practice inspection ٠

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Clarify our offer for overseas members and consider expanding the number of members in this category, revising the Registration Regulations, if required Investigate the global market for RCVS qualifications and Advanced Practitioner and Specialist status

Consider the global market for the RCVS accreditation of undergraduate veterinary education, particularly in the light of Brexit

 Investigate the global market for the RCVS accreditation of veterinary practices

Share knowledge with developing world countries to help raise standards around regulation and also animal health and welfare

Stimulate and communicate global career opportunities for UK graduates, including around One Health.

A new Strategic Plan will be approved by Council and published for 2020 onwards

Financial management policies

Reserves policy

Reserves level

The College holds unrestricted reserves to ensure its continuity, to enable its ability to discharge its statutory obligations, to cover liabilities that cannot be covered by insurance, to bridge cashflow problems and to fund longterm projects that cannot be quantified, such as introducing new legislation. The formula for calculating the total level of unrestricted reserves was reviewed in 2016, and the method adopted by RCVS continues to be considered appropriate. The reserves calculation is six months of expenditure, a provision for building repairs and provision for risk cover.

The figure will change from year to year in line with levels of expenditure and the changing needs of the College. Based on current activity, the target level of reserves is £8.1m and the College currently exceeds this target. At 31 December 2018 the College held total reserves, less Belgravia House (our operational centre), of £16.7m including investments at market value. This is higher than the reserves calculation, per the formula, by £8.6m. The difference is being retained to provide funds for planned projects and the estate strategy. Funds will be used for the College's estate strategy on the basis that investment in new premises will meet both the current and future needs of the RCVS.

Going concern

Council members have reviewed the reserves and cash flow forecasts for 12 months after the date of signing and consider the College to be a going concern.

Risk management

The College maintains a Risk Register, approved by Council in June 2014 and accepted as a 'living' document to be consulted regularly and updated as items are completed. It is reviewed regularly by the Operational Board and Senior Team, and by Council. The Risk Register is a standing item on the Audit and Risk Committee agenda. Each department has its own risk register and these are regularly considered by the Audit and Risk Committee.

Public benefit

The objects of the College as set out in the Charter are 'to set, uphold and advance veterinary standards, and to promote, encourage and advance the study and practice of the art and science of veterinary surgery and medicine, in the interests of the health and welfare of animals and in the wider public interest'. The College has regard to the Charity Commission guidance on public benefit and considers that the activities and achievements described above further the College's purposes for the public benefit.

Designated funds

Designated funds are amounts set aside by Council for specific projects. The funds are expected to be used within three years of being designated.

Discretionary Fund

The Discretionary Fund is a designated reserve to provide for one-off projects and new initiatives not provided for in the annual budget and is subject to a detailed approval procedure. Expenditure is reported at each RCVS Council meeting.

2016 + 2017 Project Fund

Provision was made in 2016 and 2017 for specific projects and this fund is the balance of expenditure not incurred by the year end. The projects in the fund are for the Estates Strategy, Alternative Dispute Resolution, the new Professional Conduct IT system and the Mind Matters Initiative.

Remuneration policy

In 2017 all staff salaries, including key management personnel of the Senior Team, were benchmarked against external criteria by an independent consultant, using various external benchmarking surveys, looking at the post holder's job description and evaluating by 'Mid-market' and 'Marketleader' rates. In January, the Remuneration Subcommittee (a subcommittee of the Operational Board, comprising the Treasurer, President and two Vice- Presidents) agree any pay increases, effective from April of each year. Senior Team members are then asked to put forward recommendations that are considered by the CEO and HR Director.

The CEO's salary is externally benchmarked and any performance awards approved by the President and Senior Vice-President.

Council members' responsibilities statement

The Council members are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

The financial statements for each financial year have to give a true and fair view of the state of affairs of the College and of the incoming resources and application of resources of the College for that period. In preparing these financial statements, Council members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and,
- prepare the financial statements on the 'going concern' basis unless it is inappropriate to presume that the College will continue in business.

Council members are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the College and enable them to ensure that the financial statements comply with the provisions of the constitutional documents and bye-laws. They are also responsible for safeguarding the assets of the College and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Council members are responsible for the maintenance and integrity of the College and financial information included on the College's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Investment powers and performance

The College has powers to invest monies in investments, securities or property. Limited powers of investment management have been given to the College's stockbroker Investec, who reports to the Operational Board and also meets with the Treasurer. The investment objective is to achieve a balance between capital and income growth in a diversified portfolio of equities, bonds, cash and commercial property. UK equity exposure is mainly through direct companies but trusts are also used for exposure to UK smaller companies, overseas equities and property.

Performance in 2018 was measured against an agreed customised benchmark of holdings of 13% fixed interest, 55% UK equities, 25% overseas equities, 5% property and 2% cash. The result for the year was a total return of -4.98%, compared to a benchmark return of -5.36%.

Approved by the Council on 13 June 2019

Murgess

Christopher Sturgess, Treasurer

Independent auditor's report to the members of the Royal College of Veterinary Surgeons

Opinion

We have audited the financial statements of the Royal College of Veterinary Surgeons for the year ended 31 December 2018, which comprise the Statement of Financial Activities, the Balance Sheet, Cashflow 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 December 2018 and of its surplus for the year then ended; and,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The Council is responsible for the other information. The 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 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.

Responsibilities of the Council

As explained more fully in the Council members' responsibilities statement set out on page 23, the Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Council determines 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 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 College either intend 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.

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.

Use of our report

This report is made solely to the members of the College, in accordance with the bye-laws of the College as a body, in accordance with our agreed terms of engagement. Our audit work has been undertaken so that we might state to the College's members 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 College's members as a body, for our audit work, for this report, or for the opinions we have formed.

Curve U.K. LLP

Crowe U.K. LLP Statutory Auditor London 24 June 2019

Statement of Financial Activities for the year ended 31 December 2018

			2018			2017			
		Unrestricted Restricted		Restricted	Restricted Total funds	nds Unrestricted Restricted	Restricted	Total funds	
	Notes	General fund	Designated funds	fund		General fund	Designated funds	fund	
		£	£	£	£	£	£	£	£
Income									
Income from activities									
Veterinary surgeons	2	8,977,328	-	-	8,977,328	8,090,326	-	-	8,090,326
Veterinary nurses	3	1,627,462	-	-	1,627,462	1,465,431	-	-	1,465,431
RCVS examinations		143,555	-	-	143,555	154,762	-	-	154,762
Register of Veterinary Practice Premises		211,901	-	-	211,901	196,213	-	-	196,213
Practice Standards Scheme		-	745,810	-	745,810		657,472	-	657,472
Investment income		365,599	-	-	365,599	336,680	-	-	336,680
Income from other trading activities					0	,	-	-	,
Publications and other income		43,732	-	-	43,732	11,640	-	-	11,640
Disciplinary costs recovered		6,000	-	-	6,000	5,500	-	-	5,500
			-	-					,
Total incoming resources		11,375,577	745.810	-	12,121,387	10,260,552	657,472	-	10,918,024
Expenditure relating to activities Regulatory functions	; 	7.873.351	295.110		8,168,461	6.781.436	576,135		7,357,571
,		988.406	7.382	-	995,788	927,459	570,155	-	927,459
Veterinary nursing RCVS examinations		187,695	7,302	-	187,695	160,394	-	-	160,394
Register of Veterinary Practice		256.243	-	-	256.243	229,105	-	-	229,105
Premises		230,243	-	-	230,243	229,100	-	-	229,100
Practice Standards Scheme			798,656	-	798,656		708,177	-	708,177
Investment management costs		45,922	-	-	45,922	48,344	-	-	48,344
Support for RCVS Knowledge and other trusts	4	765,198	-	-	765,198	620,389	-	-	620,389
Total expenditure	6	10,116,815	1,101,148	-	11,217,963	8,767,127	1,284,312		10,051,439
Net operational income/ (expenditure)		1,258,762	(355,338)	-	903,424	1,493,425	(626,840)		866,585
Net (losses)/ gains on investments		(890,940)	-	-	(890,940)	1,016,282	-		1,016,282
Net income/(expenditure)		367,822	(355,338)	-	12,484	2,509,707	(626,840)	-	1,882,867
Transfers between funds		(310,530)	310,530	-	-	601,525	(571,274)	(30,251)	
Net movement in funds		57,292	(44,808)	-	12,484	3,111,232	(1,198,114)	(30,251)	1,882,867
Reconciliation of funds									
Total funds brought forward	14	17,799,678	850,085	-	18,649,763	14,688,446	2,048,199	30,251	16,766,896
Total funds carried forward	14	17,856,970	805,277		18,662,247	17,799,678	850,085		18,649,763

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those above. Movements in funds are disclosed in note 14 to the financial statements.

Royal College of Veterinary Surgeons **Financial Statements** 2018

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Balance sheet 31 December 2018

Fixed assets	Notes	2018 £		2017 £	
Tangible fixed assets	10		2,525,531		2,636,541
Investments	11		11,096,696		11,987,457
			13,622,227		14,623,998
Current assets					
Debtors	12	330,735		238,200	
Short-term deposits and cash at bank		8,691,279		7,518,490	
		9,022,014		7,756,690	
Liabilities					
Creditors: amounts falling due within one year	13	(3,981,994)		(3,730,925)	
Net current assets			5,040,020		4,025,765
Net assets			18,662,247		18,649,763
Funds	14				
Designated funds			805,277		850,085
Unrestricted - general fund			17,856,970		17,799,678
Total funds			18,662,247		18,649,763

The financial statements were approved by RCVS Council and authorised for issue on 13 June 2019.

A Boag, President C Sturgess, Treasurer

Cashflow statement for the year ended 31 December 2018

	2018 £	2017 £
Net operational income	903,424	866,585
Depreciation of tangible assets	111,009	116,911
Investment income	(365,599)	(336,680)
(Increase) / Decrease in debtors	(92,535)	46,674
(Decrease) / Increase in creditors	251,069	(127,135)
Net cash inflow from operating activities	807,368	566,355
Returns on investments and servicing of finance		
Investment income received	365,599	336,680
Realised (losses)	(40,658)	(957)
Net cash inflow on returns on investments and servicing of finance	324,941	335,723
Capital expenditure		
Net on purchase of investments	40,481	(47,020)
Net cash outflow for capital expenditure	40,481	(47,020)
Increase/(decrease) in cash in the period	1,172,790	855,058
Cash brought forward	7,518,490	6,663,432
Cash carried forward	8,691,280	7,518,490
Increase in cash	1,172,790	855,058

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Notes to the financial statements for the year ended 31 December 2018

1. Accounting policies

a) Basis of preparation and assessment of going concern The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. In 2013 the College decided to adopt the Statement of Recommended Practice, Accounting and Reporting by Charities SORP (FRS 102), to provide a comparable framework with other organisations. The financial statements have been prepared in accordance with FRS 102 and the Statement of Recommended Practice: Accounting and Reporting by Charities in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011, except that the Statement of Financial Activities headings that have been adapted to give prominence to headings more appropriate to the College.

b) Income

The fee year for veterinary surgeons, the Practice Standards Scheme and the Register of Veterinary Practice Premises runs from 1 April to 31 March. Fees are apportioned over the calendar year, with fees received for the three months after the end of the calendar year included in deferred income in creditors. The veterinary nurses fee year runs from 1 November to 31 October and ten months' income received in the calendar year is included in deferred income in creditors.

Registration fees are recognised when received, reflecting the timing of the service.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due, which is normally upon notification by our investment advisor.

Legacy income is accounted for on the date probate is obtained.

c) Expenditure

All expenditure is accounted for on an accruals basis. A provision is recognised when we have a present obligation (legal or constructive) as a result of a past event: it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate. No provision is made for avoidable costs to be incurred in future periods where such costs arise as a result of a disciplinary matter in hand at the period end. Direct expenditure, including staff costs, is allocated to the applicable expenditure headings. General management, overheads (support costs) and governance costs have been allocated on the basis of headcount.

Governance costs are the costs associated with the governance of the College and associated with the constitutional requirements. These costs will normally include internal and external audit, legal advice for Council and costs associated with constitutional and statutory requirements, for example, the cost of Council meetings and preparing statutory accounts.

Included within governance costs are any costs associated with the strategic, as opposed to day-to-day, management of the College's activities. These costs include the cost of employees involved in meetings with Council and the cost of any administrative support provided to Council members.

For more information see note 5.

d) Tangible fixed assets

Assets which cost in excess of £10,000 and with an expected useful life exceeding one year are capitalised, except for computer equipment and related consultancy costs which are written off in the year of purchase.

Freehold and leasehold buildings Fixtures and fittings

2% of cost 10-25% of cost

e) Investments

Investments are included on the balance sheet at fair value at the end of the financial period. Net gains and losses are shown in the Statement of Financial Activities in the year in which they arise and are based on brought forward values. The cash in the portfolio forms part of the long term investments and arose due to the timing effect of managing the portfolio. Therefore it has not been classified as part of the cash balances for the cash flow statement.

f) Taxation

Income tax deducted at source from investment income is included in the income figures.

The College is a mutual organisation and is therefore taxed only on outside sources of income. Historically, this has been investment income. Current tax for the College, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. The College is able to offset tax liabilities against gift aid payments to RCVS Knowledge and other trusts.

Deferred tax is provided in respect of all timing differences that have originated but not reversed at the balance sheet date where the transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date and those obligations are expected to crystallise. Timing differences are differences between the College's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

g) Pension contributions

Contributions in respect of defined contribution schemes are charged to the statement of financial activities in the year payable.

h) Financial instruments

Financial assets and financial liabilities are recognised when the College becomes a party to the contractual provision of the instruments. All financial assets and liabilities are initially recognised at their settlement value.

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid. Short term investments (cash equivalents) are cash on deposit, not part of the long term resources and considered a liquid asset as they have a maturity date of three months or less.

Cash at bank includes cash and short term highly liquid investments with a short maturity date of three months or less from the date of acquisition.

Creditors and provisions are recognised where there is a present obligation resulting from a past event that will probably result in a transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

i) Critical accounting judgements and key sources of estimated uncertainty

In the application of the College's accounting policies, described above, the Council is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

RCVS Council does not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure.

j) Public benefit statement

RCVS considers itself to be a public benefit entity.

k) Fund accounting

RCVS holds unrestricted and restricted funds. Funds may be designated by Council for specific purposes as described in note 14.

I) Heritage assets

No heritage assets have been purchased or disposed of during the last five years. The RCVS occasionally receives donated heritage assets, including in this accounting period, but none of the donated items received over the last five years are deemed to have an individual value greater £1,000. No impairment in the value of the College's heritage assets has been recognised in either the current or previous four reporting periods.

No value has been attributed to the heritage assets of the RCVS in the balance sheet on the grounds that there is no reliable method of establishing historic cost information for these artefacts and that the costs of valuation would be disproportionate to the benefit of the resultant information.

No heritage assets have been purchased or disposed of in 2018. The RCVS received some donated heritage assets in this accounting period but none are deemed to have an individual value greater £1,000.

2. Income from veterinary surgeons (including Specialists)	rgeons (including Specialists)
--	--------------------------------

	2018 £	2017 £
Annual retention fees	8,331,436	7,553,112
Registration fees	469,954	367,215
Restoration fees	31,598	32,024
Fellowship annual fee	7,599	3,616
Specialist applications and fees	56,067	53,716
Advanced Practitioner applications and fees	80,674	80,643
Total	8,977,328	8,090,326

3. Income from veterinary nurses

	2018 £	2017 £
Student enrolment	396,257	339,427
Examinations	39,184	24,571
Annual retention fees	981,341	895,776
Registration fees	166,532	162,739
Restoration fees	14,448	10,259
Other	29,700	32,659
Total	1,627,462	1,465,431

4. Support for RCVS Knowledge and other trusts

	2018 £	2017 £
Payments to RCVS Knowledge	440,319	272,000
Reallocation of support costs to RCVS Knowledge	241,129	224,889
	681,448	496,889
Payments to other trusts	83,750	123,500
Total	765,198	620,389

5. Governance costs and Council and committee members' expenses

	2018 £	2017 £
Council and committee members' expenses	556,412	476,056
Audit	26,685	25,102
Staff costs	325,999	273,691
Total	909,096	774,849

Council and committee members' expenses relate to costs incurred attending meetings, excluding the costs of attending Preliminary Investigation, Disciplinary and Advisory/Standards Committees (these included in regulatory costs). Payments are made for travel and subsistence and a financial loss payment to employers or practices. The RCVS takes out indemnity insurance. The cover is taken out on behalf of all employees and all those who act on behalf of the College. As such the costs cannot reasonably be broken down between the different categories covered.

The allocation of governance costs to activities is shown in note 6.

6. Expenditure 2018

	Direct costs £	Staff costs £	Reallocation support and governance costs £	2018 Total £
Regulatory functions	3,738,554	2,713,238	1,716,669	8,168,461
Veterinary nursing	292,408	389,737	313,643	995,788
RCVS examination costs	95,880	56,966	34,849	187,695
Register of Veterinary Practice Premises	0	151,696	104,547	256,243
Practice Standards Scheme	163,870	390,842	243,944	798,656
Investment management costs	45,922	-	-	45,922
Support for RCVS Knowledge and other trusts	524,069	-	241,129	765,198
	4,860,703	3,702,479	2,654,781	11,217,963
Governance costs	583,097	325,999	(909,096)	-
Support costs	1,006,801	738,884	(1,745,685)	-
Total expenditure	6,450,601	4,767,362	-	11,217,963

The methods and principles for allocation and apportionment of costs are included in the accounting policies on page 30 and 31

Total resources expenditure 2017	Direct costs £	Staff costs £	Reallocation support and governance costs £	2017 Total £
Regulatory functions	3,523,030	2,410,817	1,423,724	7,357,571
Veterinary nursing	279,542	367,177	280,740	927,459
RCVS examination costs	87,829	42,215	30,350	160,394
Register of Veterinary Practice Premises	389	143,736	84,980	229,105
Practice Standards Scheme	96,297	406,005	205,875	708,177
Investment management costs	48,344	-	-	48,344
Support for RCVS Knowledge and other trusts	395,500	-	224,889	620,389
	4,430,931	3,369,950	2,250,558	10,051,439
Governance costs	501,158	273,691	(774,849)	-
Support costs	855,580	620,129	(1,475,709)	-
Total expenditure	5,787,669	4,263,770	-	10,051,439

7. Net incoming resources for the year

This is stated after charging:					
	2018 £	2017 £			
Depreciation	111,009	116,911			
Auditor's remuneration:					
Audit	26,685	25,102			
Other services (taxation)	681	3,120			

8. Staff costs and numbers

Staff costs were as follows:					
	2018 £	2017 £			
Salaries and wages	4,053,526	3,622,461			
Social security costs	390,265	371,642			
Pension contributions	323,571	269,668			
Total	4,767,362	4,263,771			

The average weekly number of employees (full-time equivalent) during the year was as follows:

	2018 No. full-time equivalents	2018 No. Headcount	2017 No. full-time equivalents	2017 No. Head count
Regulatory functions	49	56	47	50
Governance	3	3	3	3
Veterinary nursing	9	9	9	9
RCVS examination costs	1	1	1	1
Practice Standards Scheme	7	27	7	27
Register of Veterinary Practice Premises	3	3	3	3
Support	11	13	10	11
Total	83	112	80	104

Staff earning over £60K only (including employee benefits, excluding pension)	2018	2017
£60,001- £70,000	3	8
£70,001- £80,000	3	-
£80,001- £90,000	1	-
£90,001- £100,000	2	1
£100,001- £110,000	-	1
£110,001- £120,000	1	1
£120,001- £130,000	-	1
£130,001- £140,000	1	-

The RCVS considers its key management personnel to be the Senior Team named on page 2. The total employment benefits, including employer national insurance and employer pension contributions, of the key management personnel were £913,536 (2017 - £976,448). Details of the remuneration policy are on page 22.

9. Taxation

No tax charge is expected to arise relating to 2018 (2017:nil) as any tax liability has been offset against gift aid payments to RCVS Knowledge and other trusts. There is an unrecognised deferred tax liability relating to unrealised gains and losses on investments of £275,000. The College does not expect this to become payable in the foreseeable future.

10. Tangible fixed assets

Cost	Property £	Fixtures and fittings £	Total £
At the start and end of the year	3,055,027	1,247,525	4,302,552
Depreciation			
At the start of the year	531,021	1,134,991	1,666,012
Charge for the year	61,100	49,909	111,009
At the end of the year	592,121	1,184,900	1,777,021
Net book value			
At the end of the year	2,462,906	62,625	2,525,531
At the start of the year	2,524,006	112,535	2,636,541

11. Investments

	2018 £	2017 £
Fair value at the start of the year	11,638,287	10,715,042
Additions at historic cost	1,628,688	1,019,497
Disposals at opening market value	(1,537,512)	(1,113,491)
Unrealised (loss)/ gain	(850,281)	1,017,239
	10,879,182	11,638,287
Cash balance	217,514	349,170
Fair value at the end of the year	11,096,696	11,987,457
Historic cost at the end of the year	8,119,799	7,689,181

The portfolio consists of the following:	Fair value 2018 £	Per cent of 2018 portfolio	Fair value 2017 £	Per cent of 2017 portfolio
UK equities	5,142,831	47.27%	6,341,839	54.49%
Overseas equities	3,149,049	28.95%	3,363,207	28.90%
UK fixed income	1,325,164	12.18%	920,837	7.91%
Overseas fixed income	358,697	3.30%	109,615	0.94%
Property	491,152	4.51%	493,710	4.24%
Alternative assets	412,289	3.79%	409,079	3.52%
Total (excluding cash)	10,879,182	100.00%	11,638,287	100.00%

12. Debtors: amounts falling due within one year	12.	Debtors:	amounts	falling	due	within	one	vear
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	2018 £	2017 £
RCVS Knowledge	6,748	5,715
Prepayments and other debtors	323,987	232,485
	330,735	238,200

13. Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	270,080	285,762
Other creditors	201,284	165,446
Accruals	256,228	357,507
Deferred income	3,254,402	2,922,210
	3,981,994	3,730,925

Deferred income	2018 £	2017 £
Brought forward	2,922,210	2,671,667
Released in the year	(2,922,210)	(2,671,667)
Deferred in the year	3,254,402	2,922,210
	3,254,402	2,922,210

14. Movements in funds

	Movemer	nts in funds du	ring the year			
2018	Balance as at 01.1.18 £	Incoming resources £	Outgoing resources £	Gains in investments £	Transfers £	Balance as at 31.12.18 £
Unrestricted funds	1			1		
Designated funds						
Discretionary Fund	357,350	-	(134,702)	-	150,684	373,332
2016 + 2017 Project Fund	492,735	-	(167,790)	-	107,000	431,945
Practice Standards Scheme	-	745,810	(798,656)	-	52,846	-
Total designated funds	850,085	745,810	(1,101,148)	-	310,530	805,277
General funds	17,799,678	11,375,577	(10,116,815)	(890,940)	(310,530)	17,856,970
	11,755,076	,010,011	(10,110,010)	(000,040)	(010,000)	17,000,070
Total unrestricted funds	18,649,763	12,121,387	(11,217,963)	(890,940)	0	18,662,247

	Movements	in funds durin	g the prior yea	ır		
	Balance as at 01.1.17 £	Incoming resources £	Outgoing resources £	Gains in investments £	Transfers £	Balance as at 31.12.17 £
Unrestricted funds			I			1
Designated funds						
Discretionary Fund (previously Strategic development budget)	330,984	-	(114,040)	-	140,406	357,350
2016 + 2017 Project Fund	579,829	-	(462,094)	-	375,000	492,735
Unrealised gains on investments	1,137,386	-		-	(1,137,386)	-
Practice Standards Scheme		657,472	(708,178)	-	50,706	-
Total designated funds	2,048,199	657,472	(1,284,312)	-	(571,274)	850,085
General funds	14,688,446	10,260,552	(8,767,127)	1,016,282	601,525	17,799,678
Restricted fund	30,251	-	-		(30,251)	-
Total unrestricted funds	16,766,896	10,918,024	(10,051,439)	1,016,282	-	18,649,763

Designated and restricted funds are backed by cash reserves.

General Funds

The College holds reserves to ensure its continuity, to enable its ability to discharge its statutory obligations, to cover liabilities that cannot be covered by insurance, to bridge cash flow problems and to fund long-term projects which cannot be quantified, such as introducing new legislation.

Discretionary Fund

The Discretionary Fund provides for one-off projects and new initiatives not provided for in the annual budget.

15. Related parties

RCVS Charitable Trust ("RCVS Knowledge"), is an independent were made to RCVS Knowledge in the period. Support costs of £241,129 were gifted to RCVS Knowledge in the period. £6,748 charity, registered in the UK (charity number: 230886) that has a close relationship with the College, which is its major funder (2017: £5,715) remains outstanding from RCVS Knowledge at and provides a range of services, including the use of the the year-end. All transactions were made at arm's length. There College premises. Total donations of £440,319 (2017: 272,000) were no other related party transactions to note in the year.

2016 + 2017 Project Fund

This fund is one balance of specific projects provided for in the annual budget but where expenditure has not been incurred by the year end. A further amount was approved by RCVS Council in 2018 and shown as a transfer in.

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