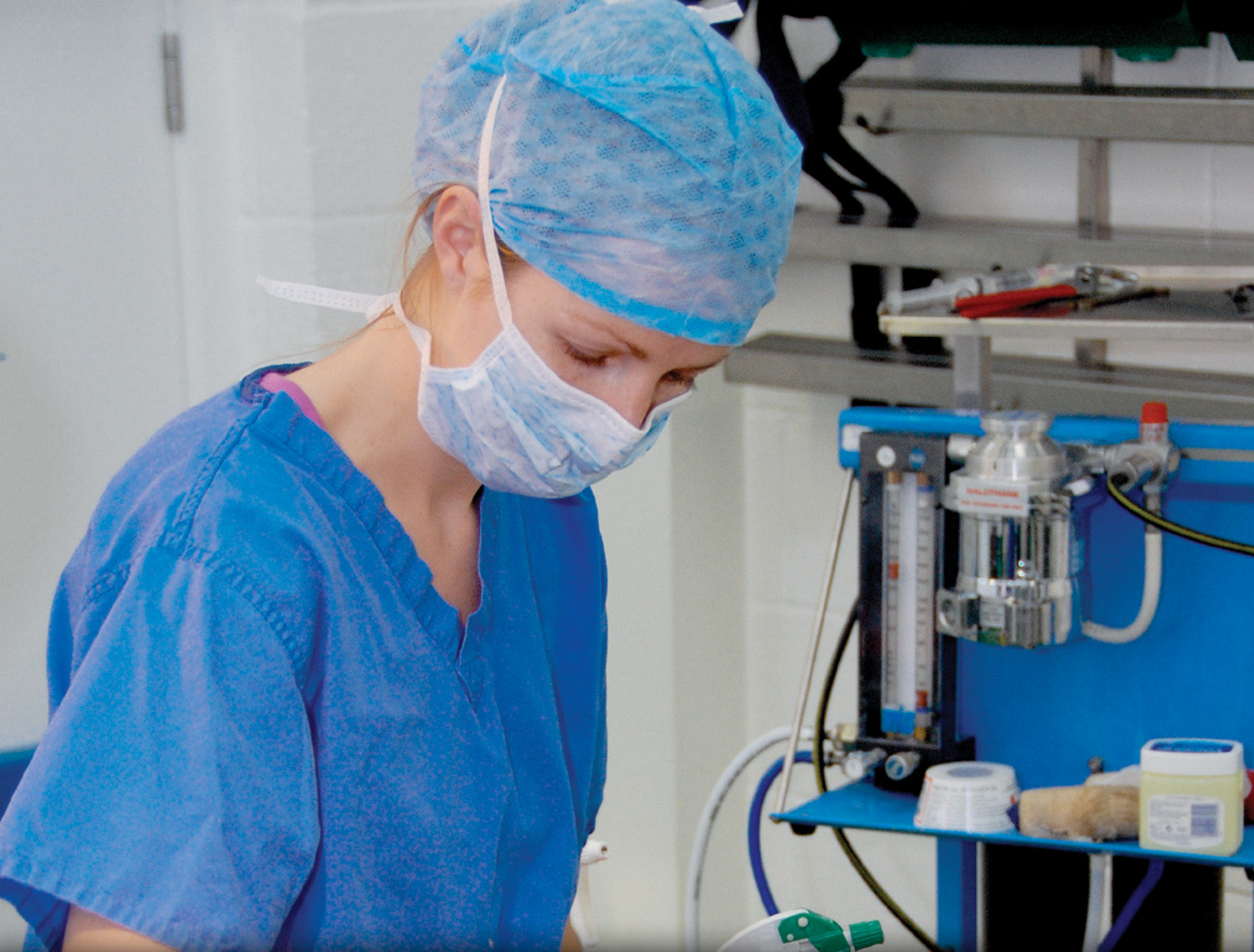


Royal College of  
Veterinary Surgeons  
**Annual Report  
& Financial  
Statements 2013**



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## Contents

Reference and administrative details	<b>4</b>	Independent auditor's report to the members of the RCVS	<b>11</b>
Message from the President and the CEO	<b>5</b>		
Report to RCVS members	<b>6</b>	Statement of financial activities	<b>12</b>
The relationship with the RCVS Trust Ltd	<b>7</b>	Balance sheet	<b>13</b>
Achievements and performance	<b>8</b>	Cashflow statement	<b>14</b>
Financial management policies	<b>10</b>	Notes to the financial statements	<b>15</b>

# Reference and administrative details: Officers and professional advisers

## Council members – Elected members

Christopher Barker MRCVS  
Amanda Boag MRCVS  
David Catlow MRCVS  
Niall Connell MRCVS *(From 5.7.13)*  
Beverley Cottrell MRCVS *(To 5.7.13)*  
Sheila Crispin FRCVS  
Jerry Davies MRCVS *(Vice-President to 5.7.13)*  
Mark Elliott MRCVS  
Catherine Goldie MRCVS *(To 5.7.13)*  
Chris Gray MRCVS  
Lynne Hill MRCVS  
Peter Jinman MRCVS  
Barry Johnson MRCVS  
Stephen May FRCVS  
Jacqui Molyneux MRCVS *(President to 5.7.13)*  
*Vice-President from 5.7.13)*

Bob Moore MRCVS  
Jill Nute MRCVS *(To 5.7.13)*  
Bob Partridge MRCVS *(To 1.2.14)*  
Peter Robinson MRCVS *(From 1.2.14)*  
Christine Shield MRCVS  
Neil Smith MRCVS *(Vice-President to 5.7.13)*  
*President from 5.7.13)*

Richard Stephenson MRCVS  
Christopher Sturgess MRCVS *(From 5.7.13)*  
Clare Tapsfield-Wright MRCVS  
Sandy Trees MRCVS  
Chris Tufnell MRCVS  
Bradley Viner MRCVS *(Treasurer)*  
Thomas Witte MRCVS

## Privy Council-appointed members

Richard Davis  
Nigel Gibbens MRCVS  
Rachel Jennings  
Judith Webb

## University-appointed members

David Argyle MRCVS  
Malcolm Bennett MRCVS *(From 5.7.13)*  
Karen Braithwaite  
Noreen Burrows  
Ewan Cameron MRCVS  
Susan Dawson MRCVS  
Gary England FRCVS  
Caroline Freedman  
Michael Herrtage MRCVS  
Andrea Jeffery RVN  
Peter Lees  
Duncan Maskell *(To February 2013)*

Tim Nuttall MRCVS *(To 5.7.13)*  
Joanna Price MRCVS  
Stuart Reid MRCVS *(Vice-President from 5.7.13)*  
James Wood MRCVS *(From February 2013)*

## Principal staff – Senior Team

Nick Stace *(Chief Executive and Secretary)*  
Gordon Hockey *(Registrar and Legal Services Director)*  
Freda Andrews *(Education Director)*  
Lesley Evans *(Human Resources Director)*  
Lizzie Lockett *(Communications Director)*  
Corrie McCann *(Operations Director)*  
Nick Royle *(Executive Director, RCVS Knowledge)*

## Audit and Risk Committee

Elizabeth Butler  
Richard Davies  
Lynne Hill MRCVS  
David Hughes  
Judith Rutherford

## Head office

Belgravia House  
62-64 Horseferry Road  
London  
SW1P 2AF

## Bankers

Lloyds Bank plc  
25 Gresham Street  
London  
EC2V 7HN

## Solicitors

Penningtons Manches LLP  
Abacus House  
33 Gutter Lane  
London  
EC2V 8AR

## Auditor

Deloitte LLP  
Chartered Accountants and registered Auditor  
2 New Street Square  
London  
EC4A 3BZ



## Resilience and reform: a message from the President and CEO

This has been a momentous year for the Royal College of Veterinary Surgeons. We have changed our governance, reformed our disciplinary process, set about changing our Royal Charter, dramatically improved the way we interact with the public and the profession and have regained confidence in our purpose and how we go about achieving it.

We have been greatly encouraged by the very open and honest approach of staff, Council members, the public and the profession towards the programme of reform. Sometimes our 'warts and all' approach has been necessarily uncomfortable for all of us and there are many organisations that would not have the courage to reform as honestly, openly and speedily as we have.

All of this has been achieved while at the same time freezing the renewal fee for the fourth year running, now making the RCVS one of the cheapest and most cost-effective regulators for any profession.

Like every regulator we will come in for criticism from time to time and sometimes that will be justified. But it is our job to do what is right not what is popular. Where we get things wrong, we will say so, but we will also show leadership in fulfilling our duty to defend the public interest.

We are pleased to report that there is a renewed sense of purpose and pride in the College, with ambitious plans and a forward-looking approach.

It is with great thanks to staff and Council members that we have concluded 2013 as a stronger and more confident College, clearer about our purpose and direction.



Neil Smith – President



Nick Stace – CEO



**Neil Smith**  
President



**Nick Stace**  
CEO

# Report to RCVS members

The Council presents its report and the audited financial statements of the RCVS for the year ended 31 December 2013. The College has decided to adopt the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005) for the first time for the 2013 report. As a consequence, there have been changes in accounting policies in relation to investments and cost allocation, and these are highlighted in note 13. Reference and administrative information set out on page 4 forms part of this report.

The College has voluntarily adopted the Statement of Recommended Practice, Accounting and Reporting by Charities issued in March 2005 except as noted in note 1 to the financial statements.

## Structure, governance and management

The RCVS is the regulatory body of the veterinary profession in the UK. It discharges duties and exercises powers under the Veterinary Surgeons Act 1966 (the VSA), but it was created by and still exists by virtue of a Royal Charter of 1844. Most of the original charter has been superseded by a Supplemental Charter of 1967, which, for most purposes, is now 'the' RCVS Charter.

The 1967 Charter revoked that of 1844 except so far as its reserves "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". The Charter provides for the College to be directed and managed by its Council, and entrusts the Council with "the entire management of and superintendence over the affairs, concerns and property of the College". College bye-laws require the Council from time to time to approve procedures to ensure good financial reporting, to protect the assets of the College, to guard against fraud and to ensure compliance with relevant legislation.

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

The VSA determines the composition of the RCVS Council, some of its members being elected, some appointed by universities and some appointed by the Privy Council. A Council member's period of office is usually four years. Newly-appointed members receive an induction with the Executive

Office. Council members' expenses reclaimed from the College are set out in note 3 to the accounts.

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

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 Legal Services Director & Registrar, Operations Director, Education Director, Communications Director, Human Resources Director and the Executive Director of RCVS Knowledge. 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 (other than members of the Senior Team).

## Financial review

The College's results for the year are shown in the Statement of financial activities (SOFA). Total incoming resources for 2013 were £9.11m (in 2012, £9.16m). The income for 2013 included one-off receipts of grant income, disciplinary costs recovered and a compensation payment received in relation to a 'Rights of Light' settlement. A legacy of £300,000 received in 2012 was given to RCVS Knowledge in 2013.

Expenditure for 2013 was £8.74m (2012 £7.98m) an increase of 9%. Preliminary Investigation and Disciplinary costs were higher than the previous year. Staffing levels in 2012 were historically low, and, during 2013, increased to pre-2011 levels. Grant expenditure was higher and costs were incurred refurbishing office space, funded by money received under the 'Rights of Light' settlement.

Council approved a strategic development budget – to provide for one-off projects and new initiatives, subject to a detailed approval procedure. The 2013 budget was £500,000, out of which expenditure of £293,000 was approved. A wide variety of applications was submitted, including mass-email software, upgrading of the database, scoping work for the Practice Standards Scheme and the RCVS Queen's Medal.

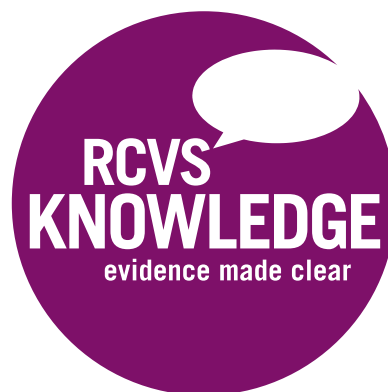
## The relationship with the RCVS Trust Ltd

Founded by the RCVS in 1958, the RCVS Charitable Trust (known as RCVS Knowledge) is an independent charity that enjoys a close relationship with the College, which is its major funder and provides a range of services, including use of College premises.

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 2010. A joint meeting is held once a year between the RCVS and RCVS Knowledge to consider items of mutual interest.

RCVS Knowledge undertakes a range of activities, including the provision of a specialist library service to the practising veterinary community, management of historic veterinary archives, and its major project to take a lead on evidence-based veterinary medicine. These are underpinned by a well-managed grants and awards programme. The College gave RCVS Knowledge £491,119 in 2013 and £190,969 in 2012.



# Achievements and performance

It has been a year of reflection, renewal and reform for the RCVS. The year began with the First Rate Regulator initiative, a process that included listening to the public and the profession about where the organisation can improve as a Royal College that regulates the veterinary profession. The year included significant changes to the governance and operations of the RCVS. The year concluded with Council endorsement for an ambitious but achievable programme of change and improvement over the next three years.

The purpose of the First Rate Regulator initiative was to gain an objective picture of where the College was in terms of regulatory effectiveness in the context of other healthcare and professional regulators. This included listening to nearly 5,000 veterinary surgeons, veterinary nurses and practice managers, through surveys and qualitative interviews; hearing from a third of those members of the public who had complained about their veterinary practitioner over the previous two years; and receiving feedback from a myriad of stakeholders, including consumer groups, professional bodies and government. For comparative purposes a comprehensive research project undertook an assessment of nine other equivalent bodies in the UK and abroad.

Council members, the Operational Board and staff were fully involved in considering the findings and recommendations and in developing an outline plan for implementing reforms. The results of the First Rate Regulator initiative provided the RCVS Council with an evidenced-based approach to reform and renewal at the RCVS and required two additional Council meetings to adequately convey the weight of evidence and to allow for sufficient time to debate the various recommendations.

The discussion resulted in the development of a Strategic Plan for 2014-6, approved by Council in November 2013. The plan involves 35 actions, clustered under five themes, which include commitments to:

- **A new Royal Charter**
- **A reduction in the time it takes for a complaint to be concluded**
- **A trial of a new consumer dispute resolution service**

- **A service charter of rights, expectations and responsibilities**
- **Plain English communications with the public and profession**
- **A more active advice line for the public and the profession**
- **A refreshed Practice Standards Scheme**
- **A highly engaged staff team supported by the right culture**

In July 2012, the RCVS created a new governance structure to enable Council to be more strategic and a new Operational Board to be involved in monitoring the implementation of operational plans, providing necessary scrutiny, oversight and support.

The Operational Board includes the Registrar, the Chairs of the main Committees, the Presidential team (President and two Vice-Presidents), the Treasurer and the CEO, who is also its Chair. The new governance structure aims pragmatically to deal with a large governing body of 42 people meeting on average just three times a year. The Council also encouraged continued discussion around further improvements to governance.

The Audit and Risk Committee, operating independently of Council, also provides much needed external scrutiny of the RCVS. The Committee has overseen the introduction of standardised financial reporting, following the charity SORP, providing greater transparency and comparability. The Committee has also supported the development of a new Risk Register and the adoption of more transparent project management protocols.

After a fairly long but necessarily inclusive process of consultation, 2013 included a significant reform to the RCVS disciplinary process, with Royal Assent being granted for the Legislative Reform Order (LRO) separating the disciplinary function from the RCVS governing Council. Immediately following Royal Assent, the RCVS began recruiting for lay and professional members of the Preliminary Investigations Committee (PIC) and the Disciplinary Committee (DC). The transition to the new independent status will be concluded in 2015.





## Clarifying our purpose

Our purpose is:

**'To set, uphold and advance veterinary standards'**

Our vision is:

**'To enhance society through improved animal health and welfare'**

**To set and uphold standards is our core regulatory function; advancing standards is in line with our purpose as a Royal College**

At the end of 2012, Council endorsed a programme of reform and renewal over the next three years and also reflected on the tremendous progress made since the McKelvey Review in 2011. Council agreed with the Audit and Risk Committee's view that the recommendations of the McKelvey Review and far-reaching changes to governance reform have now been put in place.

To support the many changes, including new priorities and

processes, there have been a series of changes to the staff team, to the layout of the building at Belgravia House and to the culture and the way the organisation works.

Over the next three years the College will continue to implement the RCVS Strategic Plan, as well as address any issues arising to ensure that it continues to work in an efficient, effective way, as might be expected of a First Rate Regulator.

# Financial management policies

## Risk management

The College maintains a Risk Register. Systems have been developed to monitor and control the risks identified and to manage adequately any impact that they may have in the future. Work is underway in 2013-4 to review and further develop the Risk Register, and this was the subject of a special session of the RCVS Council in November 2013.

## Public benefit

The RCVS aims to enhance society through improved animal health and welfare by setting, upholding and advancing the educational, ethical and clinical standards of veterinary surgeons and veterinary nurses.

## Reserves policy and going concern

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 that cannot be quantified, such as introducing new legislation. The formula for calculating the total level of reserves includes nine months of working capital, provision for disciplinary cases, new initiatives and a general contingency reserve. The figure will change from year to year in line with levels of expenditure and the changing needs of the College. At 31 December 2013 the College held total reserves, less Belgravia House (our operational centre) and reserves for contingency expenditure, of £11.8m, including investments at market value. This is higher than the reserves calculation, per the formula, of £7.2m. Having adequate reserves has enabled us to hold fees at the same level for four years.

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

## Council members' responsibilities statement

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 regularly 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 is 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 18.0% compared to a benchmark return of 16.9%.

**Approved by the Council on 5 June 2014**

# Independent auditor's report to the members of the RCVS

We have audited the financial statements of the Royal College of Veterinary Surgeons for the year ended 31 December 2013, which comprise the Statement of Financial Activities, the balance sheet and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the members of the College in accordance with the Bye Laws of the College and our engagement letter dated 12 November 2013. Our audit work has been undertaken so that we might state to the members of the College those matters we are required to state to them in an independent 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 members of the College, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of Council members and auditor

As explained more fully in the Council members' responsibilities statement, the Council members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 December 2013 and of its surplus for the year then ended; and,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

## Deloitte LLP

Statutory Auditor

19 June 2014



# Statement of financial activities year ended 31 December 2013

	Notes	2013 General funds £	2012 (restated*) £
<b>Incoming resources</b>			
<b>Income from activities</b>			
Members (including Specialists)	2	6,417,376	6,245,848
RCVS Awarding Body		373,394	597,214
Veterinary nursing		1,083,034	968,783
RCVS examination fees		124,502	171,320
Register of Veterinary Practice Premises		203,518	199,425
Practice Standards		333,044	321,056
<b>Investment income</b>		<b>300,078</b>	269,470
<b>Other incoming resources</b>			
Publications and other income		159,129	87,627
Grant/Legacy		68,690	300,000
Disciplinary costs recovered		43,698	-
<b>Total incoming resources</b>		<b>9,106,463</b>	9,160,743
<b>Resources expended</b>			
<b>Relating to activities</b>			
Regulatory functions		5,122,778	4,526,554
RCVS Awarding Body		509,467	782,758
Veterinary nursing		797,888	737,324
RCVS examination costs		220,517	224,382
Register of Veterinary Practice Premises		149,139	160,664
Practice Standards expenditure		390,206	509,658
Grant expenditure		70,768	25,816
<b>Support for RCVS Knowledge and other trusts</b>		<b>541,119</b>	241,119
<b>Investment management costs</b>		<b>40,163</b>	40,390
<b>Governance costs</b>	3	<b>906,120</b>	731,407
<b>Total resources expended</b>	4	<b>8,748,165</b>	7,980,072
<b>Net incoming resources before other recognised gains and losses</b>	5	<b>358,298</b>	1,180,671
<b>Realised gains on investments</b>		<b>68,929</b>	38,307
<b>Net income for the year</b>		<b>427,227</b>	1,218,978
Unrealised gains on investments		1,142,792	548,915
Pension scheme actuarial gain/(loss)		6,000	(124,000)
<b>Net movement in funds</b>		<b>1,576,019</b>	1,643,893
<b>Reconciliation of funds</b>	12		
Total funds brought forward		13,067,065	10,783,590
Prior year adjustment revaluation of investments to market value		-	639,582
<b>Total funds carried forward</b>		<b>14,643,084</b>	13,067,065

\*Restated for reallocation of costs and investment revaluation, see note 13.

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those above and therefore no separate statement of total recognised gains and losses has been presented. Movements in funds are disclosed in note 12.

# Balance sheet

## 31 December

	Notes	£	2013 £	2012 (restated*) £
<b>Fixed assets</b>				
Tangible fixed assets	8		3,123,441	3,297,018
Investments	9		9,586,442	8,291,833
			<b>12,709,883</b>	11,588,851
<b>Current assets</b>				
Debtors	10	499,846		431,726
Short term deposits		3,550,357		3,001,304
Cash at bank		332,275		327,724
		<b>4,382,478</b>		3,760,754
<b>Liabilities</b>				
Creditors: amounts falling due within one year	11	(2,449,277)		(2,235,895)
Net current assets			<b>1,933,201</b>	1,524,859
Net assets excluding pension liability over one year			<b>14,643,084</b>	13,113,710
Pension liability	11		-	(46,645)
Net assets including pension liability			<b>14,643,084</b>	13,067,065
<b>Funds</b>				
Unrestricted funds	12			
- Designated funds			590,000	590,000
- General funds			14,053,084	12,477,065
<b>Total funds</b>			<b>14,643,084</b>	13,067,065

Approved by the Council on 5 June 2014 and signed on its behalf by:

N C Smith, President

B Viner, Treasurer

\* 2012 restated for investments, see note 13.

# Cashflow statement

## year ended

### 31 December 2013

	2013 £	2012 £	
Net cash inflow from operating activities (note 1 below)	156,368	98,409	
Capital expenditure and financial investment (note 2 below)	(151,817)	(351,631)	
Increase / (Decrease) in cash (note 3 below)	4,551	(253,222)	
Cash at 31 December 2012	327,724	580,946	
Cash at 31 December 2013	332,275	327,724	
<b>Notes to the cashflow statement</b>			
<b>1. Reconciliation of changes in resources to net cash inflow from operating activities</b>			
	2013 £	2012 £	
Net incoming resources for the year	427,227	1,218,978	
Depreciation	173,577	280,724	
(Increase)/decrease in debtors	(68,120)	33,444	
Increase in short term deposits	(549,053)	(1,250,787)	
Increase/(decrease) in creditors	213,382	(165,435)	
Increase/(decrease) in pension provision	(40,645)	(18,515)	
Net cash inflow from operating activities	156,368	98,409	
<b>2. Investments – expenditure and receipts</b>			
	2013 £	2012 £	
Payments to acquire investments	(1,017,402)	(2,053,668)	
Receipt from disposals of investments	908,884	1,700,137	
Movement in cash balances held	(43,299)	217,670	
Payment to pension	-	(123,182)	
Payment to acquire tangible fixed assets	-	(92,588)	
	(151,817)	(351,631)	
<b>3. Analysis of movements in funds</b>			
	2013 £	cashflow £	2012 £
Short term deposits	3,550,357	549,053	3,001,304
Cash balances	332,275	4,551	327,724
	3,882,632	553,604	3,329,028



# Notes to the financial statements for the year ended 31 December 2013

## 1. Accounting policies

### a) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The College has decided to adopt the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005) for the first time in 2013, to provide a comparable framework with other organisations, except that the SOFA headings have been adapted to give prominence to headings more appropriate to the College. As a consequence there have been changes in accounting policy in relation to investments and cost allocation. This is discussed in more detail below and in the notes to the accounts.

### b) Incoming resources

The Annual Renewal fee year 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.

Grant income is recognised on an accruals basis when the terms and conditions relating to the receipt of the funds have been fully satisfied.

Legacy income is accounted for as and when it becomes receivable and can be reliably measured as to the College's entitlement with reasonable certainty of its ultimate receipt.

As at 31 December, a final instalment of a legacy was expected but details had not been clarified. (Subsequently notified as £265,914.)

### c) Resources expended

Resources expended comprise direct expenditure including staff costs attributable to the activity and an allocation of the general management and overhead costs (establishment costs) on the basis of headcount.

This was introduced in line with the adoption of the SORP. Further details of this can be found in note 13.

Governance costs are the costs associated with the

governance arrangements of the College. These costs are associated with constitutional requirements and include any costs associated with the strategic management of the College's activities.

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.

### d) Tangible fixed assets

All assets in excess of £25,000 and with an expected useful life exceeding one year are capitalised.

Fixed assets are depreciated at the following annual rates in order to write off each asset on a straight-line basis over its estimated useful life:

<b>Freehold and leasehold buildings</b>	2% of cost
<b>Fixtures and fittings</b>	10 -25% of cost
<b>Computer equipment</b>	33% of cost

### e) Investments

Investments are included on the balance sheet at their market value at the end of the financial period. Realised and unrealised 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.

In the prior year investments were stated at historical cost. This year investments are stated at market value to be in line with SORP compliance. The prior year figure has been restated to market value to provide like for like comparison. See notes 9 and 13 for further information.

### f) Taxation

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

### g) Pensions

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

Provision is made in respect of the discounted expected

future costs of an unfunded pension benefit commitment at each balance sheet date based on appropriate actuarial advice. Actuarial gains and losses are recognised separately after arriving at the surplus / (deficit) for the year. Pension costs have been valued on an actual liability provided by the actuary rather than the FRS17 disclosures.

## 2. Income from members

	2013 Total £	2012 Total £
Annual renewal fees	6,041,422	5,856,219
Registration fees	289,639	278,398
Restoration fees	43,179	70,555
Specialist applications and fees	43,136	40,676
<b>Total</b>	<b>6,417,376</b>	<b>6,245,848</b>

## 3. Governance costs

	2013 Total £	2012 Total £
Council and committee members' expenses	450,608	462,247
Audit fee	24,000	20,477
Staff costs	249,770	142,986
Balance of direct and apportioned central costs	181,742	105,697
<b>Total</b>	<b>906,120</b>	<b>731,407</b>

Council and committee members' expenses relate to costs incurred attending meetings, excluding the costs of attending Preliminary Investigation, Disciplinary and Advisory/Standards Committees, based on 48 members in both 2012 and 2013.

#### 4. Total resources expended

	Direct costs £	Staff costs £	Estab. and other costs £	RCVS exam. costs £	Allocations £	RCVS Trust and other trusts £	Grant costs £	2013 total £	2012 (restated) total £
Regulatory functions	2,317,836	1,859,196	-	-	945,746	-	-	5,122,778	4,526,554
RCVS Awarding Body	12,911	104,128	-	303,615	88,813	-	-	509,467	782,758
Veterinary Nursing	219,403	302,319	-	36,042	240,124	-	-	797,888	737,324
RCVS examination costs	-	105,483	-	47,931	67,103	-	-	220,517	224,382
Register of Veterinary Practice Premises	2,490	66,059	-	-	80,590	-	-	149,139	160,664
Practice Standards Scheme	253,851	76,817	-	-	59,538	-	-	390,206	509,658
Grant costs	-	-	-	-	-	-	70,768	70,768	25,816
Support for RCVS Knowledge and other trusts	-	-	-	-	-	541,119	-	541,119	241,119
Central costs	-	514,213	1,041,712	-	(1,555,925)	-	-	-	-
Investment management	40,163	-	-	-	-	-	-	40,163	40,390
Governance	582,339	249,770	-	-	74,011	-	-	906,120	731,407
<b>Total resources expended</b>	<b>3,428,993</b>	<b>3,277,985</b>	<b>1,041,712</b>	<b>387,588</b>	<b>-</b>	<b>541,119</b>	<b>70,768</b>	<b>8,748,165</b>	<b>7,980,072</b>

Grant costs include £57,371 paid to eight partner organisations, each payment was less than £10,000.

The methods and principles for allocation and apportionment of costs are included in the accounting policies at note 1.



## 5. Net incoming resources for the year

This is stated after charging:

	2013 £	2012 £
Depreciation	173,577	280,724
<b>Auditor's remuneration</b>		
Audit	24,000	20,477
Other services	4,462	7,411

## 6. Staff costs and numbers

Staff costs were as follows:

	2013 £	2012 £
Salaries and wages	2,751,872	2,357,938
Social security costs	267,783	270,879
Pension contributions	258,330	193,150
	<b>3,277,985</b>	<b>2,821,967</b>

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

	2013 No.	2012 No.
Regulatory functions	32	28
Governance	2	2
RCVS Awarding Body	3	3
Veterinary nursing	7	7
RCVS examination costs	2	2
Practice Standards Scheme	2	2
Register of Veterinary Practice Premises	2	2
Support	12	12
	<b>62</b>	<b>58</b>
<b>Staff earning over £60K only</b>		
£60,001–£70,000	1	1
£70,001–£80,000	1	3
£80,001–£90,000	3	2
£100,001–£110,000	-	1
£110,001–£120,000	1	-
£120,001–£130,000	1	-

## 7. Taxation

The College is taxed as a mutual organisation and is therefore taxed only on outside sources of income. This is investment income and any surplus on the Practices Standards Scheme. Taxation payable 2013 is expected to be nil (2012-nil).

## 8. Tangible fixed assets

	Property £	Computer equipment £	Fixtures and fittings £	Total £
<b>Cost</b>				
At the start and end of the year	3,055,027	587,297	1,247,525	<b>4,889,849</b>
<b>Depreciation</b>				
At the start of the year	305,518	512,853	774,460	<b>1,592,831</b>
Charge for the year	41,101	41,249	91,227	<b>173,577</b>
At the end of the year	346,619	554,102	865,687	<b>1,766,408</b>
<b>Net book value</b>				
At the end of the year	2,708,408	33,195	381,838	<b>3,123,441</b>
At the start of the year	2,749,509	74,444	473,065	<b>3,297,018</b>

## 9. Investments

	2013 £	2012 (restated) £
Market value at the start of the year	<b>8,153,472</b>	7,251,026
Additions at historical cost	<b>1,017,402</b>	2,053,668
Disposals at opening market value	<b>(908,885)</b>	(1,700,137)
Unrealised gain	<b>1,142,792</b>	548,915
	<b>9,404,781</b>	8,153,472
Cash balance	<b>181,661</b>	138,361
Market value at the end of the year	<b>9,586,442</b>	8,291,833
Historical cost at the end of the year	<b>7,281,018</b>	7,074,595

The portfolio consists of the following:

	Market value 2013 £	Per cent of 2013 portfolio %	Market value 2012 £	Per cent of 2012 portfolio %
UK equities	5,902,712	62.76%	4,880,510	59.86%
Overseas equities	2,263,412	24.07%	1,855,659	22.76%
UK fixed income	923,026	9.81%	1,032,759	12.67%
Overseas fixed interest	65,880	0.70%	69,552	0.85%
Alternative assets	249,751	2.66%	314,992	3.86%
	<b>9,404,781</b>	<b>100.00%</b>	<b>8,153,472</b>	<b>100.00%</b>

There were no investments representing over 5% by value of the portfolio. The investments are held through a diversified portfolio to maximise total return on investments with minimal risk. The investments have been restated to market value, see note 1.

## 10. Debtors

	2013 £	2012 £
RCVS Knowledge	215,527	258,404
Prepayments	284,319	173,322
	<b>499,846</b>	<b>431,726</b>

## 11. Creditors: amounts falling due within one year

	2013 £	2012 £
Trade creditors	143,146	127,515
Other creditors	50,916	49,302
Accruals	584,996	516,963
Pension liability*	103,614	-
Deferred income	1,566,605	1,542,115
	<b>2,449,277</b>	<b>2,235,895</b>

\*The pension liability is payable in October 2014 and relates to the last member of the scheme. In 2012 this was shown as a long term liability, see note 13.

## 12. Movements in funds

	At the start of the year £	Incoming resources £	Outgoing resources £	Gains in investments £	Pension scheme actuarial valuation £	At the end of the year £
<b>Unrestricted funds</b>						
<b>Designated funds</b>						
Disciplinary reserve	430,000	-	-	-		430,000
Contingency reserve	160,000	-	-	-		160,000
<b>Total designated funds</b>	<b>590,000</b>	-	-	-	-	<b>590,000</b>
<b>General funds</b>	12,477,065	9,106,463	(8,748,165)	1,211,721	6,000	<b>14,053,084</b>
<b>Total unrestricted funds</b>	<b>13,067,065</b>	<b>9,106,463</b>	<b>(8,748,165)</b>	<b>1,211,721</b>	<b>6,000</b>	<b>14,643,084</b>

### Accumulated fund

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.

### Disciplinary reserve

Expenditure on disciplinary cases varies considerably from year to year. In order to recognise this a reserve was created to be drawn on as necessary.

### Contingency reserve

In small organisations non-recurring expenditure such as

senior staff changes can have a major impact on expenditure. In order to spread these costs a contingency reserve has been created.

### Pension schemes

The College operates an Executive Pension Plan with a defined benefit underpin. The College has an unfunded future commitment to one current employee. The contractual commitment (as defined in the contractual arrangement) is to pay a pension equivalent to  $n/60$ th of their final salary at 60

where  $n$  is the number of years they have contributed to the plan. The liability shown in the financial statements as at 31 December 2013 of £103,614 (2012 £46,645) represents the estimate of the reserve to be held by the College to top up the money. The actuarial gain of £6k is broken down between gains on assets of £70k and loss on liabilities of £64k. There is no separate funding for this liability and there is no security against the assets of the College for this commitment to purchase assets at retirement to provide the defined benefit underpin for the remaining member.

## 13. Restatement from prior year

Financial statements for the year ended 31 December 2013 have been prepared under SORP 2005. Previously, accounts were prepared solely in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). This has resulted in the following restatements from the prior year:

### a) Statement of financial activities

The SOFA has been restated to reallocate figures in line with SORP guidance. This has no net effect on the surplus recorded in the prior year. In 2013, administration, establishment and depreciation costs of £4,568,103 have been allocated over the account headings as described in the accounting policies and shown in note 4.

	2012 as restated £	2012 as previously reported £
Statutory and regulatory functions	4,526,554	1,557,405
RCVS Awarding Body	782,758	676,750
Veterinary nursing	737,324	450,709
RCVS examination costs	224,382	144,287
Register of Veterinary Practice Premises	160,664	89,600
Practice Standards	509,658	413,465
Grant expenditure	25,816	25,816
Establishment running costs	-	618,225
Administration	-	3,458,026
Support for RCVS Trust and other trusts	241,119	235,969
Subscriptions and European activity	-	29,096
Depreciation	-	280,724
Investment management costs	40,390	-
Governance costs	731,407	-
	<b>7,980,072</b>	<b>7,980,072</b>

### b) Investments

Investments were previously held at historical cost on the balance sheet. This year investments are held at market value in line with SORP requirements. As such, prior year historical cost was £7,074,595.

This has been restated to a market value of £8,291,833 with the gain on investments recognised in the statement of financial activities as realised/unrealised gains. If investments in 2013 had not been restated to market value, unrealised gains of £1,142,792 would not have been shown in the SOFA and the realised gains would have been £123,517.





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**Royal College of Veterinary Surgeons** Belgravia House 62-64 Horseferry Road London SW1P 2AF  
T 020 7222 2001 F 020 7222 2004 E [info@rcvs.org.uk](mailto:info@rcvs.org.uk) [www.rcvs.org.uk](http://www.rcvs.org.uk)