Royal College of Veterinary Surgeons Annual Report & Financial Statements 2014









## Reference and administrative details: Officers and professional advisers

Council members - elected members

Christopher Barker MRCVS

David Bartram FRCVS (From 11.7.14)
Amanda Boag MRCVS (Treasurer from 11.7.14)

David Catlow MRCVS Niall Connell MRCVS Sheila Crispin FRCVS Jerry Davies MRCVS Mark Elliott MRCVS Chris Gray MRCVS

Mandisa Greene MRCVS (From 11.7.14)

Lynne Hill MRCVS Peter Jinman MRCVS Barry Johnson MRCVS Stephen May FRCVS

Jacqui Molyneux MRCVS (Vice-President to 11.7.14)

Bob Moore MRCVS

Bob Partridge MRCVS (To 1.2.14)

Peter Robinson MRCVS (From 1.2.14 to 11.7.14)
Susan Paterson MRCVS (From 11.7.14)
Christine Shield MRCVS (To 11.7.14)

Neil Smith MRCVS (President to 11.7.14 Vice-President from 11.7.14)

Richard Stephenson MRCVS Christopher Sturgess MRCVS

Clare Tapsfield-Wright MRCVS (To 11.7.14)

Sandy Trees MRCVS
Chris Tufnell MRCVS

Bradley Viner MRCVS (Treasurer to 11.7.14 Vice-President from 11.7.14)

Thomas Witte MRCVS

**Privy Council-appointed members** 

Richard Davis Nigel Gibbens MRCVS Rachel Jennings Judith Webb

**University-appointed members** 

Elaine Acaster (From 11.7.14)

David Argyle MRCVS
Malcolm Bennett MRCVS
Karen Braithwaite
Noreen Burrows
Ewan Cameron MRCVS
Susan Dawson MRCVS
Gary England FRCVS

Caroline Freedman (To 11.7.14)

Michael Herrtage MRCVS Andrea Jeffery RVN

Timothy King MRCVS (From 11.7.14)

Peter Lees

Joanna Price MRCVS Stuart Reid MRCVS

James Wood MRCVS

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)

(To 11.7.14)

(Vice-President to 11.7.14

President from 11.7.14)

**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

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Chartered Accountants and registered Auditor

2 New Street Square

London EC4A 3BZ

## History in the making: a message from the President and CEO

his has been described as a 'historic year' for the Royal College of Veterinary Surgeons. It may be an overused adjective, but certainly fitting for what the College, its Council, staff and members achieved in 2014.

In November we heard that our new Royal Charter had been approved – the first for almost 50 years. The new Charter formally underpins our role in the regulation of veterinary nurses, empowering the Veterinary Nurses Council to set standards for the nursing profession and enabling registered veterinary nurses to become associate members of the RCVS. It finally allows valued members of the veterinary team to be regulated in-line with the veterinary surgeons they work alongside.

The new Charter also gave us new objects and a clear purpose: a firm foundation upon which confidently to set, uphold and advance veterinary standards for many decades to come.

The setting and upholding of standards is meat and drink to every professional regulator. What makes us different, as a Royal College, is our drive to advance those standards, for the benefit of animal health and welfare, the public and the profession. This year saw us receiving our first applications for Advanced Practitioner status, continuing our review of the Practice Standards Scheme and supporting RCVS Knowledge in its evidence-based veterinary medicine endeavours – all activities designed to move the profession forward.

We were thinking even further forward with the launch of our Vet Futures project in November – a joint initiative with the British Veterinary Association. Vet Futures is considering how the profession might look in 2030 if we continue on the current trajectory, and the extent to which we can prepare for, and adapt, that envisioned future. It will fall to next year's report to outline the project's outcomes.

This year also saw the launch of our Mind Matters Initiative, to address mental health and welfare issues within the profession.

Even with these extra initiatives, for the fifth year running we have held our fees for veterinary surgeons and veterinary nurses, meaning that we continue to be one of the best value and most cost-effective regulators for any profession.

Finally, it is impossible to deliver excellent results without a talented and engaged workforce. This year we have achieved superb results in terms of improving staff engagement, with our score in the Great Place to Work Survey leaping from 52% to 91%. It's a great feeling to work somewhere where everyone is pulling in the same direction to deliver the best service they possibly can. So we would like to pay tribute to all of the staff and Council members who made 2014 such a historic year for the College.



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**Stuart Reid**President



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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 2014. 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 explained 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 (VSA), but it was created by and still exists by virtue of a Royal Charter of 1844.

The original Charter was revoked by a Supplemental Charter of 1967, except to the extent that the original Charter incorporated the College; recognised the 'veterinary art' as a profession; and authorised the College to have a common seal, to hold property, and to sue and be sued. The Supplemental Charter of 1967 has in turn been replaced by a new Supplemental Charter, with effect from 17 February 2015.

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 5 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 Registrar & Legal Services Director, Operations Director, Education Director (to 2.4.15), 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 2014 were £9.33m (in 2013, £9.06m restated). The income for 2014 included receipts of legacies and disciplinary costs recovered. The legacy income of £282,888 was given to RCVS Knowledge.

Expenditure for 2014 was \$8.24m (in 2013, \$8.74m) a decrease of 6%. Disciplinary costs were historically low.

Council approved a strategic development budget to provide for one-off projects and new initiatives, subject to a detailed approval procedure. The 2014 budget was £500,000, out of which expenditure of £495,543 was approved and £272,006 spent (2013 – £297,935). The balance of £223,537 has been transferred to a designated fund to be spent in 2015 (see note 14). A wide variety of applications was submitted, including for a new intranet, for new software for the Practice Standards Scheme and for enhancements to the Professional Development Record.

## The relationship with the RCVS Knowledge

Founded by the RCVS in 1958, the RCVS Knowledge (also known as RCVS Trust Ltd) 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. In 2014 the College calculated the cost of the support provided to RCVS Knowledge through its cost allocation process. As a result contributions in kind of £191,886 have been included in the amount given to RCVS Knowledge in 2014. The support costs were allocated on the basis of the number of staff in RCVS Knowledge. College gave RCVS Knowledge £732,773, including contributions in kind of £191,886, and £491,119 in 2013. If contributions in kind had been added to the amounts given to RCVS Knowledge in 2013 the total would have been £657,825.



## Achievements and performance: on the record



Here we demonstrate the impact that the College's various projects and initiatives have had on the profession and the public throughout 2014, with comments from some of those who have been positively affected by these changes.

his year was the first in which we got to grips with the challenges set out in our three-year Strategic Plan, and worked hard to bring to fruition those promises we had made to the profession, the public and other stakeholders.

By and large it has been a year of success, and we have been able to announce several landmark developments for the profession. When the year closed, for example, veterinary nursing was on the cusp of becoming a fully regulated profession for the first time; veterinary surgeons finally had a middle tier of accreditation between general practitioner and Specialist; and the College was exploring alternative forms of redress for concerns raised by animal owners.

The Strategic Plan, covering 2014 to 2016, grew out of the feedback received from the public and profession through

the First Rate Regulator initiative, which aimed to build a picture of our regulatory effectiveness and identify what worked, what could work better and gaps within our regulatory remit.

The Plan, agreed by RCVS Council in November 2013, set out a new purpose to "set, uphold and advance veterinary standards" and included 35 actions within five key themes:

- 1. Advancing standards
- 2. Identity
- 3. Improving core functions
- 4. Service
- 5. Strengthen the foundations

Following the publication of the Strategic Plan, the Operational Board and Senior Team prioritised 12 actions for 2014 – with the caveat that some may not come into fruition until

# "We sought to ingrain our purpose, vision, principles and culture in everything we do and all our communications"

2015, and that some may involve even longer-term cultural changes.

#### Grouped around the five key themes, here is an overview of our achievements this year:

#### **Advancing standards**

We put into practice the 2012 recommendations of the Specialisation Working Party by launching the first application window for Advanced Practitioner status in September. By the time it closed in November, more than 600 veterinary surgeons had applied for this 'middle tier accreditation', which recognises those who have advanced knowledge, skills and experience in a defined area of veterinary practice.

The revised Practice Standards Scheme also continued to take shape over the course of the year with an emphasis on developing a structure that would allow greater flexibility, would focus more on behaviours in practice rather than a 'tick box' approach and would encourage practices to work towards excellence with a new Awards system.

We also continued to support RCVS Knowledge in its development of an international network of veterinary professionals dedicated to advancing the cause of Evidence-based Veterinary Medicine (see page 7).

#### Identity

After a period of consultation and revision we submitted our new Royal Charter, which was approved by the Privy Council in November 2014, and received Royal assent on 17 February 2015. The new Charter confirms and clarifies our role and identity as both regulator and Royal College and, crucially, creates a coherent framework for the regulation of veterinary nurses for the first time.

More generally, we sought to ingrain our purpose, vision, principles and culture in everything we do and all our communications to make it clear that we are dedicated to enhancing society through improved animal welfare. In practical terms this has meant engaging in dialogue with the profession and public through many different media – including events,

## Making veterinary nurses true professionals



Lee Faunch RVN from Kingsnorth Veterinary Surgeons in Kent was, until the new Royal Charter was introduced in February 2015, a listed veterinary nurse but she welcomes the fact that veterinary nurses are now fully regulated.

"To have a body that checks all registered veterinary nurses working in practice are up-to-date with their CPD and knowledge and working to the best of their skilled ability can only be a positive step. I'm sure I'm not the only nurse who is protective of their title and believes that only after completing the training and achieving a recognised qualification can you call yourself a veterinary nurse.

"I am very proud of my qualification and think that we all strive to give the best possible care to our patients. It is a profession which is overlooked and often misunderstood, with the common question being "when will you become a vet!?" as if an RVN position is an apprenticeship.

"Publicity is very important. We have been running nursing clinics for many years but I still believe many of our clients do not understand our abilities. We have a strong nursing team and it would be great for their capabilities to be recognised and published. A day in the life of a veterinary nurse can be anaesthetist, agony aunt, phlebotomist, radiographer, physiotherapist, lab technician, laser therapist, dietician, accident and emergency nurse, first aider, pharmacist, receptionist, telephonist, comforting companion to your pet and many more."

publications, social media and the press – and making sure that our purpose is communicated in each of these. As part of this process we have also improved our registration renewal procedures with redesigned forms and an improved online payment system which allows people, for the first time, to pay with debit cards in addition to credit cards.

#### Improving core functions

Investigating concerns made about the professional conduct of a vet or veterinary nurse is one of our core functions but feedback gathered during the First Rate Regulator initiative suggested our concerns-handling process should be quicker, with better and more frequent communication to all parties. This year we streamlined the process, improved

"We sought to make providing a high quality service a key element of our identity by introducing a Service Charter"

levels of communication and gave case managers greater freedom to, where appropriate, manage expectations around the likely outcomes of concerns.

#### Service

We sought to make providing a high quality service a key element of our identity by introducing a Service Charter, setting out what all those who come into contact with the RCVS can expect, and our aims to be fair, open, understanding, forward-thinking, accountable and consistent. This is summed up in our Service Promise: "Our service agenda is about treating the public and the profession with the highest standards of customer care. We achieve this through our committed, caring and compassionate team, and a working culture that liberates our people to look for, and act on, constant improvement."

This new focus on providing a better quality of service to the public and profession was the rationale behind the development and launch of our alternative dispute resolution (ADR) trial in November, which aims to consider other forms of redress for those concerns we cannot investigate as they do not meet the threshold for professional misconduct.

We also developed our communications with both the public and profession to keep them better aware of what we are doing. We used 'plain English' so that these communications are clear and understandable to all. For example, we launched dedicated RCVS LinkedIn and Facebook pages to allow greater scope to communicate with the public and profession and our new documents on raising concerns are due to receive a 'plain English approved' logo from The Word Centre in recognition of their clarity.

#### Strengthening the foundations

Working on the basis of 'what is good for us is good for the profession', improving back office functions in regards to IT



Naomi de Pennington and Claire Sawyer are equine vets working in the Avonvale Veterinary Practice near Banbury in Oxfordshire. Naomi recently became an Advanced Practitioner in Equine Internal Medicine, while Claire became an Advanced Practitioner in Equine Orthopaedics.

#### Naomi de Pennington

"When we first heard about the Advanced Practitioner status I thought that we should definitely apply. Claire and I both think that it is a good thing for the practice because it demonstrates to clients that we have gained additional qualifications in specific areas of equine practice.

"We did speak to clients about our postgraduate certificates but I think that the status is a better way of explaining to owners what these qualifications mean for them in practice.

"We have been pleasantly surprised by the response from our clients who have contacted us to say 'well done' and 'that's really interesting to know that this is your area of interest' and so on."

#### Claire Sawyer

"The Advanced Practitioner status is a nice simple way of demonstrating to clients that we have acheived additional skills and qualifications in certain areas. It is also a good way of raising your profile, and that of the practice, within the profession. I really enjoy learning and studying so, with the reaccreditation process taking place every five years, holding the status encourages you to engage with CPD. I would also be very interested if it was developed as a route to Specialist status for those who are in practice."

and HR has been one of our top priorities for this year. An upgrade has been made to our iMis database software, for example, which allowed veterinary nurses to complete their renewal forms and pay their fees online this year.

Levels of staff engagement also skyrocketed this year with an independent survey of staff conducted by the Great

# Adapting to the needs of profession and public

Nick Myerscough, Managing Director, Westway Veterinary Group, Newcastle-upon-Tyne, took part in the consultation on our emergency care guidance and welcomed the changes that were made.

"I found it refreshing that the RCVS had a thorough consultation with the profession before changing the professional advice on emergency cover. All vets must provide access to 24-hour care and all vets are happy to do this. Like many other professionals, our clients increasingly demand 24-hour care and we found that some of the requests were unreasonable and unnecessary, especially for emergency home visits. All vets want to give the best possible care to their patients and it is a very small percentage of patients that can be treated in a home environment. The majority of true emergencies need treatment in a 24-hour centre with all the equipment and nursing care available.

"It is encouraging that the RCVS now emphasises that the animal owner has a duty of care to their pet and that the duty of care does not pass to their vet until the vet has actually examined the patient. This is a big and essential change in emphasis.

"Having been a vet for over 30 years, there is now a distinct change in attitude from the RCVS with regards to consulting the profession. The vast majority of vets want to do the best for their patients and hopefully the RCVS recognises this and becomes a partner helping us rather than just being seen as the disciplinary authority. It is worth considering that the average wait in a NHS A&E department would result in a vet being disciplined and we need to appreciate what an amazing service vets provide in the UK."

Place to Work Institute revealing that 91% believe that the RCVS is a 'great place to work' compared to 52% in 2013. This has been achieved through an overhaul of our appraisal system, greater investment in staff training, a Staff Engagement Group, better internal communications and a Staff Away Day focusing on key issues affecting the College.

"The Mind Matters
Initiative will help
improve the mental
health and wellbeing
of veterinary surgeons
and veterinary nurses"

An Estates Strategy Working Group was also set up to look at the issue of working space, as the organisation will soon outgrow Belgravia House. The Group will consider a number of options, including moving elsewhere and buying/hiring additional space, and will report back to Council in 2015.

#### Other achievements

This year saw a number of other achievements which, while not being explicitly set out in our Strategic Plan, have had a great impact on the profession. These include revisions to the supporting guidance of our *Code of Professional Conduct* that have clarified the expectations, responsibilities and rights of both veterinary surgeons and animal owners in regards to emergency care and pain relief.

In conjunction with the British Veterinary Association (BVA) we launched the Vet Futures initiative at the London Vet Show, which aims to help all members of the veterinary team identify and prepare for those issues that will affect it in the future.

The future welfare of the profession is being further addressed by the Mind Matters Initiative, launched in December, which will help improve the mental health and wellbeing of veterinary surgeons and veterinary nurses.

#### What next?

While our priorities for the year have largely been met, the move towards becoming a truly first-rate regulator is only partially complete and 2015 promises to be an exciting year, with the launch of the new Practice Standards Scheme, the conclusion of the ADR trial, the launch of an extended hours trial for our advice line and increasing public and lay involvement with the College, to name but a few of our priorities. We look forward to reporting back to you on their progress in due course.

## Financial management policies

#### 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 to be reviewed again at the June 2015 meeting of Council.

The Register has been reviewed by the Audit and Risk Committee, who were complimentary about the work done so far and have put forward a number of challenges:

- how to demonstrate strategic risks in a succinct format;
   and
- how to keep the teams enthused whilst still taking risk issues into account.

Departmental risks and how they are escalated to the Register have been discussed and documented by the Senior Team at the request of the Audit and Risk Committee. The Register is being used regularly in Senior Team meetings and discussed at Operational Board meetings.

#### **Public benefit**

The objects of the College as set out in the new 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.

#### 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 2014 the College held total reserves, less Belgravia House (our operational centre) and reserves for contingency expenditure, giving free reserves of £12.2m,

including investments at market value. This is higher than the reserves calculation, per the formula, of £7.1m. Having adequate reserves has enabled us to hold fees at the same level for five 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 judgements 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 portfolio was behind the benchmark over the year due to weak relative returns in bonds and underperformace in UK equities. Despite this performance over the year the portfolio has produced a strong return since inception giving a total return of 73.5% compared to benchmark return of 63.5%.

Approved by the Council on 5 June 2015

## 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 2014, which comprise the Statement of Financial Activities, the balance sheet, cashflow and the related notes 1 to 15. 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 23 September 2014. 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 auditors

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 2014 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

5 June 2015

## Statement of Financial Activities year ended 31 December 2014

ı	Notes	General Fund	2014 Designated Funds £	Total Funds £	2013* As restated £
Incoming resources					
Income from activities					
Veterinary surgeons	2	6,640,705	-	6,640,705	6,417,376
RCVS Awarding Body income		181,731	-	181,731	373,394
Veterinary nursing		1,121,412	-	1,121,412	1,038,699
RCVS examination fees		126,029	-	126,029	124,502
Register of Veterinary Practice Premises		186,010	-	186,010	203,518
Practice Standards income		338,992	-	338,992	333,044
Investment income		342,585	-	342,585	300,078
Other incoming resources					
Publications and other income		51.189	-	51.189	159.129
Grant/legacy income	3	282,888	_	282,888	68,690
Disciplinary costs recovered		59,061	_	59,061	43,698
Disciplinary costs recovered		03,001		09,001	40,030
Total incoming resources		9,330,602	-	9,330,602	9,062,128
Resources expended					
Relating to activities					
Regulatory functions		4,894,493	-	4,894,493	5,122,778
RCVS Awarding Body		309,624	-	309,624	509,467
Veterinary nursing		589,101	-	589,101	797,888
RCVS examination costs		189.152	-	189.152	220.517
Register of Veterinary Practice Premises		107,020	-	107,020	149,139
Practice Standards scheme		500,966	-	500,966	390,206
Grant costs				-	70,768
Support for RCVS Knowledge and other Trusts	4	783.773	-	783.773	541,119
Investment management costs	·······	41.478	-	41.478	40.163
Governance costs	5	832,691	_	832,691	906,120
		002,001		002,001	300,120
Total resources expended	6	8,248,298	-	8,248,298	8,748,165
		1,082,304	-	1,082,304	313,963
Transfer to Strategic Development Fund		(223,537)	223,537	-	-
Net incoming resources before other					
recognised gains and losses	7	858,767	223,537	1,082,304	313,963
Realised (losses)/gains		(140,557)	-	(140,557)	68,929
N. 4 :		710.010		044.747	000 000
Net income for the year		718,210		941,747	382,892
Unrealised gains		149,642		149,642	1,142,792
Pension scheme actuarial loss		<del>-</del>	-	_	6,000
Net movement in funds		867,852	223,537	1,091,389	1,531,684
Reconciliation of funds					
Total funds brought forward	14	13,512,047	590,000	14,102,047	13,067,065
Prior year adjustment	15	-	-	-	(496,702)
As restated		13,512,047	590,000	14,102,047	12,570,363
Total funds carried forward	14	14,379,899	813,537	15,193,436	14,102,047

<sup>\*</sup>Restated for changes in accounting of veterinary nursing annual retention fees. See note 15.

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 14 to the financial statements.

#### Balance sheet 31 December 2014

	Notes		2014		2013* As restated
		£	£	£	3
Fixed assets					
Tangible fixed assets	10		2,960,927		3,123,441
Investments	11		9,659,726		9,586,442
			12,620,653		12,709,883
Current assets					
Debtors	12	448,092	•••••	499,846	
Short term deposits		4,600,448		3,550,357	
Cash at bank		567,140		332,275	•••••
		5,615,680		4,382,478	••••••
Liabilities					
Creditors: amounts falling due within one year	13	(3,042,897)		(2,990,314)	
Net current assets			2,572,783		1,392,164
Net assets			15,193,436		14,102,047
Funds	14				•••••
Unrestricted funds			• • • • • • • • • • • • • • • • • • • •		
- Designated funds		•••••••	813,537		590,000
- General funds			14,379,899		13,512,047
Total funds			15,193,436		14,102,047

#### Approved by the Council on 5 June 2015 and signed on its behalf by:

S W J Reid, President A K Boag, Treasurer

<sup>\* 2013</sup> restated for changes to the accounting treatment of veterinary nurses annual retention fees see note 15.

#### Cashflow statement year ended 31 December 2014

	2014	2013	
	£	£	
Net cash inflow from operating activities (note 1 below)	158,508	156,368	••••
Capital expenditure and financial investment (note 2 below)	76,357	(151,817)	
Increase in cash (note 3 below)	234,865	4,551	
Cash at 31 December 2013	332,275	327,724	
Cash at 31 December 2014	567,140	332,725	
Notes to the Cashflow statement		restated	
Reconciliation of changes in resources to net cash	2014	2013	
inflow from operating activities	£	£	
Net income for the year	941,747	382,892	
Depreciation	162,514	173,577	
Decrease/(increase) in debtors	51,755	(68,120)	
Increase in short term deposits	(1,050,091)	(549,053)	
ncrease in creditors	52,583	217,072	
Net cash inflow from operating activities	158,508	156,368	<u>-</u>
2. Investments – expenditure and receipts	2014 £	2013 £	
Payments to acquire investments	(1,591,568)	(1,017,402)	••••
Receipt from disposals of investments	1,716,064	908,884	
Movement in cash balances held	(48,139)	(43,299)	
	76,357	(151,817)	<u> </u>
3. Analysis of movements in funds	2014	cashflow	2013
a	£	3	£ 2010
Short term deposits	4,600,448	1,050,091	3,550,357
Cash balances	567,140	234,865	332,275
	5,167,588	1,284,956	3,882,632

<sup>\*2013</sup> Restated for changes to the accounting treatment of veterinary nurses annual retention fees. See note 15.

## Notes to the financial statements for the year ended 31 December 2014

#### 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 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 Statement of Financial Activities (SOFA) headings have been adapted to give prominance to headings more appropriate to the College.

#### b) Income

The fee year for veterinary surgeons 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.

A new Charter came into force on 17 February 2015 and new Veterinary Nurse Registration Rules had to be drawn up, which were approved at Veterinary Nurses (VN) Council in February. The new rules define the VN fee year, which runs from November to October. After consideration of the amendments, Council has changed its accounting policy for veterinary nurses' fees from one of recognition on receipt to recognition on an accruals basis with ten months income received in the calendar year included in deferred income in creditors. The impact of the change in accounting policy is shown in note 15.

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.

#### 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 (central costs) on the basis of headcount. The allocation in 2014 included, for the first time, an allocation to RCVS Knowledge on the basis of headcount, recognising the full support RCVS gives to the charity. The impact on prior years is shown in note 4.

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

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

In 2014 Council changed its accounting policy for fixed assets reducing the main capitalisation threshold to £10,000 from £25,000 and deciding to expense computer equipment on purchase. There is no impact of this change in accounting policy on the prior year amounts.

#### Freehold and leasehold buildings Fixtures and fittings

2% of cost 10-25% 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.

#### 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.

#### 2. Income from Members (including Specialists)

	2014 £	2013 £
Annual retention fees	6,226,909	6,041,422
Registration fees	300,895	289,639
Restoration fees	36,846	43,179
Specialist applications and fees	47,549	43,136
Advanced Practitioner status	28,506	_
Total	6,640,705	6,417,376

#### 3. Legacy/grant income

The RCVS received the balance of two legacies in 2014. One legacy, from Mr G P West, has to be used for feline research. Both have been donated to RCVS Knowledge, who have confirmed they will use the money in compliance with the restrictions.

#### 4. Support for RCVS Knowledge and other trusts

	2014 £	2013 £
Payments to RCVS Knowledge and other trusts	591,887	541,119
Reallocation of support costs to RCVS Knowledge	191,886	-
Total	783,773	541,119

The payment to RCVS Knowledge includes an amount of £17,003 to be used for canine research.

The calculation for the reallocation of support costs for RCVS Knowledge was based on headcount and made for the first time in 2014. If costs had been reallocated in 2013, this would have resulted in £166,706 of costs being reallocated, giving a total support to RCVS Knowledge of £657,825.

#### 5. Governance note

	2014 £	2013 £
Council and committee members' expenses	428,778	450,608
Audit	24,600	24,000
Staff costs	252,755	249,770
Balance of direct and apportioned costs	126,558	181,742
Total	832,691	906,120

## Total resources expended

6.

8,748,165	8,248,298	591,887	1	234,799	946,215	3,477,711	2,997,686	Total resources expended
906,120	832,691	1	63,466	1	-	252,755	516,470	Governance
40,163	41,478	ı	ı	•	1		41,478	Investment management costs
ı	•	ı	(1,485,724)	•	946,215	539,509	ı	Central costs
541,119	783,773	591,887	191,886	1	ı	1	I	Support for RCVS Knowledge and other Trusts
70,768		1	ľ	1	ı	1	I	Grant costs
390,206	500,966	ı	95,943	ı	ı	121,229	283,794	Practice Standards Scheme
149,139	107,020	-	43,174	ı	ı	63,787	59	Register of Veterinary Practice Premises
220,517	189,152	1	47,971	58,329		82,852	1	RCVS examination costs
797,888	589,101	ı	136,719	24,607		248,617	179,158	Veterinary nursing
509,467	309,624	ı	55,167	151,863	ı	100,497	2,097	RCVS Awarding Body
5,122,778	4,894,493	1	851,398	•	1	2,068,465	1,974,630	Regulatory functions
ભ	ભ	כיז	ભ	ભ	64	מז	ભ	
2013 total	2014 total	RCVS Trust and other trusts	Allocations	RCVS exam costs	Estab. and other costs	Staff costs	Direct costs	

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

#### 7. Net incoming resources for the year

#### This is stated after charging:

	2014 £	2013 £
Depreciation	162,514	173,577
Auditor's remuneration:		
Audit	24,600	24,000
Other services	1,800	4,462

#### 8. Staff costs and numbers

#### Staff costs were as follows:

	2014 £	2013 £
Salaries and wages	2,993,644	2,751,872
Social security costs	298,734	267,783
Pension contributions	185,333	258,330
	3,477,711	3,277,985

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

	2014 No.	2013 No.
Regulatory functions	36	32
Governance	3	2
RCVS Awarding Body	2	3
Veterinary nursing	6	7
RCVS examination costs	2	2
Practice Standards Scheme	4	2
Register of Veterinary Practice Premises	2	2
Support	11	12
	66	62
Staff earning over £60K only		
(including bonus)	2014	2013
£60,001-£70,000	2	1
£70,001-£80,000	1	1
£80,001-£90,000	3	3
£110,001-£120,000	1	1
£120,001-£130,000	-	1
£140,001-£150,000 £140,001-£150,000		

Employer contributions of £86,146 were paid into the relevant schemes on behalf of these employees in 2014.

#### 9. Taxation

The College is taxed as a mutual organisation and is therefore taxed only on outside sources of income. Historically, this has been investment income.

#### 10. Tangible fixed assets

	Property £	Computer equipment £	Fixtures and fittings	Total £
Cost	£	L	L	£
At the start of the year	3,055,027	587,297	1,247,525	4,889,849
At the end of the year	3,055,027	587,297	1,247,525	4,889,849
Depreciation				
At the start of the year	346,619	554,102	865,687	1,766,408
Charge for the year	41,101	33,195	88,218	162,514
At the end of the year	387,720	587,297	953,905	1,928,922
Net book value				
At the end of the year	2,667,307	-	293,620	2,960,927
At the start of the year	2,708,408	33,195	381,838	3,123,441

#### 11. Investments

	2014 £	2013 £
Market value at the start of the year	9,404,781	8,153,472
Additions at historic cost	1,591,568	1,017,402
Disposals at opening market value	(1,716,065)	(908,885)
Unrealised gain	149,642	1,142,792
	9,429,926	9,404,781
Cash balance	229,800	181,661
Market value at the end of the year	9,659,726	9,586,442
Historic cost at the end of the year	7,310,536	7,281,018

#### The portfolio consists of the following:

	Market value 2014 £	Per cent of 2014 portfolio %	Market value 2013 £	Per cent of 2013 portfolio %
UK equities	5,713,942	60.59%	5,902,712	62.76%
Overseas equities	2,521,096	26.74%	2,263,412	24.07%
UK fixed income	952,622	10.10%	923,026	9.81%
Overseas fixed interest	-	0.00%	65,880	0.70%
Alternative assets	242,266	2.57%	249,751	2.66%
	9,429,926	100.00%	9,404,781	100.00%

All investments are managed by Investec Wealth and Investment Ltd. The following investment comprised over five per cent of the total portfolio as at 31 December 2014: **Vanguard Funds Pic S&P 500 Units Etf Inc GBP £485,283.** 

#### 12. Debtors

	440.000	400.046
Prepayments	274,425	284,320
RCVS Knowledge	173,667	215,526
	2014 £	2013 £

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

2014 £	2013* as restated £
252,153	143,145
70,489	50,917
539,361	584,997
-	103,614
2,180,894	2,107,641
3,042,897	2,990,314
	252,153 70,489 539,361

<sup>\*</sup>See note 15 for details of restatement relating to veterinary nurses' retention fees.

#### 14. Movements in funds Adjustment to opening balances

2013 As previously reported	Adjustment to income for change in accounting policy impact 2013	Prior year adjustment for change in reserves prior to 2012	Balance 1/1/14 As restated
£	£	£	£
430,000	-	-	430,000
-	-	-	-
160,000	-	_	160,000
590,000	-	-	590,000
14,053,084	(44,335)	(496,702)	13,512,047
14,643,084	(44,335)	(496,702)	14,102,047
	£ 430,000 - 160,000 590,000	As previously reported income for change in accounting policy impact 2013  £ £ £ 430,000 - 160,000 - 14,053,084 (44,335)	As previously reported income for change in accounting policy impact 2013 £ £ £ £ £ 430,000

#### 14. movements in funds (continued)

Unrestricted funds:	As restated 01/01/14 £	Incoming resources £	Outgoing resources	Gains in investments	Transfers £	Balance as at 31/12/14 £
Designated funds:						
Disciplinary reserve	430,000	-	-	-	-	430,000
Strategic development fund	-	-	-	-	223,537	223,537
Contingency reserve	160,000	-		-	-	160,000
Total designated funds	590,000	-	-	-	223,537	813,537
General funds	13,512,047	9,330,602	(8,248,298)	9,085	(223,537)	14,379,899
Total unrestricted funds	14,102,047	9,330,602	(8,248,298)	9,085	-	15,193,436

#### **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**

Previously the College operated an Executive Pension Plan with a defined benefit underpin. At the end of 2013 the College had an unfunded future commitment to one employee. The contractual commitment (as defined in the contractual arrangement) was to pay a pension equivalent to n/60th 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) represented the estimate of the reserve to be held by the College to top up the money purchase assets at retirement to provide the defined benefit underpin for the remaining member. The last remaining employee in the scheme reached 60 in 2014. There was no unfunded liability.

#### 15. Restatement from prior year

#### Veterinary nurses' annual retention fees

A new Royal Charter and Veterinary Nurses (VN) Registration Rules came into force on 17 February 2015. The fee year for veterinary nurses is now clearly defined in the rules as 1 November to 31 October. In the past the VN fees were recorded when received. The fees have been apportioned over the fee year and a prior year adjustment made to reflect the new arrangements. As a result of the change, the College has changed its accounting policy and the fees are now apportioned over the fee year as this is considered to more reasonably represent the revised position. The impact of the change in accounting policy is shown below.

#### Income and expenditure impact

	2013 as previously reported	Difference	2013 as restated	
	£	£	£	
Veterinary nursing	1,083,034	(44,335)	£1,038,699	
Balance sheet impact	31/12/12 as previously	01/01/2013	31/12/13 as	01/01/14 as
***************************************	reported	as restated	previously reported	restated
	£	£	£	£
Deferred income	1,542,115	2,038,833	1,566,605	2,107,659
Funds brought forward	13,067,065	12,570,363	14,643,084	14,102,047

If veterinary nursing income had been accounted for under the previous accounting policy in 2014, income would have been £24,348 higher for veterinary nurses than the reported figure of £1,121,412 at £1,145,760.

