

Royal College of
Veterinary Surgeons

**Annual Report &
Financial Statements
2017**

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Reference and administrative details: Officers and professional advisers

Council members

Elected members

Caroline Allen MRCVS	<i>(From 07.07.17)</i>
Christopher Barker MRCVS	
David J Bartram FRCVS	
Amanda Boag MRCVS	<i>(Treasurer to 07.7.17; Vice-President from 7.07.17)</i>
Sarah Brown MRCVS	<i>(From 07.07.17 to 28.10.17)</i>
David Catlow MRCVS	
Danny Chambers MRCVS	<i>(From 07.07.17)</i>
Niall Connell MRCVS	
Jerry Davies MRCVS	<i>(To 07.07.17)</i>
Melissa Donald MRCVS	
Joanna Dyer MRCVS	
Lucie Goodwin MRCVS	
Chris Gray MRCVS	<i>(To 07.07.17)</i>
Mandisa Greene MRCVS	
Tim Greet FRCVS	
Lynne Hill MRCVS	
Peter Jinman MRCVS	<i>(To 07.07.17)</i>
David Leicester MRCVS	<i>(From 22.12.17)</i>
Stephen May FRCVS	<i>(Vice-President to 07.07.17; President from 07.07.17)</i>
Jacqui Molyneux MRCVS	
Susan Paterson MRCVS	
Martin Peaty MRCVS	<i>(From 07.07.17)</i>
Kate Richards MRCVS	
Peter Robinson MRCVS	
Cheryl Scudamore MRCVS	<i>(From 07.07.17)</i>
Neil Smith FRCVS	
Christopher Sturgess FRCVS	<i>(Treasurer from 07.07.17)</i>
Chris Tufnell MRCVS	<i>(President to 07.07.17; Vice-President from 15.07.17)</i>
Bradley Viner MRCVS	<i>(Vice-President to 07.07.17; left Council 07.07.17)</i>
Thomas Witte MRCVS	<i>(To 07.07.17)</i>

Privy Council-appointed members

Richard Davis
Nigel Gibbens MRCVS
Rachel Jennings

University-appointed members

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

Senior Team (key management personnel)

Lizzie Lockett	Deputy CEO and Communications Director <i>(To 2.11.17)</i> ; Chief Executive and Secretary <i>(From 02.11.17)</i>
Nick Stace	Chief Executive and Secretary <i>(To 06.10.17)</i>
Richard Burley	Chief Technology Officer <i>(From 01.08.17)</i>
Kim Cleland	Human Resources Director <i>(From 01.04.17)</i>
Julie Dugmore	Veterinary Nursing Director
Eleanor Ferguson	Registrar and Director of Legal Services
Ian Holloway	Communications Director <i>(From 01.12.17)</i>
Corrie McCann	Operations Director and Assistant Registrar
Anthony Roberts	Leadership and Innovation Director
Christine Warman	Education Director

Audit and Risk Committee

Elizabeth Butler	
Niall Connell	<i>(From 07.07.17)</i>
Richard Davies	
David Hughes	<i>(To 01.04.17)</i>
Victor Olowe	<i>(From 07.07.17)</i>
Judith Rutherford	
Janice Shardlow	<i>(From 07.07.17)</i>
Neil Smith	<i>(To 07.07.17)</i>

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

Crowe Clark Whitehill LLP
Registered Auditor
St Bride's House
10 Salisbury Square
London
EC4Y 8EH

Fulfilling an ambitious plan

A message from the President and CEO

This year has been one of significant change for the College as we adopted a new three-year Strategic Plan building on the significant strides made between 2014 and 2016 and said a sad farewell to Nick Stace after five years at the helm of the RCVS.

Starting with the new Strategic Plan – if it were to be summed up in one word ‘ambitious’ would be the most apt description. Whereas the previous plan was about getting the basics right by looking at how we deliver our core services such as registration, education and professional conduct, and finding ways and means of improving them, this plan has a significantly more outward-facing focus.

For example, it considers how the College can help engender a professional culture based on learning rather than blame, how we can both encourage technological innovation and mitigate its potential risks and consideration of how the College can further develop and spread its excellent standards of regulating veterinary education to the international veterinary community.

While the first year of a strategic plan can often be a slow-build of research, preparation and liaising with stakeholders before any major changes are made we are proud to report that many of the actions are either well underway or completed. Our successes are detailed in full on pages 10 to 17.

While the Strategic Plan provides a framework for the next three years and gives us definite ambitions to fulfil we are not exclusively bound by it and there are always, as Harold McMillan said, ‘Events, dear boy, events’. One significant event that has led us to take a hard look at the future of the UK veterinary profession and how we regulate it is, as you might expect, the referendum vote for the UK to leave the European Union and its consequences.

The result of the vote has opened up the opportunity to take a fresh look at the legislative framework for the profession and the formation of a new Legislative Working Party. This is looking at reform in the round with consideration of issues such as the future contribution of veterinary nurses and other allied paraprofessionals to a vet-led team, and the concerns investigation and disciplinary process.

Workforce issues have also been thrown into sharp relief by the Brexit vote – with over half of new registrants in recent years coming from non-UK EU countries who make up around a fifth of the total number of UK-practising vets and the vast majority of vets working in public health. Maintaining a sustainable workforce and making sure that animal health and welfare and public health remain safeguarded when the UK leaves the EU is why we are collaborating with the British Veterinary Association and the Department for Environment, Food & Rural

Affairs through the Veterinary Capability and Capacity Project.

While this more strategic work might attract attention, the College remains committed to making improvements to its processes which, however small and innocuous, will ultimately benefit the profession and the public with whom we interact. This is demonstrated by two new appointments to our Senior Team in 2017. These are Kim Cleland as Director of Human Resources, whose focus is continuing to get the best people on board and to assure the highest quality outputs from all staff, and Richard Burley as Chief Technology Officer, whose priority is delivering a digital strategy that will improve the College’s use of technology and information management.

We couldn’t sign off this message without paying tribute to Nick Stace who left the College to join the Prince’s Trust in September 2017 after five years as the College’s first ever Chief Executive. As anyone who heard Nick speak will know, he liked to restrict himself to three key points; accordingly we would like to recognise his leadership that brought out the best in the staff, his skills of persuasion and his determination to see through change – even in the face of some opposition.

In October, we were all extremely saddened to learn that our colleague Sarah Brown had passed away. Sarah gained a huge amount of support in the RCVS Council election in 2017 and was formally welcomed as a new Council member at RCVS Day in July. Her voice and contribution to Council was just beginning and will be missed. Our thoughts continue to be with her family, friends and colleagues.

Praise must also be given to all the staff at Belgravia House for their patience and continuing dedication during a period of significant change, to the Council and VN Council members for their guidance and experience, and our stakeholders in the profession and public.●




Stephen May
President




Lizzie Lockett
CEO

Report to RCVS members

The Council presents its report and the audited financial statements of the RCVS for the year ended 31 December 2017. Reference and administrative information set out on page 4 forms part of this report.

In 2013, the College decided to adopt the Statement of Recommended Practice, Accounting and Reporting by Charities SORP (FRS 102), to provide a comparable framework with other organisations. The accounts have been prepared in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

Structure, governance and management

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

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

Second, the Charter recognises veterinary nursing as a profession. It requires the College to continue to keep a list of veterinary nurses, known as the Register of Veterinary Nurses, and gives registered veterinary nurses (RVNs) the formal status of associates of the College. The Veterinary Nurses Council is required to set standards for their education, training and conduct. Bye-laws attached to the Charter require RCVS Council to make rules dealing with the registration of veterinary nurses and the supervision of their professional conduct.

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

RCVS Council

The VSA determines the composition of RCVS Council. There are currently 41 members on RCVS Council: 24 elected members (all veterinary surgeons), two members appointed by each university with a veterinary school (Bristol, Cambridge, Edinburgh, Glasgow, Liverpool, London and Nottingham) only one of which must be an MRCVS (currently eleven MsRCVS, one RVN and two lay members) and four are appointed by the Privy Council (currently one MRCVS and two lay members, with a vacancy not yet filled due to the ongoing Governance review).

Election and induction of Council members

Every year, the terms of office for six elected members of Council end/begin at the Annual General Meeting. The election process starts in early October of the preceding year, when the retiring members eligible for re-election, as well as the veterinary press, are notified of the details. Only veterinary surgeons on the RCVS Register can stand for election.

Voting papers are distributed in March to all members of the College (other than those who are resident in the Republic of Ireland, who have not retained their right to vote in Council elections). The voting papers are returned to the Electoral Reform Services for collating and secure storage for six months, after which time they are destroyed. In 2017, the number of returned papers was 22.8% a record turnout. Online voting is available to members.

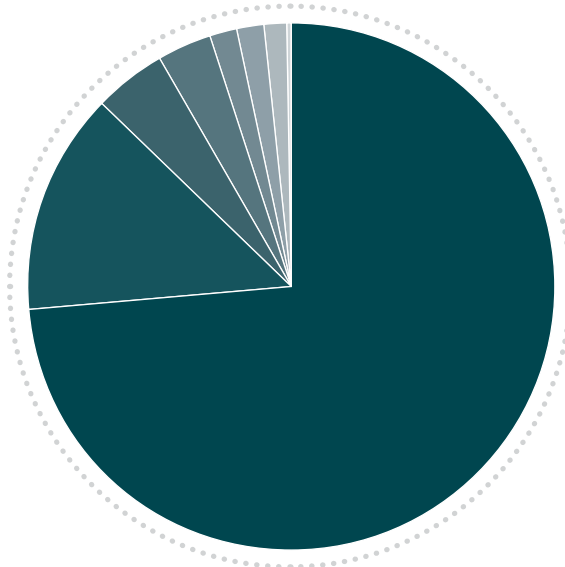
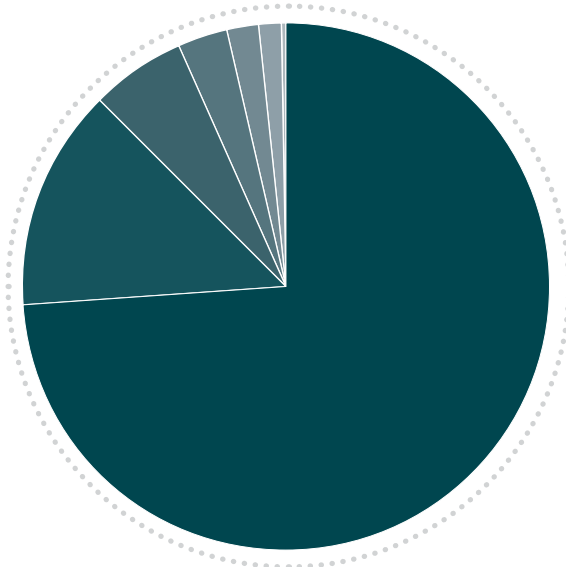
A Council member's period of office is usually four years. Newly-appointed members receive an induction with the Executive Office and Senior Team members. Council members' expenses reclaimed from the College are set out in note 5 to the accounts.

RCVS committees

RCVS Council is supported by a system of committees, subcommittees and working parties, on which sit various

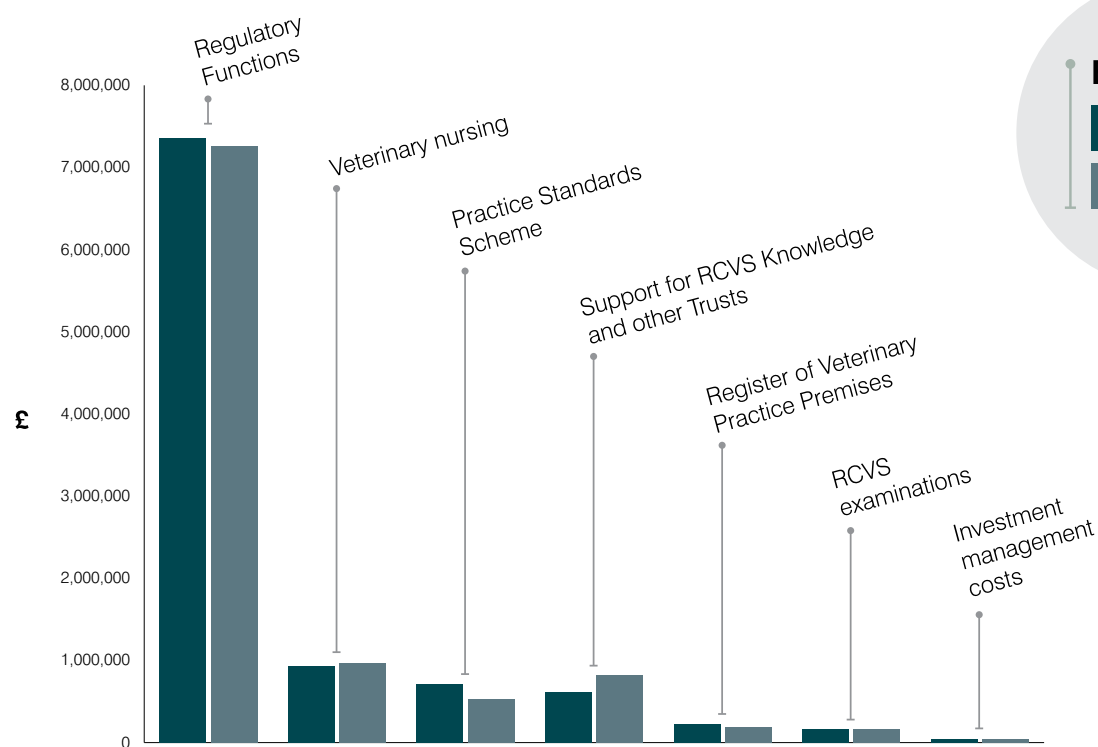
Income 2017

Income 2016



● Veterinary surgeons	£8,090,326
● Veterinary nurses	£1,465,431
● Practice Standards Scheme	£657,472
● Investment income	£336,680
● Register of Veterinary Practice Premises	£196,213
● RCVS examinations	£154,762
● Publications and other income	£11,640
● Disciplinary costs recovered	£5,500

● Veterinary surgeons	£7,407,338
● Veterinary nurses	£1,342,530
● Practice Standards Scheme	£448,459
● Investment income	£342,508
● Register of Veterinary Practice Premises	£178,365
● RCVS examinations	£154,374
● Publications and other income	£146,042
● Disciplinary costs recovered	£9,776



members of Council and other appointed individuals.

The four statutory committees are:

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

The main standing committees are:

- the Audit and Risk Committee
- the Education Committee
- the Standards Committee (formerly known as Advisory Committee)
- the Veterinary Nurses Council
- PIC/DC Liaison Committee

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 Veterinary Nurses Council has overall responsibility for all matters concerning veterinary nurse training, post-qualification awards and the registration of qualified veterinary nurses.

Operational Board

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

Senior Team (key management personnel)

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

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

They are responsible for the following:

- communicating the values and culture set by Council;
- setting the work programme and ensuring that it is implemented;
- providing adequate support to the Council and Operational Board in making strategic decisions; and,
- hiring staff (other than members of the Senior Team).

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

Financial review

The main activities of the College are to:

- maintain the Register of Veterinary Surgeons;
- supervise the undergraduate education of veterinary students in the UK and advise on the recognition of UK veterinary degrees;
- recognise certain veterinary qualifications awarded outside the EU;
- supervise the professional conduct of veterinary surgeons; and,
- keep a Register of Veterinary Nurses (the Veterinary Nurses Council is required to set standards for their education, training and conduct).

The main sources of income are the annual retention fees from veterinary surgeons and veterinary nurses.

Investments have performed well and the total return for the year was 12.29% against a benchmark of 11.33%.

The College's results for the year are shown in the Statement of Financial Activities (SOFA). Total incoming resources for 2017 were £10.91m (in 2016, £10.03m).

Expenditure for 2017 was £10.05m (in 2016, £9.98m).

Council approved a Discretionary Fund (DF), previously known as the Strategic Development Budget, to provide for one-off projects and new initiatives, subject to a detailed approval procedure.

The 2017 DF was £300,000, of which £297,700 was approved for expenditure and the unspent balance of £140,406 has been transferred to a designated fund (see note 14). ●

The relationship with RCVS Knowledge

Founded by the RCVS in 1958, the RCVS Charitable Trust (known since 2013 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.

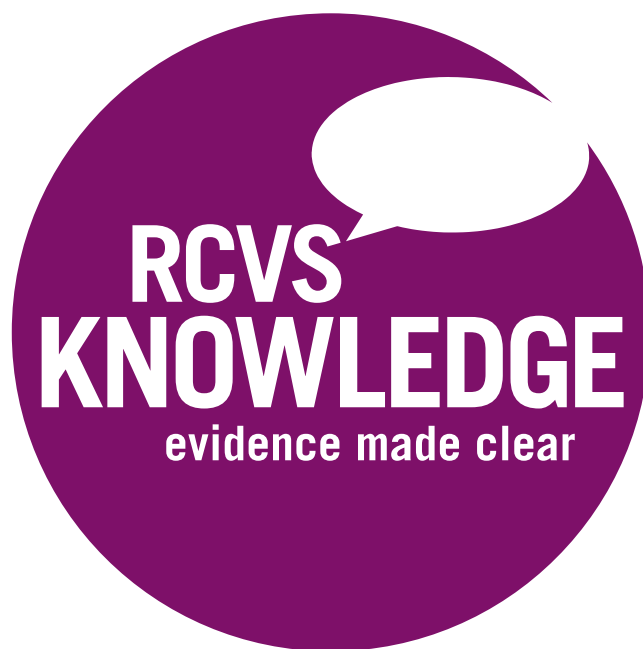
A Memorandum of Understanding is in place between the RCVS and RCVS Knowledge. The purpose of this Memorandum is to record an agreement between the College and RCVS Knowledge about the resources and services made available by one organisation to the other and the necessary arrangements for managing these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

The relationship continues to be kept under review and the contents of the Memorandum are reviewed periodically, last in November 2017. Joint meetings are held 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 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 2017 the College calculated the cost of the support provided to RCVS Knowledge through its cost allocation process. As a result contributions (support costs) in kind of £224,889 (in 2016, £246,639) have been included in the amount given to RCVS Knowledge in 2017. The support costs were allocated on the basis of the number of staff in Knowledge. College gave RCVS Knowledge £496,889 (in 2016, £722,373), including contributions in kind.

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



A new chapter for the RCVS Achievements and performance 2017



Having successfully met 34 out of the 35 objectives set out for the College in the 2014-16 Strategic Plan, this year saw the hard work of fulfilling the very ambitious Strategic Plan 2017-19 begin in earnest. The Plan had been drawn up by the Operational Board in consultation with members of RCVS Council and Veterinary Nurses Council throughout the course of 2015/16 and received full approval in November 2016.

While the previous Strategic Plan was about getting the foundations right, by making sure the College's core functions were fit for purpose and making substantial improvements to what we do, the new plan is a much more ambitious

document. Many of its actions grew from the research conducted as part of the Vet Futures project which aimed to help the veterinary profession take control of its destiny. It is concerned with culture change in the professions, making the RCVS a global player in its field and developing leadership and innovation within the professions. This is in addition to making continuing improvements to the service we offer to our stakeholders and refining our core regulatory functions.

Accordingly, the Strategic Plan has 39 distinct actions grouped under five key ambitions:

- Learning culture: to establish the extent to which a 'blame' culture exists in the veterinary professions, the role that the

RCVS may play in it, the impact it may have on the welfare of vets, veterinary nurses, owners and their animals, and how we can move towards a culture that has a greater focus on learning and personal development.

- Leadership and innovation: to become a Royal College with leadership and innovation at its heart, and support this creatively and with determination.
- Continuing to be a First-rate Regulator: continuing to build on the foundations that have already been laid, we will work to ensure that the legislation and regulations that support us are not only fit for purpose today, but enable us to make the UK veterinary professions, and those allied professionals who work alongside them, the best that they can be into the future
- Global reach: in part a response to Brexit and the need to be more externally-facing but with an emphasis to improve animal health and welfare on an international basis by raising veterinary standards overseas, contributing to the One Health agenda and ensuring that our regulation keeps pace in a global market.
- Our service agenda: to continue to build on our service agenda to ensure that people not only find interactions with us to be efficient and fair, but seek out and take up opportunities to engage further.

Here is an overview of what we have done during the course of 2017 under each of these ambitions:

Learning culture

As part of our ambition to establish and promote a learning culture a crucial first step was to establish to what extent its flipside – blame culture – is perceived to exist in the veterinary industry. In order to measure this we undertook a survey with the profession. This survey was supplemented with talks and presentations at a variety of Congresses and other events looking at what constitutes a blame culture and how professions can be nudged towards a more constructive 'learning culture' in which professionals have the confidence and are supported in admitting mistakes and improving their practice accordingly.

Encouraging and reforming lifelong learning is another key plank of this ambition and so we established a pilot of a new way of assessing continuing professional development (CPD) within the profession with a greater focus on the outcomes of CPD. The aim of this trial was to shift the perception of CPD from one of

Eleanor Robertson

Eleanor Robertson, Senior Vice-President of the Association of Veterinary Students is a Vet Futures Student Ambassador, an initiative set up in 2017 to help shape and champion the Vet Futures project amongst students. Here she talks about her involvement:



Why did you get involved in Vet Futures?

As a veterinary student, I am passionate about my future profession and proud to join such a strong, diverse community. I have loved exploring how we, as vets, have an amazing opportunity to make vital contributions to society. However, for vets to really embrace these opportunities, we need to be a forward-facing profession, not just willing to adapt to changes as they happen, but to predict, push forward and design positive changes. This is why the Vet Futures project is so important to me. I have been inspired to learn more about the work being done, and to contribute in any way I could.

Why do you think the role is important?

Something I keep saying, and it isn't getting less cheesy with repetition, is that as students, we are the future of this profession. A key reason that AVS launched the Vet Futures Student Ambassador program was because, not only did we want students to be aware of this great project, but to actively engage with it and to shape the profession we will join. As students, we can offer a fresh pair of eyes that can challenge what previous generations have accepted and see innovative solutions to problems that may have been overlooked.

What are some of the highlights of your experience so far?

The aspect of this project I have most enjoyed has been meeting and working with the other student ambassadors. We were lucky enough to have great levels interest from all vet schools, which meant we recruited an amazing team of highly motivated and dynamic students. We first collaborated at our training day held at the RCVS headquarters which included a lot of coloured pens, sticky notes and mindmaps to whittle down some great ideas to just five projects to be initiated. These focus on Innovation, One Health, Mental Health Awareness, Veterinary Societal Outreach and Graduate Outcomes.

What do you hope to achieve as an ambassador?

Personally, my aim is to promote discussion and awareness among veterinary students of this initiative. The unique aspect of these projects is that they are being designed by students, for students and so we have a niche opportunity to challenge opinions and provide a stage for our peers. We can encourage leadership, promote wellbeing and create excitement about future careers, while motivating fellow students to take an active role in moulding their profession.

totting up hours of courses to a greater focus on how learning has changed and improved your practice. In total over 100 vets and vet nurses signed up as volunteers for the pilot.

A learning culture needs to be inculcated at all stages of the veterinary career. This is why this year we launched a Graduate



Outcomes Working Party to look at, among other things, the skills that will be needed by future veterinary professionals and what this means for the undergraduate veterinary degree; diversity within the profession; extra-mural studies; and the viability and desirability of limited licensure.

Related to this we also undertook a joint research project with the British Small Animal Veterinary Association (BSAVA) on the future of the Professional Development Phase (PDP), which aims to help veterinary graduates in the transition from veterinary student to clinical practitioner. Through surveys, interviews and focus groups we asked both graduates and their employers for feedback on how the PDP could work better and where more support may be required.

Finally, there was a major change in how we deal with concerns raised about veterinary surgeons and veterinary nurses as we formalised the arrangements for our alternative dispute resolution (ADR) scheme. Known as the Veterinary Client Mediation Service (VCMS), it complements the College's concerns investigation process by helping to resolve, through mediation, those complaints that do not meet our threshold for serious professional misconduct.

Leadership and Innovation

In preparation for entering the innovation space we conducted a consultation with the profession on 'telemedicine' to gauge the extent to which the profession is already incorporating new technologies in practice, identify risks and opportunities and garner ideas on how the College might have to change its guidance to recognise the role of technology.

A milestone of our work in this area was achieved in September with the inaugural Innovation Symposium at the Shard where we formally launched our innovation programme ViVet, which grew out of recommendations made in the Vet Futures Report and Action Plan. The project's ambitious aim is to put veterinary professionals at the forefront of technological developments in the animal health field and facilitate them to provide their expertise to entrepreneurs and innovators to ensure that animal health and welfare is the primary concern and is protected.

Leadership is the second strand of this aim and this year we spent time developing resources for the profession to nurture and support the next generation of veterinary leaders and help the professions develop everyday leadership skills at all career stages. As the year closed we were in the process of producing a Massive Open Online Course (MOOC) on leadership, based on a model produced by the NHS Leadership Academy, due for launch at the British Small Animal Veterinary Association (BSAVA) Congress in spring 2018.

In terms of developing a learned body of veterinary leaders, this year saw the new Fellowship initiative going from strength-to-strength with a further 50 Fellows being welcomed on board at our second Fellowship Day, in October, where Professor Alice Roberts was our guest speaker and we heard some fascinating talks from our 'Fellows in Focus'. In 2018 we will be looking at how to further develop the Fellowship into a learned society that can provide the profession with thought-leadership and evidence-based opinion.

On the other end of the career scale we started a new joint Vet Futures Student Ambassadors programme with the Association of Veterinary Students (AVS), the Veterinary Schools Council (VSC) and the British Veterinary Association (BVA). The project was initiated with a training day for two ambassadors from each of the UK and Ireland veterinary schools in October, to help them champion the Vet Futures project by encouraging their peers to think about how they can prepare for and influence their futures.

First-rate Regulator

Many of the aims within this ambition revolve around making continuous improvements to our core regulatory services as well as looking at the overall framework of how we regulate and where changes could be made.

The RCVS has established a Legislation Working Party to undertake a root-and-branch review of the legislation which governs the veterinary professions, as well as our role in interpreting and enforcing this legislation as the veterinary regulator. The Working Party will produce a coherent set of recommendations for reform, including modernising the regulation of paraprofessionals and ensuring that the veterinary profession has a flexible, future-proof regulatory framework.

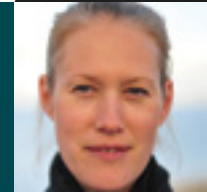
The future of veterinary nursing and its regulation by us is extremely important and this is why we conducted a consultation into Schedule 3 of the Veterinary Surgeons Act which gives veterinary surgeons the power to delegate acts of minor veterinary surgery and treatment to registered veterinary nurses. For this consultation we asked both veterinary nurses and veterinary surgeons for their ideas on how we could clarify and bolster the role of registered veterinary nurses through amendments to Schedule 3 and further guidance on what it does and doesn't allow. Some 6,873 veterinary nurses (35% of the profession) responded to the consultation as well as 4,752 veterinary surgeons. The survey results will feed into our overall review of current legislative framework for the professions.

Global reach

The consequences of the UK electorate's decision to leave the European Union in 2016 and the opportunities and risks it engenders continued to be the focus of our international work throughout 2017.

Early on in the year we published our three Brexit Principles,

Case study: Nuala Summerfield, Virtual Veterinary Specialists



I first learnt about ViVet at the inaugural RCVS Innovation Symposium held at The Shard in London last September. I was fortunate to have been given the opportunity to participate in the symposium and to talk about Virtual Veterinary Specialists (VVS) in the Telemedicine and Wearable Devices panel debate.

The Innovation Symposium itself was a ground-breaking event which brought together like-minded individuals from across the veterinary industry and provided a unique platform to raise awareness of new and emerging technologies that are likely to impact and enhance the veterinary profession, as well as providing opportunities for discussion, networking and potential collaborations. It was therefore the perfect venue to announce the launch of ViVet.

As a new technology-enabled veterinary company, VVS was keen to be involved with ViVet on a number of fronts. We appreciated the immense value of being able to work closely with the RCVS to help us navigate the important regulatory framework governing specialist veterinary medicine and telemedicine. We wanted to be part of the growing community of veterinary innovators in the UK and to have the opportunity to participate, contribute and learn from others embarking on similar ventures.

The ViVet project has created an important focus on innovation and technology for the veterinary profession within the UK. For VVS, it has been an excellent information resource and provided invaluable regulatory guidance and advice around our real-time telemedicine technology solution.

ViVet also provides a platform to showcase how vets are currently using technology to innovate within the profession, through case studies, blogs and participation in the Innovation Symposium. This exposure and increased awareness should help to shift mindsets within our very traditional profession.

Any profession that doesn't move forwards and embrace innovation will inevitably go backwards. For the veterinary profession, technology and innovation provide us with an incredible opportunity to enhance and improve clinical practice, business models and animal health. Vets are natural innovators and problem solvers. We are the ones who best understand the problems that face our profession and are therefore ideally placed to find the solutions.

During our professional lives, many of us will have identified problems that need solving; for example, outdated or inefficient clinical processes and business models. However, if you are an innovator who wants to take this to the next stage and understand what is involved in finding the solution to the problem you have identified, this is where ViVet can help. Take advantage of the resources available on the website (www.vivet.org.uk), attend the next Innovation Symposium, ask for regulatory advice and, most importantly, start that conversation!



setting out the College's stated aims in terms of maximising the opportunities presented by the UK leaving the European Union and mitigating the risks.

One of the risks that has been made clear following the vote to leave the EU is the potential for there to be veterinary workforce shortages depending on the post-Brexit immigration system. This is why we lobbied the Government for greater certainty around the rights of EU nationals already living and working as veterinary surgeons and veterinary nurses in the UK, including a transitional period so that new systems could be bedded in and to prevent a sudden shortage of veterinary surgeons in key sectors such as public health.

With around a fifth of UK veterinary surgeons coming from non-UK EU countries we felt it was vitally important to get an

understanding of their fears, hopes and concerns regarding Brexit and its impact on them and their careers.

While the outcomes of Brexit are still somewhat up in the air, we felt that it was still incumbent upon the College and the wider profession to be thinking ahead and planning for the future – whatever form it may take. This is why we have been delighted to be part of a joint initiative with the Department for Environment, Food and Rural Affairs and the BVA called the Veterinary Capability and Capacity Project (VCCP), which will plan for a number of different Brexit scenarios in terms of the impact on the veterinary workforce.

In order to avoid short-term workforce shortages we also made a strong joint submission to the Migration Advisory Committee, with BVA, that veterinary surgeons should be added to the

shortage occupation list. Our argument was that this change was needed to avoid post-Brexit workforce shortages, particularly of vets working in public health and food safety.

Our service agenda

Our internal processes and day-to-day services don't necessarily receive the praise and recognition that some of our other more high-profile work receives – but this is the oil that keeps the good ship RCVS running. Whether it is our IT systems, the facilities in which our staff work or in how we process payments, the tweaks and improvements we make on an almost daily basis not only make this a better place to work, but also improve the service we offer to the professions and the public.

After months of preparatory work in August we launched a redesigned website that carried big improvements to the search function to make pages and documents much easier to find, and content improvements so that the text of webpages are more concise and easier to understand. It looks great too. As part of our mission to reach out to 'generation mobile' the functionality of the website was also made much more amenable to smartphone and tablet users – in recognition of the fact that around 40% of visits to the website are from such devices.

The effect of this faster and more direct form of communication was borne out in this year's results for the RCVS and VN Councils elections which made use of unique voting sites and regular email reminders for the electorate. This meant that we had our highest ever turnouts in both of the elections with almost a quarter of vets voting and around 15% of veterinary nurses.

This year we also carried out a lot of preparatory work for the General Data Protection Regulation (GDPR), which comes into force in May 2018. This included mandatory staff training on data legislation and protection, the bolstering of our IT security in terms of both hardware and software and an ongoing review of processes to ensure data are handled securely and privacy is protected.

Other projects

Our Mind Matters mental health initiative continued to go from strength-to-strength this year in terms of research, campaigning, tackling stigma and providing education. In January we held the first ever Mind Matters Research Symposium at the University of Edinburgh where we brought together those conducting research in the area of mental

health amongst veterinary surgeons and veterinary nurses to share and discuss their findings and find solutions.

At the very end of January we also launched a joint anti-stigma campaign at the Houses of Parliament with the Doctors' Support Network. The campaign, called &me, encourages senior figures within the medical and veterinary professions to talk openly about their experiences of mental ill-health and, in doing so, encourage more junior colleagues to seek help and not feel shame about their mental health.

Through popular and well-subscribed webinars on mental health, mindfulness and healthy sleeping patterns we also educated the professions on how they can both improve their own help and encourage colleagues to be healthier.

Furthermore, we continued to fund key resources such as Vetlife's Helpline and health support service.

Risks mitigation

- **Brexit** – Potential veterinary workforce shortages due to EU-trained veterinary surgeons leaving the UK/ choosing not to work in the UK and potential loss of income due to fewer registrations. Work is ongoing to influence Government on the need to mitigate risks including by adding veterinary surgeons to the Shortage Occupation List. Formation of the Veterinary Capability and Capacity Project allows RCVS to have direct dialogue and influence with Defra.
- **Relevance to profession and public** – Potential risk of the College not keeping in step with technological and economic development in the veterinary sector and not recognising and reacting to key issues such as mental health, stress and lack of leadership within profession. Risks are mitigated by new ViVet innovation and RCVS Leadership projects as well as continuation Mind Matters mental health initiative and Vet Futures.
- **Governance** – Potential risk of College failing to bring to fruition changes to keep its governance structure agile, modern and fit for purpose. College has drafted a new Legislative Reform Order to alter its governance structure – including changes in composition of membership and reduction in members – and, as at end of 2017, had received Ministerial approval and was waiting for approval by both Houses of Parliament. ●

Financial management policies

Reserves policy

Reserves level

The College holds unrestricted reserves to ensure its continuity, to enable its ability to discharge its statutory obligations, to cover liabilities that cannot be covered by insurance, to bridge cashflow problems and to fund long-term projects that cannot be quantified, such as introducing new legislation. The formula for calculating the total level of unrestricted reserves was reviewed in 2016, the methodology adopted by RCVS continues to be considered appropriate. The reserves calculation is six months of expenditure, a provision for building repairs and provision for risk cover. The figure will change from year to year in line with levels of expenditure and the changing needs of the College. Based on current activity the target level of reserves is £6.9m and the College currently exceeds this target. At 31 December 2017 the College held total reserves, less Belgravia House (our operational centre) of £13.7m including investments at market value. This is higher than the reserves calculation, per the formula, of £6.9m. The difference is being retained to provide funds for planned projects and the estate strategy.

Going concern

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

Designated funds

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

Risk management

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

Each department has a risk register and these are currently being considered by the Audit and Risk Committee (see page 7).

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.

Discretionary Fund previously known as the Strategic Development Budget

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

2016 + 2017 Project Fund

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

Remuneration policy

In 2017 all staff salaries, including key management personnel of the Senior Team, were benchmarked against external criteria by an independent consultant, using various external benchmarking surveys, looking at the post holder's job description and evaluating by 'Mid-market' and 'Market-leader' rates. In January, the Remuneration Subcommittee (a subcommittee of the Operational

Board, comprising the Treasurer, President and two Vice-Presidents) agree any pay increases, effective from April of each year. Senior Team members are then asked to put forward recommendations that are considered by the CEO and HR Director, and final approval is given by the Remuneration Subcommittee and the Operational Board. The CEO's salary is externally benchmarked and any performance awards approved by the President and Senior Vice-President.

Council members' responsibilities statement

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

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

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

Council members are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the College and enable them to ensure that the financial statements comply with the provisions of the constitutional documents and by-laws. They are also responsible for safeguarding the

assets of the College and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Investment powers and performance

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

Performance 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 12.29%, compared to a benchmark return of 11.33%. ●

Approved by the Council on 14 June 2018



Christopher Sturgess, Treasurer

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

Opinion

We have audited the financial statements of the Royal College of Veterinary Surgeons for the year ended 31 December 2017 which comprise the Statement of Financial Activities, the Balance Sheet, Cashflow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the members of the College, in accordance with the bye-laws of the College as a body, in accordance with our agreed terms of engagement. Our audit work has been undertaken so that we might state to the College's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the College's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 December 2017 and of its surplus for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The Council is responsible for the other information. The other information comprises the information included in the Annual

Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Council

As explained more fully in the Council members' responsibilities statement set out on page 17, the Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council is responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters

related to going concern and using the going concern basis of accounting unless the College either intend to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report. ●

Crowe Clark Whitehill LLP

Crowe Clark Whitehill LLP
Statutory Auditor
London
21 June 2018

Royal College of
Veterinary Surgeons
**Financial
Statements 2017**

Statement of Financial Activities for the year ended 31 December 2017

	Notes	2017				2016			
		Unrestricted		Restricted fund	Total funds	Unrestricted		Restricted fund	Total funds
		General fund	Designated funds			General fund	Designated funds		
		£	£	£	£	£	£	£	£
Income									
Income from activities									
Veterinary surgeons	2	8,090,326	-	-	8,090,326	7,407,338	-	-	7,407,338
Veterinary nurses	3	1,465,431	-	-	1,465,431	1,342,530	-	-	1,342,530
RCVS examinations		154,762	-	-	154,762	154,374	-	-	154,374
Register of Veterinary Practice Premises		196,213	-	-	196,213	178,365	-	-	178,365
Practice Standards Scheme			657,472	-	657,472	-	-	448,459	448,459
Investment income		336,680	-	-	336,680	342,508	-	-	342,508
Income from other trading activities									
Publications and other income		11,640	-	-	11,640	146,042	-	-	146,042
Disciplinary costs recovered		5,500	-	-	5,500	9,776	-	-	9,776
Total incoming resources		10,260,552	657,472	-	10,918,024	9,580,933	-	448,459	10,029,392
Expenditure									
Relating to activities									
Regulatory functions		6,781,436	576,135	-	7,357,571	7,115,759	146,056	-	7,261,815
Veterinary nursing		927,459	-	-	927,459	968,228	-	-	968,228
RCVS examinations		160,394	-	-	160,394	158,867	-	-	158,867
Register of Veterinary Practice Premises		229,105	-	-	229,105	191,061	-	-	191,061
Practice Standards Scheme			708,177	-	708,177	105,502	11,175	418,208	534,885
Investment management costs		48,344	-	-	48,344	43,761	-	-	43,761
Support for RCVS Knowledge and other trusts	4	620,389	-	-	620,389	825,373	-	-	825,373
Total expenditure	6	8,767,127	1,284,312	-	10,051,439	9,408,551	157,231	418,208	9,983,990
Net operational income/(expenditure)		1,493,425	(626,840)	-	866,585	172,382	(157,231)	30,251	45,402
Net gains on investments		1,016,282	-	-	1,016,282	1,166,978	-	-	1,166,978
Net income/(expenditure)		2,509,707	(626,840)	-	1,882,867	1,339,360	(157,231)	30,251	1,212,380
Transfers between funds		601,525	(571,274)	(30,251)	-	(1,261,445)	1,261,445	-	-
Net movement in funds		3,111,232	(1,198,114)	(30,251)	1,882,867	77,915	1,104,214	30,251	1,212,380
Reconciliation of funds									
Total funds brought forward	14	14,688,446	2,048,199	30,251	16,766,896	14,610,531	943,985	-	15,554,516
Total funds carried forward	14	17,799,678	850,083	-	18,649,763	14,688,446	2,048,199	30,251	16,766,896

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

Financial Statements

Balance sheet 31 December 2017

Fixed assets	Notes		2017 £		2016 restated £
Tangible fixed assets	10		2,636,541		2,753,452
Investments	11		11,987,457		10,923,198
			14,623,998		13,676,650
Current assets					
Debtors	12	238,200		284,874	
Short-term deposits		6,760,913		5,959,407	
Cash at bank		757,577		704,025	
		7,756,690		6,948,306	
Liabilities					
Creditors: amounts falling due within one year	13	(3,730,925)		(3,858,060)	
Net current assets			4,025,765		3,090,246
Net assets			18,649,763		16,766,896
Funds	14				
Designated funds			850,085		2,048,199
Unrestricted - general fund			17,799,678		14,688,446
Restricted fund			-		30,251
Total funds			18,649,763		16,766,896

The notes on pages 24 to 31 form part of these financial statements.

The financial statements were approved by RCVS Council and authorised for issue on 14 June 2018.

S May, President

C Sturgess, Treasurer

Cashflow statement for the year ended 31 December 2017

	2017 £	2016 restated £
Net cashflows from operating activities	566,355	598,928
Cash flows from investing activities	288,703	304,419
	855,058	903,347
Cash and cash equivalents at 31 December 2016	6,663,432	5,760,085
Cash and cash equivalents at 31 December 2017	7,518,490	6,663,432
Notes to the Cashflow statement		
1. Net cash used in operating activities	2017 £	2016 £
Net incoming resources for the year	1,882,867	1,212,380
Investment income	(336,680)	(342,508)
Net gains on investments	(1,016,282)	(1,166,978)
Depreciation	116,911	95,656
Decrease in debtors	46,674	239,365
(Decrease)/ Increase in creditors	(127,135)	561,013
Net cash used in operating activities	566,355	598,928
2. Cashflows from investing activities	2017 £	2016 £
Investment income	336,680	342,508
Payments to acquire investments	(1,019,497)	(1,007,618)
Proceeds from sale of investments	1,112,534	908,405
Movement in cash balances held in investment portfolio	(141,014)	61,124
	288,703	304,419
3. Reconciliation to cash at bank	2017 £	2016 £
Investments - cash equivalents	6,760,913	5,959,407
Cash balances	757,577	704,025
Cash and cash equivalents	7,518,490	6,663,432

Notes to the financial statements for the year ended 31 December 2017

1. Accounting policies

a) Basis of preparation and assessment of going concern

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

b) Income

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

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

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

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

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

c) Expenditure

All expenditure is accounted for on an accruals basis. A provision is recognised when we have a present obligation (legal or constructive) as a result of a past event: it is probable that a transfer of economic benefits will be required to settle

the obligation, and a reliable estimate. No provision is made for avoidable costs to be incurred in future periods where such costs arise as a result of a disciplinary matter in hand at the period end.

Direct expenditure, including staff costs, is allocated to the applicable expenditure headings. General management, overheads (support costs) and governance costs have been allocated on the basis of headcount.

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

Included within governance costs are any costs associated with the strategic, as opposed to day-to-day, management of the College's activities. These costs include the cost of employees involved in meetings with Council and the cost of any administrative support provided to Council members. For more information see note 5.

d) Tangible fixed assets

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

Freehold and leasehold buildings	2% of cost
Fixtures and fittings	10-25% of cost

e) Investments

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

f) Taxation

Income tax deducted at source from investment income is

included in the income figures.

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

Current tax for the College, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. The College is able to offset tax liabilities against gift aid payments to RCVS Knowledge and other trusts.

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

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

g) Pension contributions

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

h) Financial instruments

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

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid.

Short term investments (cash equivalents) are cash on deposit, not part of the long term resources and considered a liquid asset as they have a maturity date of three months or less. Cash at bank and cash in hand includes cash and short term

highly liquid investments with a short maturity date of three months or less from the date of acquisition.

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

At the balance sheet date the College held financial assets of £7.64m (2016: £6.72m) and financial liabilities of £3.62m (2016: £3.75m) at amortised cost. The College held £11.98m (2016: £10.92m) in financial assets held at fair value. Gains, losses, income and expenditure on financial assets held at fair value taken through the Statement of Financial Activities (Income and Expenditure) during the year was £1.01m (2016: £1.16m).

i) Critical accounting judgements and key sources of estimated uncertainty

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

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

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

j) Public benefit statement

RCVS considers itself to be a public benefit entity.

k) Fund accounting

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

Financial Statements

2. Income from veterinary surgeons (including Specialists)

	2017 £	2016 £
Annual retention fees	7,553,112	6,897,669
Registration fees	367,215	349,130
Restoration fees	32,024	34,917
Fellowship annual fee (new in 2017)	3,616	-
Specialist applications and fees	53,716	57,297
Advanced Practitioner applications and fees	80,643	68,326
Total	8,090,326	7,407,338

3. Income from veterinary nurses

	2017 £	2016 £
Student enrolment	339,427	322,395
Examinations	24,571	28,661
Annual retention fees	895,776	803,781
Registration fees	162,739	137,517
Restoration fees	10,259	24,203
Other	32,659	25,973
Total	1,465,431	1,342,530

4. Support for RCVS Knowledge and other trusts

	2017 £	2016 £
Payments to RCVS Knowledge	272,000	475,734
Reallocation of support costs to RCVS Knowledge	224,889	246,639
	496,889	722,373
Payments to other trusts	123,500	103,000
Total	620,389	825,373

5. Governance costs and Council and committee members' expenses

	2017 £	2016 £
Council and committee members' expenses	476,056	533,432
Audit	25,102	30,000
Staff costs	273,691	172,913
Balance of direct and apportioned costs	0	45,634
Total	774,849	781,979

Council and committee members' expenses relate to costs incurred attending meetings, excluding the costs of attending Preliminary Investigation, Disciplinary and Advisory/Standards Committees (these included in regulatory costs. Payments are made for travel and subsistence and a financial loss payment to employers or practices. The total number paid was 49 (2016 - 43). The RCVS takes out indemnity insurance. The cover is taken out on behalf of all employees and all those who act on behalf of the College. As such the costs cannot reasonably be broken down between the different categories covered.

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

6. Total resources expenditure 2017

	Direct costs £	Staff costs £	Reallocation support and governance costs £	2017 Total £
Regulatory functions	3,523,030	2,410,817	1,423,724	7,357,571
Veterinary nursing	279,542	367,177	280,740	927,459
RCVS examination costs	87,829	42,215	30,350	160,394
Register of Veterinary Practice Premises	389	143,736	84,980	229,105
Practice Standards Scheme	96,297	406,005	205,875	708,177
Investment management costs	48,344	-	-	48,344
Support for RCVS Knowledge and other trusts	395,500	-	224,889	620,389
	4,420,931	3,369,950	2,250,558	10,051,439
Governance costs	501,158	273,691	(774,849)	-
Support costs	855,580	620,129	(1,475,709)	-
Total expenditure	5,777,669	4,263,770	-	10,051,439

The methods and principles for allocation and apportionment of costs are included in the accounting policies on page 18 and 19

*Total resources expenditure 2016	Direct costs £	Staff costs £	Reallocation support and governance costs £	Restated 2016 Total £
Regulatory functions	2,674,562	2,743,344	1,843,909	7,261,815
Veterinary nursing	340,620	359,110	268,498	968,228
RCVS examination costs	94,714	34,518	29,635	158,867
Register of Veterinary Practice Premises	869	116,930	73,262	191,061
Practice Standards Scheme	204,170	209,957	120,758	534,885
Investment management costs	43,761	-	-	43,761
Support for RCVS Knowledge and other trusts	578,734	-	246,639	825,373
	3,937,430	3,463,859	2,582,701	9,983,990
Governance costs	609,066	172,913	(781,979)	-
Support costs	1,222,671	578,051	(1,800,722)	-
Total expenditure	5,769,167	4,214,822	-	9,983,990

* 2016 Restated for changes in the disclosure of recruitment and training costs, now shown under direct costs.

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7. Net incoming resources for the year

This is stated after charging:		
	2017 £	2016 £
Depreciation	116,911	95,565
Auditor's remuneration:		
Audit	25,102	30,000
Other services (taxation)	3,120	1,800

8. Staff costs and numbers

Staff costs were as follows:		
	2017 £	2016 restated £
Salaries and wages	3,622,461	3,592,139
Social security costs	371,642	348,745
Pension contributions	269,668	273,939
Total	4,263,770	4,214,823

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

	2017 No. full-time equivalents	2017 No. Headcount	2016 No. full-time equivalents	2016 No. Head count
Regulatory functions	47	50	48	52
Governance	3	3	3	3
Veterinary nursing	9	9	8	9
RCVS examination costs	1	1	1	1
Practice Standards Scheme	7	27	3	19
Register of Veterinary Practice Premises	3	3	3	3
Support	10	11	11	11
Total	80	103	76	99

Staff earning over £60K only (including employee benefits, excluding pension)	2017	2016
£60,001 - £70,000	8	4
£70,001 - £80,000	-	-
£80,001 - £90,000	-	2
£90,001 - £100,000	1	2
£100,001 - £110,000	1	-
£110,001 - £120,000	1	-
£120,001 - £130,000	1	-
£160,001 - £170,000	-	1

The RCVS considers its key management personnel to be the Senior Team named on page 2. The total employment benefits, including employer national insurance and employer pension contributions, of the key management personnel were £976,448 (2016 - £892,715). Details of the remuneration policy are on page 18.

9. Taxation

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

10. Tangible fixed assets

Cost	Property £	Fixtures and fittings £	Total £
At the start and end of the year	3,055,027	1,247,525	4,302,552
Depreciation			
At the start of the year	469,921	1,079,179	1,549,100
Charge for the year	61,100	55,811	116,911
At the end of the year	531,021	1,134,990	1,666,011
Net book value			
At the end of the year	2,524,006	112,535	2,636,541
At the start of the year	2,585,106	168,346	2,753,452

11. Investments

	2017 £	2016 £
Fair value at the start of the year	10,715,042	9,448,851
Additions at historic cost	1,019,497	1,007,618
Disposals at opening market value	(1,113,491)	(878,814)
Unrealised gain	1,017,239	1,137,386
	11,638,287	10,715,042
Cash balance	349,170	208,156
Fair value at the end of the year	11,987,457	10,923,198
Historic cost at the end of the year	7,689,181	7,554,184

The portfolio consists of the following:	Fair value 2017 £	Per cent of 2017 portfolio	Fair value 2016 £	Per cent of 2016 portfolio
UK equities	6,341,839	54.49%	5,771,982	53.87%
Overseas equities	3,363,207	28.90%	3,147,522	29.37%
UK fixed income	920,837	7.91%	818,195	7.64%
Overseas fixed income	109,615	0.94%		
Property	493,710	4.24%	348,763	3.25%
Alternative assets	409,079	3.51%	628,580	5.87%
Total (excluding cash)	11,638,287	100.00%	10,715,042	100.00%

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12. Debtors: amounts falling due within one year

	2017 £	2016 £
RCVS Knowledge	5,715	1,960
Prepayments and other debtors	232,485	282,915
	238,200	284,874

13. Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	285,762	730,754
Other creditors	165,446	76,197
Accruals	357,507	379,442
Deferred income	2,922,210	2,671,667
	3,730,925	3,858,060

Deferred income	2017 £	2016 £
Brought forward	2,671,667	2,346,016
Released in the year	(2,671,667)	(2,346,016)
Deferred in the year	2,922,210	2,671,667
	2,922,210	2,671,667

14. Movements in funds

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

Designated funds are backed by cash reserves.

Movements in funds during the prior year						
	Balance as at 01.1.16 £	Incoming resources £	Outgoing resources £	Gains in investments £	Transfers £	Balance as at 31.12.16 £
Unrestricted funds						
Designated funds						
Disciplinary reserve	430,000	-	-	-	(430,000)	-
Strategic Development Budget	353,985	-	(157,231)	-	134,230	330,984
2016 Project Fund	-	-	-	-	579,829	579,829
Contingency reserve	160,000	-	-	-	(160,000)	-
Unrealised gains on investments			-		1,137,386	1,137,386
Total designated funds	943,985	-	(157,231)	-	1,261,445	2,048,199
Unrestricted general funds	14,610,531	9,580,933	(9,408,551)	1,166,978	(1,261,445)	14,688,446
Restricted fund		448,459	(418,208)			30,251
Total funds	15,554,516	10,029,392	(9,983,990)	1,166,978	-	16,766,896

Transfer

The funds have been reviewed in 2017 and the following adjustments have been made. The Practice Standards Scheme has been reclassified as a designated fund and gains on investments have been undesignated and now included in general reserves.

General Funds

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

Discretionary Fund

The Discretionary Fund provides for one-off projects and new initiatives not provided for in the annual budget. Further amounts were approved in 2017 and shows as a transfer in.

2016 + 2017 Project Fund

This fund is one balance of specific projects provided for in the annual budget but where expenditure has not been incurred by the year end. Further amounts were approved by RCVS Council in 2017 and shown as transfers in.

