



Royal
Agricultural
University

Annual Report and Financial Statements 2020-21



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Vice-Chancellor's Introduction



Professor Peter McCaffery, Vice-Chancellor

The academic year 2020-21 was a year like no other in our 176-year history. An unprecedented pandemic lockdown meant that our University community had to rise to the challenge of delivering the curriculum and professional services online rather than face-to-face.

That we “did better in the eyes of our students for our COVID-19 response than many other universities,” as the Sunday Times Good University Guide 2022 notes “under challenging conditions,” bears testament to the professionalism of all our staff and the resilience of our students.

In common with other universities, the financial impact of COVID-19 has been significant, notably the loss of commercial revenue opportunity, the refund of student accommodation revenue, and the additional costs of COVID-19 related health and safety measures.

Setbacks, as always, are also learning opportunities. We have revised how we deliver our curriculum to ensure that we optimise new learning technologies in support of face-to-face teaching to enhance the quality of our students' learning.

The wider higher education environment continues to be characterised by uncertainty two years from the publication of the Augar Report which *inter alia* recommended a reduction in undergraduate tuition fees.

The Government's commitment to "levelling up" may also mean that other changes – such as the mandatory imposition of minimum entry requirements to University; the reintroduction of a cap on student numbers for each HEI, a reduction in funding for Foundation Years, and the

rebalancing of resources in favour of further education at the expense of higher education – may also be imminent. We are reviewing our programme offer to ensure that it excels in academic quality and responsiveness to student demand while minimising cost. Smarter ways of working will also create the headroom to enable us to grow student numbers and to flourish in teaching, research, and enterprise.

We can also take comfort from the fact that Agriculture and Archaeology have now both been formally recognised as STEM subjects and hereafter will attract a higher level of funding from the Office for Students (OfS).

In 2020, the Whatuni Student Choice Awards, which are based on student feedback, ranked the Royal Agricultural University (RAU) in the top 10 for "University of the Year" and "Job Prospects" for the second year running.

Farm491, our agritech business accelerator, continued to support local businesses in achieving success while adjusting to the impact of COVID-19. By early 2021, Farm491 had 72 active members (of which 32% are

current RAU students or alumni) who supported more than 200 start-ups helping them raise c. £33 million in investment and to recruit 119 new employees.

We also made significant progress towards developing a strong research culture at the RAU. We entered 18 staff, who had significant responsibilities for research, to the Research Excellence Framework 2021, along with 42 research papers, many of which we hope will be deemed of international quality, and two impact case studies: the development of the Haygain hay steamer, and entrepreneurial education and Farm491.



Our academics contributed significantly to national and international policy in the land-based sector including Professor Tom MacMillan who worked as a policy advisor to the National Food Strategy which was published in July 2021 to widespread media attention. It is anticipated this strategy will influence the direction of food and land use policies for the next generation.

Our international activity continues to flourish. The China Ministry of Education approved the conversion of our current Real Estate Programme at Shandong Agricultural University (SDAU) into a dual award BSc degree, similar to those we already run at our Joint Institute for Advanced Agritechology at Qingdao Agricultural University

(QAU). We are on track to achieving a total enrolment of c. 2,000 Chinese students by 2023-24. We were also confirmed as the lead partner in a European-USA consortium to set up a new National University of Agriculture in Central Asia. We have extended our student exchange programme to include the University of Minnesota in the USA, and Vytautas Magnus University in Lithuania.

Locally, we led the Wild Campus Cirencester initiative, working closely with Cirencester College and Deer Park School, to promote biodiversity and transform wildlife habitats across an area approximately half the size of Cirencester town.

The past year also raised challenging questions about racism in the UK – about how our society should approach its history and what we could, and should, be doing to address racial inequality. At the RAU, we are committed to establishing a fully inclusive environment in which all our community members feel free from discrimination, harassment, and victimisation – indeed one where all our students and staff can flourish to the very best of their ability. We have appointed a Diversity Commission, chaired by our Honorary Fellow Levi Roots with external representation, to consider any acts of racism at the RAU and to identify practical steps we can take to develop racial equality now and in the future. The Commission is due to report in December 2021.



Further to extensive consultation, we have also chosen five values to underpin our learning community. These are the values by which we will work and for which we want the RAU to be known.

We are:

Collaborative

We believe in the power of working together – we are stronger as a community of practice. Inspiring each other, identifying shared goals, and providing reciprocal support, leads to greater success.

Open-minded

We are receptive to new ideas and we value the diversity of experience and skills. We are committed to listening to everyone across the RAU community.

Resourceful

We adopt creative approaches to achieve our goals while setting higher standards, promoting professionalism, and sustainability.

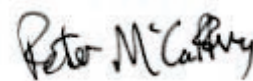
Responsible

Individually and collectively we take accountability for our actions, working with integrity to achieve the highest ethical standards.

Inclusive

We acknowledge the fundamental value and dignity of all individuals, and are committed to maintaining an environment that seeks to eliminate all forms of discrimination, and respects diverse traditions, heritages, and experiences.

The pandemic lockdown highlighted the importance of food security and was a powerful reminder of the scope and potential that the RAU can offer in pursuit of our vision and mission in support to meet the most pressing challenges in the world today. We continue to be as socially relevant today as we have been in the past.



Professor Peter McCaffery
Vice-Chancellor

Foreword by the Chair of Council



Professor Jonathan Kydd, Chair of Governors

The overwhelming feature of the 2020-21 year was the COVID-19 pandemic. The Council was highly impressed by the energetic, imaginative, and compassionate responses of the University community to support the welfare of students, staff, and vulnerable people locally. Success in prior years in winning a Catalyst grant from HEFCE put us in a strong position to switch to online and hybrid teaching.

Throughout this difficult time the University's innovative outreach programmes continued to thrive. Notable features were the performance of Farm491 and our international collaborations which adapted well with pragmatism and good sense.

During the period under review there was substantial turnover on the Council. Independent members Mr Mohamed Amersi, Mr Ian Cooper, Mr Alex Lawson, Mr John Pain, Mr John Stables, and Mr James Townshend left the Governing Council after many years of service in a variety of governance roles. We shall miss their collective wisdom and knowledge and the University is most grateful to them for their singular contributions.

Ms Marieke Guy, Staff Governor, left the Council on moving to a post at the University of Estate Management. An expert in learning technology, her skillset was appropriate to the moment. After an election by the staff, she was succeeded by Mr Philip Hudson. During this period Mr Lewis Bebb was the Student Governor and Council benefitted greatly from his entry and enthusiasm.

At the same time, we are delighted with the appointment of four new Independent Governors Mr Kim Frost, Dame Fiona Reynolds, Mr Neil Scott, and Ms Sue Steer, one of the very first women to be admitted to study at the RAU. We are already benefitting from their fresh perspectives.

Subsequent to this reporting period, at the end of August 2021 Professor Joanna Price completed her five year term as Vice-Chancellor. Her distinguished contribution was recognised by the award of the title of Emeritus Professor. In a nutshell, her mission was to drive forward the RAU's transition to becoming a University, a process begun under her predecessor, our first Vice-Chancellor, Professor Chris Gaskell. Jo's achievements included the growth of research active staff and consequent research output, a range of thriving external collaborations, and successfully seeing through a necessary professional services review. She was strongly committed to promoting the student voice and influence and was an effective leader of the COVID-19 response.

Also subsequent to this report was the appointment of Professor Peter McCaffery as Vice-Chancellor. Peter is a very experienced academic leader, who has reflected and published extensively on the topic of academic policy and management.

Looking forward, I step down as Chair of Council at the end of December 2021. The University is most fortunate that my successor will be Dame Fiona Reynolds, who is presently Vice Chair. Fiona's lifelong focus on farming, rural economy and society, heritage and environmental betterment is right on target for our University. She has an illustrious career as leader, strategist, and campaigner at important national charities and at the University of Cambridge.



Professor Jonathan Kydd
Chair of Governors





Key Facts



First small, specialist HE institution to be named a Centre of Excellence by the Institute of Enterprise and Entrepreneurs (IOEE)



Only small specialist University to establish a Joint Institute in China – with Qingdao Agricultural University (QAU)



89% of our graduates are in employment, or further study, 15 months after completing their study (HESA Graduate Outcomes survey of 2018/19 graduates)



Top 10 University of the Year and Job Prospects rankings for two years running (Whatuni 2019 and 2020)



THE BATHURST ESTATE

Innovative partnership with 15,000-acre Bathurst Estate for teaching, learning, and knowledge exchange



The third safest University in England and Wales (Complete University Guide 2020)



One of only six universities shortlisted for The Times Higher Education Award for Outstanding Entrepreneurial University



In the top five for student continuation rate in the subject area of Building and Town and Country Planning
(The Guardian University Guide 2022)



Joined the Feeding the 5,000 project to help provide home-cooked, healthy meals to those in need during the COVID-19 pandemic



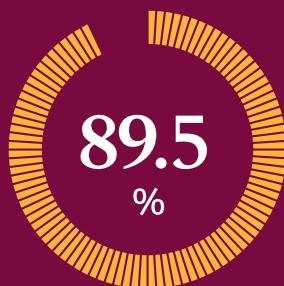
Our students are regularly nominated for awards. In 2021, two students were shortlisted in the South West Women in Property Student Awards



+20% increase in value of research grants awarded to RAU, from the previous year



The RAU has proudly celebrated its 175th birthday



Among highest in the UK at 89.5% for degree completion rate
(Times and Sunday Times Good University Guide 2022)



The leading agritech incubation and innovation space in the UK



A strong alumni network with international reach and influence



**A global University with around
1,100 students from 48 countries**

Plus around 700 students studying with our Chinese partnerships



On average, over 89% of our graduates are in employment, or further study 15 months after leaving the RAU, according to the annual national survey by Higher Education Statistics Agency (HESA, 2018-19)

About the Royal Agricultural University (RAU)

For more than 175 years, the Royal Agricultural University (RAU) has been educating leaders and entrepreneurs in the land-based sector.

Founded back in 1845, as the Royal Agricultural College (RAC), it was the first college of its kind in the English-speaking world.

Originally offering only courses focused on agriculture, the RAU's portfolio has expanded dramatically and we now offer a wide range of courses from farm management, food, real estate, and rural land management, to business, environment, equine science, and cultural heritage.

In 2013, the RAC was awarded full University status in recognition of our provision of higher education and the Royal Agricultural University was born.

While the RAU is still embedded in the UK land-based community, seeking to ensure sustainable use of the land, safeguard the environment, protect the welfare of animals, and improve the wellbeing of communities that rely upon it, the University is now an

outward-looking and collaborative institution with significant global reach and influence.

We have changed the face of the land-based industries and now have 1,012 students enrolled on undergraduate courses and 274 students studying postgraduate programmes as well as an increasing number of postgraduate research students.

We recruit students from more than 43 countries and have established three successful partnerships with universities in China – with Shandong Agricultural University (SDAU) since 2007, with Qingdao Agricultural University (QAU), launched in 2020, and with Shenyang University, established in early 2021.

For a number of years, the RAU has also validated degree programmes for a number of FE Colleges in the land-based sector and we also offer franchised degrees with Capel Manor College in London.

Teaching at the RAU is managed within three academic schools which align to our academic strategy and vision for supplying

leadership across key land-based industries:

- » Agriculture, Food, and the Environment
- » Real Estate and Land Management
- » Equine Management and Science

The RAU is a wonderful and unique place to live, study, and work, and it supports, and encourages, students and staff from all backgrounds. The University has the ability, retained over generations, to engender a spirit of entrepreneurship, innovation, resilience, and service in our graduates which is one of the keys to our continued success.

Students are treated as individuals and the talent and potential of each student is carefully nurtured. RAU graduates are prepared for successful careers in their chosen field, whether that be leading innovation and change in industry, informing future land-based policy, or setting up their own businesses, which many students have done with great success.



The RAU has excellent employability and student retention rates and our graduates feel great affection for the University and hold it in high esteem. The reach and influence of our growing alumni network worldwide is extraordinary.

Our academics care about their subjects and their students. Working alongside business leaders and employers, they deliver courses that provide students with the tools, mindset, and networks they need to embrace the opportunities ahead and play essential leading roles in shaping the future of the industry.

In addition to teaching, RAU academics continue a long tradition of providing practical solutions to real-world problems through their applied research

and knowledge exchange. Our academics also influence Government and policy makers.

One of the key strategic goals of the University is to ensure that knowledge generation will benefit the industry and the wider society. The RAU's John Oldacre Rural Innovation Centre offers a series of practical and short courses for industry, while our agritech incubator Farm491 goes from strength to strength, and the Cirencester Growth Hub is part of a network which supports local businesses to grow and develop.

The University is recognised as a sector leader in enterprise and entrepreneurship and we pride ourselves on combining the knowledge and industry connections, which stem from

our rich heritage, with an innovative, forward-thinking, approach. Helping industry make socio-economic impact with real-world solutions has always been central to the RAU's mission.

Set in the beautiful Cotswolds countryside, the small size of the RAU provides a strong sense of community and 'place' with strong, and growing, relationships with the local community of Cirencester as well as the county of Gloucestershire. Further afield, cities such as Bristol, Cardiff, Birmingham, and London are all easily accessible by road and rail.

Our History



1845

Queen Victoria granted the Royal Charter to the Royal Agricultural College (RAC)



1982

Prince of Wales became President of the RAC

2001

First received funding from the Higher Education Funding Council for England (HEFCE)

1842

The seeds of the Royal Agricultural College (RAC) were first sown

1931

Professor Robert ("Bobby") Boutflour became Principal of the College

1984



The first modern degree programme was launched – BSc (Hons) in Rural Land Management

Since our beginnings in 1845, our institution has always been full of innovators and pioneers who have made a substantial contribution to farming practice and agricultural science.

The seeds of the Royal Agricultural College (RAC) were sown by Victorian gentleman Robert Jefferys. He suggested the foundation of an agricultural school in November 1842 at a meeting of the Cirencester and Fairford's Farmer's Club.

Construction in the Victorian Gothic style began in April 1845 when Earl Bathurst leased 425 acres and a site to build the college. Completed within a year at a cost of £3,674, the first 25 students, who were

aged between 14 and 18, were admitted on 15 September 1845.

Queen Victoria granted the Royal Charter to the college in the same year and Sovereigns have been Patrons ever since, visiting in every reign. His Royal Highness the Prince of Wales became President in 1982.

Throughout our tenure, staff have always inspired their students with their teachings and have also led as industry specialists in their chosen fields. Their impact on farming practice and agricultural science in the field is not to be contested. In 1931, Professor Robert ("Bobby") Boutflour CBE, one of the greatest leaders of change in farming practice in his time, became Principal.

In 1979 the college admitted our first female students.

In 1984, in partnership with Reading University, the first modern degree programme started – a BSc (Hons) in Rural Land Management.

The college, which had been independent of Government control since its foundation, received its first funding from the Higher Education Funding Council for England (HEFCE) in 2001. This allowed us to widen access of our courses to students from all backgrounds.

The Privy Council awarded the college full University status in 2013.

In 2018 we opened the state-of-the-art Alliston Centre which houses Farm491 and the Cirencester Growth Hub, part of the GFirst Local Enterprise Partnership's (LEP) Growth Hub network.



2016

Appointment of Professor Joanna Price as first woman Vice-Chancellor

2018

Launched our state-of-the-art £4.2m Alliston Centre. The University is registered with the newly-created Office for Students (OfS)

2020

The RAU opened a major Joint Institute with Qingdao Agricultural University (QAU) in China

2013



Privy Council awarded the college full University status



2017

Awarded TEF Silver. The first phase of our Farm491 project opened at Harnhill Farm

The RAU celebrated our 175th anniversary



In 2020, we opened a major Joint Institute with Qingdao Agricultural University (QAU) in China which will help expand transnational higher education in the land-based sector. The RAU is the only small specialist University in the UK to have established a Joint Institute with endorsement from the Chinese Government.

We've had a successful partnership with Shandong Agricultural University (SDAU) since 2007 and we have been established with Shenyang University since early 2021. We also have a partnership with the Vytautas Magnus University (VMU) in Lithuania where first programmes will run in September 2022.

We have also extended our student exchange programme

to include the University of Minnesota, USA.

We celebrated our 175th anniversary in 2020.

Our strong connection with the Bathurst Estate was reaffirmed in an agreement that will enable staff and students to access more than 15,000 acres and their facilities. This will be invaluable for education and research.



RAU Students at a Chicken Class



BSc (Hons) International Business Management has been above the sector average in student satisfaction for the last five years (The National Student Survey 2021)

Highlights – 2020-21 in focus

The academic year 2020-21 was an unprecedented year that saw us rise to the challenges of virtual learning and working.

In true RAU spirit, both staff and students rallied together and helped not only their peers but also the local community through our continuing partnership with the Long Table Project. We still managed to celebrate our 175th anniversary in style with a cake-cutting ceremony and many good wishes were sent virtually from across the globe.

We were also delighted to join forces with the Vytautas Magnus University in Lithuania and to open a major Joint Institute with Qingdao Agricultural University (QAU) in China. Both these new partnerships will see transnational higher education in the land-based sector continue to grow on a global scale. Despite the disruptions from a global pandemic, we once again showed our commitment to the land-based sector with fantastic virtual webinars and brilliant ongoing research from the team.



New partnership with the Bathurst Estate

2020

August 2020

- » A new partnership was formed with the Bathurst Estate which granted students and staff access to 15,000 acres of farmland, forestry, environmentally managed land, real estate, heritage properties, and a range of rural enterprises for teaching research and knowledge exchange.

September 2020

- » The RAU opened a major Joint Institute with Qingdao Agricultural University (QAU) in China which will help to expand transnational higher education in the land-based sector. We are the only small specialist University in the UK to have established a Joint Institute with endorsement from the Chinese Government.
- » We welcomed back current and new students to the University. A 'bubble village' was created for new students to ensure that they could enjoy themselves and be COVID safe.
- » We marked our 175th anniversary with a special cake-cutting ceremony. Featuring a replica of the RAU's iconic main building, and made locally by an RAU alumna, the stunning cake was shared with more than 400 freshers who were settling into their first term at the RAU. The University received many good wishes and birthday messages from around the world.



“The Bubble Village”



175th anniversary
cake-cutting ceremony

- » Dr Inge Hill, Senior Lecturer in Business Strategy, won the Experienced Practitioner Category at the Education Practice Award Competition. She was the first woman award winner in its history.
- » Our growing reputation for entrepreneurial success was recognised in the annual Times Higher Education (THE) Awards 2020. The University was one of only six finalists in the ‘Outstanding Entrepreneurial University’ category.
- » Funded by alumnus Richard Pilkington, of Pilkington Farms Partnership, a generous new prize was launched for the top second-year undergraduate student in the RAU’S School of Real Estate and Land Management (RELM). The recipient will be awarded their final year tuition fee based on their fantastic academic performance in their first two years of study.

October 2020

- » Postgraduate students Elin Havard and Amelia Preston received a ‘Centenary Award’ bursary for their agricultural studies from the NFU Mutual Charitable Trust. Elin and Amelia were two of only three students from across the UK to have been chosen for the award in 2020.

November 2020

- » The RAU co-hosted a Climate Smart Agriculture webinar with the Dutch Ambassador Karel van Oosterom. It provided a timely opportunity to share best practice and leading policy initiatives in both the Netherlands and the UK.

2020 (cont.)

November 2020

- » This year's annual Bledisloe Lecture explored the role that food, farming, and forestry must play in meeting the challenges of climate disruption, nature depletion, and human health. Chief Executive of the Soil Association Helen Browning OBE was in conversation with RAU alumnus Jonathan Dimpleby to discuss these challenges.
- » The RAU supported the virtual Future of Food and Agriculture event in conjunction with New Scientist Live and Farmers Weekly. The event saw more than 4,000 members of the public learn how what we eat and how we grow it is changing, what is driving the next food and agriculture revolution, and how science and technology is making it happen.

December 2020

- » We teamed up with leading universities to focus on agricultural research with a new academic centre. The Centre for Effective Innovation in Agriculture will focus on how research and development investment can best support innovation for farmers.
- » We co-hosted the African Archaeology Research Day with the University of Leicester. The online event discussed the latest research and discoveries in African archaeology.
- » Wild Campus Cirencester, a partnership between the RAU, Cirencester College, and Deer Park School, was established. Our aim is to transform wildlife habitats across the sites and surrounding areas. During 2021 and 2022, we will sow the seeds for a sustainable and brighter future for our campus wildlife and for future generations.

2021

January 2021

- » Professor of Agri-food and Supply Chain Security, Louise Manning, published her paper on safeguarding global supply chains during a pandemic. She called for strong global, national, and community-based food strategies to reduce the risk of empty plates around the world.
- » Hosted by the RAU, farm animal welfare experts from the UK and the Netherlands came together by webinar to discuss priorities, best practices, and policy in a post-Brexit era.



Shaelyn Bertrand

- » Shaelyn Bertrand, RAU Graduate in BSc (Hons) Wildlife and Countryside Management (Top-up), was presented with a £500 award for publishing a paper in the Proceedings of the Cotteswold Naturalists' Field Club. Her paper 'Arable flora and crop yield: are biodiversity and food production compatible outcomes?' was inspired by her dissertation.
- » We were delighted to continue our partnership with the Long Table Project. Since March 2020, the RAU Catering Team has provided home-cooked freezer meals to the community during the pandemic.

2021 (cont.)



February 2021

- » To celebrate our 175th anniversary, a lecture series was commissioned to look at the challenges and opportunities of farming, food production, and land management. These online lectures featured many important members in this field including Helen Browning OBE, Chief Executive of the Soil Association, and RAU alumnus Richard Williamson, Managing Director of Beeswax Dyson Farming.

March 2021

- » Student Kirk Stamford was awarded the John Innes Foundation bursary. Kirk, who has always set his sights on a career in farming, was awarded this prestigious bursary for those entering the industry from a non-farming background.

April 2021

- » The National Innovation Centre for Rural Enterprise (NICRE) asked rural and farming businesses across the country to find out how they were dealing with COVID-19. There was little research about how small firms in rural areas manage crises so NICRE spoke to more than 4,000 businesses about their experiences.

May 2021

- » RAU postgraduate student Kate Drury was elected as British Wool's English Central Region board member. As the first woman to join the Board as a producer member in its history, Kate was delighted to have been elected and cited the RAU as a contributing factor to her success.
- » Students discussed the future of the agriculture sector now that the United Kingdom has left the EU in a webinar with Victoria Prentis, the Parliamentary Under Secretary at the Department for Environment, Food and Rural Affairs (DEFRA).

2021 (cont.)

May 2021 (cont.)

- » Research undertaken by RAU academics from the School of Equine Management and Science found that steamed hay might help horses at risk of respiratory or dental disease by retaining the hay's nutritional content and keeping a good 'haybiome' bacteria balance.

June 2021

- » Enterprising students Lily Grime and Mia Ashfield secured a £2,500 investment for their business from a prestigious panel at the RAU's Grand Idea Competition. They impressed the panel with their idea to sell functional and sustainable phone charms.



- » Her Excellency Mariam Almheiri, UAE Minister of State for Food and Water Security, hosted a webinar with RAU students to discuss current food security challenges and opportunities in the United Arab Emirates.
- » On Armed Forces Day, we confirmed our pledge to support members of the Armed Forces by signing the Armed Forces Covenant.

July 2021

- » We were delighted to join forces with the Vytautas Magnus University (VMU) in Lithuania. Former RAU Vice-Chancellor Professor Joanna Price and Pro Vice-Chancellor (International) Professor Neil Ravenscroft virtually joined a ceremony where a memorandum of understanding was signed.



- » A near complete Anglo-Saxon dwelling and oratory, believed to date from the early 9th century, was identified in caves in Derbyshire by archaeologists from the RAU and Wessex Archaeology. Their findings showed that the Anchor Church Caves were more likely to have been inhabited from the 9th century, rather than from the 18th century as previously thought, and may once have even been home to a king who became a saint!
- » The fourth School Farms Network Conference and Awards was co-hosted by the RAU. Although held virtually, students and teachers came together to celebrate the benefits of incorporating outdoor learning and school farms into education.
- » We welcomed the publication of the Government's National Food Strategy. This key strategy document, on which RAU Professor Tom MacMillan worked as a Policy Advisor, is vital to the land-based sector and will influence the direction of food policies for future generations.

“In the National Food Strategy we set out a way through some of the difficult debates that have held back action to improve health and tackle climate change – issues to do with personal responsibility, diets, and the future of farming – and proposed a concrete plan for what Government should do about them.”

Professor Tom MacMillan who worked as a Policy Advisor on the National Food Strategy



Appointments to New Roles



Professor Peter McCaffery

Vice-Chancellor and Governor

As Vice-Chancellor, Professor McCaffery's role is to provide guidance and leadership on all aspects of academic activity within the University.

Peter has more than 35 years of leadership, management, teaching, and research experience across a range of institutions from Further Education Colleges to a USA Ivy League University, including as Vice-Chancellor and Chief Executive at the University of Cumbria, and Deputy Vice-Chancellor at London Metropolitan University.

Awarded a PhD by the London School of Economics, he was an Idlewild Fellow at the University of Pennsylvania where he pioneered new modes of inquiry into political corruption in the American city.

A Winston Churchill Fellow and a Universities UK nominee to the Cabinet Office Top Management Programme, Peter has acted as a Consultant for a variety of bodies including the British Council, the Governments of Botswana and Jamaica, and the Centre for HE in Germany.

Awarded a National Leadership Fellowship by the Leadership Foundation for HE, he pioneered a Wider Management Mentoring Programme at London South Bank University for the University's BME managers in partnership with the public and private sector, and led the Equality and Diversity Team whose work was showcased by the Higher Education Funding Council for England (HEFCE) in its Sustaining Excellence in HE Review.

Peter is also the UK Editor, Author and Collaborator for the Epigeum (Oxford University Press) project that pioneered the first world-class, online programme with global reach on University leadership and management development, derivative of his: *The HE Manager's Handbook: Effective Leadership and Management in Universities and Colleges* (Routledge, 2018).

An American historian by background, Peter has been a regular Analyst for Sky News over the last five years on the Trump Presidency.



Graham Pollard

Chief Operating Officer

Graham joined the RAU from the University of Liverpool where he spent six years as Director of Operations for the Faculty of Health & Life Sciences.

Graham studied politics, specialising in environmental politics, at Liverpool John Moores University before starting work as a Sustainability Officer for Nottingham City Council. He then worked for Blackpool Council before moving to the private sector where he joined a national transport consultancy as its new Business Development Manager.

In 2007, Graham joined the University of Liverpool where he stayed in various senior management roles for the next 14 years. He was selected for the University's Future Leaders Programme, completed a Postgraduate Certificate in Business Administration at the University, and joined Harvard Business School's Executive Education Programme.

During his time at Liverpool, Graham served as Partnership Governor for Cheshire Wirral Partnership NHS Foundation Trust and he continues to be a Non-Executive Director and Board Member of Southport and Ormskirk Hospitals NHS Trust.



Rosario Michel-Villarreal

Lecturer in Food Supply Chain Management

Rosario Michel-Villarreal was appointed as Lecturer in Food Supply Chain Management at the RAU in July 2020.

Her research interests lie at the intersection of operations management, food supply chains, and rural development, with a primary focus on driving change towards more sustainable and resilient enterprises and food systems. She is particularly interested in the role that short food supply chains can play in food systems' sustainability and resilience. Her research into digitalisation as a driver for sustainability and resilience of short food supply chains has been funded by the UKRI Global Challenges Research Fund. Her pedagogical research centres around the use of Challenge Based Learning (CBL), an innovative framework for learning while solving real-world challenges.

She is currently co-editing the first handbook on CBL to be published by Emerald in 2022. Her work in this area earned her the Nigel Slack Teaching Innovation Award in 2020, awarded by the European Operations Management Association. Rosario is currently leading the RAU involvement in the FOODLEVERS project which is analysing several European case studies of innovative sustainable systems to identify best practice processes of resource efficiency.



Dr Fawaz Khaled

Lecturer in Property
Finance and Investment

Dr Fawaz Khaled is an educator and researcher. He joined the RAU in March 2020 from Henley Business School, University of Reading, where he taught real estate economics for the MSc and international trade in the economic department for three years.

Fawaz got his PhD in Economics and Finance (Brunel University London) in 2017. He has a MSc in Modelling and Management of Risk (Brunel University London), a PGDip in Economics (Aleppo University), and a Bachelor's Degree in Economics Hons (Aleppo University).

He specialises in real estate economics with a main focus on finance, investment, and development appraisal. His research is centred on the theme of credit risk and he is a peer reviewer in the International Journal of Finance & Economics (IJFE).

Fawaz has extensive knowledge of advanced quantitative and econometric techniques applications and he is a highly competent user of statistical packages. He has extensive teaching experience with students at different levels of higher education both in the UK and abroad in China and Syria.



Lynne Xiaoyu Ling

Registry Officer

Lynne joined the RAU in 2014 as Postgraduate and International Admissions Officer and has subsequently taken on a new role in the China partnerships in 2021.

After graduating from the University of Gloucestershire, Lynne secured a job as Research and Liaison Officer at the Cheltenham Chamber of Commerce where she developed her networking and leadership skills.

Lynne found her experience in Admissions extremely rewarding – not only did she gain tremendous knowledge of the field of UK higher education, but she also had the opportunity to offer support and encouragement to help students make life-changing decisions.

Lynne is embracing her new role in the Quality and Partnership Team and is proud to be part of the RAU's global adventure, working collaboratively with international partners to educate future talents in the international agricultural community.



Dan Todhunter

Director of Academic Services and Registrar

Dan Todhunter joined the RAU in July 2021. In his role, Dan oversees all aspects of the student lifecycle including admissions, student records, assessment, academic quality, and the full range of our student support services. Dan joins the RAU from Imperial College London where he worked for nine years, initially as an Assistant Registrar (Quality Assurance and Enhancement) and then as Director of Student Administration, having previously held roles at Durham University.

Dan is firmly committed to equality, diversity, and inclusion. He was a member of Imperial's Equality, Diversity and Inclusion Strategy Committee which developed the College's first comprehensive strategy to tackle discrimination and inequality. Dan led the College's LGBTQ+ network and used this platform to draw attention to intersectional issues with an emphasis on racial discrimination and gender inequality.

Dan's professional background in higher education has focussed on delivering large-scale, institutional change. At Imperial College London he led the implementation of a new student record system to transform ways of working.



Dr Ayodeji Owoeye

Lecturer in Property Finance and Investment

Dr Ayodeji Owoeye is a Lecturer in Finance and Investment at the RAU.

He is a finance theorist and practitioner with extensive industry and academic expertise in various disciplines, including areas of finance, mathematical finance, computational finance, and financial trading, combined with extensive academic leadership.

Before joining the RAU, he worked in various UK universities, including Nottingham Trent University, University of Nottingham, University of Lincoln, Leeds Beckett University, and Keele University, teaching finance-related courses.

Previously, Dr Owoeye had ten years banking experience in Africa, working for high-profile financial organisations where he was involved in equity and economics research, risk management, credit analysis, and audit.

His academic career began in Nigeria where he gained a BSc, and then an MSc, in Economics. He further obtained a Postgraduate Diploma in Education (PGDE). On moving to the UK, he obtained a Chartered Banker MBA in Business and Finance from Bangor University, an MSc in Finance and Investment from the University of Derby, and a PhD in Financial Economics and Banking from the University of Salford Business School in Manchester.

Our Vision, Mission, and Purpose

Our Vision

A world where all communities thrive in harmony with nature

Our Mission

Equipping a new generation to thrive through change

Our Purpose

To cultivate care for the land and all who depend on it

Thrive, equip, cultivate



Our Strategic Goals

- 1. Grow our student community by providing an outstanding student experience and excellent employment outcomes**
- 2. Develop strategic and sustainable partnership working**
- 3. Build a global reputation as a centre for practically relevant thought leadership**
- 4. Be a sustainable and efficient organisation**

1. **Grow our student community by providing an outstanding student experience and excellent employment outcomes**

This year was like no other in terms of the disruption to the student experience. The pandemic lockdown effectively meant that we had to invert the student learning process from face-to-face to online at very short notice. Guided by our experience in developing the new Catalyst Programmes, and supported by our learning technologists, our academic and professional services staff rose to the challenge to innovate and demonstrated outstanding professional practice to ensure all the learning outcomes for every programme were met.

We protected the integrity of our academic standards while establishing a “safety net” that ensured no student was disadvantaged because of the COVID-19 lockdown. We are also very proud of the adaptability and resilience of our students in successfully engaging with their learning and assessment from home.

Our students gave us an NSS score of 71% for the sense of Learning Community created at the RAU, 5% higher than the national average. And our student completion rate of 89.5% remains one of the highest in the country.

Our sustained focus on developing a curriculum that is professionally relevant has seen the first year of delivery of the suite of postgraduate programmes developed by our Cultural Heritage Institute (CHI): MSc Archaeological and Heritage Practice, MSc Conservation and Management of Historic Buildings and MSc Historic Environment Management. It’s been developed in partnership with practitioners from across cultural heritage and will provide a distinctive curriculum for the essential training and development needs of heritage-related professions.

Situated in a purpose converted workshop in the railway heritage quarter of Swindon, and developed with direct investment of £1.35m from Swindon Borough Council, the CHI is itself a case study in sustainable, heritage-led regeneration.

The RAU continues to be committed to diversifying our student community and ensuring our courses are open to students from all backgrounds. This year we were pleased to introduce our Guaranteed Offer Scheme, for the 2021 undergraduate admissions cycle, which guarantees a conditional offer to study at the RAU for eligible students from under-represented groups.

Recognising the unique circumstances faced by incoming students throughout the COVID-19 pandemic, we also reduced the grade requirements for these eligible students to help remove any barriers for admission to the RAU. Alongside our continued work with schools, colleges, community groups, and outreach partnerships, both in-person and virtually, this provides a pathway for more students to come and join our RAU community.

The close and supportive student community is a central part of the “Ciren Experience” and this year the RAU Students’ Union (RAUSU), led by Lewis Bebb alongside our Student Services Team, played a critical role in mitigating the effects of lockdown on our students –

both those who moved back home and those who remained on our campus. That we “did better in the eyes of our students for our COVID-19 response than many other universities,” is testament to the energy and commitment of the RAUSU and our professional services, and the positive working relationship between the two.

The Student Experience Committee is also a formal sub-committee of Academic Board and there is strong student representation on all University committees including Academic Board. The RAUSU President is also a member of Governing Council.

On average 89% of our graduates are in employment, or further study, 15 months after leaving the RAU, according to the annual national survey by the Higher Education Statistics Agency (HESA).

Enterprise remains a strong feature at the RAU and this past year was no exception. Despite having to go online, our Grand Idea competition, where students are supported to develop a business plan that is presented in a Dragon’s Den-style competition, was a huge success with the winners, flatmates Lily Grime and Mia Ashfield, presenting their business plan for “Bijou Beads”, a sustainable phone charms business.

2. Develop strategic and sustainable partnership working

In 2020-21 we completed a significant revision to our approach to UK partnerships, with a new emphasis on progression from partner colleges to the RAU, and on partner colleges working with us to promote access and participation to HE by non-standard learners. We are also seeking to become more directly involved in the delivery of all partner programmes to ensure that they deliver HE quality and standards.

This will be achieved in part by moving towards new hybrid approaches to programme delivery, involving a mix of validation, franchise, and direct delivery. To date, this has been well received by partners with further potential partners also indicating their interest in this approach.

In future, we will ensure that all students on RAU programmes, whether validation, franchise, or hybrid, will have more opportunity to interact with RAU staff and will have opportunities to visit the RAU campus, giving them a greater sense of belonging to the RAU family. In addition to our current UK partners, we have launched a new collaboration with Bell Cambridge to recognise its Foundation Programme

in Agricultural Science as an appropriate entry qualification for all RAU undergraduate programmes.

Internationally, we have had another exciting year, with approval from the China Ministry of Education to convert our current Real Estate programme at Shandong Agricultural University (SDAU) into a dual award BSc Degree, similar to those that we already run at our Joint Institute for Advanced Agritechology at Qingdao Agricultural University (QAU).

This new programme will have the capacity for 180 students per year and, with the QAU programmes, will take our anticipated Chinese enrolment to just under 2,000 students by the academic year 2023-4. Our current students at QAU have just completed their first year with all but three progressing to the second year.

Early indications are that we have some truly impressive students on the QAU programmes – all of whom will help to advance our standing in China. The new blended approach to teaching is working well with positive feedback from students and senior staff.

We also have new international collaborations developing in four areas of work:

(i) Student exchange programmes offer

RAU students the opportunity to study for a semester with an international partner, while students from the international partner can study for a semester at the RAU. We have exchange partners in North and South America, Europe, and Africa, as well as China. While not generating fee income to the RAU, these programmes widen the appeal of RAU degrees and offer our students the chance to study abroad as well as to meet and study with those international students coming to the RAU.

Early indications are that having a good range of international schemes of this type is a material consideration for some UK applicants, particularly those interested in international business. We are particularly pleased to have included the University of Minnesota in this scheme because this is where Frank Garner, one of our former Principals, gained his postgraduate qualification in the 1920s. The University of Minnesota archives still contain a copy of his thesis.

(ii) Progression programmes allow students from international partners to progress to RAU degrees (both undergraduate and postgraduate). For example, in some cases, such as a college in Zimbabwe, this is from a level 3 diploma into the first year of our BSc Hons Agriculture programme. For others, such as community colleges in the USA and public universities in Cameroon, this is from a foundation degree level 5 into the second or third year of relevant RAU programmes. Some students who participate in these programmes choose to remain at the RAU for further study.

(iii) Dual award degree programmes. We have also developed dual degrees with a private German University and an Indian research Institute in addition to our established China programmes. During the year we started discussions with two American universities, and one European University, to introduce new dual award programmes in the areas of agriculture and business.

These programmes are increasingly common and popular with both UK and international students, not only because they enable them to gain degrees in two countries, but also because they can, in some cases, gain international work experience as well.

(iv) Franchise and validation programmes. Based on our UK partnership model, we are leading a European/ USA consortium in discussions to set up a new National University of Agriculture in Central Asia. The intention is that the RAU will develop the academic governance and initial programmes, with plans to grow the local capacity and expertise to assume control, allowing us eventually to establish a strong teaching and research relationship with the new University as well as our consortium partners.

3. Build a global reputation as a centre for practically relevant thought leadership

During 2020-21, significant progress was made towards developing a strong research culture at the RAU with grant successes as well as many publications, several in high impact journals. Through our submission to the Research Excellence Framework 2021, we were able to identify 18 staff who had significant responsibilities for research, and 42 research papers, many of which we hope will be deemed of international quality. Two impact case studies were presented around the development of the Haygain equine hay steamer, and entrepreneurial education and Farm491.

During the year, RAU academics contributed significantly to national and international policy and thought leadership in the land-based sector. Professor Tom MacMillan worked as a policy advisor for the National Food Strategy which was published in July 2021 to widespread media attention. It is likely that this strategy will influence the direction of food and land-use strategy for generations to come, and the Government will be responding in early 2022.

Through the generosity of the Elizabeth Creak Foundation, the University formed a partnership of five universities to establish the Centre for Effective Agriculture. This will work with a community of innovative farmers to harness practical and applied research to improve the farming industry's productivity, sustainability, and resilience. One of the first results has been to advise DEFRA and UKRI on developing grant schemes, including the £20m Transforming Food Production Challenge.

We have also contributed to policies around the improvement of animal welfare through the development of incentives for positive animal welfare and the idea of the 'Good Life', currently being developed by DEFRA. We have initiated an International Forum for Animal Welfare Governance that will enable Government and industry policymakers to learn and develop animal welfare policy.

All of our six research clusters are undertaking active and funded research projects in agriculture, equine science, the rural economy, and cultural heritage. Several are in collaboration with either industrial partners or other universities such as the Research England-funded National Innovation Centre for Rural Enterprise. During the financial year, we recorded 13 successful grants from research councils and European sources

to the value of £952,163, an increase of 20% from the previous year, and applied for more than £4m of grant monies. We have also received significant funding from commercial organisations to support staff and student research – including £52,000 for equine science. Our research's high-impact journal publications included Nature Scientific Reports, Proceedings of the Royal Academy, Gene, and Animal.

In 2020-21 we developed our Knowledge Exchange Framework narratives including our Local Growth and Regeneration Strategy and our Public and Community Engagement Strategy. We submitted them to Research England in October 2020 followed by our KE Concordat Action Plan in July 2021. The internal benchmarking exercise in this first self-reporting year helped us to reflect on how our University strategic and operational goals align in the context of knowledge exchange.

COVID-19 has encouraged us to review our professional development and executive education provision at the University and how we need to pivot the courses to the online or blended provision to support learning. Revisiting the enterprise journey at the University has also led us to revise how we support students, alumni, and businesses in developing business ideas through to full commercialisation.



Farm491, our agritech business accelerator, stands as a testament to how we have built innovation networks and supported businesses to achieve success. By early 2021, Farm491 had 72 active members (of which 32% are current RAU students or alumni), they have supported more than 200 start-ups through membership and ERDF-funded workshops, helped them raise c. £33m in investment, and have helped them hire 119 new employees.

This was all achieved by the Farm491 Team whilst strategically realigning activities because of the impact of COVID-19. Looking forward to 2021-22, knowledge exchange activities look set to strengthen further with a range of new, or

redesigned, executive education courses, skills courses, webinars, and activities across the KE portfolio.

The RAU worked with the UK Embassy of the Netherlands to deliver two high level, and well attended, webinars on smart climate farming, and another on emergent issues in animal welfare.

The RAU also worked with the Security Council of the UAE to deliver a webinar on the challenges and opportunities to ensure food security in the UAE. The virtual Bledisloe Lecture was well attended and the 175 series of webinars proved successful with more planned for the coming year.

4. Be a sustainable and efficient organisation

The impact of COVID-19 continued to play a significant part in affecting our financial performance across 2020-21. However, pre-emptive planning enabled the RAU to take in-year measures that minimised the overall impact of lost revenue from COVID-19, primarily through expenditure controls, which have led to a favourable outturn position in relation to the financial plan.

During 2020-21, the RAU continued to turn around its core operational profitability. In doing so, we are moving towards generating cash flows sufficient to provide headroom, funds for essential maintenance, and strategic agility.

The year saw significant progress from a treasury standpoint – a revolving credit facility was put in place, continued progress was made on the University Gate development, and successful negotiations took place on our contributions to the RAC Pension Scheme.

This progress has enabled the RAU to start a programme of necessary capital expenditures, designed to ensure that it is suitable for attracting students, staff, and commercial clients, and providing an environment that supports high-quality teaching, research, and knowledge exchange.

As we exit COVID-19 restrictions, we expect our commercial activities to return to pre-pandemic levels. As we grow this business, we aim to create a diversified, profitable offering, whilst ensuring that as many of these activities as possible reflect our values and exploit our academic expertise.

The completion of the Professional Services Review, and associated restructuring, has contributed significantly towards the in-year efficiency gains and has considerably reduced pay costs. It has also led to new working methods across the institution which support a more efficient operating model. There is now an institutional planning cycle and operating plan in place which provide the framework for a more integrated and efficient approach to resource management and

strategic planning, the benefits of which are already evident.

2020-21 saw the launch of Project Oak Tree which aims to introduce smarter ways of working across academic delivery to help create capacity for the RAU to grow in student numbers, whilst flourishing in teaching, research, and enterprise. Consulting the academic workforce through Project Oak Tree has generated progress across portfolio development, semesterisation, and academic governance, all of which are vitally important to institutional efficiency.

This year, a refreshed constitution of the University's Sustainability Committee has led to a renewed institutional commitment to environmental sustainability. Whilst good progress is being made in this area, particularly in relation to food waste and energy consumption, the RAU has an aspiration to set more stretching targets within the Sustainability Action Plan that will lead to net-zero carbon emissions in the future.

At the RAU, we want to be an institution where staff feel supported to enhance their skills as people and professionals. Due to the completion of the Professional Services Review, the University's support structures have been moved into a unitary model and aims to provide greater opportunities for people to collaborate across teams and develop their individual skills,

and experience. This includes a commitment from the University to invest in the training and development of our staff so, in 2020-21 for example, the RAU supported 13 staff members to complete an Institution of Occupational Safety and Health (IOSH) qualification. This example has a wider benefit across the University: increasing our health and safety capacity and expertise within the workforce, it helps to ensure that we provide all staff with a safe and comfortable environment in which to work and thrive.

The structural changes that have been made this year have also enabled the RAU to attract new talent to the University and recruit to a range of new roles and opportunities. We aim to be an employer of choice that is able to attract the best talent from across wide and diverse backgrounds. It is pleasing therefore that in 2020-21 we have been able to attract high calibre candidates from Imperial College London, the Royal College of Arts, the University of Liverpool, Cranfield University, the University of Wolverhampton, and Anglia Ruskin University, to join the RAU workforce and expand our knowledge and capabilities.

These developments, and the investment in our people, are reflected in an improving set of staff survey outcomes in 2021 which is very pleasing and a trend we expect to continue.



**Our External Examiners found that
“Course content is particularly
commendable for its strong, current,
and relevant vocational focus”**





Public Benefit Statement

The Royal Agricultural University (RAU) provides public benefit through the provision of specialist education and training in land-based subjects, providing a substantial output of skilled, reflective, independent, and self-directed learners.

An entrepreneurial mindset lies at the heart of enterprise and innovation. The University has an award-winning Institute of Enterprise and Entrepreneurs (IOEE) sector-leading enterprise scheme that encourages our students to embrace entrepreneurship and innovation and develop skills that make our graduates highly employable. RAU graduates frequently become confident, practical, leaders and owners of small, medium-sized, and large enterprises contributing to the economy across a range of industries, not only in the land-based sector.

The University sees our responsibility to create, explore, and evaluate the application of new knowledge in a range of settings. As an institution that prides itself on close connections with business, we have a strong focus on dissemination of knowledge gained from the research activities of our own academics and others in the industries we serve. This enables the

development needs of industry to be met, challenges faced, and opportunities embraced, increasing productivity, economic growth, and wellbeing. Many of our graduates also engage in research and thus contribute to innovation, and the development and application of technology, especially those who engage with Farm491 and the Growth Hub to accelerate their business ideas into viable commercial enterprises.

In recent years, the RAU's academics have increased their contribution to public policy development. In the last year this has included input into the Government's new National Food Strategy. A number of staff also provide advice to professional bodies (e.g. the Royal Institute of Chartered Surveyors and Institute of Food Science and Technology), support grant funding agencies by reviewing proposals and with membership of review panels, and sit on the boards of national charities and HE and land-based institutions.



We have a strong civic mission and contributes to our local, regional, and national communities in a variety of ways. We are particularly proud of the role that we play in supporting communities locally, especially with the support of our students.

During the COVID-19 lockdown this included offering shelter to the homeless, being a site for COVID-19 testing, and also providing meals as part of the Bishop of Gloucester's Feeding the 5,000 campaign. The RAU is one of the largest organisations in Cirencester and prides itself on having nurtured a relationship between 'town and gown' that has gone from strength to strength in recent years.

The RAU also makes a significant contribution to the wider region. This includes working closely with the Gloucestershire LEP through engagement with its Agri-food and Rural Business Group, contribution to the LEP's Local Industrial Strategy, and developing a Local Food strategy for Gloucestershire. Our staff are

encouraged to act as Trustees of local charities, to take leadership roles in community organisations, and support a range of events mainly, but not exclusively, related to the land-based and agri-food industries.

The RAU is committed to providing a welcoming environment in which every student, staff member, and visitor feels valued and respected, and is treated fairly.

We are open to all students on the basis of ability and academic achievement and there is no geographical restriction on entry. Attracting more students from the state sector is a priority and a range of introductory experiences are held for school children and potential applicants. The University is also active in public education activities, such as school visits and careers events.

The RAU is committed to providing a welcoming environment in which every student, staff member, and visitor feels valued and respected, and is treated fairly. The staff and student community works to eliminate direct or indirect discrimination, to promote good relations between people of all backgrounds, and to provide an environment in which all individuals have the opportunity to achieve their full potential. However, the University recognises that there is more work to be done and we are taking steps to embrace inclusivity and diversity.





New students enjoying a team building activity during Welcome Week

Financial Review

Consolidated Statement of Comprehensive Income for the year ended 31 July 2021

	Year ended 31 July 2021 Consolidated £'000	Year ended 31 July 2020 Consolidated £'000
Income		
Tuition fees and education contracts	11,311	11,106
Funding body grants	1,727	1,835
Research grants and contracts	175	112
Other income	3,469	4,409
Investment income	59	57
Donations and endowments	226	267
Total income	16,967	17,786
Expenditure		
Staff costs	10,105	10,474
Other operating expenses	7,202	7,923
Interest and other finance costs	231	342
Depreciation and amortisation	1,004	977
Total expenditure	18,542	19,716
Deficit before other gains and losses	(1,575)	(1,930)
(Loss)/profit on sale of fixed assets and investments	(236)	29
Gain on investments	446	12
Operating deficit for the year	(1,365)	(1,889)
Actuarial pension gain/(loss)	1,599	(3,306)
Total comprehensive (expenditure)/income	234	(5,195)

The operating loss for the year was £1.4m (2020: £1.9m). COVID-19 continued to have a significant impact on the financial results for 2021 with the loss of student accommodation revenue and limited third-party commercial revenue.

Total income for the year was £17.0m (2020: £17.8m), a decline of £0.8m. This drop in revenue was largely driven by the £0.9m fall in other income, compared with the prior year, as a result of the full-year impact of the COVID-19 pandemic.

Total expenditure for the year was £18.5m (2020: £19.7m), a saving of £1.2m. This comprised a saving in staff costs of £369k with the remaining savings arising from reduced operating expenditures following the COVID-19 lockdown.

COVID-19 continued to have a significant impact on the financial results for 2021, having an impact on the RAU's revenue streams. The University received no student accommodation fees for the second semester, and the RAU lost essentially all commercial revenue for the majority of the year until lockdown restrictions began to ease in June and July 2021.

Going Concern

The preparation of the financial statements on the going concern basis is appropriate.

The University conducted a going concern review for the period from 1 August 2021 to 31 July 2024 (being a period of at least 12 months from the signing of the financial statements), which was reviewed and approved by the Governing Council.

The going concern review included an assessment of the opportunities, risks, and mitigating actions should the University's financial performance be unexpectedly worse than forecast. Downside scenario stress-testing was also performed. It was concluded that the University is a going concern and has sufficient access to funding to enable it to withstand material unforeseen calls on cash. Full details are included in the Accounting Policies note on page 90.



Total net assets at the 2021 year end were £25.1m (2020: £24.8m).

Fixed assets fell by £1.0m from £33.8m in 2020 to £32.8m in 2021. Capital expenditure during the year was £0.2m (2020: £0.5m).

Investments fell by £2.0m to £2.4m (2020: £4.4m) with a corresponding increase of £2.4m in stock to £2.7m (2020: £0.3m). This movement reflects the transfer of the University Gate investment property from Royal Agricultural University Limited to

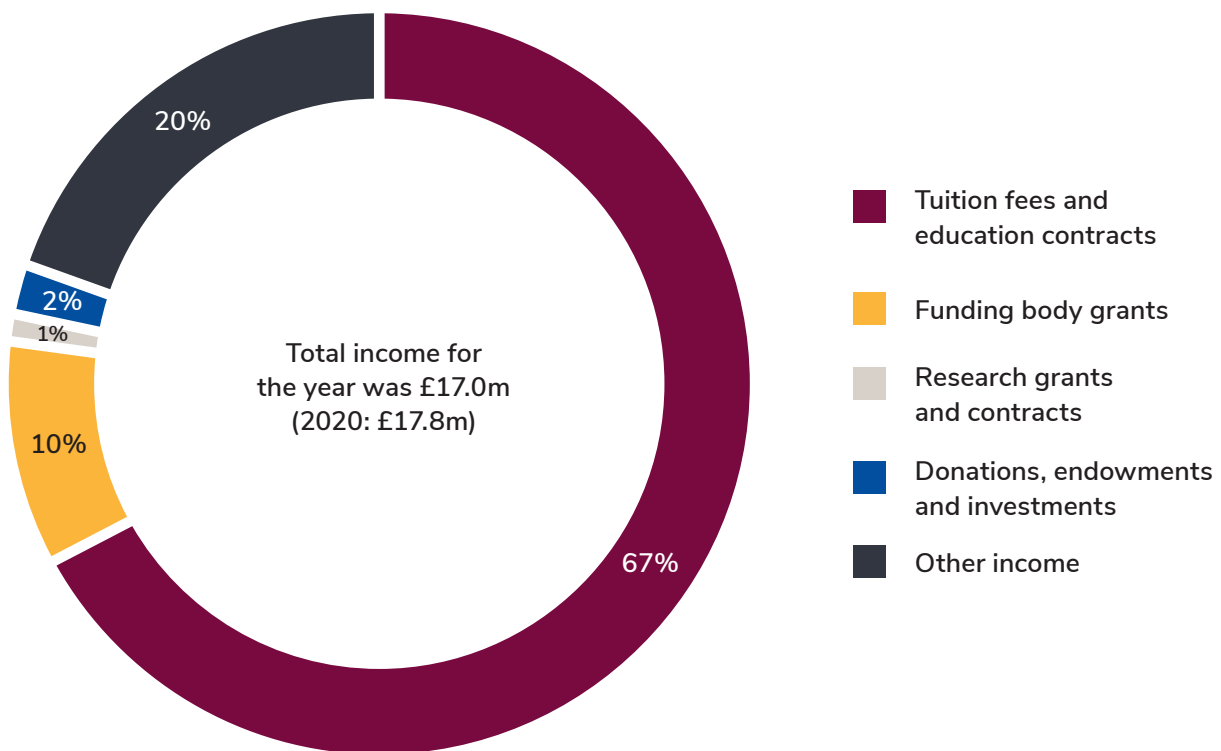
Royal Agricultural College Limited and the resulting transfer of the land from investment property to trading stock.

Cash at bank and in hand at the year end was £3.3m (2020: £4.2m). Borrowings were £174k at the year end (2020: £249k).

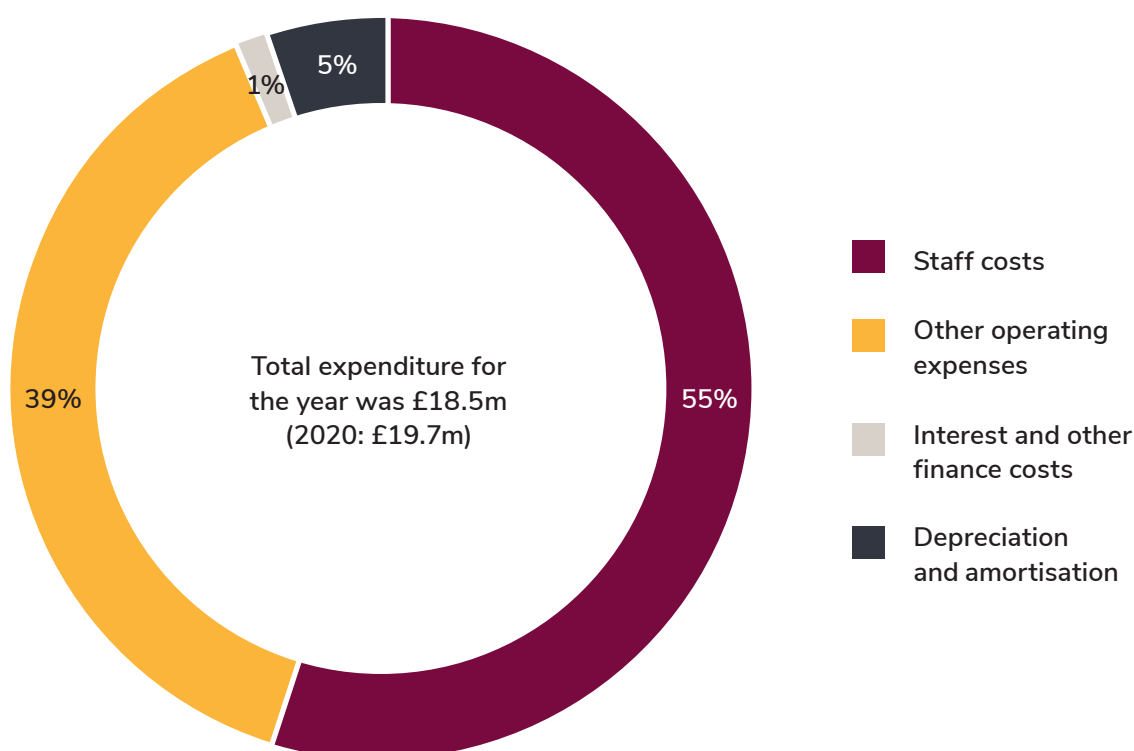
The pension provision fell by £2.0m to £14.7m (2020: £16.7m) following the annual revaluation of the RAU's pension liabilities by an independent actuary.



RAU Income 2020-21



RAU Expenditure 2020-21



Tuition fees and education contracts contributed 67%, or £11.3m, of income (2020: £11.1m). A number of projects and plans are being progressed to support the growth of our student population over the coming years.

Other income from commercial activities, including conferencing and farming, accounted for 20%, or £3.5m, of income (2020: £4.4m). This reduction resulted from the full-year impact of COVID-19.

Staff costs comprised 55%, or £10.1m, of expenses (2020:

£10.5m). Staff numbers were 194 at the year end (2020: 223).

Other operating expenses comprised 39%, or £7.2m, of expenses (2020: £8.0m). This reduction correlates to the shortfall in other income and resulted from the full-year impact of COVID-19.

Value for Money

Value For Money (VFM) considerations lie at the core of the RAU's decision-making. The Governing Council, Finance & Estates Committee, Vice-Chancellor, Executive Team, and senior managers all ensure that VFM is managed effectively, and VFM implications are explicitly required on all proposals requiring committee consideration or decision. The RAU manages its finances in order to provide VFM for students while also ensuring the long-term financial sustainability of the University. The balance between short-term VFM and long-term lasting value

is always considered. VFM for students, and the student experience, centres on providing all students with an outstanding educational experience and optimising their employment prospects by ensuring that all degrees and programmes are relevant, innovative, and challenging, and that they equip our graduates for the careers they want to follow. VFM also requires a robust and comprehensive procurement framework in order to ensure that all significant purchases are properly assessed and quoted.

During 2020-21 the University adopted an Integrated Planning Cycle (IPC) that will help further enhance the focus upon VFM. The IPC aligns financial planning with academic planning for research and teaching, and other aspects of resource planning that relate to workforce, the estate, and capital expenditure. The integration of these processes throughout the year will help to ensure a broader and more holistic understanding of the implications around the use of resource at the RAU, and draw out opportunities to generate further VFM.





Our FdSc Agriculture and Farm Management degree has been above the sector average in student satisfaction for the last three years (The National Student Survey 2021)



Principal Risks and Uncertainties

A number of challenges exist which are monitored by the Executive Team, the Audit and Risk Committee, and Governing Council.

Business Disruption

Risk of losses arising from the disruption of business or widespread system failures

Causes:

- » Acts of God (natural catastrophes, pandemics, floods, etc.)
- » Health and safety failures
- » Supplier failures (utilities, consumables, etc.)
- » Equipment failures
- » Cyber attacks
- » Major critical incident (terrorist attack, fire, etc.)

Mitigating actions:

- » Business continuity planning framework
- » Critical incident plan
- » Hybrid working policy and systems to enable remote working
- » Investment in online and blended teaching provision
- » Adoption of HASMAP health & safety audit tool
- » Internal audit of cyber security

Finance

Risk of not maintaining long-term financial sustainability

Causes:

- » Shortfall in tuition fee income attributed to a drop in student recruitment and/or changes to national policies
- » A shortfall in commercial income
- » Costs exceed financial assumptions
- » Lack of financial control and management
- » Failure to deliver capital investment priorities
- » Inadequate liquidity

Mitigating actions:

- » Improved financial controls and budgetary management
- » Investment in strategic planning function and integrated planning cycle
- » Continued progress on key investment opportunities
- » Strong cash flow management
- » Regular reporting to Finance & Estates and Audit & Risk Committees, and to Governing Council

Student Recruitment

Risk of falling below recruitment targets both in regard to total numbers and the diversity of the student population mix

Causes:

- » Lack of awareness in market place and effective positioning
- » Programme content lacking in currency
- » Inflexible delivery methods
- » Students are not sufficiently supported through their learning journey
- » Students receive an academic experience below expectations
- » Not providing a fit-for-purpose learning environment
- » Low graduate employability comparative to sector
- » League table position

Mitigating actions:

- » Quality review process focused on student experience
- » Programme level marketing strategy
- » Investment in academic leadership
- » Investment in external relations function, skills, and capacity
- » Access and Participation Strategy Monitoring and Delivery Groups
- » Targeted capital investment programme to improve student experience



Workforce

Risk of failing to recruit, engage, and retain high-quality staff

Causes:

- » Factors impacting the national operating environment and labour market
- » Quality of recruitment and selection inadequate
- » Lack of commitment to training and development opportunities
- » Loss of key staff and lack of succession planning
- » Inadequate resources for staff
- » Non-competitive remuneration

Mitigating actions:

- » Comprehensive recruitment and selection policy and processes with training for recruiting managers
- » Succession planning, mentoring, appraisals, and career reviews
- » Provision of Continual Professional Development (CPD) and job specific training
- » Staff Engagement Group and improved communications
- » Focus on staff welfare initiatives
- » Adoption of hybrid working policies

Compliance

Risk of the University failing to be compliant with regulatory requirements and standards

Causes:

- » Failure to meet:
 - Office for Students (OfS) targets and regulatory requirements
 - Access and Participation Plan (APP) targets and enhanced monitoring expectations
 - GDPR requirements
 - Health and safety regulations
 - Funding requirements

Mitigating actions:

- » Self-assessment of ongoing OfS registration requirements
- » Improved processes, procedures, and data capture to assist the management of compliance
- » Programme of internal audit
- » Investment in planning and governance function to increase skills capacity to meet the needs of regulatory and statutory requirements
- » Regular reporting to Audit & Risk Committee and Governing Council



Reputation

Risks arising from damage to the University's reputation

Causes:

- » Poor academic performance, including performance within the NSS and REF
- » Domestic and/or international partnerships that under achieve or fail
- » Failure to positively demonstrate the University's civic contribution
- » Dissatisfied staff, students, alumni, or stakeholders
- » Major incident concerning the conduct and/or welfare of staff, students, or the public

Mitigating actions:

- » Mechanisms to promptly capture and act on student feedback
- » Investment in senior academic leadership to drive quality of the student experience and research output
- » Renewed investment and leadership within the external relations, corporate communications, and marketing function that protects and enhances reputation
- » Proactive marketing and communications strategy aligned to organisational vision and mission
- » Have effective training and education in place regarding staff and student conduct

Infrastructure

Risks arising from poor condition of the estate and digital environment

Causes:

- » Failure to invest in regular maintenance of the buildings and estate
- » Poor understanding of exposure to digital infrastructure risks and cyber threats
- » Lack of funded long-term capital programme
- » Failure to effectively prioritise

Mitigating actions:

- » Partnerships with external developers/providers
- » Targeted opportunities to leverage external capital investment in to the campus estate
- » Increase skills and expertise of in-house teams
- » Clear maintenance programme
- » Established Digital, Estates and Infrastructure Steering Group, reporting to Finance & Estates Committee

Our External Examiners found that “tutors are keen to do everything possible” and that there was a high level of engagement from the programme manager



Corporate Governance

The Governors have pleasure in presenting their report and financial statements for the year ended 31 July 2021 and confirm that they comply with the requirements of the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association of the University, the Charities SORP (Statement of Recommended Practice), and FRS102 (Financial Reporting Standard).

Principles

The Royal Agricultural University (RAU) is committed to exhibiting best practice in all aspects of corporate governance. It aims to conduct its business in accordance with the seven principles set out by the Nolan Committee on Standards in Public Life: i.e. selflessness, integrity, objectivity, accountability, openness, honesty, and leadership.

Legal Status

The Royal Agricultural College (RAC) was incorporated by Royal Charter in 1845. It was registered under the Charities Act (registered charity number 311780) in 1964 and at Companies House as a limited company (registered number 99168) in 1908, the word 'limited' being omitted by licence of the Board of Trade. It traded as such until 23rd April 2013 when it attained University status and changed the name of both the charity and the limited company to "Royal Agricultural University".

For ease of use, the limited company is described as "the University" throughout these statements. The University has two wholly owned subsidiaries: Royal Agricultural University Enterprises Limited and Royal Agricultural College Limited which was a dormant company until October 2020.

The Governing Council

The Governing Council is responsible for preparing the Report of the Governors, the Corporate Governance Statement, and the financial statements of the group (the “financial statements”) in accordance with applicable law and regulations.

Company law requires the Governors (who are the Directors) to prepare financial statements for each financial year. Under that law, the Governors have prepared the group and company financial statements in accordance with United Kingdom Accounting Standards, comprising FRS102 “the Financial Reporting Standard applicable in the UK and Republic of Ireland” and applicable law (United Kingdom Generally Accepted Accounting Practice).

Under company law, the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group and company for that period. In preparing these financial statements, the Governing Council is required to:

- » Select suitable accounting policies and then apply them consistently;
- » Make judgements and accounting estimates that are reasonable and prudent;
- » Notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS102 used in the preparation of financial statements; and
- » Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.



The Directors, who are also the Trustees and Governors of the University, are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In addition, the Governing Council has taken reasonable steps to:

- » Ensure that funds from OfS are used only for the purposes for which they have been given and in accordance with the Memorandum of Assurance and Accountability with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- » Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- » Secure the economic, efficient, and effective management of the University's resources and expenditure.

The Governing Council is responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Governing Council is responsible for ensuring that the University adheres to its charitable objects in line with its vision as laid out in the RAU Strategic Plan 2018-2022 and in accordance with its Key Purpose.

The Governing Council

The Governing Council consists of up to 12 Independent Governors, up to two co-opted Governors, the Vice-Chancellor, one Student Governor, and one Staff Governor.

The Governing Council has at least five formal meetings each year and ad hoc meetings as necessary. No members of the Governing Council receive any remuneration for the work they perform. The Governing Council has a number of committees that report to it. These are formally constituted with terms of reference and delegated powers. Much of the detailed University work is initially performed by committees and their decisions formally reported to the Governing Council.

The committees include the following:

The Finance and Estates Committee

The Finance and Estates Committee comprises at least three Independent Governors and is attended by the Vice-Chancellor and Finance Director. The Committee meets formally four times per year with ad hoc meetings as required. The Governing Council delegates some of its powers to this committee.

The Audit and Risk Committee

The Audit and Risk Committee has three formal meetings a year and ad hoc meetings as necessary. The Committee comprises at least three Independent Governors, or at least one with recent and relevant experience in finance, accounting, or auditing, and it may co-opt members approved by the Nominations Committee. The Vice-Chancellor and Director of Finance may attend meetings. The Committee meets the external and internal auditors in private, with no officers of the University present, at least once a year. The Committee is responsible for monitoring internal control systems, risk management, and value for money. It appoints the internal auditors and receives their reports. It also receives the annual financial statements and management letter from the external auditors and submits an annual report to the Governing Council before they are signed.

The Nominations Committee

The Nominations Committee has at least two formal meetings a year and ad hoc meetings as necessary. The Committee is chaired by the Vice-Chair of Governing Council and includes in its membership at least three Independent Governors, the Vice-Chancellor, and a Student Governor. The function of the Nominations Committee is to seek out and recommend new

Independent and co-opted Governors as well as leading the search for Council and Committee Chairs. It ensures that a wide search for names is achieved and, in making recommendations, the Committee pays due regard to the balance of membership of the Governors and the needs of the University. The Committee is empowered to appoint Governors to sub-committees, to co-opt persons (other than Governors) for specific purposes, and makes recommendations to Academic Board and Governing Council on the appointment of a President or Vice-President and, when required, a new Vice-Chancellor.

The Remuneration Committee

The Remuneration Committee has at least two formal meetings a year and ad hoc meetings as necessary. The Committee consists of at least three Independent Governors. There may also be a co-opted member provided they have been suitably approved by the Nominations Committee. The Chair of Governing Council will normally be a member but shall not be Chair of the Committee. Other individuals such as the Vice-Chancellor, the Head of Human Resources and external advisors may be invited to attend for all or part of any meeting. The Vice-Chancellor and any other member of staff attending are excluded when matters of personal salary, terms, and conditions are being discussed. The Committee is responsible for considering and reviewing the salaries, terms, and conditions, and any severance payments, for senior members of staff of the University.

In all its activities, it will consider the public interest and the safeguarding of public funds, alongside the interests of the institution, when considering all forms of payment, reward, and severance to the staff within its remit. It will encourage high standards in areas of equality, diversity, and inclusion.

Governing Council Members

Governors, as at 31 July 2021, were:



Professor Jonathan Kydd

Independent Governor – appointed January 2015
Chair of Governing Council March 2021 - December 2021

Member of the Finance and Estates Committee, the Nominations Committee, and the Remuneration Committee

Jonathan began his academic career at the University of Malawi, and most recently joined the Central University of London as Dean of University of London International Programmes, and Chief Executive of the University of London International Academy. Jonathan also served on the Board of the CDC Group plc, chairing the Independent Committee providing oversight of its transformation from the former Commonwealth Development Corporation. He was also on the Advisory Council of ECGD (now UK Export Finance) and has acted as Special Advisor to the International Development Committee of the House of Commons.

Jonathan is a Trustee and Deputy Chair of the charity Farm Africa, chairing its Programme Advisory Committee. In 2014 he was appointed Chair of the Board of Trustees of the Institute of Development Studies.



Dame Fiona Reynolds

Deputy Chair of Governing Council – appointed March 2021

Dame Fiona Reynolds DBE became Master of Emmanuel College, Cambridge, in 2012 and her term concluded in September 2021. She joined the college after a long career in the voluntary sector, latterly as Director-General of the National Trust from 2001-2012. During her time as Director-General she made the Trust warmer and more welcoming, bringing the houses to life, and raising the profile of the Trust's work in the countryside.

Before the National Trust, she was Director of the Women's Unit in the Cabinet Office (1998-2000), Director of the Council for the Protection of Rural England (now Campaign to Protect Rural England) from 1987-1998, and Secretary to the Council for National Parks (now Campaign to Protect National Parks) from 1980-1987.

Fiona also holds a number of non-Executive roles. She is a Trustee of the Grosvenor Estate, a Non-Executive Director of Wessex Water, a Trustee of the Green Alliance, and Chair of the International National Trusts Organisation, the Cathedrals Fabric Commission for England, Cambridge University's Botanic Garden and the Bennett Institute for Public Policy. She was a Panel Member for the Glover Review of Protected Landscapes, Adviser to the Building Better, Building Beautiful Commission, and a member of the Advisory Panel for the Dasgupta Review of the Economics of Biodiversity. She took on the role of Chair of the National Audit Office in January 2021.

Fiona will take over the role of Chair of the RAU's Governing Council from January 2022.



Mrs Alison Bernays

Independent Governor – appointed January 2015

Chair of Remuneration Committee

Alison joined the BBC for the early part of her career, working on documentaries mainly in the Arts. After a career break, when she had three daughters, she developed and ran a successful rural tourism and food enterprise with her husband on the family farm in Gloucestershire.

Alison was appointed as a Lay Member of the Lord Chancellor's Panel for Judicial Appointments and has been Governor of two independent Schools in Bristol, serving as Chair of one of them for seven years.

She has an Honorary Doctorate from the University of Bristol, having served for many years on the Governing Council both as Deputy Chair and as Pro Chancellor. She is a Trustee of various charities and is a Fellow of the Royal Society of Arts. Alison currently sits on the Remuneration and Nomination Committees.

She stepped down from Governing Council in September 2021.



Mr Bob Branson

Independent Governor – appointed January 2019

Chair of Audit and Risk Committee

Since qualifying as a Chartered Accountant in 1986, Bob's career has spanned a number of organisations including starting up a forensic accountancy service within PricewaterhouseCoopers in Birmingham. He joined the Environment Agency in 2000 and was Finance Director from 2016-2018. From 2012-2018, Bob was a member of the Financial Reporting Advisory Board that sets accounting standards for the whole of the public sector. Following a year as Director of Finance Operations at DEFRA, aligning systems and processes across the five largest organisations in DEFRA group, he was appointed as Finance Director for Birmingham City University in October 2019.



Mrs Susan Steer

Independent Governor – appointed March 2021

Member of the Finance and Estates Committee

Susan Steer (nee Williamson) was one of the first three women to be admitted to The Royal Agricultural College to read Rural Estate Management in 1979.

Susan's career started with the Land and Water Service of the Ministry of Agriculture, Fisheries and Food and, after a spell with a firm of land agents in Cheshire, she joined Manchester Airport Plc where she was actively involved in the development of the second main runway. Susan established her own company in 2003, Steer Ethelston Rural Ltd, and later 3D Rural Surveyors Ltd, both delivering professional land management advice.

She has been actively involved with the Royal Institution of Chartered Surveyors as local Branch Chairman and served on various national RICS rural panels including the Chairmanship of the Countryside Policy Panel. She is a past President of the Cheshire Agricultural Valuers Association, a member of the Rural Coalition, and a former Trustee of the Cheshire Wildlife Trust. She has served on the Government's Stakeholder Working Group on Discovering Lost Ways and was a member of the Advisory Board of Newcastle University's Landbridge Project.



Ms Julie Robinson

Independent Governor –
appointed January 2019

**Member of the Audit and
Risk Committee and the
Remuneration Committee**

Former Chief Legal Adviser to the National Farmers' Union and Special Adviser to Sir Peter Kendall, Julie has led the Agriculture Team at Roythornes Solicitors since 2012.

She was a member of the Government/industry Future of Farming Group from 2012-2013, a Director of the Oxford Farming Conference from 2016-2019, and Legal Adviser to the Bishop of Lincoln from 2014-2017. She was elected to the Council of the Agricultural Law Association in March 2019.



Mr Neil Scott

Independent Governor –
appointed March 2021

**Chair of Finance and Estates
Committee, member of the
Remuneration Committee**

Neil has extensive experience in the UK higher education sector and is currently the Chief Operating Officer at Aston University. He has previously held senior positions at the University of Hull, Wyevale Garden Centres, Marstons, and Ford Motor Company. He is Chair of Trustees at Family Fund, which provides grants to families raising disabled or seriously ill children, and Chair of Governors at a University Technical College in Birmingham. He has also been a Non-Executive Director at Birmingham Community Healthcare NHS Trust.



Mr Kim Frost

Independent Governor –
appointed March 2021

**Member of the
Remuneration Committee**

Kim Frost was Director of Human Resources at the University of London for more than 15 years, and combined that role with the position of University Secretary for 18 months before taking semi-retirement in 2018. He was National Chair of the Universities Human Resources Association from 2014-2016 and, during that time, was part of the UCEA National Sector Pay Bargaining Team. Kim is currently a Trustee of the Institute of Development Studies in Sussex, where he chairs the Remuneration Committee, a Council Member of the Architectural Association in London, and runs his own HR consultancy.



Dr Catherine MacKenzie

Independent Governor –
appointed January 2020

**Member of the Audit
and Risk Committee**

Dr MacKenzie is an academic and professional Lawyer. She is a member of the Bar in England and Australia, a Governing Master of the Bench of Inner Temple Inn of Court, and Chair of Education of the Inns of Court College of Advocacy, London. She is also Dean of Degrees of Green Templeton College, Oxford, a member of the Faculty of Law of the University of Cambridge, and Director of Studies in Land Economy and Law at Homerton College, Cambridge. She graduated from Oxford, London, Sydney, the Royal Military College of Australia and the Australian National University. She is the Author/Editor of a number of leading publications on international forest law.



Mr Lewis Bebb

Student Governor –
appointed September 2019
**Member of Nominations
Committee**

Lewis is a graduate of the RAU's School of Business and has loved his time studying here.

During his time as a student at the RAU he was second-team Rugby Captain, Social Secretary for the Food and Wine Club, and Communications Officer for the newly-formed Classic Car Club.

As Student Governor he represents all students of the RAU on the Council, making sure their voice is rightly heard. Outside the RAU, he is an avid rugby fan, and player, and is often the only person in the bar cheering on Wales during the Six Nations tournament.

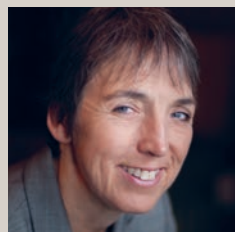
Lewis stepped down at the end of his term as President of the Students' Union (RAUSU) at the end of August 2021.



Mr Philip Hudson

Staff Governor –
appointed February 2021

Phil Hudson is Head of School for Agriculture, Food, and Environment (SAFE), a position he was appointed to in September 2020. Phil joined the RAU in 2016 as a Lecturer before becoming a Senior Lecturer two years later and then progressing to Head of School. Before joining the RAU, Phil had a long career in policy analysis and representation working for the National Farmers Union of England and Wales. Phil leads the Academic Team in SAFE, contributing to, developing, and managing the School to deliver the best possible teaching and learning opportunities for our students. Phil's main interests are agri-food policy, particularly how policy is derived, and the many challenges that need to be faced, and choices that need to be made, in changing and adapting global food systems.



Professor Joanna Price

Governor (Vice-Chancellor)
to 31 August 2021

Governing Council members who left during the year to 31 July 2021

Alex Lawson – 26 November 2020

Marieke Guy – 11 December 2020

John Stables – 31 December 2020

Ian Cooper – 28 February 2021

James Townshend – 28 February 2021

John Pain – 31 March 2021

Mohamed Amersi – 30 April 2021

President

His Royal Highness Prince Charles Philip Arthur George, Prince of Wales, KG, KT, GCB, OM, AK, QSO, CC, PC, ADC, Earl of Chester, Duke of Cornwall, Duke of Rothesay, Earl of Carrick, Baron of Renfrew, Lord of the Isles and Prince and Great Steward of Scotland.

Vice-President The Earl Bathurst

Register of Interests

The University maintains a Register of Interests of Governors. This may be inspected by prior arrangement with the Company Secretary.

A similar register is maintained for senior managers, budget holders, and academics.

Alumni David Poussier and Pascal Hegglin are the co-founders of The Consumer Brand. They have worked with Farm491 to help with their business





Governors' Shareholdings

Governors' interests in shares of the University

Governors as at 31 July 2021 with an interest in shares of the University.

The remaining shares are held by former Governors, friends of the University, or members of the original founding families. No dividends or tangible benefits accrue to the holders of the shares.

	31 July 2020	31 July 2021
Mr Mohamed Amersi	3	3
Mrs Alison Bernays	3	5
Mr Bob Branson	3	4
Mr Ian Cooper	3	1
Mr Kim Frost	-	3
Professor Jonathan Kydd	4	4
Mr Alex Lawson	3	-
Dr Catherine MacKenzie	3	3
Mr John Pain	4	4
Professor Jo Price	3	3
Dame Fiona Reynolds	-	3
Mrs Jean Roberts	3	-
Ms Julie Robinson	3	3
Mr Neil Scott	-	3
Mr John Stables	3	-
Mrs Susan Steer	-	3
Mr James Townshend	3	3
Total	41	45

Principal Officers and Professional Advisors

Principal Officers

Professor Peter McCaffery
Vice-Chancellor

Professor Neil Ravenscroft
Deputy Vice-Chancellor
(International)

Mr Graham Polland
Chief Operating Officer

Mr Simon Costa
Finance Director

The Vice-Chancellor (VC) is the Chief Executive and Head of the University. Under the terms of the Memorandum of Accountability and Assurance with the Office for Students (OfS), the VC is the Accountable Officer of the University with a general responsibility for ensuring that all public funds are used properly and give value for money. As Accountable Officer, the VC advises the Governing Council on its responsibilities under the Memorandum of Accountability and Assurance and has a duty to ensure that it discharges such responsibilities. The VC is required to advise the Governing Council if any action or policy under consideration by the Council appears to be incompatible with the terms of the Memorandum of Assurance and Accountability. If the Governing Council nonetheless chooses to proceed with such an action or policy, the VC is required to inform the Accounting Officer at OfS in writing of the action or policy. The VC may be summoned to appear before the Public Accounts Committee of the House of Commons.

Principal Banker

Lloyds Bank plc
14 Castle Street
Cirencester
Gloucestershire, GL7 1QJ

Investment Manager

Brewin Dolphin Ltd
2nd Floor
5 Callaghan Square
Cardiff, CF10 5BT

Principal Solicitor

Eversheds Sutherland LLP
1 Wood Street
London, EC2V 7WS

Internal Auditors

Uniac
4th Floor
St James Building
Oxford Street
Manchester, M1 6FQ

External Auditors

BDO LLP
Two Snow Hill
Queensway
Birmingham, B4 6GA



Risk Management and Statement of Internal Controls

The Governing Council of the University is responsible for maintaining a sound system of internal control that supports the achievements of policies, aims, and objectives, while safeguarding the public and other funds and assets for which it is responsible.

This is done in accordance with the responsibilities assigned to the Governing Council in the University's Memorandum and Articles, and the Memorandum of Assurance and Accountability of the OfS.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve policies, aims, and objectives. It can therefore only provide reasonable, and not absolute, assurance of effectiveness. It is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims, and objectives, to evaluate the nature and extent of those risks, and to manage them efficiently, effectively, and economically. We review the effectiveness of internal control on at least an annual basis.

The Governing Council is required to express a view as to whether its processes are adequate in accordance with the direction from the OfS for identifying, evaluating, and managing the University's risks during the year.

The appropriate committees of the Governing Council have considered these processes and are of the view that they are adequate. Nevertheless, the University seeks to continue to strengthen them.

The aforementioned policies and procedures continue to be developed and the Governing Council is satisfied that the University's internal control and risk management assessments meet the requirements set out by OfS Accounts direction to higher education institutions OfS 2018.26.

The Audit and Risk Committee is tasked with providing oversight and advice on the effectiveness of the establishment and implementation of risk management. Key strategic risk assessments are performed by senior managers within the University and included in the strategic risk register (SRR) which is allocated to the most appropriate member of the Executive Team for monitoring and action.

For each strategic risk, a more detailed risk register log is maintained identifying risk causes, rating, and ownership details. The SRR is reviewed on a regular basis by the Executive Team and updates to the SRR are presented to the Audit and Risk Committee at each meeting, showing progress and/or movements in the overall risk status from the previous review. This summary is then taken to the Governing Council meeting for review and approval.



The University's Internal Audit function for the financial year was carried out by Uniac, a higher education internal audit specialist. Their programme of work was built upon a risk-based approach with focus on key strategic risks, value for money, and any areas of suspected weakness that might require further attention. The Internal Auditors operate to standards defined in the OfS Audit Code of Practice and submit regular reports, which include the head of internal audit's independent opinion on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement.

The Governors' review of the effectiveness of the system of internal control is informed by the work of the Internal Auditors and the executive managers within the University. The Executive Team has responsibility for the development and maintenance of the internal control framework, taking account of any points made by the External Auditors in their management letter and other reports to Governors and management. On the basis of this information, the Governors identify areas where actions are required to improve the effectiveness of the systems of internal control and steps are taken to address these.

The University's Articles of Association give Governors Indemnity Insurance and Qualifying Third Party Indemnity provision as permitted by the Companies Act 2006. This was in force throughout the year and at the year end.

On behalf of the Governing Council:

Professor Jonathan Kydd,
Chair of Governors

Independent Auditor's Report to the Governing Council of the Royal Agricultural University

Opinion on the financial statements

In our opinion, the financial statements:

- » give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2021 and of the Group's and the University's income and expenditure, gains and losses, changes in reserves and of the Group's and University's cash flows for the year then ended;
- » have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- » have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Royal Agricultural University ("the University") and its subsidiaries (the 'Group') for the year ended 31 July 2021 which comprise the Consolidated and University Statement of Comprehensive Income, the Consolidated and University Statement of Changes in Reserves, the Consolidated and University Balance Sheets, the Consolidated Cash Flow 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and University in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the board members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and University's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the board members with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Governing Council is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 the Strategic Report, Statement of Corporate Governance and Risk Management and Statement of Internal Controls 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.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- » the information given in the strategic report and the report of the Governing Council for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- » the strategic report and the report of the Governing Council have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the University and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the report of the Governing Council.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- » adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- » the financial statements are not in agreement with the accounting records and returns; or
- » certain disclosures of board members' remuneration specified by law are not made; or
- » we have not received all the information and explanations we require for our audit.

Opinion on other matters required by the Office for Students (“OfS”) and Research England

In our opinion, in all material respects:

- » Funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.
- » Funds provided by the OfS, UK Research and Innovation (including Research England), have been applied in accordance with the relevant terms and conditions.
- » The requirements of the OfS’s Accounts Direction (OfS 2019.41) have been met.
- » We have nothing to report in respect of the following matters in relation to which the OfS requires us to report to you if, in our opinion:
 - » The University’s grant and fee income, as disclosed in the note to the accounts, has been materially misstated.
 - » The University’s expenditure on access and participation activities for the financial year has been materially misstated.

Responsibilities of Governing Council

As explained more fully in the Governing Council’s responsibilities statement set out on page 62, the Governing Council are 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 Governing Council members determine 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 Governing Council is responsible for assessing the Group and the University’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 Governing Council either intend to liquidate the Group or the University or 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Group and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations are related to their registration with the Office for Students ("OfS) and their ongoing conditions of registration, and we considered the extent to which non-compliance might have a material effect on the Group Financial Statements or their continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the OfS Accounts Direction and tax legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Board and other management and inspection of regulatory and legal correspondence if any.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

The audit procedures to address the risks identified included:

- » Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and relevant regulators to identify any actual or potential frauds or any potential weaknesses in internal control which could result in fraud susceptibility.
- » Discussions with management, the Audit and Risk Committee and the Council, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud, including direct representation from the Accountable Officer.
- » Reviewing items included in the fraud register as well as the results of internal audit's investigation into these matters.
- » Challenging assumptions made by management in their significant accounting estimates in particular in relation to assumptions applied in calculating pension liabilities, fixed asset depreciation and the assumptions used in the valuation of heritage assets.
- » In addressing the risk of fraud, including the management override of controls and improper income recognition, we tested the appropriateness of certain manual journals, reviewed the application of judgements associated with accounting estimates for the indication of potential bias and tested the application of cut-off and revenue recognition.
- » Identifying and testing journal entries, in particular journals to cash and revenue codes, material journals, duplicate entries and journals containing specific text.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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.

In addition, we also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Terms and Conditions of Funding with the OfS and Research England.

Use of our report

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the University's Governing Council 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 University and the Governing Council members as a body, for our audit work, for this report, or for the opinions we have formed.

Samantha Lifford (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
Birmingham

Date: 22 December 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Financial Statements

Consolidated and University Statements of Comprehensive Income Year ended 31 July 2021

	Note	Year ended 31 July 2021		Year ended 31 July 2020	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Income					
Tuition fees and education contracts	2	11,311	11,247	11,106	11,078
Funding body grants	3	1,727	1,727	1,835	1,835
Research grants and contracts	4	175	175	112	112
Other income	5	3,469	3,163	4,409	3,848
Investment income	6	59	59	57	57
Total income before donations and endowments		16,741	16,371	17,519	16,930
Donations and endowments	7	226	226	267	267
Total income		16,967	16,597	17,786	17,197
Expenditure					
Staff costs	8	10,105	9,896	10,474	10,133
Other operating expenses		7,202	7,041	7,923	7,675
Interest and other finance costs	9	231	231	342	342
Depreciation and amortisation	10	1,004	1,004	977	977
Total expenditure	10	18,542	18,172	19,716	19,127
Loss before other gains and losses		(1,575)	(1,575)	(1,930)	(1,930)
(Loss)/Profit on sale of fixed assets and investments		(236)	(236)	29	29
Gain on investments	14	446	446	12	12
Operating loss for the year before taxation		(1,365)	(1,365)	(1,889)	(1,889)
Taxation		-	-	-	-
Operating loss for the year		(1,365)	(1,365)	(1,889)	(1,889)
Actuarial gain/(loss) in respect of pension schemes	29	1,599	1,599	(3,306)	(3,306)
Total comprehensive income/(expenditure) for the year		234	234	(5,195)	(5,195)
Represented by:					
Endowment comprehensive income/(expenditure) for the year		495	495	(185)	(185)
Unrestricted comprehensive expenditure for the year		(261)	(261)	(5,010)	(5,010)
Attributable to the University		234	234	(5,195)	(5,195)

All items of income and expenditure relate to continuing activities.

Consolidated and University Statements of Changes in Reserves Year ended 31 July 2021

Consolidated	Income reserve			Revaluation reserve	Total
	Endowment £'000	Restricted £'000	Unrestricted £'000	£'000	£'000
At 1 August 2019	2,169	-	11,336	16,423	29,928
Operating loss from the comprehensive income statement	(185)	-	(1,704)	-	(1,889)
Other comprehensive income - actuarial loss	-	-	(3,306)	-	(3,306)
Asset revaluation reserve movements	-	-	-	103	103
Transfer of excess depreciation on revaluation of fixed assets	-	-	4,450	(4,450)	-
Total comprehensive expenditure for prior year	(185)	-	(560)	(4,347)	(5,092)
At 31 July and 1 August 2020	1,984	-	10,776	12,076	24,836
Operating surplus/(loss) from the comprehensive income statement	495	-	(1,860)	-	(1,365)
Other comprehensive income - actuarial gain	-	-	1,599	-	1,599
Asset revaluation reserve movements	-	-	-	(12)	(12)
Transfer of excess depreciation on revaluation of fixed assets	-	-	174	(174)	-
Total comprehensive income/(expenditure) for the year	495	-	(87)	(186)	222
Balance at 31 July 2021	2,479	-	10,689	11,890	25,058

Consolidated and University Statements of Changes in Reserves Year ended 31 July 2021

	Income reserve			Revaluation reserve	Total
	Endowment £'000	Restricted £'000	Unrestricted £'000	£'000	£'000
University					
At 1 August 2019	2,169	-	11,336	16,423	29,928
Operating loss from the comprehensive income statement	(185)	-	(1,704)	-	(1,889)
Other comprehensive income – actuarial loss	-	-	(3,306)	-	(3,306)
Asset revaluation reserve movements	-	-	-	103	103
Transfer of excess depreciation on revaluation of fixed assets	-	-	4,450	(4,450)	-
Total comprehensive expenditure for prior year	(185)	-	(560)	(4,347)	(5,092)
At 31 July and 1 August 2020	1,984	-	10,776	12,076	24,836
Operating surplus/(loss) from the comprehensive income statement	495	-	(1,860)	-	(1,365)
Other comprehensive income - actuarial loss	-	-	1,599	-	1,599
Asset revaluation reserve movements	-	-	-	(12)	(12)
Transfer of excess depreciation on revaluation of fixed assets	-	-	174	(174)	-
Total comprehensive income/(expenditure) for the year	495	-	(87)	(186)	222
Balance at 31 July 2021	2,479	-	10,689	11,890	25,058

Consolidated and University Balance Sheets At 31 July 2021

Company Number 99168

	Note	At 31 July 2021		At 31 July 2020	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Non-current assets					
Intangible assets	11	232	232	353	353
Fixed assets	12	32,830	32,830	33,756	33,756
Heritage assets	13	616	616	628	628
Investments	14	2,385	4,935	4,439	4,489
		36,063	38,613	39,176	39,226
Current assets					
Stock	15	2,738	215	329	309
Trade and other receivables	16	958	1,134	1,566	1,622
Cash and cash equivalents	22	3,266	3,030	4,156	4,052
		6,962	4,379	6,051	5,983
Creditors: amounts falling due within one year	17	(3,085)	(3,052)	(3,401)	(3,383)
Net current assets		3,877	1,327	2,650	2,600
Total assets less current liabilities		39,940	39,940	41,826	41,826
Creditors: amounts falling due after more than one year	18	(98)	(98)	(174)	(174)
Provisions					
Pension provisions	19	(14,709)	(14,709)	(16,745)	(16,745)
Other provisions	19	(74)	(74)	(70)	(70)
Total net assets		25,059	25,059	24,837	24,837
Restricted Reserves					
Income account reserve - endowment	20	2,479	2,479	1,984	1,984
Income account reserve - restricted	21	-	-	-	-
Unrestricted Reserves					
Income account reserve - unrestricted		10,689	10,689	10,776	10,776
Revaluation reserve		11,890	11,890	12,076	12,076
		25,058	25,058	24,836	24,836
Share capital		1	1	1	1
Total Reserves		25,059	25,059	24,837	24,837

The financial statements were approved and authorised for issue by the Governing Body on 21 December 2021 and were signed on its behalf on that date by:

Professor Jonathan Kydd,
Chair of Governors

Professor Peter McCaffery,
Governor

Consolidated Cash Flow Statement

Year ended 31 July 2021

	Year ended 31 July 2021	Year ended 31 July 2020
	£'000	£'000
Cash flow from operating activities		
Deficit for the year	(1,365)	(1,889)
Adjustment for non-cash items		
Amortisation of intangible assets	154	144
Depreciation	850	833
Gain on fixed asset investments	(446)	(12)
(Increase)/decrease in stock	(2,409)	153
Decrease in debtors	608	689
(Decrease)/increase in creditors	(288)	149
Increase/(decrease) in other provisions	4	(4)
Post-employment benefits less payments	(437)	(433)
Adjustment for investing or financing activities		
Investment income	(59)	(57)
Interest payable	5	58
(Profit)/loss on the sale of fixed assets and investments	236	(29)
Capital grant income	(116)	(73)
Net cash outflow from operating activities	(3,263)	(471)
Cash flows from investing activities		
Proceeds from restricted donations and interest received	-	13
Capital grant receipts	116	73
Proceeds from sale of fixed assets and investments	2,264	6,476
Investment income	59	44
Payments made to acquire endowment investment policy	-	(1,830)
Payments made to acquire intangible assets	(33)	(133)
Payments made to acquire tangible fixed assets	(168)	(539)
Write-off of costs of fixed asset held at valuation	244	-
Net cash inflow from investing activities	2,482	4,104
Cash flows from financing activities		
Interest paid	(5)	(58)
Repayment of loans	(75)	(3,238)
Net cash outflow from financing activities	(80)	(3,296)
(Decrease)/increase in cash and cash equivalents in the year	(861)	337
Cash and cash equivalents at beginning of the year	4,127	3,790
Cash and cash equivalents at end of the year (note 22)	3,266	4,127

Notes to the Financial Statements for the year ended 31 July 2021

1. Statement of Principal Accounting Policies and Estimation Techniques

Basis of preparation

The financial statements have been prepared under the historical cost convention modified by the revaluation of certain fixed assets, in accordance with the Companies Act 2006, the Statement of Recommended Practice (SORP) – Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standard 102 (FRS102).

As in previous years the University has taken advantage of adapting some of its own arrangement of the headings and sub-headings of its financial statements due to the special nature of its business in accordance with Section 404 (5) of the Companies Act 2006.

The following accounting policies have been applied consistently in dealing with items that are considered material to the financial statements:

Going Concern

In preparing the financial statements, the Governing Council has considered going concern.

The University has conducted a going concern review for the period from 1 August 2021 to 31 July 2024 (being a period of at least 12 months from the signing of the financial statements). This comprised a three-year cash flow projection with no growth assumptions factored into years two and three apart from the minimum contracted revenue (and corresponding costs) due from the Qingdao University partnership. This three-year cash flow projection showed that the University maintained sufficient liquidity (without the use of its revolving credit facility) to meet its liabilities as they fall due over this period.

The going concern review included an assessment of the opportunities, risks and mitigating actions should the University's financial performance be unexpectedly worse than the base forecast. Downside scenario stress testing was performed which demonstrated that with a 10% reduction in future student numbers (considered highly unlikely), the University would still retain sufficient liquidity (with the use of its revolving credit facility) to meet its liabilities as they fall due over this period. The revolving credit facility would only be utilised twice during the three year period (in the months of April 2023 and April 2024) as the University awaited the receipt of Student Loan Company funding. The cash flow projections assumed that the revolving credit facility would be renewed in February 2023.

The University took out the two-year £1 million revolving credit facility with Lloyds bank in February 2021 to provide increased access to cash funds over the short to medium term. This facility includes an option to extend for a further two years. Its primary purpose is to provide additional liquidity in periods of low cash balances caused by the known impact of the irregular timing of cash receipts (primarily Student Loan Company funding), along with any further impact of the COVID-19 pandemic. The facility has certain covenants attached but forecasts demonstrate that covenant compliance will be maintained. This facility will provide access to liquidity during the going concern period and beyond.

At the date of approval of these financial statements, the Governing Council has prepared cash flow forecasts to 31 July 2024 and performed an assessment which considers a period of at least 12 months from the date of approval of the financial statements. As the University enters the post-pandemic world, it is difficult to predict future performance and cash flows with certainty. The actual scenarios which materialise in the period ahead will undoubtedly be different to the scenarios modelled. In the event that the actual position is worse than that modelled in the forecasts, the Governing Council has a reasonable expectation that the University's current liquidity and the further mitigation actions available would enable the University to respond to such circumstances.

As such, the Governing Council acknowledges that uncertainty exists but does not consider this to be material uncertainty that would cast doubt on the University's ability to continue as a going concern. At the date of approval of these financial statements and having taken into consideration all of the aforementioned comments, the Governing Council considers that the University has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the signing of these accounts. Therefore the Governing Council considers it appropriate to continue to adopt the going concern basis in preparing the annual financial statements.

Basis of consolidation

The consolidated financial statements include the University and its trading subsidiaries, the Royal Agricultural University Enterprises Limited (RAUEL) and the Royal Agricultural College Limited (RACL). As required by the SORP, a separate Statement of Comprehensive Income for the University is presented. Intra-group sales and profits are eliminated on consolidation. Accounting policies have been applied consistently across the group.

Notes to the Financial Statements for the year ended 31 July 2021

Income recognition

Funding body block grants are accounted for in the period to which they relate.

Fee income is stated gross and credited to the Statement of Comprehensive Income over the period in which the students are studying. Where the amount of the tuition fee is reduced, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and included within operating expenditure.

Income from grants, contracts, and other services rendered are accounted for on a performance basis and included in income as the performance requirements are met. Payments received in advance of performance are recognised on the balance sheet as deferred income in liabilities.

Non-recurrent grants received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants. The grants are credited to deferred income in liabilities on the balance sheet until performance criteria are met, at which point they are released to the Statement of Comprehensive Income.

Income from the sale of goods or services is credited to the Statement of Comprehensive Income when the goods or services are supplied to the external customers against the order received or the terms of the contract have been satisfied.

Endowment and investment income is credited to the Statement of Comprehensive Income on a receivables basis. Income from endowments not expended in accordance with the conditions of the endowment is transferred from the Statement of Comprehensive Income to endowment reserve. Any realised gains or losses from dealing in the related assets are retained within the endowment reserve in the balance sheet.

Changes in value arising on the revaluation of fixed asset investments to market value are charged/credited to the Statement of Comprehensive Income as they arise. Increases/decreases in value arising on revaluation or disposal of endowment assets are added to or subtracted from the funds concerned and accounted for through the balance sheet by debiting or crediting the endowment asset and crediting or debiting the endowment fund and reported in the Statement of Changes in Reserves.

Agency arrangements

Funds the University receives and disburses as paying agent on behalf of a funding body or other body, where the University is exposed to minimal risk or enjoys minimal economic benefit related to the receipt and subsequent disbursement of the funds, are excluded from the Statement of Comprehensive Income of the University.

Leases and hire purchase contracts

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Leasing agreements, which transfer to the University substantially all the benefits and risks of ownership of an asset, are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied in order to reduce outstanding obligations and the interest element is charged to the Statement of Comprehensive Income in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

Taxation

The University is an exempt charity and is classed as a charity within the meaning of Paragraph 1 of Schedule 6 to the Finance Act 2010. Accordingly, the University is exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied exclusively to charitable purposes.

The University receives no similar exemption in respect of Value Added Tax (VAT). The University's principal activities are exempt from VAT, but certain ancillary supplies and services are liable to VAT at various rates. Irrecoverable VAT on inputs is included in the costs of such expenditure. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost.

The University's wholly owned subsidiary companies, the Royal Agricultural University Enterprises Limited and the Royal Agricultural College Limited, are liable to Corporation Tax and VAT in the same way as any other commercial organisation.

Apportionment of costs

Where costs are apportioned between cost headings, the apportionment is carried out so as to best reflect the time spent by staff in carrying out their duties in the different operations of the University.

Termination benefits

Termination benefits are recognised when an agreement is made with an employee. This expenditure is recognised in the period to which the agreement is made with any unpaid amounts accrued for at year end.

Notes to the Financial Statements for the year ended 31 July 2021

Intangible fixed assets

An intangible asset purchased separately and/or developed by the University is capitalised at its cost and amortised over its useful economic life. The University has intangible fixed assets relating to the University's IT Software including its website, Customer Relationship Management System and financial and other support software. IT Software is being amortised over its estimated economic life of four years.

Tangible fixed assets for University use

Tangible fixed asset additions where cost of acquisition exceeds £5,000 (2020: £5,000) are capitalised. Items costing less than this, unless part of a larger asset, are written off in the year of purchase.

Land and building fixed assets held as at 1 August 2014 were revalued as at that date and are carried at deemed cost based on that valuation. Any subsequent additions to land and buildings are included at cost. Cost of fixed assets includes interest on borrowings to finance construction of assets to the extent that such interest accrues in respect of the period of construction.

Expenditure to ensure that a tangible fixed asset maintains its previously recognised standard of performance is recognised in the Statement of Comprehensive Income in the period it is incurred. The asset values are reviewed each year to ensure they still represent fair value and an impairment is made in the Statement of Comprehensive Income if a material reduction in net book value is noted.

Acquisition with the aid of specific grants

Where tangible fixed assets are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account, and are released to the Statement of Comprehensive Income as soon as the performance criteria for the grant has been met.

Depreciation

Depreciation is provided on tangible fixed assets and intangible fixed assets at rates calculated to write off the cost, less estimated residual value, over their expected useful lives on a straight line basis as shown below. Freehold land is not depreciated.

Freehold buildings	1% to 5%
Fixed fixtures and fittings	10%
Moveable fixtures and fittings	20% to 33%
Plant and machinery	10% to 20%
Computers – hardware	17% to 33%
Farm plant and machinery	10% or 20%
Software	25%

Investments

Investment property is land for capital appreciation and not for use in the provision of services, for administrative purposes or sale in the ordinary course of business. Direct development costs incurred to enhance the value or saleability of the land is capitalised before a fair value review each year.

The investment property is recorded in the balance sheet at its fair value and is not depreciated. Any increase or decrease in valuation is recorded as an unrealised gain or loss in the Statement of Comprehensive Income. The asset values are reviewed each year to ensure they still represent fair value and a formal valuation arranged every three years.

Listed investments held as fixed or endowment assets are shown at market value. Gains and losses arising on investment assets, through change in valuation, are credited/charged in the Statement of Comprehensive Income. Gains or losses arising from the disposal of assets are also included in the Statement of Comprehensive Income as realised, being the difference between sales proceeds and market value at the beginning of the year. The University's investment in its wholly owned trading subsidiaries is carried at cost.

Heritage assets

Heritage assets relate primarily to two groups of vintage assets which are of significant value to the study of agriculture and the rural environment and comprise:

- » Certain displayed paintings including past University Governors, Principals, Vice-Chancellors and other senior staff and agricultural scenes.
- » A collection of books and manuscripts of historical importance from the 16th to 19th centuries on subjects including animal husbandry, botany and natural history. Some of these manuscripts are on permanent display but otherwise available for public viewing by arrangement with the University Library.

These assets have been gifted to or purchased by the University over the years since its establishment in 1845 and, if capitalised originally, no longer feature in the fixed asset register. The two groups of assets are stated at valuation in the financial statements and the valuations are not subject to depreciation. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material. Heritage assets are independently valued every 10 years.

Agriculture

The University's operations include arable farming and a small vineyard. The plants and their harvested crops are treated as current assets within farm stocks.

Notes to the Financial Statements for the year ended 31 July 2021

Stocks

Farm stocks are valued in accordance with the Royal Institute of Chartered Surveyors and the Central Association of Agricultural Valuers Guidance Notes. Growing crops, feedstuffs, sprays and fertilisers are valued at cost.

Other stock is valued at cost. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

Cash and cash equivalents

Cash includes cash in hand, cash at bank, deposits repayable on demand and overdrafts, if they form an integral part of cash management.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. They also include any such assets held as endowment asset investments.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Accounting for research and development

Expenditure on pure and applied research is treated as a part of the continuing activities of the University. Development expenditure is only capitalised where it is probable that the asset developed will generate future economic benefit. Any other expenditure on development is written off as incurred. Expenditure on capitalised development activities is carried forward and amortised over the period expected to benefit.

Intra group transactions

Gains or losses on any intra-group transactions and amounts in relation to debts and claims between group undertakings are eliminated on consolidation.

Donations and endowments

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the University is entitled to the funds.

Investment income and appreciation of endowments are recorded in income in the year in which they arise as either restricted or unrestricted income according to the terms and other restriction applied to the individual endowment fund.

These are the main types of donations and endowments identified within reserves:

- » Restricted donations - the donor has specified that the donation must be used for a particular objective.
- » Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
- » Restricted expendable endowments - the donor has specified a particular objective, other than the purchase or construction of tangible fixed assets and the University has the power to use the capital.

Notes to the Financial Statements for the year ended 31 July 2021

Financial instruments

The University only has financial assets and financial liabilities that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost. Financial assets include the University's trade and other receivables. Financial liabilities include the University's trade creditors, accruals, other creditors, and bank loans.

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate to their fair values. Where the financial instruments are of short maturity, the carrying value is equal to their fair value.

Accounting for retirement benefits

Retirement benefits were provided to many employees of the University by its own defined benefit scheme funded by contributions from the University and employees. This scheme was closed to future accrual on 30 September 2010. The defined benefit scheme is an independently administered scheme whose funds are valued every three years by a professionally qualified independent actuary. The level of deficit recovery plan payments are agreed with the scheme Trustees.

The University also participates in the Federated Superannuation System for Universities (FSSU) pension scheme which is treated as a defined benefit scheme.

The assets of defined benefit schemes are measured at fair value at each balance sheet date and the liabilities are measured using a specified actuarial valuation method to be discounted using a corporate bond rate. The cost to the University of funding its own Defined Benefit Scheme is accounted for in accordance with FRS102.

Since October 2010 teaching staff have been active members of the Teachers' Pension Scheme (TPS), whose accounting treatment is outlined in note 29. The University also operates two defined contribution schemes which are independently administered. The contributions paid by the University to the defined contribution schemes are charged as expenditure in the year in which they are payable.

Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when the University has 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 can be made of the amount of the obligation. The amount recognised as a provision is discounted to present value where the time value of money is material. The discount rate used reflects current market assessments of the time value of money and reflects any risks specific to the liability.

Contingent liabilities are disclosed by way of a note, when the definition of a provision is not met and includes three scenarios: possible rather than a present obligation; a possible rather than a probable outflow of economic benefits or an inability to measure the economic outflow. Contingent assets are disclosed by way of a note where there is a possible, rather than present, asset arising from a past event.

Notes to the Financial Statements for the year ended 31 July 2021

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
2. Tuition fees and education contracts				
Full-time home and EU students	8,501	8,501	8,395	8,395
Full-time international students	1,095	1,095	1,247	1,247
Part-time students	1,715	1,651	1,464	1,436
	11,311	11,247	11,106	11,078

	Consolidated £'000	University £'000	Consolidated £'000	University £'000
3. Funding body grants				
Office for Students/Research England funding	1,611	1,611	1,762	1,762
Capital grant	116	116	73	73
	1,727	1,727	1,835	1,835

Details of grant and fee income	£'000	£'000	£'000	£'000
Grant income from OfS	1,368	1,368	1,462	1,462
Grant income from other bodies	359	359	373	373
Fee income for taught awards	9,899	9,899	9,794	9,794
Fee income for research awards	96	96	73	73
Fee income for non-qualifying courses	1,316	1,252	1,239	1,211
	13,038	12,974	12,941	12,913

	Consolidated £'000	University £'000	Consolidated £'000	University £'000
4. Research grants and contracts				
Research charities	101	101	19	19
Industry and commerce	53	53	93	93
Other	21	21	-	-
	175	175	112	112

Notes to the Financial Statements for the year ended 31 July 2021

	Consolidated £'000	University £'000	Consolidated £'000	University £'000
5. Other income				
Residences, catering and conferences	1,813	1,629	2,651	2,118
Farms income	490	490	764	764
Property rentals and ground hire income	46	46	102	102
Furlough income	362	362	238	238
Other income	758	636	654	626
	3,469	3,163	4,409	3,848

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
6. Investment income				
Other investment income	59	59	57	57

	Consolidated £'000	University £'000	Consolidated £'000	University £'000
7. Donations and endowments				
Donations unrestricted	42	42	128	128
Donations with restrictions	184	184	139	139
	226	226	267	267

	Consolidated £'000	University £'000	Consolidated £'000	University £'000
8. Staff costs				
Salaries	8,408	8,199	8,696	8,355
Social security costs	825	825	856	856
Other pension costs	872	872	922	922
	10,105	9,896	10,474	10,133

Notes to the Financial Statements for the year ended 31 July 2021

	Year ended 31 July 2021	Year ended 31 July 2020
8. Staff costs (cont.)		
Emoluments of the Vice-Chancellor:	£	£
Salary	182,751	182,751
Compensation for loss of office	118,498	-
Benefits – accommodation allowance	18,000	18,000
Payment in lieu of pension contributions	36,644	36,644
	355,893	237,395

The remuneration of the senior staff at the RAU is in accordance with the principles of the Committee of Chairs' Voluntary Remuneration Code for HE Senior Staff, including Vice-Chancellors. The remuneration package of the Vice-Chancellor is subject to annual review by the Remuneration Committee (a sub-committee) of the Governing Council of the University.

The Vice-Chancellor reports to the Chair of Governing Council, who undertakes an annual review of their performance against the University's overall objectives using both qualitative and quantitative measures of performance.

	Year ended 31 July 2021	Year ended 31 July 2020
	Number	Number
Relationship of the Vice-Chancellor to all other employees expressed as a pay multiple		
Vice-Chancellor's basic salary to employees' median	5.3	6.0
Vice-Chancellor's total remuneration to employees' median	10.1	7.7
Remuneration of other higher paid staff excluding pension contributions and termination payments		
£100,000 - £104,999	1	-
£150,000 - £154,999	1	-

Average full time equivalent staff numbers by major category		
Academic	50	51
Academic support	8	16
Continuing education	5	5
Academic services	26	34
Central administration	49	43
Staff and student facilities	7	9
Premises	11	20
Residences and catering	38	43
	194	221

Termination payments were paid or due for the year totalling £738,000 (2020: £85,000) relating to termination severance and settlement payments. £118,498 (2020: £68,000) is included in creditors. The accounting policy for termination payments is shown in note 1.

Notes to the Financial Statements for the year ended 31 July 2021

8. Staff costs (cont.)	Year ended 31 July 2021	Year ended 31 July 2020
	£'000	£'000
Key management personnel		
Key management personnel remuneration	831	652

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs includes compensation paid to key management personnel. The Key Management Personnel are the Vice-Chancellor, Deputy Vice-Chancellor (part current year), Director of Finance, Chief Operating Officer (part current year), Company Secretary, Director of Research and Pro Vice-Chancellor. Compensation consists of salary and benefits, including any employer's pension contributions and supplements.

Governing Council Members

The Governing Council members are the Trustees for charitable law purposes. Due to the nature of the University's operations and the composition of the Governing Council, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Governing Council may have an interest. All transactions involving organisations in which a member of Governing Council may have an interest are conducted at arm's length and in accordance with the University's Financial Regulations and usual procurement procedures.

No Council member has received any remuneration or waived payments from the University or any subsidiary during the year (2020: £Nil). The total expenses paid to or on behalf of 5 council members in the year was £1,845 (2020: £3,336 to 14 council members). This represents travel and subsistence expenses incurred in attending Governing Council, Committee and other meetings in their official capacity.

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
9. Interest and other finance costs				
Loan interest	5	5	58	58
Pension scheme charge (note 29)	226	226	284	284
	231	231	342	342

Notes to the Financial Statements for the year ended 31 July 2021

	Consolidated £'000	University £'000	Consolidated £'000	University £'000
10. Analysis of total expenditure by activity				
Academic departments	4,953	4,887	5,307	5,263
Academic services	2,344	2,344	2,346	2,346
Research grants	252	252	213	213
Consultancy	78	-	57	-
Commercial services	1,441	1,284	1,707	1,347
Premises	2,737	2,755	3,117	3,170
Central administration	3,970	3,996	3,534	3,544
General education expenditure	1,132	1,132	1,346	1,346
Staff and student facilities	615	503	796	605
Others including general endowment expenditure	1,020	1,019	1,293	1,293
	18,542	18,172	19,716	19,127

	Consolidated £'000	Consolidated £'000
Total expenditure includes:		
Amortisation of intangible fixed assets	154	144
Depreciation of tangible fixed assets	850	833
Total amortisation and depreciation	1,004	977
External auditors' remuneration – audit services including VAT	57	50
External auditors' remuneration – non-audit services	1	1
Operating lease rentals:		
Land and buildings	112	117
Other equipment	91	93

Notes to the Financial Statements for the year ended 31 July 2021

10. Analysis of total expenditure by activity (cont.)

	Year ended 31 July 2021	Year ended 31 July 2020
Access and Participation expenditure	Consolidated £'000	Consolidated £'000
Total expenditure includes:		
Access support	458	528
Financial support	163	178
Supporting progression	33	37
Supporting success	183	196
Less OfS Access and Participation funding	(191)	(227)
Total spend as per the Access return	646	712

Included in the above costs is an allocation of £312k (2020: £494k) of staff costs which are all included within reported staff costs. The budgeted Access and Participation expenditure for the year was £616,000 (www.rau.ac.uk/royal-agricultural-university-access-agreements-and-access-and-participation-plans). Over expenditure against plan was due to a combination of higher than budgeted qualifying students less the impact of COVID-19.

	Software
	Consolidated and University £'000
11. Intangible assets	
Cost or valuation	
At 1 August 2020	1,189
Additions	33
At 31 July 2021	1,222
Accumulated amortisation	
At 1 August 2020	836
Charge for the year	154
At 31 July 2021	990
Net book value	
At 31 July 2020	353
At 31 July 2021	232

Notes to the Financial Statements for the year ended 31 July 2021

	Freehold Land and Buildings	Fixtures, Fittings and Equipment	Total
	Consolidated and University £'000	Consolidated and University £'000	Consolidated and University £'000
12. Fixed assets			
Cost or valuation			
At 1 August 2020	37,416	2,177	39,593
Additions	78	90	168
Disposals	(229)	(82)	(311)
At 31 July 2021	37,265	2,185	39,450
Consisting of:			
Valuation as at 1 August 2014	38,643	-	38,643
Cost	(1,378)	2,185	807
At 31 July 2021	37,265	2,185	39,450
Accumulated depreciation			
At 1 August 2020	4,216	1,621	5,837
Charge for the year	650	200	850
Disposals	-	(67)	(67)
At 31 July 2021	4,866	1,754	6,620
Net book value			
At 31 July 2020	33,200	556	33,756
At 31 July 2021	32,399	431	32,830

The University recognised no impairment of any properties in the year (2020: £Nil).

Notes to the Financial Statements for the year ended 31 July 2021

	At 31 July 2021	At 31 July 2020
	Consolidated and University £'000	Consolidated and University £'000
13. Heritage assets		
Heritage assets at valuation	616	628

The latest independent valuation was performed in October 2020 by Forum Auctions and Dreweatts.

	Subsidiary Companies	Investment Property	Investment in Stocks and Shares	Total
	£'000	£'000	£'000	£'000
14. Investments				
Consolidated				
At 1 August 2020	-	2,500	1,939	4,439
Gain on investment	-	-	446	446
Transfer to stock	-	(2,500)	-	(2,500)
At 31 July 2021	-	-	2,385	2,385
	£'000	£'000	£'000	£'000
University				
At 1 August 2020	50	2,500	1,939	4,489
Gain on investment	-	-	446	446
Additional investments	2,500	-	-	2,500
Disposal	-	(2,500)	-	(2,500)
At 31 July 2021	2,550	-	2,385	4,935

The non-current investments have been valued at market value plus development costs where applicable. The shares valuation was based on the closing price on the London Stock Exchange at 31 July 2021.

On 6 October 2020, the investment property was transferred from the Royal Agricultural University Limited to its subsidiary company, the Royal Agricultural College Limited. The investment property was transferred at its open market value of £2,500,000. The latest valuation was performed by a qualified RICS registered valuer as at 31 July 2021; this valuation of £2,500,000 is the same as the prior valuation performed by a qualified RICS registered valuer as at 31 July 2019. The land is being held by the Royal Agricultural College Limited for development purposes and is therefore treated as trading stock (see note 15).

There were no movements in stocks and shares in the year to 31 July 2021 other than revaluation (2020: £Nil).

Notes to the Financial Statements for the year ended 31 July 2021

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
15. Stock				
Farm stocks	158	158	204	204
Finished goods	45	45	94	93
General consumables	35	12	31	12
Land for development	2,500	45	94	93
	2,738	215	329	309

On the 6 October 2020, the Royal Agricultural University Limited transferred investment property to its subsidiary company, the Royal Agricultural College Limited. The land is being held by the Royal Agricultural College Limited for development purposes and is therefore treated as trading stock (see note 14). The land for development is being carried at the lower of cost and open market value.

Farm stocks include arable crops of £145,000 (2020: £180,000), vineyard crop £8,000 (2020: £18,000) and other farm stocks £5,000 (2020: £6,000).

	Consolidated £'000	University £'000	Consolidated £'000	University £'000
16. Trade and other receivables				
Amounts falling due within one year:				
Trade receivables	257	201	777	752
Prepayments and accrued income	701	695	789	778
Amounts due from subsidiaries	-	238	-	92
	958	1,134	1,566	1,622

	Consolidated £'000	University £'000	Consolidated £'000	University £'000
17. Creditors: amounts falling due within one year				
Bank overdraft	-	-	29	29
Secured loans	76	76	75	75
Trade payables	483	482	437	437
Social security and other taxation payable	285	285	224	224
Accruals and deferred income	2,241	2,209	2,636	2,618
	3,085	3,052	3,401	3,383

A prior year adjustment has been made to reclassify amounts paid in advance by students from trade payables to deferred income. The amount reclassified was £700,000.

Notes to the Financial Statements for the year ended 31 July 2021

	At 31 July 2021	At 31 July 2020
	Consolidated and University £'000	Consolidated and University £'000
18. Creditors: amounts falling due after more than one year		
Secured loans	98	174
	98	174
Analysis of secured loans:		
Due within one year or on demand (note 17)	76	75
Due between one and two years	98	174
Due after more than one year	98	174
Total secured loans	174	249

	Amount £'000	Term	Interest
Lender to University			
Lloyds Bank	174	2023	2.086% fixed to Aug 2023

	Defined Benefit Pensions	Leasehold Dilapidations	Total Provisions
	Consolidated and University £'000	Consolidated and University £'000	Consolidated and University £'000
19. Provisions for liabilities			
At 1 August 2020	16,745	70	16,815
(Decrease)/increase in provisions	(2,036)	4	(2,032)
At 31 July 2021	14,709	74	14,783

Notes to the Financial Statements for the year ended 31 July 2021

	Endowment Year ended 31 July 2021	Endowment Year ended 31 July 2020
	Consolidated and University £'000	Consolidated and University £'000
20. Endowment reserves		
Restricted net assets relating to endowments are as follows:		
Capital	1,984	2,169
	1,984	2,169
Donation received	-	-
Investment income	-	-
Revaluation	495	(185)
Total endowment comprehensive income/(expense)	495	(185)
At 31 July	2,479	1,984
Represented by:		
Capital	2,479	1,984
At 31 July	2,479	1,984
Analysis by type of purpose:		
Scholarships and bursaries	2,479	1,984
Analysis by asset:		
Marketable securities	2,479	1,984

Notes to the Financial Statements for the year ended 31 July 2021

	Year ended 31 July 2021	Year ended 31 July 2020
	Consolidated and University £'000	Consolidated and University £'000
21. Restricted reserves		
Reserves with restrictions are as follows:		
At 1 August 2020	–	–
New donations	184	139
Transferred to deferred income	–	–
Restricted income	184	139
Approved expenditure	(184)	(139)
Total restricted comprehensive income/(expenditure) for the year	–	–
Transfer to income reserves as funds not restricted	–	–
At 31 July 2021	–	–

	At 1 August 2020	Cash flows	At 31 July 2021
	Consolidated £'000	Consolidated £'000	Consolidated £'000
22. Analysis of changes in net debt			
Included in current assets: Cash and cash equivalents	4,156	(890)	3,266
Included in Creditors: amounts falling due in one year Bank overdraft (note 17)	(29)	29	–
Cash and cash equivalents	4,127	(861)	3,266
Loans due in one year	(75)	(1)	(76)
Loans due after one year	(174)	76	(98)
	3,878	(786)	3,092

Cash and cash equivalents includes the bank account balances of endowment restricted reserves of £256,000 (2020: £169,000).

	At 31 July 2021	At 31 July 2020
	Consolidated and University £'000	Consolidated and University £'000
23. Capital commitments		
Provision has not been made for the following capital commitments:		
Commitments contracted	–	32

Notes to the Financial Statements for the year ended 31 July 2021

24. Contingent liabilities

Pursuant to the University's existing planning consent for development land, it entered into a Section 106 planning agreement whereby, should the site be developed, it would incur financial commitments up to £1,522,000 (2020: £1,522,000).

	Land and Buildings	Plant and Machinery	
	£'000	£'000	
25. Lease obligations			
	112	91	
	130	74	
	403	29	
	76	-	
	609	103	

26. Events after the reporting year

There are no reportable events after the year end.

27. Subsidiary undertakings

The subsidiary companies (both of which are registered in England & Wales), wholly-owned or effectively controlled by the University, are as follows:

Company	Principal Activity	Ownership
Royal Agricultural University Enterprises Limited (Company No. 02752048)	Residential conference facilities, consultancy and retail	100%
Royal Agricultural College Limited (Company No. 08542114)	Property Development	100%

Both subsidiaries' registered addresses are Royal Agricultural University, Stroud Road, Cirencester, Gloucestershire, GL7 6JS.

28. Trade Union Facility Time

Trade Union Facility Time is the provision of paid and unpaid time off from an employee's normal role to undertake Trade Union duties and activities as a Trade Union representative. We publish this data under the Trade Union (Facility Time Publication Requirements) Regulations 2017. Note the data is for the year ended 31 March 2021.

There was one full time employee (2020: 1) who was a relevant union official for the University during the year.

The employee spent time on facility time within the 1% to 50% category (0%, 51% to 99% and 100% all zero), the same as 2020.

The notional cost of facility time was £5,835 (2020: £3,659) and, with a total pay bill of £10,292,000 (2020: £10,474,000), the percentage of this spent on facility time was small at 0.06% (2020: 0.04%) and the total paid facility time on activities was 0%.

Notes to the Financial Statements for the year ended 31 July 2021

29. Pensions

The University operates the following pension schemes:

Royal Agricultural College Pension Scheme (RACPS)

RACPS is a defined benefits scheme, under which contributions were paid by the University and employees before its closure. Until April 2003 benefits were based on final salary; from April 2003 until closure benefits were calculated on a Career Average Revalued basis. The assets of the fund are independent from those of the University and are administered by Trustees. Pension costs are assessed on the advice of an independent actuary on the basis of valuations using the projected unit method. The scheme closed to future accrual on 30 September 2010; staff affected were provided with alternative pension provision effective 1 October 2010. The new arrangements were variously with the Teachers' Pension Scheme (TPS) and a defined contribution (GPP) scheme with Aegon.

Notwithstanding the closure to future accrual the University continues to service the deficit recovery plan at the rate agreed with the Trustees.

At the April 2021 triennial actuarial valuation the following deficit recovery plan was agreed:

- » For the month August 2021, a payment of £57,417, and for the months September 2021 through May 2022 (inclusive), £Nil.
- » Contributions of £25,000 per month (equivalent to £300,000 per annum in equal monthly instalments) from 1 June 2022 to 31 March 2024;
- » Contributions of £500,000 per annum in equal monthly instalments from 1 April 2024 to 31 March 2025;
- » Contributions of £550,000 per annum in equal monthly instalments from 1 April 2025 to 31 March 2026;
- » Contributions of £689,000 per annum in equal monthly instalments from 1 April 2026 to 31 August 2040, increasing on 1 April 2027 and on each subsequent 1 April thereafter by the annual increase in the retail price index to the previous 30 September.

In addition to the above the University has committed to potential enhancements to these contributions, dependent upon University adjusted revenue and subject to certain caps.

Federated Superannuation Scheme for Universities (FSSU)

The pensions of two former employees are funded by a separate defined benefit scheme and the University supplements the pensions in payment through "top-ups" to the pensioners. FSSU is accounted for as a defined benefit scheme and its present value of scheme liabilities is consolidated for disclosure purposes within the RACPS liabilities. It has no assets.

Teachers' Pension Scheme (TPS)

The Teachers' Pension Scheme is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return. As a result of the latest scheme valuation employer contributions were increased in September 2019 from a rate of 16.4% to 23.6%. Employers also pay a charge equivalent to 0.08% of pensionable salary costs to cover administration expenses. The next valuation is expected to take effect in 2023. A copy of the latest valuation report can be found on the Teachers' Pension Scheme website.

Notes to the Financial Statements for the year ended 31 July 2021

29. Pensions (cont.)

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, rejected the Government's application for permission to appeal the Court of Appeal's ruling and subsequently referred the case to an Employment Tribunal to determine a remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

Since then, claims have also been lodged against the main public service schemes including the TPS. The Department has conceded those in line with the rest of the Government. In July 2020 HM Treasury launched a 12-week public consultation which will provide evidence to support the delivery of an appropriate remedy for the affected schemes, including TPS. A final remedy will be determined once the results of the consultation are established.

In December 2019, a further legal challenge was made against the TPS relating to an identified equalities issue whereby male survivors of opposite-sex marriages and civil partnerships are treated less favourably than survivors in same-sex marriages and civil partnerships. The Secretary of State for Education agreed not to defend the case. In June 2020, the Employment Tribunal recorded its findings in respect of the claimant. The DfE is currently working to establish what changes are necessary to address this discrimination.

Any impact of these events will be taken into account when the next scheme valuation is implemented. This is scheduled to be implemented in April 2023, based on April 2020 data.

Defined contribution schemes (Group Personal Pension)

The Aegon Scheme was set up September 2010 for those support staff who were former members of the RACPS. The University contribution to Aegon is 10% of salary. Members pay a variable contribution of not less than 4%. The University opened a new pension scheme with Friends Life for support staff future service on 1 January 2014. This scheme comes under the umbrella of the Higher Education Defined Contribution scheme (HEDCS); it is portable between member universities. All active support staff who were in the Prudential Scheme, which it replaced, became deferred members of the Prudential Scheme and joined Friends Life for future service. In 2017 Friends' Life became part of and transferred all its policies to Aviva. The Aviva Scheme has three distinct strands of membership:

U Scheme - salaried staff pay variable contributions of not less than 6.5% and RAU contributes 16%.

X Scheme - tier 1 compliant auto-enrolment scheme with contributions in line with current legislation, being 5% employee and 3% employer.

Y Scheme - salaried staff pay variable contributions of not less than 6.5% and RAU contributes 6.5%.

The assets of all the defined contribution schemes are held separately from the University by the scheme providers, Aegon, Prudential and Aviva.

The basic employers' contribution rates during the year were as follows:

	TPS	Aegon	Aviva U	Aviva X	Aviva Y
1 Aug 2020 - 31 Jul 2021	23.68%	10.00%	16.00%	3.00%	6.50%

The assumptions and other data relevant to the determination of the contribution levels of the defined benefit schemes in which the University participates (or participated) are as follows:

Pension scheme	RACPS	TPS
Last actuarial valuation	2021	2016
Investment returns per annum	4.1%	n/a
Market value of assets at last valuation date (RACPS £millions/TPS £billions)	20.9	196
Funding % if accrued benefits covered by the actuarial value of assets	64%	90%

Notes to the Financial Statements for the year ended 31 July 2021

29. Pensions (cont.)

Charge within Note 8 Staff Costs included in the Statement of Comprehensive Income

The charge for pensions, adjusted for FRS102 Section 28 where applicable, is as follows:

		2021	2020
		£'000	£'000
Defined benefit schemes:	TPS	651	675
		651	675
Defined contribution schemes:	GPP: Aegon	22	26
	GPP: Aviva	199	221
		221	247
Total Pensions Cost as per note 8, Staff Costs		872	922
		£'000	£'000
Analysed as:	Current service	872	922

The cash contributions paid by the employer to the RACPS in respect of past service deficit is £689,000. No amounts were charged to staff costs in the Statement of Comprehensive Income in respect of the RACPS defined benefit scheme.

The pensions charge in the financial statements represents contributions made by the University to the defined benefit and defined contribution scheme providers on behalf of its employees. As at 31 July 2021 £51,000 contributions were due to the TPS (2020: £51,00), £2,000 to Aegon (2020: £2,000) and £15,000 to Aviva (2020: £17,000). These sums, relating to July 2021 payroll, were paid in August 2021.

Reconciliation to Balance Sheet (RACPS and FSSU)

		2021	2020
		£'000	£'000
Fair value of Scheme assets		21,390	20,439
Present value of Scheme liabilities		(36,099)	(37,184)
Total pension deficit		(14,709)	(16,745)

Notes to the Financial Statements for the year ended 31 July 2021

29. Pensions (cont.)

Scheme deficits

The deficit in the balance sheet in respect of defined benefit schemes is shown below. The FSSU scheme is unfunded and its deficit amount is based on a valuation in accordance with FRS102 at 31 July 2021.

	2021	2020
	£'000	£'000
RACPS	(14,676)	(16,708)
FSSU supplemental scheme	(33)	(37)
Total deficits	(14,709)	(16,745)

The table below provides a reconciliation of the fair value of scheme assets. Assets are held by RACPS only; the FSSU has no assets that the University can include in this statement.

	2021	2020
	£'000	£'000
At the beginning of the year	20,439	21,250
Contributions by University	689	689
Benefits paid	(1,293)	(914)
Expected return on assets	274	440
Actuarial gains/(losses)	1,281	(1,026)
At the end of the year	21,390	20,439

The table below reconciles the present value of scheme liabilities for both RACPS and FSSU.

	2021	2020
	£'000	£'000
At the beginning of the year	(37,184)	(35,122)
Interest cost	(500)	(724)
Past service cost	(35)	-
Benefits paid	1,302	942
Actuarial gains/(losses)	318	(2,280)
At the end of the year	(36,099)	(37,184)

Notes to the Financial Statements for the year ended 31 July 2021

29. Pensions (cont.)

Principal assumptions made by the actuary in the valuation for the purpose of FRS102 Section 28.

		2021	2020
Discount rate		1.50%	1.37%
Rate of inflation (RPI)		3.29%	2.94%
Rate of inflation (CPI)	Pre 2030	2.79%	2.04%
	Post 2030	3.09%	2.04%
Pension increases	Pre 97 pension	3.00%	3.00%
	97-03 pension (RPI max 5% min 3%)	3.65%	3.49%
	03-05 pension (RPI max 5%)	3.21%	2.90%
	Post 05 pension (RPI max 2.5%)	2.24%	2.13%
Demographic assumptions	Mortality base table	S3PxA	S3PxA
	Projection basis	CMI 2020 1.00%	CMI 2019 1.00%
	Cash commutation	50% of maximum	50% of maximum

A rate of cash commutation of 50% is shown in these figures, based on Scheme actual experience (50%) plus flexibility offered to members by the Pensions Act 2004 (25% HMRC tax free limit).

Life Expectancy at age 65

	2021	2020
Male currently 45	87.70	87.70
Female currently 45	90.20	90.20
Male currently 65	86.70	86.70
Female currently 65	89.10	89.00

The assets and value of the RACPS scheme at 31 July and the expected rate of return were:

	2021	2020
	Consolidated and University £'000	Consolidated and University £'000
Equity Funds	3,191	2,452
Property	3,110	2,983
Diversified Growth Funds	8,520	11,567
Credit Funds	3,045	3,091
Infrastructure funds	3,058	-
Annuities	187	193
Cash and liquid funds	279	153
Total market value	21,390	20,439

Notes to the Financial Statements for the year ended 31 July 2021

29. Pensions (cont.)

The discretionary FSSU supplementation scheme holds no assets and its deficit has been based on an actuarial valuation at 31 July 2021. The assumptions having the most significant effect on the calculation of the provision are that future inflationary increase rates will average 3.29% RPI (2020: 2.94%) per annum.

The table below analyses the movement in deficit (for RACPS and FSSU) during the year:

	2021	2020
	£'000	£'000
Deficit in schemes at start of year	(16,745)	(13,872)
Contributions	698	717
Other finance costs interest charge applied (note 9)	(226)	(284)
Past service cost	(35)	-
Actuarial gain/(loss) in the statement of changes in reserves	1,599	(3,306)
Deficit in schemes at end of year	(14,709)	(16,745)

The University has pledged properties to the value of £1,157,600 against the pensions deficit by deed dated 24 March 2017. These charges have been lodged with the Land Registry and Companies House.

An analysis of the amount charged to other finance costs is shown in the following table:

	£'000	£'000
Expected return on RACPS assets	274	440
Interest on liabilities	(500)	(724)
Net interest charge applied	(226)	(284)

An analysis of amounts recognised in the statement of changes in reserves is given below:

	£'000	£'000
Actual less expected return on RACPS assets	1,281	(1,026)
Experience gains/(losses) arising on liabilities	318	(2,280)
Actual gain/(loss) recognised in statement of changes in reserves	1,599	(3,306)

Notes to the Financial Statements for the year ended 31 July 2021

30. Accounting estimates and judgements

The main accounting estimates and judgements relate to tangible assets (land and buildings), heritage assets and the pension liability.

Land and buildings

As part of the transition from UK GAAP to FRS102 as the basis for the consolidated financial statements, the University updated the values of its land and buildings to market value, using this as deemed cost going forward, updating estimates of remaining useful lives for the buildings obtained from the qualified valuers. These remaining useful lives have then been used to calculate depreciation on each of the buildings. The total charge for depreciation on the University's portfolio of properties in these financial statements amounts to £650,000 (2020: £636,000).

As a result a significant proportion of the estimated lives would need to be incorrect before any adjustment to estimated useful lives would give rise to a material adjustment to the depreciation charge in the Financial Statements.

Similarly, the University has to make a judgement on the fair value of its assets and whether any properties are impaired. The University consider that no properties have been impaired during the year.

The University's properties are of significant value and it would take a significant overall reduction in property market values to affect the whole estate sufficiently to make a material difference.

Heritage assets

The University uses a professional valuer of heritage assets with revaluation every ten years. The latest independent valuation was performed in October 2020.

Pension liability

The University uses qualified actuaries to revalue the pension liabilities each year who utilise prescribed bases and the actuaries' best estimate in relationship to specific subjective factors. The University have reviewed the actuaries' assumptions and agree with the estimates and judgements made. These are all set out in note 29 Pensions.

31. Students' Union

The Students' Union activities are carried out through an independent Company Limited by Guarantee with registered charity status. As a result its financial statements are not included in the consolidated figures.

Notes to the Financial Statements for the year ended 31 July 2021

32. Related party transactions

(a) Exemption

The University has taken advantage of the exemption permitted by FRS102 Section 33 (Related Party Disclosures), available to group undertakings where 100% of the voting rights are controlled within the group and where consolidated financial statements are publicly available, not to disclose transactions with other group companies within these Financial Statements.

(b) Pension scheme and Life Cover Trust

The Royal Agricultural College Pension Scheme and Life Cover Trust are related parties by definition. The amount owed by the Royal Agricultural University to the pension scheme at the year end 31 July 2021 was £Nil (2020: £Nil). The amount owed by the Royal Agricultural University to the Life Cover Trust at the year end was £Nil (2020: £Nil).

(c) Transactions with organisations related to directors

Due to the nature of the University's operations and the composition of Governing Council, being drawn from local and national public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of Council may have an interest. All transactions involving organisations in which a member of Council may have an interest are conducted at arm's length and in accordance with the University's Financial Regulations and usual procurement practices.

The University maintains a Register of Interests for all members of Council. The register is open to inspection under the Freedom of Information Act 2000 and the Governors' Register of Interests is published on the University website.

(d) Transactions with organisations related to University Senior Management

All transactions involving organisations in which a member of the University Senior Management Group may have an interest are conducted at arm's length and in accordance with the University's Financial Regulations and usual procurement practices.

The University maintains a Register of Interests of its Senior Management Group. The register is open to inspection under the Freedom of Information Act 2000.

(e) Farming operations

The University has an Arable Contract Farming agreement for certain of its farming operations, organised by Moore Allen & Innocent LLP for a crop harvest contract with Kemble Farms. Kemble Farms is owned by a Trust linked to one of the University's vice-presidents Earl Bathurst.

(f) The Royal Agricultural College Beagles

The RAC Beagles are set up as an independent trust; no Governor or member of the University Senior Management is an officer or committee member. Volunteer students are involved in the care and management of the pack.

The University made a donation of £6,000 (2020: £5,000). Normal business sales to the RAC Beagles amounted to £17,000 (2020: £14,000). There were no business purchases from the RAC Beagles in either year.

(g) The Royal Agricultural University Students' Union

During the year the University made a grant to the Students' Union of £185,000 (2020: £186,000) and supplied goods and services to the Students' Union to the value of £Nil (2020: £7,000). There were no business purchases from the RAU Students' Union in either of the two years.

(h) Related charities

The University is linked to the following charities:

The African Fellowship Trust (AFT), registered charity number 1120786, was set up in 2007 to permit African students to advance their education in sustainable development and protection of the environment by studying for a masters programme at the University. The Fellows are fully funded by the AFT. For 2021, the University received no tuition and accommodation income (2020: £Nil).

The Sir Emrys Jones Memorial Trust, registered charity 1105861, was set up in 2004 in memory of Sir Emrys Jones, Principal of the University from 1974 to 1979, to provide financial assistance by way of fees or maintenance grants to students from Wales (whether by origin or residence) who are in need of financial assistance to attend University. Without it being binding, the Trustees understand the benefactor's wish that priority should be given to students reading agriculture or related subjects. The University received no tuition or accommodation income in 2021 (2020: £Nil).

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