

Annual Report and Financial Statements 2018/19



Contents

Strategic Report	4
Introduction – Vice-Chancellor and Chair	4
Key Facts	8
About the Royal Agricultural University (RAU)	12
Our History	14
Highlights – Our Year in Focus	18
The Executive Team	24
Our Vision, Mission, Purpose	26
Our Strategic Goals	28
Public Benefit Statement	36
Financial Review	42
Principal Risks and Uncertainties	50
Governance	53
Corporate Governance	53
The Governing Council	54
Governing Council Members	57
Governors' Shareholdings	65
Principal Officers and Professional Advisors	66
Risk Management and Statement of Internal Controls	68
Independent Auditor's Report to the Governing Council of the Royal Agricultural University	72
Financial Statements	76
Consolidated and University Statements of Comprehensive Income	77
Consolidated and University Statements of Changes in Reserves	78
Consolidated and University Balance Sheets	79
Consolidated Cash Flow Statement	80
Notes to the financial statements for the year ended 31 July 2019	81

Introduction – Vice-Chancellor and Chair of Governors



Professor Joanna Price, Vice-Chancellor

The year 2018-19 has seen significant progress in implementing the five-year strategic plan, its principal aim being the continued growth of the University in terms of financial, academic and societal impact. The effectiveness of this has already been reflected in the July 2019 National Student Satisfaction survey (NSS), which saw the Royal Agricultural University (RAU) achieve a ranking of 7th in the UK – and top in the South West – for overall student satisfaction.



Rt Hon Michael Jack, Chair of Governors

The Whatuni Student Choice Awards, based on student feedback, ranked the RAU in the top ten for “University of the Year” and “Job Prospects”.

In March, we became the first small, specialist University to be made a Centre of Excellence by the Institute of Enterprise and Entrepreneurs (IOEE).

Notwithstanding these successes, both the Higher Education (HE) and land-based sectors face challenges and planning for the future development of the RAU has been undertaken in the context of uncertainty around the Augar Review, which advocates a reduction in tuition fees, and Brexit. With this in mind, we have developed an academic strategy that avoids over-dependence on any single recruitment market, pursuing policies of wider

domestic participation alongside an increased focus on the international market. We are also developing our postgraduate offer to meet the needs of overseas students and mature learners and are planning more short courses, reflecting Augar’s recommendation to improve life-long study opportunities.

The new regulator, the Office for Students (OfS) has prioritised increased access to HE for students from a wide range of backgrounds. The OfS has recently approved our Access and Participation Plan, which extends until 2023, and we are committed to taking a “whole institution” approach and to working with other land-based institutions to address the lack of diversity in our sector and poor rural social mobility.

Two other HE sector issues vexing politicians are grade inflation and unconditional offers. Our proportion of first class and upper second-class degrees has not increased in recent years and we do not make unconditional offers.

The major global challenge of our time is of course climate change, inextricably linked to sustainable food security, ecological stability, and population growth. As an institution with a focus on the care of the land, we recognise that we must in future attract academics who can contribute to thought leadership in these emerging disciplines.

The RAU’s ambitious programme of transformation is fully supported by Governing Council who are committed to our ‘Invest to Grow’ strategy.

The tangible signs of success that have emerged this year reflect a firm commitment to the implementation of an institution-wide Quality Improvement Plan (the QIP), at the heart of which is a focus on improving teaching quality, innovation and the creation of a supportive learning community where every student matters.

“The RAU is like a family – you are not a number at this University. All the lecturers know your name and are more than happy to help with coursework, exams and work placement questions.”

Real Estate student Jess Godber



Another “USP” that is helping to attract students from a wider constituency is our award winning student enterprise programme. Led by Katy Duke, it goes from strength-to-strength and supports students in developing an entrepreneurial mind-set, whatever their course. The vineyard at Down Ampney, involving students “from grape to shelf”, and the ‘Muddy Wellies’ beer brand are social enterprise projects underpinning the success of this initiative.

Central to our strategy has been recognition of the need to invest in the academic leadership required to improve the depth and breadth of our education offering and disciplines, improve our performance in the next Research Excellence Framework, and enhance our reputation for industry-relevant thought leadership. Our aim is to help industry, policy makers and citizens navigate change and uncertainty and accelerate rural enterprise, and promote sustainable, resilient communities.

We champion farmer-led innovation, knowledge exchange and public engagement to ensure people have a voice in the research undertaken in their name.

The last year has seen us make significant progress in this area, with further expansion of our professoriate enabling us to build a reputation as a centre for practically relevant thought leadership. Professor Tom MacMillan was part of the independent RSA Commission project “Our Future in the Land” setting out a blueprint for the country’s food, farming and countryside system as the UK prepares to leave the EU. The former Secretary of State for Environment, Food and Rural Affairs, Michael Gove, visited the RAU and was lobbied hard to consider making agriculture a STEM subject.

The former Liberal Democrat Leader Sir Vince Cable also visited the new Alliston Centre, commenting that the Growth Hub and Farm491 projects are exemplars of what Universities should be doing to support business.

During the year Professor Patricia Broadfoot, Mr Christopher Musgrave and Mr Colin Pett retired after many years of service in a variety of governance roles. We shall miss their collective wisdom and knowledge and the University is grateful to them for their singular contribution. At the same time, we are delighted with the appointment of four new governors; Mr Bob Branson, Dr Catherine MacKenzie, Ms Julie Robinson and Mr John Stables. The RAU is already benefiting from their fresh perspectives.



As the RAU approaches its 175th anniversary, it is with increasing confidence and a strong sense of our purpose – to cultivate care for the land and all who depend on it. While we recognise that the coming years will continue to be a period of challenge and uncertainty, the RAU remains as relevant as ever and is ideally placed to embrace change and take advantage of opportunity wherever and whenever it occurs.

Key Facts



Ranked 7th in the UK – and top in the South West – for Student Satisfaction in 2019 (Times Higher Education ranking of NSS data)



A strong alumni network with international reach and influence



A PhD programme supported by a donation from the John Oldacre Foundation



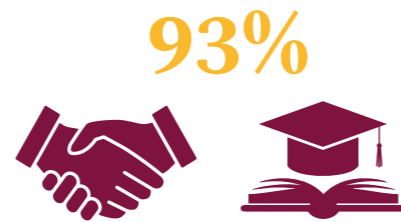
First small, specialist HE institution to be named a Centre of Excellence by the Institute for Enterprise and Entrepreneurship



Awarded in 2017

Farm491

The leading Agritech incubation and innovation space in the UK



The majority of our students are in employment or further study six months after graduating (HESA)



Safest University in England and Wales 2019 (Complete University Guide)



Top 10 University of the Year & Job Prospects Rankings (WhatUni)



A global University with around 1,100 students from over 40 different countries

Our Applied Equine Science and Business degree and the Bloodstock and Performance Horse Management degree both scored 100% satisfaction with students this year; among the highest rated in the UK (NSS 2019)



About the Royal Agricultural University (RAU)

The RAU has been educating leaders and entrepreneurs in the land-based sector since its foundation in 1845 as the first college of its kind in the English speaking world.

Many early students went on to careers in the Diplomatic and Foreign Service and from the start the College was staffed with innovators transforming farming practice and agricultural science.

In 2013, the Privy Council awarded the College full University Status, in recognition of its provision of Higher Education.

Today, the RAU still seeks 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.

Our students are educated to deliver this vision taking subjects including agriculture, animal science, business, environment, equine science, farm management, food, real estate and rural land management.

Set in the beautiful Cotswolds countryside, our small size provides a real sense of community, which supports and encourages students and staff from all backgrounds to achieve these ambitions.

The University prides itself on combining the knowledge and industry connections which stem from its rich heritage with an innovative, forward-thinking approach. It is recognised as a sector leader in enterprise and entrepreneurship. Helping industry make socio-economic impact with real world solutions has always been central to the RAU's mission.

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 of our entrepreneurial students do with great success.

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. The reach and influence of the growing RAU alumni network worldwide is extraordinary.

Our teaching is managed within four 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
- » Business and Entrepreneurship



Our History

<p>1842</p> 	<p>1845</p> 	<p>Queen Victoria granted the Royal Charter to the Royal Agricultural College (RAC)</p>	<p>1931</p>	<p>Professor R ("Bobby") Boutflour becomes Principal of the College</p>	<p>1982</p>	<p>Prince of Wales became President of the RAC</p> 	<p>1984</p> 	<p>The first modern degree programme was launched - BSc (Hons) in Rural Land Management</p>	<p>2001</p>	<p>First received funding from the Higher Education Funding Council for England (HEFCE)</p>	<p>2013</p> 	<p>Privy Council awarded the College full University Status</p>	<p>2016</p>	<p>Appointment of Professor Joanna Price as first female Vice-Chancellor</p>	<p>2017</p> 	<p>Awarded TEF Silver. The first phase of our Farm 491 project opened at the University's Harnhill Farm</p>	<p>2018</p>	<p>Launched our state-of-the art £4.2 million Alliston Centre. The University is registered with the newly-created Office for Students (OfS)</p>	<p>2019</p>	<p>RAU announces plans to create the Cultural Heritage Institute (CHI) in Swindon; it will teach a new range of courses to develop future leaders in archaeology, applied heritage and historic environment management</p>
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The seeds of the Royal Agricultural College (RAC), now the Royal Agricultural University (RAU), were sown in 1842 at a meeting of the Fairford and Cirencester Farmers Club.

Earl Bathurst leased a site to build the College and construction in the Victorian Gothic style began in April 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.

From its early days, the College was staffed with innovators and pioneers and made a considerable impact on farming practice and agricultural science. In 1931, Professor R ("Bobby") Boutflour, CBE, one of the greatest leaders of change in farming practice in his time, became Principal.

The first modern degree programme in 1984 was in partnership with Reading

University – a BSc (Hons) in Rural Land Management.

The RAC had been independent of government control since its foundation until 2001 when it first received funding from the Higher Education Funding Council for England (HEFCE), allowing it to widen access to its courses to students of all backgrounds.

In 2013, the Privy Council awarded the College full University Status.

The first phase of the Farm 491 project opened at the University's Harnhill Farm in 2017 and in 2018 we opened the state-of-the art £4.2 million Alliston Centre which houses Phase 2 of Farm 491 and the Cirencester Growth Hub, part of the GFirst Local Enterprise Partnership's (LEP) Growth Hub network.



The Alliston Centre



A machinery exhibition arranged for the Queen's visit in April 1963

A young woman with long brown hair, wearing a dark brown jacket over a striped shirt and blue jeans, stands in a barn. She is smiling and leaning her right arm on a metal post. In the background, several black and white cows are resting on a bed of straw. The barn has a high ceiling with skylights and metal slat walls.

Alex Dunn won the title of Agriculture Student of the Year at the Farmers Weekly Awards 2018

Highlights – Our Year in Focus

A year of focus on the student experience saw us gain two top ten placings at the Whatuni Student Choice Awards and culminated in achieving one of the UK's highest student satisfaction scores in the 2019 NSS. Alongside a range of knowledge exchange and policy engagement projects, particularly in the realm of food security, we are renewing our relevance to the land-based sector as we look forward to celebrating our 175th year.

2018

August 2018

RAU's research on the link between 'crib-biting' and stress in horses makes international news – and could even have implications for understanding human psychiatric conditions. Dr Andrew Hemmings, Associate Professor of Equine Science said: "This behaviour raises a range of welfare related questions because these activities normally develop under housing conditions which deprive the animal of food, social interaction and the opportunity to move freely."

September 2018

The RAU's vineyard at Down Ampney celebrates a record year with the largest amount of grapes picked since it was planted in 2010. The 2.6 hectare plot is used to teach students from food production, business and agriculture courses and they also take part in the grape cultivation and picking.



October 2018

Alex Dunn is awarded the title of 'Agricultural Student of the Year' at the Farmers Weekly Awards. Alex created a farm safety app, which won the RAU's own Grand Idea competition for young entrepreneurs, and went on to secure a scholarship allowing her to live and work with dairy farmers in New Zealand.

November 2018

Experts gather at the RAU for our Rewilding: Perspectives and Applications conference. Among the speakers is RAU alumnus Sir Charles 'Charlie' Burrell, whose Knepp Castle estate is a prime example of this form of conservation, enjoying a resurgence in turtle doves, nightingales and the Purple Emperor butterfly.

Environment Secretary Michael Gove visits the RAU to learn about our role in the development of skills for the agri-food and land management sectors and our initiatives to help the industry navigate change. He later promotes RAU's policy campaign theme of making Agriculture a STEM subject.

December 2018

Two new senior academic positions in rural policy and food security are announced to support the delivery of our strategy to provide thought leadership to the sector. Prof Tom MacMillan is appointed Elizabeth Creak Chair in Rural Policy and Strategy, joining from the Soil Association. Louise Manning returns to RAU (from Harper Adams University) as Professor of Agri-food and Supply Chain Security.



2019

January 2019

A talent for crops and a strong work ethic helps Harry Goring win the John Innes Foundation bursary for students wishing to start a career in the industry, from a non-farming family background; the award goes to an RAU student for the second year running.

RAU alumna Fiona Galbraith, a former army officer, launches a national initiative to help veterans begin new careers in the rural sector. The Rural List Cirencester is the only sector-specific veteran networking event in the country.

The arrival of Professor Mike Gooding, as Head of School for Agriculture, Food and the Environment and Professor Neil Ravenscroft as Head of School for Real Estate and Land Management complete our leadership appointments to the RAU's four new Academic Schools. They join Dr Andrew Hemmings, Head of School for Equine Management and Science and Dr David Bozward, Head of School for Business and Enterprise.

February 2019

The RAU announces plans to create the Cultural Heritage Institute (CHI) – a postgraduate, undergraduate and professional training hub in Swindon to support the cultural heritage industries. The partnership with Swindon Borough Council will deliver courses ranging from an MBA in Cultural Heritage Leadership to an MSc in Archaeological Heritage and Practice.

March 2019

The RAU becomes just the sixth university – and the only small specialist – to be made a Centre of Excellence by the Institute of Enterprise and Entrepreneurs (IOEE). The IOEE recognises our 'leading-edge enterprise practice and making the development of students' entrepreneurial skills a priority'.

April 2019

The RAU is ranked among the top ten universities in the UK, in a set of awards based on the views of students themselves. We are placed 10th in the University of the Year category at the Whatuni Student Choice Awards 2019 and sixth in the Job Prospects category.

The Alliston Centre hosts the influential Let's Grow workshop, in partnership with the GFirst Local Enterprise Partnership (LEP). Leaders working across the agri-food sector agree that protecting the UK's food supply chain from fraud and cyber-attack can be the focus of a new 'centre of excellence' in Gloucestershire.

May 2019

Entrepreneurial RAU students and Head of Enterprise, Katy Duke celebrate as a beer created as a business project is selected for sale by Waitrose & Partners. Muddy Wellies ale hits the shelves in three branches of the supermarket's shops in Gloucestershire. The retailer said it was attracted by both the taste and the fact that the drink is a Social Enterprise – 10p from every bottle sold is returned to help launch RAU students' new business ideas.

ioee™ INSTITUTE OF ENTERPRISE
AND ENTREPRENEURS



2019 (cont.)

May 2019 (cont.)

Constantin Huet wins the RAU's 12th Grand Idea competition which asks students to pitch their plans to expert judges to secure £2,500 of investment. The third year Real Estate student faced an impressive panel including Levi Roots, of Reggae Reggae Sauce and Dave Meneer, ex CEO of Jamie Oliver's Fifteen Cornwall restaurant. Constantin found success with his company Pre-O, a new label of quality for farms making the transition to becoming fully organic.

June 2019

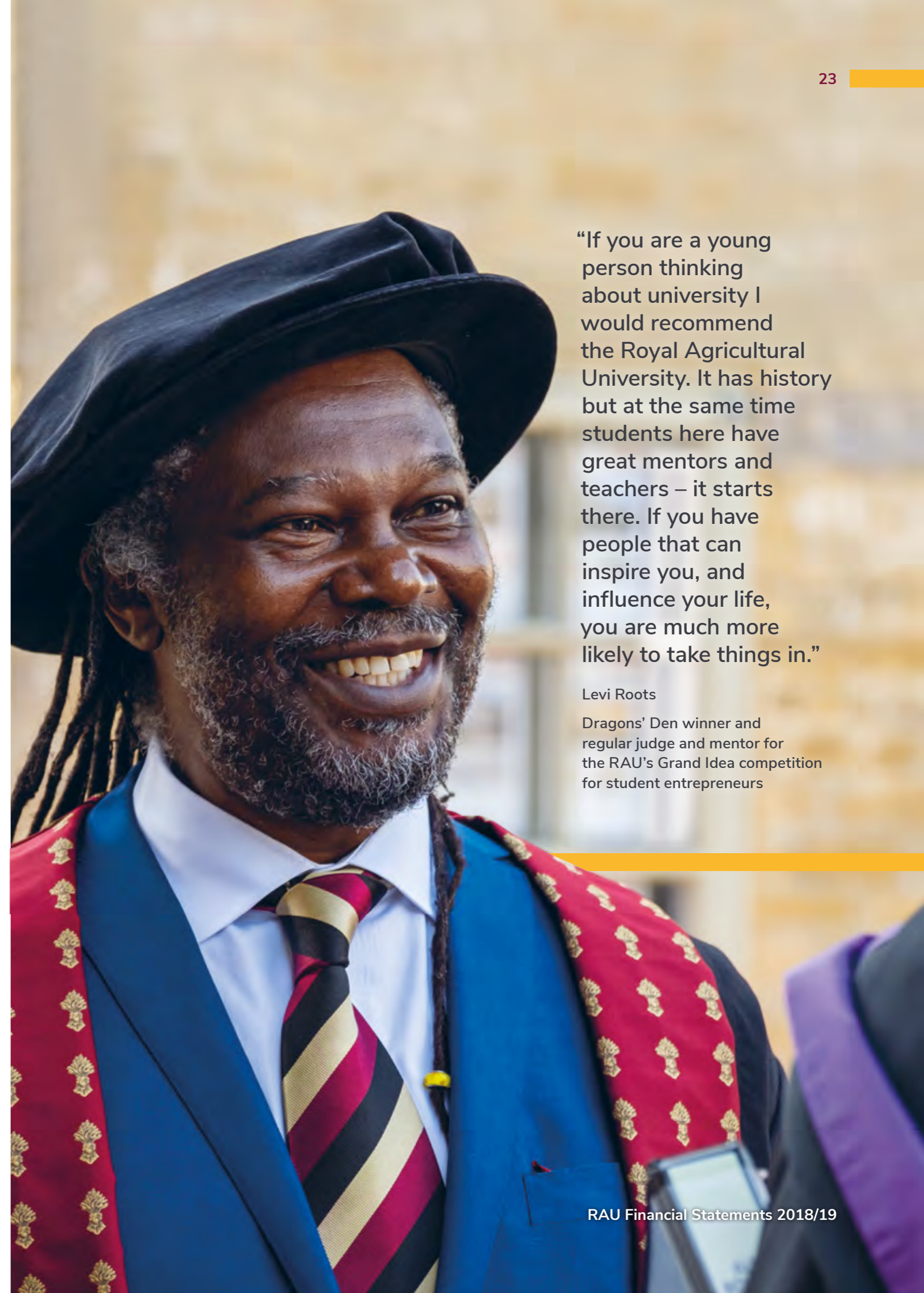
A network that supports farming within schools and promotes land-based careers to young people returns to RAU. The School Farms Network Education Alliance (SFNEA) is our partnership with the School

Farms Network (SFN). The value of this network is summed up by Director for Students, Julie Walkling: "Land-based education opportunities and career paths should be clearly understood and available to talented young people from every background."

July 2019

The RAU rises to become one of the top ten Universities in the UK – and the top-ranked University in the South West – for student satisfaction. We are now ranked 7th for overall satisfaction in the Times Higher Education analysis of the National Student Survey (NSS) results.

Levi Roots, who won BBC Dragons' Den with his Reggae Reggae Sauce, and leading chartered surveyor and alumnus, Julian Sayers, are made Honorary Fellows of the RAU.



"If you are a young person thinking about university I would recommend the Royal Agricultural University. It has history but at the same time students here have great mentors and teachers – it starts there. If you have people that can inspire you, and influence your life, you are much more likely to take things in."

Levi Roots

Dragons' Den winner and regular judge and mentor for the RAU's Grand Idea competition for student entrepreneurs

The Executive Team

The Executive Team is responsible for overall management and strategic decision making.

Academic Heads of School support the day to day management of the academic activities and Professional Service Heads cover commercial, administrative and other functions that support the University. Members of the Executive Team serving at the year ended 31 July 2019 were:



Professor Joanna Price
BSc, BVSc, PhD
Vice-Chancellor

Since 2016, Jo Price has led a programme of transformation and change, shaping a new strategy for the RAU and introducing a new senior executive team. Jo joined the RAU from the University of Bristol, where she was Professor of Veterinary Sciences and Head of the Bristol Veterinary School; under her leadership a new curriculum was introduced and the School's NSS score and Research Excellence Framework (REF) ranking significantly improved. Prior to this, she was Professor of Veterinary Anatomy at the Royal Veterinary College (RVC), University of London, and Head of the College's Basic Science Department. She joined the RVC from University College London.

Jo qualified as a veterinary surgeon from the University of Bristol in 1983, then spent a number of years in clinical practice in the UK and overseas before entering research and academia. Her research area is biomedicine and she has studied the mechanisms by which bones regenerate (using deer antlers as a model) and adapt to mechanical loading. Jo holds a number of non-executive appointments.

She is a board member of Food and Farming Futures and of Land Based Colleges Aspiring to Excellence (Landex). Jo is a trustee of the Royal Agricultural Society of England, Horses4Homes and the Chasegrove Family Foundation.



Dr Lucy Meredith
BSc Hons, MSc Eng, PhD,
FCIEH, SFHEA, FLFHE
Deputy Vice-Chancellor

As Deputy Vice-Chancellor Lucy's portfolio includes assisting the Vice-Chancellor and taking a strategic lead for teaching, learning and research. Prior to joining the RAU Lucy spent time at the University of South Wales as Dean in the Faculty of Computing, Engineering and Science. She started her career as an Environmental Health Officer in Merseyside after graduating from the University of Salford with an Environmental Science Degree. She then completed an MSc Eng in Tropical Public Health Engineering at the University of Leeds and was appointed to her first academic role as a lecturer in Environmental Health at Bristol Polytechnic in 1991.

Since then, Lucy has worked in a number of Higher Education institutions including Bath Spa University, University of Bristol and University of the West of England, Bristol. Her PhD focused on the consumer as a cause of food poisoning in the domestic environment. She is a Chartered Fellow of the Institute of Environmental Health, a Senior Fellow of the Higher Education Academy as well as a Fellow of the Leadership Foundation. She has extensive experience of academic leadership at a variety of levels and is passionate about working with staff and students to co-create an excellent working and learning environment.



Sue O'Neill
BA Hons, FCA
Chief Operating Officer

Sue O'Neill joined the RAU as Director of Finance and Company Secretary and during the year was promoted to Chief Operating Officer to support the Vice-Chancellor in managing all areas of the non-academic services of the University which includes Finance, Treasury, Governance, HR, Commercial activities and Estates.

Sue has worked at an Executive/Board level for the last 18 years, most recently as the Finance and Resources Director at Merlin Housing and before that as Finance Director for Cambridge Housing. After graduating with a BA Hons in Business Studies, Sue started her career at Hazlewoods, qualifying as a Chartered Accountant before moving into industry.

Sue is a Fellow of the Institute of Chartered Accountants in England and Wales and has completed the Cranfield High Performance Leadership Programme. Sue is committed to delivering excellent student services and strong financial performance through effective leadership.



Julie Walkling
Dip Couns, MA,
PG Cert, FCMI
Director for Students

Julie Walkling is responsible for a range of services supporting the student journey as well as areas supporting staff and operations. She is committed to ensuring that the RAU is a place that students and staff are proud to be a part of.

Julie has worked in Higher Education since 1995, starting as a University Counsellor in Student Services at the University of North London (now London Met) and leaving in 2009 as Director. She moved to Anglia Ruskin University in January 2010 as Director of Student Services where she was responsible for 220 staff across 15 teams, delivering a range of services and activities to students. She was also member of the Corporate Management Team with University-wide responsibilities and was the Professional Services Staff Governor from 2015 until her departure. In 2012 she won a Times Higher Education Leadership and Management Award for Outstanding Student Services Team.

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**

Staff across the University have demonstrated commitment to creating an outstanding student experience aligned with our Quality Improvement Plan. Evidence of this impact can be seen in our top ten ranking successes in the 2019 Whatuni Student Choice awards and the NSS – both are based entirely on students' views of their universities. Among many highlights, our students gave us an NSS score of 84% for the sense of Learning Community created at the RAU; 7% higher than the national average. At 91% our undergraduate course completion rate remains among the UK's highest (Times and Sunday Times Good University Guide).

A range of innovative programmes are coming online, guided by our academic and

teaching and learning strategies, which reflect the evolving needs of industry and learners, and can be delivered via traditional and online platforms.

Our Catalyst project, originally funded by the Higher Education Funding Council for England (HEFCE) – now the Office for Students (OfS) – has seen us create a range of new courses, with industry and sector partners, aimed at developing the strategic leaders our sector needs. These programmes include an MBA focused on innovation in sustainable food and agriculture and an MSc which concentrates on related policy issues.

The RAU's Cultural Heritage Institute (CHI), which opens next year at our Swindon Hub, will expand our course offer to include a range of postgraduate and professional development courses in archaeology and heritage leadership.

In common with the land-based sector as a whole, attracting students from a wider range

of backgrounds is one of our key challenges.

We are tackling issues of social exclusion with significant investment during this reporting period in our outreach programme, bringing widening participation work in-house with a progressive, structured programme for targeted schools and colleges. The full plan is set out in our Access and Participation Plan published by the Office for Students (OfS).

This has been supported by investment in digital channels enabling us to connect directly with students and in external relations.

To support a diverse student body we now offer an integrated foundation year and enhance graduate outcomes by integrating placement and optional sandwich years in all undergraduate programmes. We continue to recruit students with the potential to succeed holding both vocational and academic qualifications or a mix of both.

The University aims to ensure that all its students maximise their ability to secure satisfying, meaningful and rewarding careers and to make an effective contribution to the economic and social wealth of society.

On average, over 93% of RAU undergraduates are in employment or further study within six months of leaving the University, according to the annual national survey by HESA (the Higher Education Statistics Agency).

The University actively encourages interaction with business and social enterprises. For example, all of our students undertake work placements as part of their course. The use of the University farms as an outdoor laboratory is integral to the education provided.

2. Develop strategic and sustainable partnership working

Building our links with a range of partners across the education sector and with industry is a key strategic priority, which progressed substantially this financial year.

September 2018 saw the enrolment of the first group of students on RAU validated provision at Plumpton College. This partnership continues to grow, and developments are now underway for joint knowledge exchange activity and Continuous Professional Development (CPD) courses. Our Capel Manor College partnership continues to thrive and has huge potential to expand land-based Higher Education provision in London through franchising further provision and developing new programmes.

The creation of our Catalyst courses has seen close links develop with both the Countryside and Community Research Institute (CCRI) and the University College of Estate Management (UCEM), as well as several industry partners.

Our relationship with Swindon Borough Council will strengthen as we roll out a range of academic and CPD courses to a recognised HE 'cold spot' through the CHI.

Farm491, RAU's agritech innovation centre, continues to grow with 45 members cementing it as the UK's

largest support organisation for early stage agritech innovation. Farm491 has helped SMEs, a third of which are RAU alumni, raise £16m in investment and create 48 jobs. European Regional Development Funded (ERDF) activities continue to exceed targets. This year it announced a new partnership with Rothamsted Enterprises, and hosted the Agritech and the Future of British farming conference, which showcased the best in technological innovation, automation and connectivity.

The visibility and impact of our knowledge exchange and policy thinking in the political, commercial and public arenas is increasing. Speaking engagements for experts include the Royal Three Counties Show, an Innovate UK-organised event on early adoption of Agritech innovation at Sheffield University, and an OfCom organised event on wireless connectivity in Cardiff.

The RAU is also committed to strengthening its position as a local "anchor" institution. This extends from our students supporting local charities, to work with the GFirst Local Enterprise Partnership (LEP), which has brought together a range of regional experts to inform the local industrial strategy (LIS). The Cirencester Growth Hub, funded by the LEP and the ERDF met all of its operational funding targets during its first year, supporting small businesses and helping them become sustainable.



Capel Manor College



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

As well as supporting successful partnerships in Agritech, we have been hosting and creating policy leadership conferences ranging from the role of soil in food security, the future of insects as feed and food and the growing influence of connectivity and robotics in the industry.

Our professorial appointments are making their voices heard on the national and international stage, with Tom MacMillan playing a leading role in the RSA Commission's Our Future in the Land report, and Louise Manning becoming a recognised public thinker on the issue of food security, with appearances on CNN, TRT World and YouTube debates on food security, as well as writing opinion pieces for the NFU and Farmers Weekly. David Main is an internationally sought-after analyst on production animal health welfare working with global commercial names and government to advise on

improving standards and consumer engagement.

The University is one of a very small number of specialist institutions to have secured highly sought-after Higher Education Innovation Fund (HEIF) funding to support its new thought leadership and Knowledge Exchange strategy.

PhD research into topics such as growing soybean as a profitable, low-carbon crop will continue to thrive following a donation of £2 million from the John Oldacre Foundation – a long-term funder of doctoral study at the University.

At a regional level our Alliston Centre is developing into a focal point, where local authority experts and industry professionals combine to exchange ideas with real impact. This year our 'Let's Grow' sessions in partnership with the LEP, helped form the basis of a Food Strategy for Gloucestershire and contributed to the local Industrial Strategy.

The University plays an active role in the Food and Farming Futures Conference and many staff participate in wider advisory work across the land-based sector through membership of professional committees, working parties and professional development activities.

Our Knowledge Hub provides a focus to pioneer farmer-led innovation, acting as an accelerator of rural enterprise and strategic thinking. An example of this in action is our partnership with leading dairy beef producers, Buitelaar which aims to create a blueprint for calf rearing in the UK. The trial unit is looking specifically at the calf rearing stage which is viewed as the most critical part of the dairy beef supply chain.

Elsewhere, our work on the neurological, physical and social factors behind horse behaviour has made us a leading research centre in this area, and an effective, credible commercial partner for industries working in this field. In partnership with charity Plantlife and Kew Gardens our conservation and wildlife programme leaders have launched a project to revive the near-extinct Red Hemp-Nettle.



4. Be a sustainable and efficient organisation

This year we completed a review of the role of our farming operations in the delivery of teaching, research and knowledge exchange. We will be focussing our on-site teaching activities at Coates Manor Farm, next to the University and will continue to develop strategic partnerships with local and regional farming enterprises, providing our students with an enhanced range of up to date best practice farming operations off-site.

Only a small proportion of land at Harnhill Manor Farm is currently used for teaching and research. As a result, we are now in the process of selling this site, whilst retaining the Rural Innovation Centre and Farm491 Agri-tech Hub located at Harnhill. This approach, fully supported by the University's Governing Council, underpins the opportunities which will become available as the RAU develops its academic strategy,

aimed at satisfying the current and future needs of the food and farming industry.

A 10-15 year term joint venture with a commercial developer is also in the process of being created to develop redundant land adjacent to the University campus (University Gate). Both assets will provide short and long term funds for re-investment in student facilities and the student experience.

On campus, we have introduced the Student Hub, providing a single point of enquiry for students and their enhanced access to services, such as careers and welfare support. Healthy dialogue and productive partnership with the Students' Union continues to benefit our students and the wider Cirencester community.

IT investment has been undertaken to upgrade classroom infrastructure and to provide a platform and digital content for the new blended distance learning programmes commencing in September 2019.

The RAU takes its environmental responsibilities seriously and continues to embed sustainability within the curriculum and in its broader operational activities. In 2018/19 the RAU maintained its ISO14001 certification standard and saw material progress in reducing its Scope 1 and 2 carbon emissions as well as increasing its ratio of recycled waste diverted from landfill.

The RAU's Ethics and Sustainability Committee oversees our annual sustainability action plan and is driving forward cultural change in this area. In 2019/20 there are a number of specific sustainability projects; work with partner organisations will increase our biodiversity on campus and initiatives being undertaken will move us forward toward a Food for Life catering mark. We are also starting the journey to map our teaching and research activities against the UN Sustainable Development Goals.



Student satisfaction with our Agriculture course is 94% – 10% higher than the national average (NSS 2019)

Public Benefit Statement

The RAU Articles of Association state that:

‘The objects of the University are the advancement of education and learning, including instruction and vocational training in, and research into, agriculture, land management and other subjects’.

The University continues to provide public benefit by the provision of education in the agricultural food chain ‘field to fork’ sector and the rural economy. Education is provided at both undergraduate and postgraduate level. The collegiate nature of the learning environment supports a diverse range of students who might not otherwise benefit from Higher Education. Vocational training covers a range of activity from continuing professional development to hands-on skills training for a rural workforce.

Beneficiaries

RAU’s main beneficiaries are its undergraduate and postgraduate students, who are engaged in learning and research. The University is open to all students on the basis of ability and academic achievement and there is no geographical restriction on entry. A range of introductory experiences are held for school children and potential applicants and the University is active in public education activities, such as school visits and careers events. Other direct beneficiaries include employers, industry and those who might benefit from its research.

The RAU became an exempt charity in 2019. Although this means we are no longer regulated by the Charity Commission, we are still a charity, and will continue to operate a fundraising programme to support education, policy and research work in all matters relating to the land and the rural economy. This programme involves partnerships with corporates, trusts and foundations, and also our alumni through the annual regular giving programme ‘The Cirencester Fund’.

A particular highlight of 2018/19 was the receipt of a donation of over £2m from the John Oldacre Foundation. This gift will be held in our endowment to fund PhD and MSc bursaries in perpetuity; giving us security in supporting the brightest young researchers in the field of agriculture.

Our vision to help bring the best possible talent into the land-based sector continues. We will be developing our programmes and facilities to ensure we deliver an outstanding education experience and support for our students as well as to the wider rural community in the UK and beyond. In order to do this, we will be building on our existing

philanthropic partnerships as well as seeking new relationships.

Public benefit from the academic endeavour

The School of Agriculture, Food and the Environment delivers excellent education, research and engagement activities across environmental, agricultural and food systems. The School has an outstanding reputation for developing pioneering farmers and innovative agriculturalists with strengths in business and environmental sustainability. It also provides a range of knowledge exchange activities through a menu of CPD courses and corporate training, consultancy, and through local and international networks. Academics are involved in internationally recognised research which significantly informs teaching and engagement with Farm491, the Rural Innovation Centre and the Cirencester Growth Hub. Our environment and agriculture students benefit from attending thought-leadership events including our own Rewilding Conference and Oxford Farming Conference, as

well as gaining the knowledge and understanding to manage wildlife and heritage sites.

The School of Equine Management and Science

provides horse-industry relevant education within the context of equine related commerce, rural land management and agriculture. The school recognises and promotes the positive impact that horses have upon the lives of humans, both to students and broader demographics of the global community, whilst conducting research and knowledge exchange activities that contribute to the wellbeing and performance of the equine species. The School is recognised both nationally and internationally for its activities, with student satisfaction metrics well in excess of the UK national average.

The School of Real Estate and Land Management is a leading educator in these fields, producing more than half of all the rural land management graduates in the UK. Graduate employment is consistently high, with many students joining the prestigious professional training schemes offered by the leading UK firms of Chartered Surveyors.

The School of Business and Entrepreneurship is in a unique proposition globally, supporting the development of rural entrepreneurial leaders. To achieve this, the Business School is developing a progressive and connected community of practice in management, business and entrepreneurial education that delivers thought leadership for the long term future of our land, the rural economy and its supply chains.

The University runs an award-winning Enterprise and Entrepreneurship Programme, which has supported the creation of over 50 successful student businesses. It also provides a number of inspirational outreach activities, such as the E4 challenge, engaging local schools and colleges in a Dragons’ Den type activity, Cirencester Youth Market, facilitating young people in the region in developing and selling new products and, finally, Malvern Festival of Innovation in which we conduct an Ice Cream Challenge, attended by over 750 school pupils from five rural counties.

Local and Regional Community Benefit

The University is proud of the role that it plays in the local and regional community and more widely within the national and international land based sector.

Engagement with the local and regional community takes place in a number of ways and we have a long association with local groups, charities and enterprise. The University sponsors a number of local events and projects supporting a diverse range of the community, and hosts a number of local groups on campus. Our students Raise and Give (RAG) activities support local charities; in 2018/19 a total of £12,000 was raised for Student Minds, Home Start Cotswolds and Warrior Ranch. We run a student volunteering scheme as part of our enrichment activities that provides a benefit to the local community in addition to developing their skills outside of their programme of study.

In May the RAU became the Three Counties Show's first official agricultural education partner and we continue to sponsor the Best Farm Shop award at the Cotswold Life Food and Drink Awards.

Our benefit to the land-based community

The RAU plays an active role within Landex, with the Vice-Chancellor a member of its Board and Chair of its

Higher Education Committee. In addition to RAU becoming an education partner for the Three Counties Show in 2019, the Vice-Chancellor is a member of the Council and chairs the Show Committee.

The University runs a programme of comprehensive CPD courses supporting start-ups through to large corporations and is recognised as a world leader in provision of executive leadership and management courses within the agri-food and land-based sector.

These include the Worshipful Company of Farmers Advanced Course in Agricultural Business Management, the John Edgar Trust Course and the bi-annual Institute of Agricultural Management Leadership Course which will be delivered in 2020. There is growing interest in the Introduction to Agriculture course and the suite of Wayleaves courses. The Rural Innovation Centre (RIC) has continued to build on its reputation for high-quality skills based training, ranging from the administration of medicines to arboriculture.

New courses continue to be developed, including an innovative hoof-trimming programme launched this year.

In April Farm491 – RAU's agri-tech incubator – hosted the 'Agritech and the Future of British Farming' conference exploring the implications of innovations such as robotics, indoor farming and digital

platforms. Farm491 continues to nurture and develop start-up companies with a real passion to change our industries, including Breedr which enables farmers to pool livestock data through a dedicated app, transforming the supply chain. Along with BASF, Farm491 supports the Agritech Innovation Den competition, inviting pitches from innovators working at the cutting edge of agricultural technology.

Research and Knowledge Exchange

The RAU's intention is that knowledge gained from research activities is disseminated to the public and to those able to benefit from it. We aim to increase the level of trial and research work being carried out, both by our own researchers and sponsored by companies.

By engaging with these projects, students and lecturers gain access to field scale trials, treatments and see the results in progress. The trial managers engage with students and staff, and the University gains up to the minute results which help students understand the sector's future. The research projects often employ placement students; and open days and farm walks for students are hosted by the University's researchers and the project sponsors.

The University expects that any private benefit will be legitimately incidental to the achievement of its primary charitable objectives

for public benefit. The Ethics and Sustainability Committee advises the University on the commercial application of its research and consultancy.

The RAU seeks to increase the number of postgraduate research students and academic staff. In addition to employing those who can support and develop teaching, it will also be important to appoint staff who develop research and lead in knowledge exchange in key strategic areas (e.g. agritech).

Inclusivity, Equality and Diversity Summary

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

and student community work 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.

We are a member of Agrespect, the Rural LGBTQ+ network and a number of staff recently this year represented the organisation at Brighton Pride.

The RAU recognises that it benefits as a community from the contributions made by individuals who collectively have the widest range of experiences and backgrounds.

The education on offer enables individual development, and also enriches the wider society, by equipping future employees

for rewarding careers in the land-based and food industries, and through its research into these areas. RAU students make a vital contribution to society and to the UK's efforts to address the challenges of food security at home and overseas.





Raise and Give (RAG) Rally 2019

Financial Review

Consolidated Statement of Comprehensive Income for the year ended 31 July 2019

	Year ended 31 July 2019 Consolidated £'000	Year ended 31 July 2018 Consolidated £'000
Income		
Tuition fees and education contracts	11,687	11,786
Funding body grants	1,874	2,753
Research grants and contracts	148	122
Other income	5,096	8,641
Investment income	58	43
Donations and endowments	2,180	151
Total income	21,043	23,496
Expenditure		
Staff costs	10,314	9,383
Other operating expenses	8,496	9,614
Interest and other finance costs	505	520
Depreciation and amortisation	934	794
Property impairment	-	236
Total expenditure	20,249	20,547
Surplus before other gains and losses	794	2,949
(Loss)/profit on sale of fixed assets and investments	(27)	10
Gain on investments	1,467	129
Operating surplus for the year	2,234	3,088
Actuarial pension (loss)/gain	(827)	963
Total comprehensive income	1,407	4,051

The operating surplus for the year is £2.2m (2018: £3.1m). This result is supported by a £1.5m uplift in value of land adjacent to the University campus described as 'University Gate' and a £2.2m donation from the John Oldacre Foundation to support research bursaries.

Our underlying operating position has also been impacted over the last two years by the withdrawal of £1.5m of Institutional Specific Funding (2017: £1.5m, 2018: £725k).

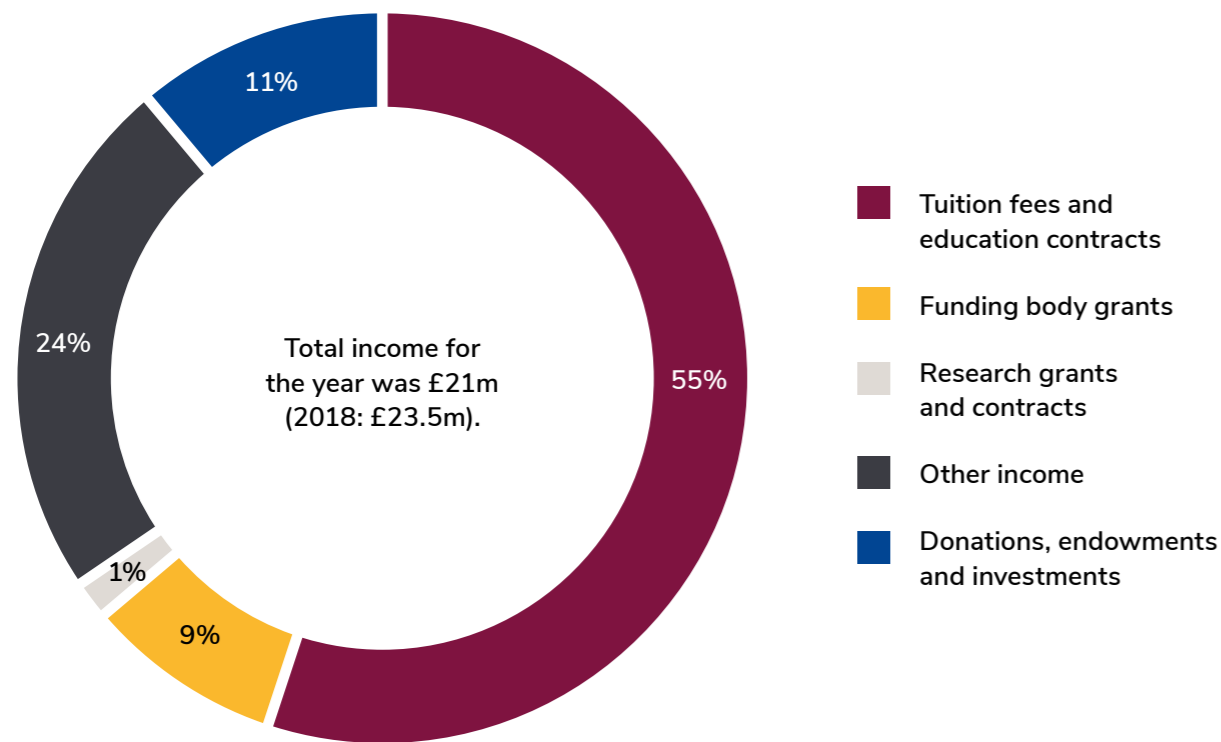
Last year's result included £3.6m of capital grants in other income that provided funds for the Alliston Centre that opened in July 2018. No significant capital grants were received in this financial year.

The operating surplus includes the profits generated from the RAU's wholly owned subsidiary, Royal Agricultural University Enterprises Limited (RAUEL), which accounts for some of the University's conferencing, retail and consultancy operations. Operating profits from RAUEL are gift-aided to the University and in 2019 these profits were £64k (2018: £273k).

After accounting for the actuarial pension loss, our total comprehensive income for the year is £1.4m (2018: £4.1m).

A reduction in bond yields during the year resulted in an actuarial loss of £0.8m (2018: £1m gain) in the Royal Agricultural College Pension Scheme (RACPS) that was closed to future accrual in 2010. The overall pension liability increased to £13.9m (2018: £13.2m). We are working closely with the Pension Trustees who have recently moved from a gilt led to a cash led investment strategy that seeks to better match income to pension liabilities as they become due.

RAU Income 2018/19



Tuition fees and education contracts contribute to 55% (£11.7m) of our income. We have maintained a fairly consistent level of student numbers over the last two years (2019: 1,135, 2018: 1,168) and in line with our Strategic Plan and Academic Strategy, a number of projects and plans are being progressed

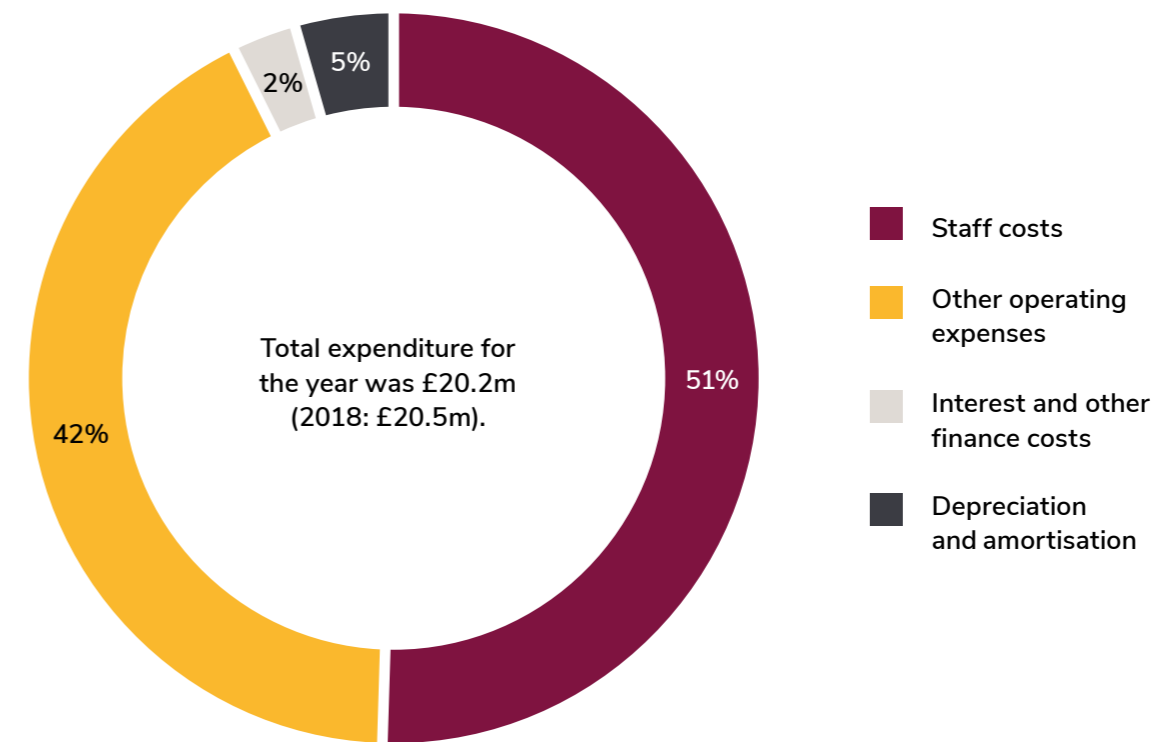
to support the growth of our student population over the course of the next 4 years.

Other income from commercial activities including conferencing and farming (see table) accounts for 24% of our total income (2019: £5.1m, 2018: £8.6m). Last year's result included capital

grants of £3.6m. The underlying income from commercial activities before capital grants remains consistent year on year.

Funding body grants are lower as a result of the phased withdrawal since 2016 of Institutional Specific Funding (2019: £nil, 2018: £725k).

RAU Expenditure 2018/19



Other income	£m
Residences, catering and conferences	3.6
Farms income	0.7
Property rentals and ground hire income	0.1
Other income	0.7
Total	5.1

Almost £200k of unrestricted donations were received during the year including £104k from the Elizabeth Creak Charitable Trust and £18k from the Marshall Papworth Fund.

A particular highlight in the year was the receipt of a restricted donation of £2.2m from the John Oldacre Foundation. £2m of this gift will be held in an endowment fund. The donation allows for ongoing support for PhD and MSc bursaries, giving us security in developing the brightest young researchers in the field of agriculture.

Following a programme of targeted efficiency savings operational expenditure has reduced by £300k to £20.2m from £20.5m. This is largely reflective of an investment in staffing costs of £900k and a reduction in other operating expenses of £1.2m.

A shift of resource expenditure to staff costs contributes to the reduction in 'other' operating expenses. This includes £400k of widening participation work previously outsourced and now delivered more cost effectively by our marketing and outreach team. The cost of strategic advisers has also been reduced and other savings have resulted from more effective procurement.

As we develop new programmes as a result of OfS Catalyst Funding we have incurred higher staffing costs as we add to our

academic establishment. This has enabled us to strengthen our research and teaching resource in the areas of agro-ecology, marketing and food supply chains and to also grow our learning technology team to support innovative development in blended learning.

Capital investment in the year was £0.6m (2018: £4.1m). Expenditure in 2018 reflects the investment in the Alliston Centre that was supported by capital grants received from the GFirst LEP and Gloucestershire County Council.

The University has low levels of borrowing (2019: £3.5m, 2018 £3.8m) and cash in hand at the year-end was £3.8m (2018: £2.3m). £2m relating to the John Oldacre foundation was transferred from cash to an endowment investment fund in August 2019.

Value for Money

When considering our strategy and values, one of the key considerations throughout is value for money. The Governing Council, Vice-Chancellor, Executive Team and the Heads of Department consider value for money in all their decision-making processes.

We manage our finances to both provide value for money for students, whilst ensuring the long term financial sustainability

of the University. We are committed to being open and transparent about the income streams that we receive and how we spend them.

We strive to provide all our students with an outstanding educational experience and optimise their employment opportunities by ensuring that all our programmes of study are relevant, innovative and intellectually challenging, while retaining a practical 'real world' focus.

During the year we have developed a robust procurement framework to ensure all future purchasing considers quality, value for money, prioritising student experience and matters of compliance. Under the new procurement processes we are reviewing all methods of purchasing, implementing a full contract management monitoring and review process and determining cost efficiencies.

We are also investing in our facilities and accommodation to ensure that we are constantly improving the amenities available to our students. During the year we have invested in creating a student hub, a place dedicated to student support including student welfare, student registry, accommodation and finance support. This will provide a single point of enquiry for students and enhance access to services.

Additionally, IT investment has included upgrades to classroom infrastructure and both a platform and digital content for the new blended distance learning programmes that have commenced in September 2019.

As part of a transformational change programme to improve student experience, the University has undertaken a

best value review of the RAU's estate. This has included a review of its farming operations in the delivery of teaching, research and knowledge exchange and following this Harnhill Farm is being sold, having considered the use of owned and leased land as well as arrangements with external partners that can provide for an ongoing and improved student experience.

A 10-15 year term joint venture with a commercial developer is also in the process of being created to develop un-utilised land adjacent to the University campus, 'University Gate'.

Both assets provide short and long term funds for re-investment in student facilities and the student experience.





Our Rural Land Management degree is one of the highest-scoring courses in the UK for student satisfaction with 95% (NSS 2019)

Principal Risks and Uncertainties

We have identified a number of challenges which are monitored by the Executive Team, the Audit & Risk Committee and Governing Council.

Student Recruitment

Risk of falling below recruitment, retention and success targets

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
- » Student Recruitment Steering Group (now Marketing and Recruitment Planning Group)
- » Access and Participation Strategy Monitoring and Delivery Groups

Finance

Risk of failing to meet financial targets

Causes:

- » Student recruitment below target
- » Requirement for increased pension deficit recovery contributions or increase in employer contributions
- » Failure to make progress towards widening participation targets
- » Costs exceed financial assumptions
- » Lack of financial control seen through budget overspends and poor budget setting
- » Failure to deliver investment priorities
- » Inadequate liquidity

Mitigating actions:

- » Improved budgetary management
- » Programme of targeted efficiency savings
- » Procurement framework
- » A revised pension investment strategy
- » Regular reporting of widening participation plan
- » Regular reporting to Finance & Estates and Audit & Risk Committees and Governing Council

Staff

Risk of failing to recruit and retain high quality staff

Causes:

- » Quality of recruitment and selection inadequate
- » Lack of commitment to training and development opportunities
- » Loss of key staff, 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
- » Continual Professional Development (CPD) and job specific training is provided
- » Staff Engagement Group and improved communications
- » Focus of staff welfare initiatives
- » Review of remuneration packages
- » Use of temporary contracts

Compliance

Risk of failing to be compliant

Causes:

- » Failure to meet:
 - » Office for Students (OfS) targets and regulatory requirements
 - » 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
- » Experienced staff to meet the needs of regulatory and statutory requirements
- » Regular reporting to the Risk & Compliance Forum, Audit & Risk Committee and Governing Council

Reputation

Risk of having a poor reputation

Causes:

- » Weak performance in league tables
- » Brand effectiveness
- » Low profile
- » Dissatisfied staff, alumni and other stakeholders
- » Poor student experience
- » Negative publicity

Mitigating actions:

- » Mechanisms in place to capture and act on student feedback
- » Establishment of a corporate communications, external affairs and marketing function to protect and enhance reputation
- » Proactive marketing and communications strategy aligned to organisational vision and mission



Our International Business Management degree has scored above the national average for student satisfaction for the last three years

Corporate Governance

The Governors have pleasure in presenting their report and financial statements for the year ended 31 July 2019, and confirm that they comply with the requirements of the OfS, the Memorandum and Articles of Association of the University, the Higher Education SORP and FRS102.

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: selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

Legal Status

The Royal Agricultural College was incorporated by Royal Charter in 1845. It was registered 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 was registered as a charity under registered charity number 311780 in 1964. It operated as such until 23 April 2013 when it attained University status and changed its name to 'Royal Agricultural University'. By Order of the Privy Council it obtained exempt charitable status in substitution for its registered charitable status on 14th March 2019. 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, the latter of which is a dormant company.

The Governing Council

The governing body consists of between eight and 12 Independent Governors, up to two co-opted Governors, the Vice-Chancellor, one Student Governor and one Staff Governor.

The Governing Council has five formal meetings and a strategy day each year (2019: 5 meetings and strategy day), as well as ad hoc meetings as necessary. No members of the Governing Council currently receive any remuneration for the work they perform. The Governing Council has a number of sub-committees that report to it. These are formally constituted with terms of reference and delegated powers. Much of the detailed governance work is initially performed by committees, and their recommendations and decisions are formally reported to the Governing Council. The committees are described opposite:

The Finance and Estates Committee

The Finance and Estates Committee comprises no less than three Independent Governors and meets four times a year with ad hoc meetings as required (2019: 5 meetings). The Finance and Estates Committee is responsible for overseeing the development and implementation of the University's financial and estates strategies and for reporting thereon to Governing Council, making recommendations where appropriate.

The Audit and Risk Committee

The Audit and Risk Committee has three formal meetings a year and ad hoc meetings as necessary (2019: 4 meetings). The Committee comprises no fewer than three Independent Governors with at least one member with recent and relevant experience and competence in finance, accounting or auditing. Members of the Finance and Estates Committee may not be elected to the Audit and Risk Committee. The Committee is responsible for devising, developing and maintaining 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 one meeting a year and ad hoc meetings as necessary (2019: 2 meetings). The Committee is chaired by the Vice-Chair of Governing Council and includes in its membership at least three Independent Governors. The function of the Nominations Committee is to oversee the recruitment of the University's Independent Governors and its Vice-Chancellor. It determines and makes recommendations to Governing Council around the membership of the Governing Council's Committees, monitors the effectiveness of the RAU governance structures and ensures that the Council has the appropriate skills, expertise, gender balance and diversity to call upon in order to deliver these objectives.

The Remuneration Committee

The Remuneration Committee has one meeting a year and ad hoc meetings as necessary (2019: 2 meetings). The Committee consists of at least three Independent Governors. Only members of the Remuneration Committee have the right to attend committee meetings. However, other individuals such as the Vice-Chancellor, the Head of Human Resources and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary. The Committee specifically determines the salaries of the University Senior Executives as well as considering equality, diversity and inclusivity in matters relating to staffing within the institution, and advising the Council accordingly. The Remunerations Committee seeks comparative information on salaries and other emoluments and conditions of service in the University sector to inform its decisions.



Governing Council Members

Governors as at 31 July 2019 were:



The Rt Hon Michael Jack CBE

Chair of Governing Council - Appointed January 2018

**Member of Finance and Estates Committee,
Nomination Committee and Remuneration Committee**

Before joining the RAU, Michael had a varied career with a number of organisations, most recently as Chair of GS Fresh Produce, and before that as Chair of Topps Tiles PLC. Michael was also Member of Parliament for Fylde from 1987-2010. During this time he was appointed Privy Counsellor in 1997, was Chair of Environment, Food and Rural Affairs Select Committee, Chair of the Office of Tax Simplification at HM Treasury and has been a judge for the BBC Food and Farming Awards. Other posts held include Shadow Minister of Agriculture, Shadow Financial Secretary, Financial Secretary to H M Treasury and Minister of State Agriculture, Fisheries and Food. In January 2015, Michael was awarded a CBE for services to Tax Simplification in the Queens New Year's Honours.



Professor Jonathan Kydd

Independent Governor – Appointed April 2013

Vice Chair of Governing Council and Chair of Nomination 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.



Mr. John Stables

Independent Governor – Appointed January 2019

Chair of Finance and Estates Committee

John is a Chartered Accountant, qualifying with Price Waterhouse in 1981. He retired from full time executive work in 2016 and at that time was Chief Financial Officer of Openfield Group Limited, the largest farmer owned grain marketing mutual in the UK. Prior to that he was Finance Director of Smith & Williamson's Tax and Business Services Division and before that Finance Director of Solomon Hare LLP, a Bristol based firm of Chartered Accountants which merged with Smith & Williamson in 2005.

John joined the Board of The Earl Shilton Building Society in November 2017, is a member of the Nominations Committee and Chair of that company's Audit Committee.



Mr. Ian Cooper

Independent Governor – Appointed December 2016

Chair of Audit & Risk Committee

Ian followed a career in Accountancy becoming a Fellow of the Institute of Chartered Accountants in England and Wales. Ian was a partner with Smith & Williamson holding a number of roles including head of the Bristol office Assurance business and Bristol Professional Practices Group. He was also Chairman of the Quality Assurance Committee responsible for oversight of the all assurance services provided by the firm. As a partner his client portfolio was extensive, ranging from professional practices, charities and owner managed businesses through to companies listed on the stock market. Ian took early retirement in 2015 and now works with a number of charities.



Mrs. Jean Roberts

Independent Governor – Appointed December 2014

Chair of Remuneration Committee and Member of Nomination Committee

Jean qualified as a Chartered Psychologist and has a private practice spanning the UK, UAE, Asia and Australia. She specialises in corporate communications, branding, career coaching, leadership development, employee engagement and motivation. Her professional background is in HR and Organisational Development. She has worked with a wide range of international corporate clients and for 12 years was based in Hong Kong. Jean was awarded the Distinguished Badge of Merit in 2005 by the Chartered Institute of Personnel and Development. Jean is an Honorary Fellow of Oxford Brookes University, trustee of Oxford Concert Party and a Patron of the Oxford Cultural Collective.



Mr. Mohamed Amersi

Independent Governor -
Appointed December 2014

**Member of Finance and
Estates Committee**

Mohamed is CEO and co-founder of Emergent Telecom Ventures, a Dubai based Emerging Markets Consulting, Advisory and Asset Management firm. He is also founder of The Amersi Foundation and has actively supported causes and charities in Education, Poverty and Religion in Africa and Asia. In addition, he is Chair of Inclusive Ventures Limited which focuses on social impact investments in Africa and Asia. Mohamed has been a featured speaker at various forums including the Milken Institute, Super Returns and TMT Finance on topics relating to telecoms, internet, big data, media, private equity and international corporate finance.

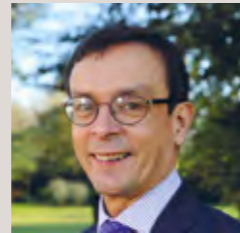


Mrs. Alison Bernays

Independent Governor -
Appointed April 2014

**Member of Remuneration
Committee and Nomination
Committee**

Alison joined BBC-TV 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 trustee of various charities and is a Fellow of the Royal Society of Arts.



Mr. Bob Branson

Independent Governor -
Appointed January 2019

**Member of Finance and
Estates 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 2016-18. From 2012 to 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 5 largest organisations in Defra group. In October 2019, he was appointed Finance Director for Birmingham City University.



Dr. Catherine Mackenzie

Independent Governor -
Appointed June 2019

Catherine 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 of Homerton College, Cambridge. Catherine graduated from Oxford, London, Sydney, the Royal Military College of Australia and the Australian National University. Her research is in the area of international environmental law and forest policy, and she is author/editor of the leading publications on international forest law.

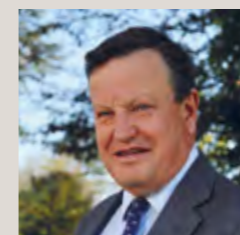


Mr. Alex Lawson

Independent Governor -
Appointed March 2017

**Member of Audit
and Risk Committee**

With a family background in farming and land agency, Alex attended the Royal Agricultural College, Cirencester (as it was then), reading Rural Estate Management. He joined property consultant Savills before qualifying as a chartered surveyor in 1995 and became a Director of the company in 2007. Alex continues to work for Savills and, as the head of Savills' National Rural Agency Department, he acts for buyers and sellers of some of the most important and complex landed properties throughout the UK. Alex is a Member of the Royal Institution of Chartered Surveyors.

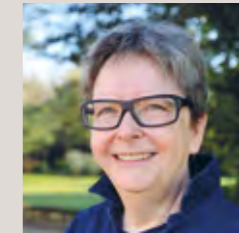


Mr. James Townshend

Independent Governor -
Appointed July 2015

**Member of Finance and
Estates Committee**

Before joining Velcourt, James worked in the Farm Business Consultancy Department of a national firm of UK Land Agents. He became a Director of Velcourt Group plc in 1987, its Managing Director in 1990 and Chief Executive in 1991. James is currently a non-executive Director of Grosvenor Farms Ltd. He also sits on the Board of a number of other companies operating in the property and agricultural sectors within the UK and Europe. From 2012-2017, James was appointed as 'Business Ambassador' to represent the UK's Food and Agricultural Industries. He was also a member of the Agri-Tech Leadership Council, is a member of the Worshipful Company of Farmers and is a Fellow of the Royal Agricultural Society. James was awarded an Honorary Fellowship of the Royal Agricultural University in July 2014.



Ms. Julie Robinson

Independent Governor -
Appointed January 2019

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 2012-13, a director of the Oxford Farming Conference from 2016-19 and legal adviser to the Bishop of Lincoln from 2014-17. She was elected to the Council of the Agricultural Law Association in March 2019.



Professor Joanna Price

Governor (Vice-Chancellor)

**A Student and Staff
Governor were appointed
after 31 July 2019**

Governing Council Members who left during the year

Patricia Broadfoot - Resigned January 2019

Chris Musgraves - Resigned January 2019

Colin Pett - Resigned January 2019

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

Vice President

Mr Simon Pott



**Agricultural Management student
and triathlete Oliver Pritchard
aims to compete at the 2020
Deaflympics in Tokyo**

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 and budget holders.

Governing Council Responsibilities

The Governing Council is responsible for preparing the Report of the Governors, 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 UK Accounting Standards, comprising FRS102 'the Financial Reporting Standard applicable in the UK and Republic of Ireland; and applicable law (UK 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
- » 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 the OFS and any funding from EFSA are used only for the purposes for which they have been given and in accordance with the Memorandum of Assurance and Accountability with the OfS and any other conditions which the OfS 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
- » safeguard the assets of the university, to prevent and detect fraud and other irregularities
- » secure the economic, efficient and effective management of the University's resources and expenditure

Legislation in the UK 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 University's Strategic Plan 2018-2023.

Governors' Shareholdings

Governors as at 31 July 2019 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 2019	31 July 2018
Rt Hon Michael Jack	4	
Prof. Johnathan Kydd	3	
Mr. Mohamed Amersi	2	
Mrs. Alison Bernays	2	
Mr. Ian Cooper	3	
Mr. Alex Lawson	2	
Prof. Joanna Price	3	3
Mrs. Jean Roberts	3	
Mr. James Townshend	3	
Total	25	3

Principal Officers and Professional Advisors

Principal Officers

Professor Joanna Price –
Vice-Chancellor

Susan O'Neill – Chief Operating
Officer and Company Secretary

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

Principal Solicitor

Eversheds Sutherland LLP
1 Wood Street
London
EC2V 7WS

External Auditors

BDO LLP
Two Snow Hill
Queensway
Birmingham
B4 6GA

Investment Manager

Shroder & Co Ltd t/a
Cazenove Capital Management
12 Moorgate
London
EC2R 6DA

Our foundation degree
in British Wildlife
Conservation outscores
the national average
for student satisfaction
with 91% (NSS 2019)



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 Office for Student's Memorandum of Assurance and Accountability.

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. The Governing Council reviews 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 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 Office for Students 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 which is allocated to the most appropriate member of the Executive Team for monitoring and action. For each strategic risk, a

more detailed register is maintained identifying risk causes and ownership details. The strategic risk register is reviewed on a regular basis by the Executive Team, and updates 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 Risk Management Framework is being developed in line with the widely implemented Three Lines of Defence model:

First line of defence – functions that own and manage risks (business functions)

Second line of defence – functions that oversee risk (central functions)

Third line of defence – functions that provide independent assurance (internal/external audit)

The University's Internal Audit function for the financial year was carried out by Uniacc, 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 provide for 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.

Statement on disclosure of information to the auditors

So far as each Governor is aware, there is no relevant information of which the company's auditors are unaware. Each Governor has taken all the steps that he/she ought to have taken in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of the information.

Going Concern

After making appropriate enquiries the Governing Council considers that the University has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

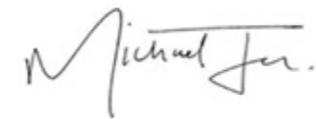
Reserves

Reserves are maintained at a level that enables the RAU to manage financial risk and short term income volatility. They allow the RAU to sustain its core business over the long term, ensuring that financial commitments can be met as they fall due.

Independent Auditor

In accordance with best practice and the University's procurement re-tender policy, new Auditors, BDO LLP were appointed External Auditor to the University on 25 June 2019.

On behalf of the Governing Council:



Rt Hon Michael Jack CBE
Chair of Governors
28 November 2019



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

Opinion

We have audited the financial statements of the Royal Agricultural University ("the University") and its subsidiaries (the 'Group') for the year ended 31 July 2019 which comprise the Consolidated and University Statements 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).

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 2019 and of the Group's and the University's income and expenditure, gains and losses, changes in reserves and of the group's cash flows for the year then ended;
- » have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- » have been prepared in accordance with the requirements of the Companies Act 2006 and the Statement of Recommended Practice: Accounting for Further and Higher Education.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) "ISAs (UK)" and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Governing Council are 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 including the strategic report and the report of the Governing Council 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.

Opinions on other matters prescribed by the Companies Act 2006

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.

Opinion on other matters required by the Office for Students ("OfS")

In our opinion, in all material respects:

- » Funds from whatever source administered by the higher education institution for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.
- » Funds provided by the OfS have been applied in accordance with the Terms and Conditions of Funding and any other terms and conditions attached to them.
- » The requirements of the OfS's accounts direction have been met.

Matters on which we are required to report by exception

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 Council members' remuneration specified by law are not made; or
- » we have not received all the information and explanations we require for our audit.

Responsibilities of the Governing Council

As explained more fully in the Governing Council's responsibilities statement set out on page 64, 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 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 are 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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.

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 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: 28 November 2019

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 2019

	Note	Year ended 31 July 2019		Year ended 31 July 2018	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Income					
Tuition fees and education contracts	2	11,687	11,632	11,786	11,755
Funding body grants	3	1,874	1,874	2,753	2,753
Research grants and contracts	4	148	148	122	122
Other income	5	5,096	4,419	8,641	8,026
Investment income	6	58	58	43	43
Total income before donations and endowments		18,863	18,131	23,345	22,699
Donations and endowments	7	2,180	2,180	151	151
Total income		21,043	20,311	23,496	22,850
Expenditure					
Staff costs	8	10,314	9,944	9,383	9,140
Other operating expenses		8,496	8,134	9,614	9,211
Interest and other finance costs	9	505	505	520	520
Depreciation and amortisation	10	934	934	794	794
Property impairment	10	-	-	236	236
Total expenditure	10	20,249	19,517	20,547	19,901
Surplus before other gains and losses		794	794	2,949	2,949
(Loss)/profit on sale of fixed assets and investments		(27)	(27)	10	10
Gain on investments	14	1,467	1,467	129	129
Operating surplus for the year before taxation		2,234	2,234	3,088	3,088
Taxation		-	-	-	-
Operating surplus for the year		2,234	2,234	3,088	3,088
Actuarial (loss)/gain in respect of pension schemes	29	(827)	(827)	963	963
Total comprehensive income for the year		1,407	1,407	4,051	4,051
Represented by:					
Endowment comprehensive income/(expenditure) for the year		2,013	2,013	(2)	(2)
Restricted comprehensive expenditure for the year		-	-	(28)	(28)
Unrestricted comprehensive (expenditure)/income for the year		(606)	(606)	4,081	4,081
Attributable to the University		1,407	1,407	4,051	4,051

All items of income and expenditure relate to continuing activities.

The notes on pages 81 - 106 form part of these financial statements.

Consolidated and University Statements of Changes in Reserves Year ended 31 July 2019

	Income reserve			Revaluation reserve £'000	Total £'000
	Endowment £'000	Restricted £'000	Unrestricted £'000		
Consolidated					
At 1 August 2017	158	28	7,602	16,682	24,470
Operating surplus from the comprehensive income statement	-	-	3,088	-	3,088
Other comprehensive income - actuarial gain	-	-	963	-	963
Transfer of excess depreciation on revaluation of fixed assets	-	-	80	(80)	-
Release of restricted funds spent in year	(2)	(28)	30	-	-
Total comprehensive (expenditure)/income for prior year	(2)	(28)	4,161	(80)	4,051
At 31 July and 1 August 2018	156	-	11,763	16,602	28,521
Operating surplus from the comprehensive income statement	2,013	-	221	-	2,234
Other comprehensive expenditure - actuarial loss	-	-	(827)	-	(827)
Transfer of excess depreciation on revaluation of fixed assets	-	-	179	(179)	-
Total comprehensive income/(expenditure) for the year	2,013	-	(427)	(179)	1,407
Balance at 31 July 2019	2,169	-	11,336	16,423	29,928
University	£'000	£'000	£'000	£'000	£'000
At 1 August 2017	158	28	7,602	16,682	24,470
Operating surplus from the comprehensive income statement	-	-	3,088	-	3,088
Other comprehensive income - actuarial gain	-	-	963	-	963
Transfer of excess depreciation on revaluation of fixed assets	-	-	80	(80)	-
Release of restricted funds spent in year	(2)	(28)	30	-	-
Total comprehensive (expenditure)/income for prior year	(2)	(28)	4,161	(80)	4,051
At 31 July and 1 August 2018	156	-	11,763	16,602	28,521
Operating surplus from the comprehensive income statement	2,013	-	221	-	2,234
Other comprehensive expenditure - actuarial loss	-	-	(827)	-	(827)
Transfer of excess depreciation on revaluation of fixed assets	-	-	179	(179)	-
Total comprehensive income/(expenditure) for the year	2,013	-	(427)	(179)	1,407
Balance at 31 July 2019	2,169	-	11,336	16,423	29,928

All items of income and expenditure relate to continuing activities.

The notes on pages 81 - 106 form part of these financial statements.

Consolidated and University Balance Sheets At 31 July 2019

	Note	At 31 July 2019		At 31 July 2018	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Non-current assets					
Intangible assets	11	364	364	74	74
Fixed assets	12	40,497	40,497	41,795	41,795
Heritage assets	13	525	525	525	525
Investments	14	2,597	2,647	2,345	2,395
		43,983	44,033	44,739	44,789
Current assets					
Stock	15	482	454	488	455
Trade and other receivables	16	2,255	2,368	1,771	2,034
Cash and cash equivalents	22	3,849	3,648	2,353	1,987
		6,586	6,470	4,612	4,476
Creditors: amounts falling due within one year	17	(3,512)	(3,446)	(4,068)	(3,982)
Net current assets		3,074	3,024	544	494
Total assets less current liabilities		47,057	47,057	45,283	45,283
Creditors: amounts falling due after more than one year	18	(3,182)	(3,182)	(3,508)	(3,508)
Provisions					
Pension provisions	19	(13,872)	(13,872)	(13,183)	(13,183)
Other provisions	19	(74)	(74)	(70)	(70)
Total net assets		29,929	29,929	28,522	28,522
Restricted reserves					
Income account reserve - endowment	20	2,169	2,169	156	156
Income account reserve - restricted	21	-	-	-	-
Unrestricted reserves					
Income account reserve - unrestricted		11,336	11,336	11,763	11,763
Revaluation reserve		16,423	16,423	16,602	16,602
Total reserves		29,928	29,928	28,521	28,521
Share capital					
Share capital		1	1	1	1
Total share capital and reserves		29,929	29,929	28,522	28,522

The financial statements were approved and authorised for issue by the Governing Body on 28 November 2019 and were signed on its behalf on that date by:


Chair of Governors


Governor

The notes on pages 81 - 106 form part of these financial statements.

Consolidated Cash Flow Statement Year ended 31 July 2019

	Year ended 31 July 2019	Year ended 31 July 2018
	£'000	£'000
Cash flow from operating activities		
Surplus for the year	2,234	3,088
Adjustment for non-cash items		
Amortisation of intangible assets	118	25
Depreciation	816	769
Impairment of fixed assets	-	236
Gain on fixed asset investments	(1,467)	(129)
Decrease in stock	6	3
(Increase)/decrease in debtors	(484)	13
(Decrease)/increase in creditors	(592)	416
Increase in other provisions	4	4
Post-employment benefits less payments	(138)	(386)
Adjustment for investing or financing activities		
Investment income	(58)	(43)
Interest payable	154	159
Loss/(profit) on the sale of fixed assets and investments	27	(10)
Capital grant income	(123)	(4,032)
Net cash inflow from operating activities	497	113
Cash flows from investing activities		
Proceeds from restricted donations and interest received	13	-
Capital grant receipts	123	2,955
Proceeds from sale of fixed asset and investments	1,268	14
Investment income less restricted	45	43
Payments made to acquire intangible assets	(171)	(39)
Payments received/(made) to acquire fixed assets	245	(4,066)
Payments made to develop fixed asset investment property	(80)	-
Net cash inflow/(outflow) from investing activities	1,443	(1,093)
Cash flows from financing activities		
Interest paid	(154)	(159)
Repayment of loans	(306)	(300)
Net cash outflow from financing activities	(460)	(459)
Increase/(decrease) in cash and cash equivalents in the year	1,480	(1,439)
Cash and cash equivalents at beginning of the year	2,310	3,749
Cash and cash equivalents at end of the year (note 22)	3,790	2,310

The notes on pages 81 - 106 form part of these financial statements.

Notes to the financial statements for the year ended 31 July 2019

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:

Basis of consolidation

The consolidated financial statements include the University and its trading subsidiary, Royal Agricultural University Enterprises Limited (RAUEL). 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.

Income recognition

Funding Council 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.

Notes to the financial statements for the year ended 31 July 2019

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 Para 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 company, Royal Agricultural University Enterprises Limited, is 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.

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 (2018: £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 if a material reduction in net book value is noted, an impairment is made in the Statement of Comprehensive Income.

Notes to the financial statements for the year ended 31 July 2019

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 4%
Fixed fixtures and fittings	10%
Moveable fixtures and fitting	20% to 33%
Plant and machinery	10% to 20%
Computers - hardware	17% to 33%
Farm plant and machinery	10% or 20%

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 and is not depreciated. Direct development costs incurred to enhance the value or saleability of the land is capitalised before it 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 subsidiary 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 are mostly individually listed, 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 based on valuations carried out in 2010 by separate experienced fine arts, furniture and books' valuers. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material. With many of the Heritage Assets on view or accessible, their condition is regularly assessed and, therefore, there has been no impairment in the value of these assets.

Agriculture

Biological assets are living animals or plants held as assets from which economic benefits flow to the University. Agricultural produce is the harvested product of a biological asset. The University's farming operations to support student learning include breeding sheep which are stated at fair value less costs to sell. The values held for these assets are not considered material for separate disclosure as a non-current asset and are shown as a current asset within Farm stocks. Changes in fair value less costs to sell are recognised in the statement of Comprehensive Income.

The University's operations also include arable farming as well as a small vineyard and 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 2019

Stocks

Farms stocks are valued in accordance with the Royal Institution of Chartered Surveyors and the Central Association of Agricultural Valuers Guidance Notes. Breeding ewes and rams are valued at fair value less selling costs, lambs at deemed cost being discounted market value and growing crops, feedstuffs, sprays and fertilisers at cost. Other stock is valued at cost. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

Derivatives

Derivatives are held on the balance sheet at fair value with movements in fair value recorded in the Statement of Comprehensive Income.

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 translations

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 2019

Financial instruments

With the exception of the small value interest hedge derivative, 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 Governors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximates 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 2019

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
2. Tuition fees and education contracts				
Full-time home and EU students	8,874	8,874	9,137	9,137
Full-time international students	962	962	923	923
Part-time students	1,851	1,796	1,726	1,695
	11,687	11,632	11,786	11,755
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
3. Funding body grants				
Recurrent grant: HEFCE/Office for Students Funding	1,751	1,751	2,291	2,291
Capital grant	123	123	462	462
	1,874	1,874	2,753	2,753
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
4. Research grants and contracts				
Research charities	96	96	38	38
Industry and commerce	52	52	65	65
Other	-	-	19	19
	148	148	122	122
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
5. Other income				
Residences, catering and conferences	3,602	2,813	3,755	2,802
Other capital grants	-	-	3,570	3,570
Farms income	721	721	692	692
Property rentals and ground hire income	137	137	129	129
Other income	636	748	495	833
	5,096	4,419	8,641	8,026
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
6. Investment income				
Other investment income	58	58	43	43

Notes to the financial statements for the year ended 31 July 2019

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
7. Donations and endowments				
Donations unrestricted	116	116	151	151
Donations with restrictions	2,064	2,064	-	-
	2,180	2,180	151	151
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
8. Staff costs				
Salaries	8,500	8,130	7,915	7,672
Social security costs	823	823	782	782
Pension costs	991	991	686	686
	10,314	9,944	9,383	9,140

	Year ended 31 July 2019	Year ended 31 July 2018
Emoluments of the Vice-Chancellor:	£	£
Salary	178,933	173,333
Bonus	5,000	8,800
Benefits - accommodation allowance	18,000	18,000
Payment in lieu of pension contributions	10,626	-
Employer's pension cost	17,161	28,565
	229,720	228,698

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 her performance against the University's overall objectives using both qualitative and quantitative measures of performance.

	Year ended 31 July 2019	Year ended 31 July 2018
	Number	Number
Relationship of the Vice-Chancellor to all other employees expressed as a pay multiple		
Vice-Chancellor's basic salary to employees' median	6.1	6.3
Vice-Chancellor's total remuneration to employees' median	7.3	7.0
Remuneration of other higher paid staff excluding pension contributions and termination payments		
£100,000 - £104,999	-	1
£105,000 - £109,999	2	-
£130,000 - £134,999	1	-

Notes to the financial statements for the year ended 31 July 2019

	Year ended 31 July 2019	Year ended 31 July 2018
	Number	Number
Average full time equivalent staff numbers by major category		
Academic	55	57
Academic support	16	9
Continuing education	4	4
Academic services	32	29
Central administration	46	36
Staff and student facilities	9	9
Premises	21	24
Residences and catering	42	42
	225	210

Termination payments were paid or due for the year totalling £87,000 (2018: £249,000) relating to termination severance and settlement payments. £79,000 (2018: £184,000) is included in creditors. The accounting policy for termination payments is shown in note 1.

	Year ended 31 July 2019	Year ended 31 July 2018
	£'000	£'000
Key management personnel		
Key management personnel remuneration	504	503

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 previous year), Chief Operating Officer (Director of Finance and part for previous year) and Company Secretary. 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 (2018 - none).

The total expenses paid to or on behalf of 16 council members that served during the year was £7,200 (2018 - £8,500 to 13 council members). This represents travel and subsistence expenses incurred in attending Governing Council, Committee and other meetings in their official capacity.

Notes to the financial statements for the year ended 31 July 2019

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
9. Interest and other finance costs				
Loan interest	154	154	159	159
Pension scheme charge (note 29)	351	351	361	361
	505	505	520	520

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
10. Analysis of total expenditure by activity				
Academic departments	5,777	5,697	5,820	5,896
Academic services	2,665	2,665	2,279	2,279
Research grants	229	283	126	229
Consultancy	37	-	61	-
Commercial services	2,031	1,480	2,282	1,699
Premises	2,622	2,674	2,835	2,886
Central administration	3,216	3,241	3,463	3,472
General education expenditure	1,475	1,475	1,841	1,841
Staff and student facilities	766	569	980	731
Others including general endowment expenditure	1,431	1,433	860	868
	20,249	19,517	20,547	19,901

	Consolidated £'000	Consolidated £'000
Total expenditure includes:		
Amortisation of intangible fixed assets	118	25
Depreciation of tangible fixed assets	816	769
Total amortisation and depreciation	934	794
Property impairment	-	236
External auditors' remuneration - audit services	36	25
External auditors' remuneration - non-audit services	2	-
Operating lease rental		
Land and buildings	141	117
Other equipment	122	78

Notes to the financial statements for the year ended 31 July 2019

	Software At 31 July 2019
	Consolidated and University £'000
11. Intangible assets:	
Cost or valuation	
At 1 August 2018	138
Additions	171
Transfers in from tangible fixed assets	834
At 31 July 2019	1,143
Accumulated amortisation	
At 1 August 2018	64
Charge for the year	118
Transfers in from tangible fixed assets	597
At 31 July 2019	779
Net book value	
At 31 July 2019	364
At 31 July 2018	74

After a full review of the group's fixed assets, the cost of intangible assets includes a transfer in from fixtures, fittings and equipment relating to a reclassification of some university IT assets to better reflect the IT development costs undertaken.

Notes to the financial statements for the year ended 31 July 2019

	Freehold Land and Buildings	Fixtures, Fittings and Equipment	Assets in the Course of Construction	Total
	Consolidated and University £'000	Consolidated and University £'000	Consolidated and University £'000	Consolidated and University £'000
12 Fixed Assets				
Cost or valuation				
At 1 August 2018	40,161	2,916	4,072	47,149
Additions	73	142	234	449
Additions - VAT recovery on opt to tax	(154)	-	(540)	(694)
Transfers (including to intangible assets)	3,766	(834)	(3,766)	(834)
Disposals	-	(372)	-	(372)
At 31 July 2019	43,846	1,852	-	45,698
Consisting of:				
Valuation as at 1 August 2014	38,643	-	-	38,643
Cost	5,203	1,852	-	7,055
	43,846	1,852	-	45,698
Accumulated depreciation				
At 1 August 2018	3,202	2,152	-	5,354
Charge for the year	662	154	-	816
Transfers (including to intangible assets)	-	(597)	-	(597)
Disposals	-	(372)	-	(372)
At 31 July 2019	3,864	1,337	-	5,201
Net book value				
At 31 July 2019	39,982	515	-	40,497
At 31 July 2018	36,959	764	4,072	41,795

Assets in the course of construction relates to the Alliston Centre and the Farm491 building at Harnhill. The Alliston Centre opened in late July 2018 although final external works and costs were completed in 2018/19. Costs have been offset by recoverable VAT relating to both builds.

The University recognised no impairment of any properties in the year (2018: £236,000).

There was no profit or loss on the sale or disposal of tangible fixed assets in the year (2018: £10,000).

Notes to the financial statements for the year ended 31 July 2019

	At 31 July 2019	At 31 July 2018
	Consolidated and University £'000	Consolidated and University £'000
13 Heritage assets		
Heritage assets at valuation	525	525

There have been no acquisitions or disposals of Heritage assets during the last 5 years.

	Subsidiary Companies	Investment Property	Investment in Stocks and Shares	Total
	£'000	£'000	£'000	£'000
14 Non-current investments				
Consolidated				
At 1 August 2018	-	950	1,395	2,345
Development costs incurred	-	80	-	80
Gain/(loss) on investment	-	1,470	(3)	1,467
Disposal	-	-	(1,295)	(1,295)
At 31 July 2019	-	2,500	97	2,597
	£'000	£'000	£'000	£'000
University				
At 1 August 2018	50	950	1,395	2,395
Development costs incurred	-	80	-	80
Gain/(loss) on investment	-	1,470	(3)	1,467
Disposal	-	-	(1,295)	(1,295)
At 31 July 2019	50	2,500	97	2,647

The non-current investments have been valued at market value. The shares valuation was based on the closing price on the London Stock Exchange at 31 July 2019. The investment property was valued at market value by a qualified RICS registered valuer as at 31 July 2019. There was a disposal of a Managed Investment fund in the year to 31 July 2019 (2018: no disposal). The disposals of these investments resulted in a net loss of £27,000.

Notes to the financial statements for the year ended 31 July 2019

	At 31 July 2019		At 31 July 2018	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
15. Stock				
Farm stocks	421	421	390	390
Finished goods	19	19	51	51
General consumables	42	14	47	14
	482	454	488	455

Farm stocks include biological assets of breeding sheep valued at £27,000 (2018: £45,000), other sheep £14,000 (2018: £23,000), beef calves £13,000 (2018: £9,000), arable crops of £252,000 (2018: £227,000), vineyard crop £88,000 (2018: £45,000) and other farm stocks £27,000 (2018: £41,000).

	At 31 July 2019		At 31 July 2018	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
16. Trade and other receivables				
Amounts falling due within one year:				
Trade receivables	1,007	969	503	447
Prepayments and accrued income	731	726	1,264	1,258
Amounts due from subsidiary	-	156	-	325
Other debtors including derivatives	517	517	4	4
	2,255	2,368	1,771	2,034

	At 31 July 2019		At 31 July 2018	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
17. Creditors: amounts falling due within one year				
Bank overdraft	59	59	43	43
Secured loans	305	305	285	285
Trade payables	1,219	1,207	1,474	1,453
Social security and other taxation payable	225	225	233	233
Accruals and deferred income	1,704	1,650	2,033	1,968
	3,512	3,446	4,068	3,982

Notes to the financial statements for the year ended 31 July 2019

	At 31 July 2019		At 31 July 2018	
	Consolidated and University £'000	Consolidated and University £'000	Consolidated and University £'000	Consolidated and University £'000
18. Creditors: amounts falling due after more than one year				
Secured loans	3,182		3,508	
	3,182		3,508	
Analysis of secured loans:				
Due within one year or on demand (note 17)	305		285	
Due between one and two years	316		285	
Due between two and five years	939		852	
Due in five years or more	1,927		2,371	
Due after more than one year	3,182		3,508	
Total secured loans repayable by 2034	3,487		3,793	

	Amount £'000	Term	Interest
Lender to University			
Lloyds Bank (B)	322	2023	2.086% fixed to August 2023
Handelsbanken (A)	1,748	2034	6.29% fixed to September 2019
Handelsbanken (B)	1,417	2027	Libor +1.5% capped
	3,487		

The interest on the Handelsbanken (B) loan is capped at 2.5% for the first 10 years of the loan, until September 2019. The value of the cap is recorded at fair value as a derivative in note 16.

Notes to the financial statements for the year ended 31 July 2019

	Defined Benefit	Leasehold Dilapidations	Total Provisions
	Consolidated and University £'000	Consolidated and University £'000	Consolidated and University £'000
19. Provisions for liabilities			
At 1 August 2018	13,183	70	13,253
Increase in provisions	689	4	693
At 31 July 2019	13,872	74	13,946

	Expendable Endowments at 31 July 2019	Expendable Endowments at 31 July 2018
	Consolidated and University £'000	Consolidated and University £'000
20. Endowment Reserves		
Restricted net assets relating to endowments are as follows:		
Capital	156	158
	156	158
Donation received	2,000	-
Investment income	13	-
Expenditure	-	(2)
Total endowment comprehensive income/(expense)	2,013	(2)
At 31 July	2,169	156
Represented by:		
Capital	2,169	158
Endowment expenditure	-	(2)
At 31 July	2,169	156
Analysis by type of purpose:		
Scholarships and bursaries	2,169	156
Analysis by asset:		
Cash and cash equivalents	2,169	156

Notes to the financial statements for the year ended 31 July 2019

	2019	2018
	Consolidated and University £'000	Consolidated and University £'000
21. Restricted Reserves		
Reserves with restrictions are as follows:		
At 1 August	-	28
New donations	189	-
Transferred to deferred income	(125)	-
Restricted income	64	-
Approved expenditure	(64)	-
Total restricted comprehensive (expenditure)/income for the year	-	-
Transfer to income reserves as funds not restricted	-	(28)
At 31 July	-	-

	At 1 August 2018	Cash flows	At 31 July 2019
	Consolidated £'000	Consolidated £'000	Consolidated £'000
22. Cash and cash equivalents			
Included in current assets: Cash and cash equivalents	2,353	1,496	3,849
Included in Creditors: amounts falling due in one year: Bank overdraft (note 17)	(43)	(16)	(59)
	2,310	1,480	3,790

Cash and cash equivalents includes the bank account balances of restricted reserves of £2,169,000 (2018: £156,000). £2,013,000 has been transferred to an endowment investment fund in August 2019.

	At 31 July 2019	At 31 July 2018
	Consolidated and University £'000	Consolidated and University £'000
23. Capital commitments		
Provision has not been made for the following capital commitments:		
Commitments contracted	90	312

Notes to the financial statements for the year ended 31 July 2019

24. Contingent liabilities

Pursuant to the University's existing planning consent for development land, it entered into an s106 planning agreement whereby, should the site be developed, it would incur financial commitments up to £1,439,000 (2018: £543,000). There are additional planning consent agreements for the Alliston Centre, including road crossing, totalling £84,000 at year ended 31 July 2019 (2018 £nil); these are backed by a bond with Lloyds Bank.

			At 31 July 2019	At 31 July 2018
	Land and Buildings	Plant and Machinery	Total	Total
Consolidated and University	£'000	£'000	£'000	£'000
25. Lease obligations				
Payable during the year	141	122	263	195
Future minimum lease payments due:				
Not later than 1 year	71	133	204	137
Later than 1 year and not later than 5 years	123	111	234	160
Later than 5 years	107	-	107	131
Total lease payments due	301	244	545	428

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)	Dormant Company	100%

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

Notes to the financial statements for the year ended 31 July 2019

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 2019.

There was one full time employee (2018: 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 2018.

The notional cost of facility time was £3,133 (2018: £1,557) and, with a total pay bill of £10,062,000, the percentage of this spent on facility time was small at 0.031% (2018: 0.018%) and the total paid facility time on activities was 0%.

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 last triennial actuarial valuation at April 2018, the scheme had a deficit of £14.2m on a trustee technical provisions basis. A 21 year deficit recovery plan has been agreed with the Trustees requiring RAU to make contributions of £689k per annum until 2039.

Federated Superannuation Scheme for Universities (FSSU)

The pensions of a small number of former employees are funded by a separate defined benefit scheme, 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 are consolidated for disclosure purposes within the RACPS liabilities. It has no assets.

Teachers' Pension Scheme (TPS)

The Teachers' Pension Scheme (TPS) is a statutory, unfunded, defined benefit scheme, operated under the Teachers Pensions Regulations 2010 and 2014, both as amended. Contributions are credited to the Exchequer on a 'pay as you go' basis

under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the scheme for the purposes of determining contribution rates. The TPS is a multi-employer pension scheme. As the TPS is underwritten by central government and the University has no future obligation to make contributions to the scheme, it is accounted for as a defined contribution scheme in accordance with Financial Reporting Standard 102 Section 28 'Employment Benefits'.

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015. 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. After the Supreme Court decision the case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

Notes to the financial statements for the year ended 31 July 2019

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 scheme. 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. There are two arms to the Friends Life Scheme: which has two distinct strands of membership:

X Scheme – tier 1 compliant auto-enrolment scheme with contributions in line with current legislation being 3% (employee) and 3% (employer) until 31 March 2019, the employee contribution increased to 5% from April 2019.

Y Scheme – salaried staff pay variable contributions of not less than 2% (4% for new members) and RAU contributes 6.5%. All members' contribution rates were increased to 5% from April 2019 in line with pensions legislation for auto-enrolment scheme.

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

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

	TPS	Aegon	Friends X	Friends Y
1 Aug 2018 – 30 Sep 2018	-	10.00%	3.00%	6.50%
1 Oct 2018 - 31 Jul 2019	-	10.00%	3.00%	6.50%
1 Sep 2018 - 31 Jul 2019	16.48%	-	-	-

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	2015	2016
Investment returns per annum	6.09%	n/a
Market value of assets at last valuation date (£millions)	18	196
Funding % if accrued benefits covered by the actuarial value of assets	67%	90%

Notes to the financial statements for the year ended 31 July 2019

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:

		2019	2018	2017
		£'000	£'000	£'000
Defined benefit schemes:	TPS	533	489	423
	Past service cost	253	-	-
		786	489	423
Defined contribution schemes:	GPP: Aegon	31	42	52
	GPP: Friends Life	174	155	155
		205	197	207
Total Pensions Cost as per note 8, Staff Costs		991	686	630
		£'000	£'000	£'000
Analysed as:	Current service	991	686	630

The cash contributions paid by the employer to the RACPS in respect of past service deficit is £689,000 per annum. Due to the recognition of guaranteed minimum pension (GMP) during the year, £253,000 was charged to staff costs, relating to past service cost, 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 contribution scheme providers on behalf of its employees. As at 31 July 2019 £5,000 contributions were due to Aegon (2018: £7,000) and £32,000 to Friends Life (2018: £17,000). These sums, relating to July payroll, were paid in August 2019.

Notes to the financial statements for the year ended 31 July 2019

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 2019.

	2019	2018	2017
	£'000	£'000	£'000
RACPS	(13,691)	(12,970)	(14,301)
FSSU supplemental scheme	(181)	(213)	(231)
Total deficits	(13,872)	(13,183)	(14,532)

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.

	2019	2018	2017
	£'000	£'000	£'000
At the beginning of the year	19,712	19,570	19,236
Contributions by University	689	689	741
Benefits paid	(1,029)	(1,190)	(982)
Expected return on assets	529	490	457
Actuarial gains	1,349	153	118
At the end of the year	21,250	19,712	19,570

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

	2019	2018	2017
	£'000	£'000	£'000
At the beginning of the year	(32,895)	(34,102)	(34,509)
Interest cost	(880)	(851)	(816)
Past service cost	(253)	-	-
Benefits paid	1,082	1,248	1,043
Actuarial (losses)/gains	(2,176)	810	180
At the end of the year	(35,122)	(32,895)	(34,102)

Notes to the financial statements for the year ended 31 July 2019

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

	2019	2018	2017
	%	%	%
Rate of increase in pensions in payment – pre 06/04/97	3.00	3.00	3.00
Rate of increase in pensions in payment – post 06/04/97	3.63	3.47	3.51
Rate of increase in pensions in payment – post 01/04/03	3.17	3.15	3.20
Rate of increase in pensions in payment – post 01/04/05	2.23	2.34	2.35
Inflation rate (RPI)	3.25	3.15	3.22
Inflation rate (CPI)	2.35	2.25	2.32
Discount rate	2.09	2.72	2.54
Cash commutation	50.00	25.00	25.00
Demographic assumptions: Base table	S2PMA	S2PMA	S2PMA
Projection basis	CMI 2018	CMI 2017	CMI 2016
Long term improvement trend	1.00	1.00	1.00

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).

The demographic assumptions used in valuation will clearly have an impact on the total value derived. Over recent years disclosures have been prepared using assumed mortality rates derived from the S1PMA/S1PFA tables, published by the Continuous Mortality Investigations ('CMI').

The Self Administered Pension Scheme mortality tables (SAPS2) assume a long term improvement trend in life expectancy of 1.00% per annum (increased from 0.50% in 2015). In valuing RAU pensions, the death rates implied by the tables have been reduced (to 91% for males and 87% for females) to reflect the particular mortality characteristics of the scheme members.

The assets and value of the RACPS scheme at 31 July 2019 and the expected rate of return were:

	2019	2018	2017
	Consolidated and University £'000	Consolidated and University £'000	Consolidated and University £'000
LDI funds (Liability Driven Investments)	-	4,970	4,530
Property	-	-	50
Dynamic growth fund	11,570	9,840	9,874
Global absolute return strategies	4,577	4,624	4,781
Annuities	203	205	215
Cash	4,900	73	120
Total market value	21,250	19,712	19,570

The discretionary FSSU supplementation scheme holds no assets and its deficit has been based on an actuarial valuation at 31 July 2019. The assumptions having the most significant effect on the calculation of the provision are that future inflationary increase rates will average 2.35% CPI and 3.25% RPI (2018: 2.25% and 3.15% respectively) per annum.

Notes to the financial statements for the year ended 31 July 2019

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

	2019	2018	2017
	£'000	£'000	£'000
Deficit in schemes at start of year	(13,183)	(14,532)	(15,273)
Contributions	742	747	802
Other finance costs interest charge applied (note 9)	(351)	(361)	(359)
Past service cost	(253)	-	-
Actuarial (loss)/gain in the statement of changes in reserves	(827)	963	298
Deficit in schemes at end of year	(13,872)	(13,183)	(14,532)

The University has pledged properties to the value of £1.47m 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	£'000
Expected return on RACPS assets	529	457	679
Interest on liabilities	(880)	(816)	(1,037)
Net interest charge applied	(351)	(359)	(358)

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

	£'000	£'000	£'000
Actual less expected return on RACPS assets	1,349	153	118
Experience (losses)/gains arising on liabilities	(2,176)	810	180
Actuarial (loss)/gain in respect of pension schemes	(827)	963	298

Notes to the financial statements for the year ended 31 July 2019

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 £662,000 (2018: £590,000).

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 10 years. The University consider the last valuation still represents the value of the heritage assets.

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. Student Union

The Student 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 2019

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 2019 was £Nil (2018: £Nil). The amount owed by the Royal Agricultural University to the Life Cover Trust at the year end was £Nil (2018: £Nil).

(c) Transactions with organisations related to governors

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 and has been inspected by the external auditors.

(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 two year crop harvest contract with Kemble Farms, effective from 29 September 2016. Kemble Farms is owned by a Trust linked to the University's president 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 £5,000 (2018: £5,000). Normal business sales to the RAC Beagles amounted to £15,000 (2018: £16,000). 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 £196,000 (2018: £204,000) and supplied goods and services to the Students' Union to the value of £26,000 (2018: £27,000). 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 2019, the University received no tuition and accommodation income (2018: £58,000).

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. For 2019 the University received tuition and accommodation income of £45,000 (2018: £20,000).

Our foundation degree in Agriculture and Farm Management outscores the national average, with 92% student satisfaction (NSS 2019)



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