

Registered Company Number 99168
Charity Registered Number 311780

Annual Report and Financial Statements

for the year ended 31 July 2016



Royal Agricultural University

Annual Report and Financial Statements for the year ended 31 July 2016

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Foreword by the Chairman of Governors



The Royal Agricultural University has been at the forefront of agricultural education since 1845, contributing to the solving of some of the most important challenges in our society, and we still pride ourselves on our closeness to the industries and professions we serve.

The University's Annual Report and Financial Statements highlight the Institution's many and varied achievements in 2015/16, as well as giving us an opportunity to consider the challenges that lie ahead.

Ensuring that the RAU is the destination of choice for students is key to the success of the University, both as a specialist educational establishment and as a business. A key priority for our Board of Governors is, of course, ensuring the financial health and sustainability of the University but our continued focus on the student experience and the provision of high-quality, industry-relevant education, a fact that shows in subsequent employment statistics, will ensure that we are able to meet the challenges and opportunities of the years ahead with confidence.

I take great pleasure in welcoming Professor Joanna Price to our University. She has taken up the post of Vice-Chancellor after an illustrious career most recently at the University of Bristol Veterinary School, and we look forward to the development of our University under her leadership.

My grateful thanks go to all our staff for the hard work that has gone into the last year and whose dedication has resulted in the achievements set out in this report.

In particular, may I express my thanks for the dedicated service and achievements of our former Vice-Chancellor, Professor Chris Gaskell and wish him well in his retirement.

I also pay tribute to the outstanding service given by the Deputy Vice-Chancellor, Professor Paul Davies but I do so with sadness. Paul retired from the University in August 2016 after 30 years of service, but he sadly passed away in October this year.

Only recently Paul was honoured with the Outstanding Contribution to Food and Farming award at the Taste of Gloucestershire Awards, in recognition of his outstanding contributions to crop science research and education in food production and farming.

Paul will be greatly missed. He was well loved and respected both by his colleagues and by the generations of students who benefitted from his passion and expertise.

Finally I offer my thanks to my fellow Governors who give freely of their time for the benefit of the Institution.


Jeremy Lewis BSc (Econ) FCA (ret'd)
Chairman of Governors

Introduction by the Vice-Chancellor

It is a great privilege to have been appointed as the second Vice-Chancellor of the Royal Agricultural University, an organisation with which I have close connections since my father and my son are both alumni. Over the last few years, under Professor Chris Gaskell's leadership, the organisation has gone through a number of exciting changes and many of its achievements are reflected in the 2015/16 annual report.



2015/16 heralded a new era in student recruitment as universities saw the effects of the removal of the cap on student numbers. This greater freedom in the market coincides with the number of 18 year olds beginning to fall. This means that competition for students has increased and the importance of a strong vocational portfolio becomes even more important.

There are huge opportunities for talented graduates in the land based sector and the RAU benefits from an excellent track record in student employability, being third in the country last year with graduate employment rates of over 98%. The RAU was also proud to be named University of the Year for student retention in the 2015 Sunday Times League Tables. Our focus on encouraging an enterprise culture in our undergraduates ensures that they are well equipped to meet the challenges and opportunities that face agriculture in the rapidly changing post Brexit era.

Improving the student experience is central to the RAU's mission and in 2015 we invested in upgrading our student learning environment, noticeably the refurbishment of the ground floor of the Garner Block to provide additional social learning space. Further investments in facilities remain a priority and we are exploring innovative ways in which we can resource them. While facilities are important there is no substitute for a first class learning experience and so improving the quality of our teaching remains a high priority for the future.

While growth in student numbers remains key to our future strategy, achieving the targets set out in the Corporate Plan of 2015-2020 has proved difficult in the face of increased competition. However, we are confident that student recruitment at the RAU will increase as we continue to focus on improving teaching quality and the student experience and ensure that the courses we offer are fit for purpose. Visa controls have inevitably had an impact on overseas student recruitment, but we continue to attract students from over 45 countries who enrich the experience of the RAU community.

One aspect of recruitment that remains at the heart of Government policy for higher education is widening participation and we are committed to attracting learners from a wide range of backgrounds. To help achieve this we have implemented a new programme of outreach activities alongside a suite of programmes that encourage progression for those who have achieved well prior to joining the University and those who have perhaps been less well served by their previous education.

The RAU is also committed to developing relationships with other providers such as Further Education Colleges, acting both to provide validation for Higher Education delivered locally, but also to offer progression opportunities for students who wish to develop their education further. This component to our provision of higher education has seen considerable growth; both with new partners and growing provision with existing partners, and represents both an educational and a financial

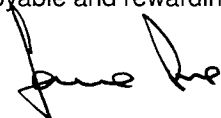
success. A significant number of students now have the opportunity to study for RAU qualifications away from Cirencester.

The RAU is conscious of its place in the local and regional community, and is working closely with the town of Cirencester and the Local Enterprise Partnership (LEP) to provide support for industry, particularly rural industry, that is crucial to the economic growth and social cohesion of Gloucestershire. Funding of £3M from the LEP for business support and agri-tech incubation units will help the RAU deliver this agenda, and build on the recent investment in the Rural Innovation Centre at the University farm at Harnhill.

As the nature of public funding for Higher Education continues to change, we in turn will need to change with it. We have the opportunity to transform the RAU into a university whose delivery of high quality programmes relevant to the land-based sector in the 21st century attracts good students in sufficient numbers to make the institution financially and academically successful, as well as being socially balanced. To do this the RAU needs to attract the brightest and best staff and be involved in an appropriate level of research and innovation, where possible in strategically relevant partnerships with industry, business and academia.

The environment for higher education in the UK continues to be complex and challenging; there is increased competition for students nationally and internationally and Brexit and cuts in public spending make for uncertainty. Students rightly are becoming more discerning and, with the removal of number controls, can exercise their preference with greater freedom. Notwithstanding these challenges, the RAU has a lasting brand and works with industries for which the medium and long term future looks strong, and within which there are a multitude of opportunities. This approach includes forming strategic partnerships, both in the UK and abroad.

It is our responsibility now to build on the University's past achievements and make further, and in some respects even greater, changes necessary to keep the RAU at the forefront of education in the disciplines underpinning agriculture and land usage, as well as ensuring it remains a thoroughly enjoyable and rewarding place to teach and to learn.



Professor Joanna Price
Vice-Chancellor (from 1 September 2016)

Our Strategic Themes

Our Corporate Plan 2015-2020 sets out our mission as a University, our vision for the next five years, and the priority actions we will take to achieve our core goals.

Our Mission: 'To be a centre of excellence for developing the leaders of tomorrow in sustainable development relating to the rural economy, built environment and food chain, and to provide leadership regionally, nationally and internationally through its education, research and knowledge exchange activities'.

Strategic Themes

Our Strategic Themes as defined in the University's current Corporate Plan are:

- Student Recruitment and Student Satisfaction
- Teaching and Learning
- Research

The University monitors its performance against these strategic themes and associated priorities and reports regularly on the actions it takes to deliver the Corporate Plan. Detailed reports are provided to the Senior Management Group and the Planning and Resources (now Planning and Strategy) Committee. A higher level executive summary report on progress is given to Governing Council at each meeting to enable Governors to monitor progress.

In her introduction the Vice-Chancellor highlighted that the context within which the RAU operates is changing rapidly and that HE faces a more uncertain future. To ensure that the RAU can make the changes necessary to keep at the forefront of higher education in the land based sector, now is an appropriate time for us to review the Corporate Plan and the strategic themes that underpin it. Alongside this exercise we are revising our management structures to ensure that they are appropriate for delivery of the new Corporate Plan.

Financial Review

Financial sustainability is key to supporting and enabling academic excellence and the provision of quality specialist Higher Education to students. As a small and specialist university the RAU operates in a challenging, and increasingly competitive environment, as reflected in these financial statements. The 2015/16 financial statements are presented for the first time this year under Financial Reporting Standard 102 (FRS102), Note 32 to the accounts illustrates the effects of transition to FRS102 and the 2015 SORP (Statement of Recommended Practice), and the restatement of prior year comparatives.

Annual Income and Surplus

The RAU's Consolidated Statement of Comprehensive Income and Expenditure is summarised below, with movements between years as shown.

	2016	2015	Movement £'000	Movement %
Income				
Fee income	10,702	10,348	+354	+3.4%
Grant funding	2,297	2,615	-318	-12.2%
Other income	5,252	5,042	+210	+4.2%
Sub total	18,251	18,005	+246	+1.4%
Expenditure				
Staff costs	8,107	8,393	-286	-3.4%
Non-pay	8,076	7,842	+234	+3.0%
Depreciation	774	835	-61	+0.7%
Interest	539	557	-18	-3.2%
Sub total	17,496	17,627	-131	-0.7%
Surplus	755	378	+377	+99.7%

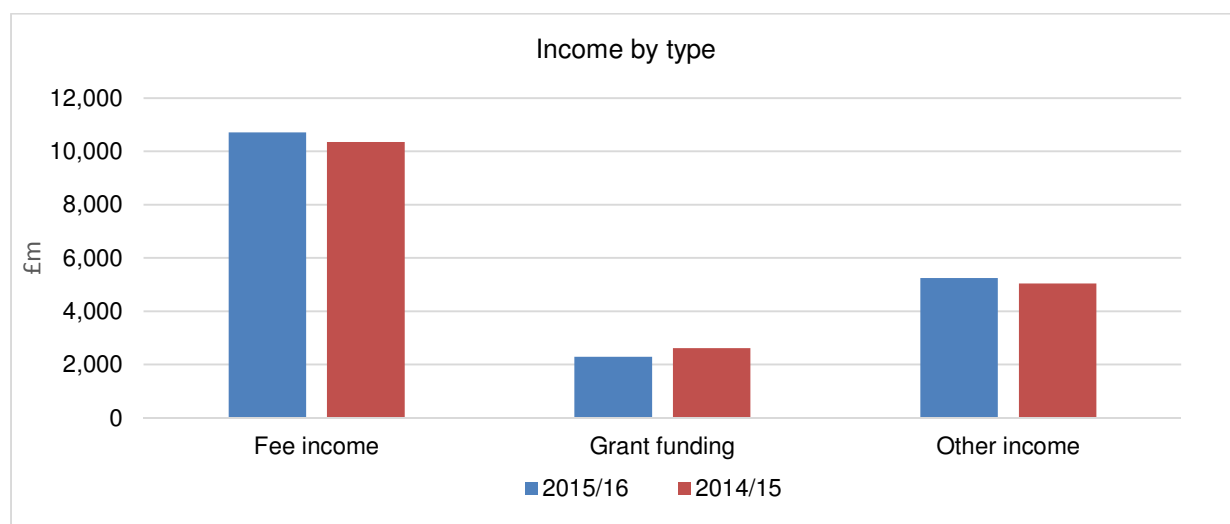
The results for the year show an overall surplus of £755k. The University's surplus available for reinvestment each year includes profits generated by its wholly owned subsidiary, Royal Agricultural University Enterprises Limited (RAUEL), which is responsible for the conferencing, retail and consultancy operations of the University. Operating profits from RAUEL are gift aided to the University. In 2015/16 these profits were £315k (2015: £168k), A new commercial strategy was launched in May 2016 which aims to attract new business to the University and increase conference income.

Total income from all sources for 2015/16 was £18,251k, an increase of 1.4% from last year (2015: £18,005k). This increase is in line with long term trends and the continuing impact of the move away from direct grant funding of the Higher Education sector towards a system based on tuition fees for undergraduates, along with targeted funding from government to recognise the higher costs involved in the provision of education at small specialist institutions such as the RAU. The University has maintained tuition fees at £9k for all undergraduate courses, with scholarships, bursaries and awards available to eligible students. **Tuition fee income** now accounts for £10,702k or 59% (2015: £10,348k or 57%) of total income. Tuition fee income is driven by student numbers, and is based on a billable student FTE of 1,103 (2015: 1,081 FTE). Fees for Postgraduate provision vary by school and subject. There has been a small positive growth in student numbers although this has been lower than the targets outlined in the corporate plan, reflecting that we operate in a very competitive environment.

Funding body grants represent another significant part of the University's overall income. In 2015/16 RAU received HEFCE grant relating to:

- Mainstream teaching for students in high-cost subject areas
- Student opportunity funding towards our widening participation activities with students from disadvantaged backgrounds, with disabled students, and for improving retention
- Mainstream and business research funding
- Funding for institution specific high-cost distinctive provision in recognition of the University's 'small and specialist' status and the additional costs of providing specialist education.

Other Income consists mainly of income from other commercial activities including farming. Total Other Income in 2015/16 was £5,252k (2015: £5,042k) and is a significant contributor to the University turnover, providing 28% of the total (2015: 26.1%). A summary comparison of income types is shown below.



Expenditure

Expenditure has remained broadly constant this year at £17,496k (2015: £17,627k). **Pay** is the most significant element of our overall expenditure and staff costs reduced year on year by approximately £300k, the majority of this due to a reduction in salary costs, together with a smaller movement (£82k) on the RAU's USS provision. The decrease in salary costs was largely caused by a reduction in average staff numbers (from 206 in 2015 to 202 in 2016): within these overall numbers academic staff have increased in year by 5 posts to a total of 59. This increase improves the University academic staff to student ratio, though further progress is needed in order to achieve our aim, as articulated in the Corporate Plan, of a ratio of 1:20 across the University (currently 1:22).

The University's **other operating expenses** increased by approximately £234k in 2015/16. Other areas of non-pay expenditure reflect new accounting treatments under FRS102. The annual charge for **depreciation** is impacted by the revaluation of fixed assets as at 1 August 2014. As part of the revaluation exercise we reassessed the estimated useful lives of the land and buildings we own.

Interest and other finance costs reflect the recognition of the University's pension liability. Under the previous reporting standard (FRS17) the charge to the expenditure account was the net difference between the interest charge based on a rate applied to the total liabilities of the scheme and the expected returns from the total assets using an expected rate of return. Under FRS102 however, the charge is simply the scheme deficit multiplied by the appropriate interest rate. This change in methodology between FRS17 and FRS102 is leading to greater charges on balance sheets generally,

as well as impacting on the expenditure account. Applying the new approach means that instead of a charge of approximately £10k under FRS17 we need to reflect a charge of £351k under FRS102.

Overall the income and expenditure of the University results in a **surplus before tax of £755k** (compared to £378k in 2014/15). In terms of percentage of income RAU's surplus is relatively healthy at 4.1%, though it is low in absolute terms, reflecting the scale of our operations and our nature as a small and specialist provider.

Balance Sheet

On the University's Balance Sheet, and as noted above, the effect of the revaluation of **fixed assets** can be seen. Under FRS102 an organisation has the opportunity to perform a revaluation of the estate as at 1 August 2014, and use the valuation as the deemed cost on conversion. Bidwells, our property advisors, undertook a detailed, independent review of our property related fixed assets in 2015 giving rise to an increase in the combined value of land and buildings from around £23 million under the old accounting basis to around £39 million on the new basis, as detailed in Note 32.

In terms of **investments** RAU has a small portfolio of stocks and shares (circa £1.1m) together with some investment properties.

The University's **creditors** include four separate bank loans, originally taken out to finance capital and other building developments, with a total outstanding value at the Balance Sheet date of £4.6m. No new loans were taken out during 2015/16 and one of the current loans will be fully repaid in 2016/17. Overall our borrowings and associated capital spend is relatively low compared with the sector average (though future plans may impact on this measure).

Pension provisions have increased significantly in year. The RAC Pension Scheme trustees' triennial valuation carried out as at 6 April 2015 showed a £2.9 million increase in the scheme deficit which gave the University an early indication that the pension provision on its Balance Sheet would increase this year, as it has done from £10.2 million to **£15.3 million** inclusive of the FSSU scheme.

This increase has come about largely as a result of the reduction in stock market returns faced by all pension schemes. The move to more prudent demographic assumptions has also contributed. The University continues to service the recovery plan at the rate agreed with the Trustees with annual contributions payable being increased from £650k to £689k per annum and with the payment period extended from 16 to 20 years, as detailed in Note 28 (a).

The University withdrew from USS in 2015 and has paid the exit charge thereby removing any further liability to USS. There is consequently no need to include any provision for the USS in our FRS 102 accounts. The Teachers' Pension Scheme (TPS) is a multi-employer pension scheme which is treated as fully funded, as it is entirely government backed, and therefore no provision has to be reflected in the University accounts.

The adverse movement on pensions negates some of the benefits from the revaluation of fixed assets. In overall terms however the University remains in a stable financial position, as shown by the Key Financial Indicators (KFIs) used by HEFCE, HESA and others to assess our financial strength and level of financial risk. The KFIs are summarised in the following table.

KFI	Measure	2016	2015	Movement
Surplus as % of income	Generation of surplus for investment	755/18,251= 4.4%	378/18,005= 2.1%	Positive +2.3%
Staff costs as % of income	Appropriateness and significance of the staff cost structure for the institution	8,107/18,251= 44.3%	8,393/18,005= 46.6%	Positive -2.3%
Net liquidity days	Coverage of, and ability to respond quickly to, short-term financial pressures	2,474/16,772*365= 54 days	2,576/16,792*365= 56 days	Negative -2 days
Current ratio	Assurance over ability to meet short term obligations	4,029/3,006= 1.34	4,018/3,474= 1.16	Positive +0.18
External borrowing as % of income	Reliance on borrowings for development, balancing need for growth with costs of borrowing	4,526/18,251= 24.8%	4,941/18,005= 27.4%	Positive -2.6%
Discretionary reserves as % of income	Provision of a buffer against large unexpected financial pressures	23,322/18,251= 127.8%	27,940/18,005= 155.2%	Negative -27.4%
Net cash flow as % of income	Financial sustainability of the institution's core business	721/18,251= 3.9%	1,361/18,005= 7.5%	Negative -3.6%

Looking beyond the results for the year, it is clear that maintaining continued financial sustainability in 2016/17 will be challenging, especially with the loss of HEFCE Institutional Special Funding grant (although offset to some extent by transitional funding from HEFCE). Therefore to deliver longer term financial sustainability, we need to progress to a new business model based around increased fee income through growth in student numbers and maximisation of other income through commercial activities. Reform programmes and action plans have already been put in place in our academic/student-focussed and professional/commercial-focussed areas to ensure a successful transition to a new strategic plan. Such plans include a renewed focus on our student recruitment processes, course content, cost control and efficiency, and Value for Money. Alongside this, our administrative structures are being reviewed which will improve organisational efficiency. Our capital developments will focus in the short term on improving the student experience and will include improvements to students' social and learning facilities on campus. We are also looking at ways of how we can in future realise capital from parts of our estate.

These developments are integral to the University's overall strategy to make the RAU the institution of choice for students wishing to study in the areas we serve.

Financial Risk Management

The University takes the following steps to manage its financial exposure to risk:

Price risk

Prices for provision of Foundation and Undergraduate degrees are currently capped by HEFCE at £9,000 for UK and EU based students and the majority of universities have adopted this amount as their default fee for these types of courses. Fees for other course types are generally determined by market forces. Market trends in pricing are continually monitored and the University Executive is mandated to amend pricing policy should the need arise as a result of competitors' actions. Revenue from other sources is made up of largely small individual transactions with the Commercial Services department, the pricing of which is largely governed by market forces in the local environment.

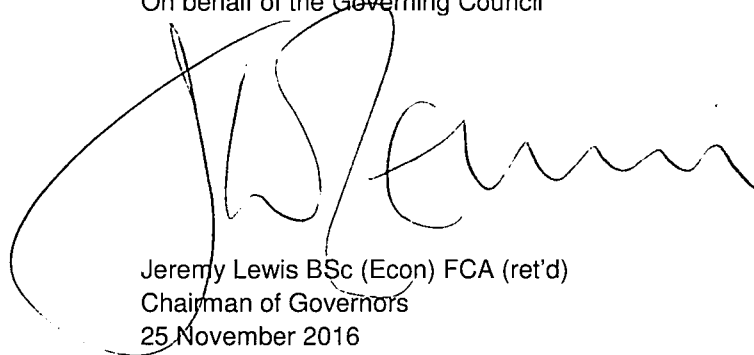
Credit risk

This is generally low. Income is made up of a fairly large number of transactions which individually are comparatively small. The risk of significant financial risk is therefore kept to a minimum. Tuition income is, in the majority of cases, met out of loans provided to the student by the Student Loan Company, which are remitted direct to the University. Accommodation fees are paid by approximately one third of the student body and University policy requires payment arrangements to be set up before the student is allowed to take up residence. Finance staff are also proactive with regard to credit control and follow up on outstanding debts quickly to avoid significant debt problems arising.

Cash flow and liquidity risk

The group has banking facilities available with Lloyds Bank should the need arise. Cash flow is monitored regularly as part of the management reporting processes which allows any cash flow problems to be identified and mitigated in good time.

On behalf of the Governing Council

A large, stylized handwritten signature in black ink, appearing to read 'J. Lewis', is written over the typed name and title.

Jeremy Lewis BSc (Econ) FCA (ret'd)
Chairman of Governors
25 November 2016

Report of the Governors and Corporate Governance Statement

<p>Principal address and Registered Office The Royal Agricultural University Stroud Road Cirencester Gloucestershire, GL7 6JS</p>	<p>Principal Officers Vice-Chancellor (from 1 Sep 2016): Professor Joanna Price (to 31 Aug 2016): Professor Chris J Gaskell (also Principal (to 30 Sep 2015): Deputy Vice-Chancellor (to 31 Aug 2016) and Vice-Principal (to 30 Sep 2015): Professor Paul Davies Company Secretary: Mrs Theresa M Chapman</p>
<p>Investment Managers Schroder & Co Ltd t/a Cazenove Capital Management 12 Moorgate London, EC2R 6DA</p>	<p>Bankers Lloyds Bank plc 14 Castle Street Cirencester Gloucestershire, GL7 1QJ</p>
<p>Solicitors Pennington Manches LLP 9400 Garsington Road Oxford Business Park Oxford, OX4 2HN</p>	<p>Solicitors Eversheds LLP 1 Wood Street London, EC2V 7WS</p>
<p>Registered auditors PricewaterhouseCoopers LLP 2 Glass Wharf Bristol, BS2 0FR</p>	

Principles

The Royal Agricultural University (RAU) aims to conduct its affairs in accordance with the seven principles set out by the Nolan Committee on Standards in Public Life, i.e. selflessness, integrity, objectivity, accountability, openness, honesty and leadership. It also aims to comply with the guidance to institutions of higher education published by the Committee of University Chairmen in its Guide for Members of Governing Bodies in the UK (2009 and the revised version dated December 2014), known as the CUC Governance Code of Practice and General Principles.

Legal Status

The Royal Agricultural College was incorporated by Royal Charter in 1845. It was registered under the Charities Act (registered charity number 311780) in 1964 and at Companies House as a limited company (registered number 99168) in 1908; the word “limited” being omitted by licence of the Board of Trade. It traded as such until 23 April 2013 when it attained University status and changed the name of both the charity and the limited company to “Royal Agricultural University”. For ease of use the limited company is described as “the University” throughout these statements. The University has two wholly owned subsidiaries: Royal Agricultural University Enterprises Limited and Royal Agricultural College Limited, which is a dormant company.

The Governing Council

This consists of up to 18 Independent Governors, up to five Co-opted Governors, and three Staff and two Student Union Representatives. The Vice-Chancellor, Deputy Vice-Chancellor (if in post) and Director of Finance attend on an ex-officio basis.), The Company Secretary is a member of Council by virtue of being an officer of the company. Governing Council has six formal meetings and a strategy day each year and ad-hoc meetings as necessary. It has a number of sub-committees that report to it. These include the following:

The **Planning and Strategy Committee** (formerly Planning and Resources Committee) is a joint committee of the Governors and University Executive. As P&R its membership comprised five independent Governor members, three members of the University Senior Executive - the Vice-Chancellor, Deputy Vice-Chancellor, and the Company Secretary - and two Senior Academics represented by the Deans of the School of Agriculture, Food and the Environment and the School of Real Estate and Land Management. The Director of Finance and an additional Governor were also in attendance. The newly formed P&S which held its inaugural meeting in September 2016 comprises four independent Governors, the Vice-Chancellor, the Director of Education & Academic Development and the Acting Chief Operating Officer. The Committee meets formally three times per year with ad hoc meetings as required. The Governing Council delegates some of its powers to this committee.

The **Audit Committee** has three formal meetings a year and ad-hoc meetings as necessary. The Committee consists of no fewer than three Governors and has external co-opted members, one with financial expertise. The Vice-Chancellor, Company Secretary, and Director of Finance (from 1 October 2016, Acting Chief Operating Officer) are regular attendees although the Committee may meet with the auditors without any officers present and does indeed do so. The Committee is responsible for monitoring internal control systems, risk management and value for money. It appoints the Internal Auditors and receives their reports. It also receives the annual financial statements and management letter from the external auditors.

The **Nominations Committee** has three formal meetings a year and ad-hoc meetings as necessary. The Committee is chaired by the Chairman of the University Governors and includes in its membership at least three Independent Governors, the Vice-Chancellor and one of the staff representatives on Governing Council. The function of the Nominations Committee is to seek out and recommend new Independent and co-opted Governors. It ensures that a wide trawl for names is achieved and, in making recommendations, the Committee pays due regard to the balance of membership of the University Governors and the needs of the University. The Committee is empowered to appoint Governors to sub-committees, to co-opt persons (others than Governors) for specific purposes and acts as an initial forum for Academic Board and Governing Council when providing a recommendation on the appointment of a President or Vice-President.

The **Remunerations and Staffing Committee** has three formal meetings a year and ad-hoc meetings as necessary. The Committee consists of at least four independent Governors and the Vice-Chancellor is a member for matters other than personal pay and conditions. The Committee is chaired by Professor Broadfoot. The Committee is responsible for the remunerations policy of the University and specifically determines the salaries of the University Senior Executives. The Remunerations Committee seeks comparative information on salaries and other emoluments and conditions of service in the university sector to inform its decisions.

The Vice-Chancellor

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 Higher Education Funding Council for England (HEFCE), the Vice-Chancellor 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 HEFCE in writing of the action or policy. The Vice-Chancellor may be summoned to appear before the Public Accounts Committee of the House of Commons.

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.

The Governing Council

The composition of the Governing Council and the individuals in office during the year and up to the date of signing the financial statements is shown below. Staff and Student representatives (who are neither Directors of the Limited Company nor Trustees of the registered charity) are also disclosed.

Independent Governors, Charity Trustees & Directors of the Limited Company	
Mr Mohamed Amersi (Chairman of P&S Committee from Jul 16)	Mr Chris Musgrave
Prof Sir John Beddington (to Dec 15)	Prof Michael Osbaldeston, Vice- Chairman (from Dec 15)
Mrs Alison Bernays	Mr Colin Pett, Chairman of Audit Committee
Prof Patricia Broadfoot, Chair of P&R Committee (from Dec 15 to May 16), Chair of Remunerations Committee	Mrs Jean Roberts
Mr Anthony Colburn	Mr Julian Sayers, Vice-Chairman (to Dec 15)
Prof Jonathan Kydd	Mr David Slack
Mr Jeremy Lewis, Chairman of Governors	Mr Nick Stace (from Dec 15)
Mr Richard Macdonald, Chairman of P&R Committee (to Dec 15)	Mr James Townshend (from Dec 15)
Mr Philip Moody	Mr Michael Tucker (to Jul 16)

Co-Opted Governors, Charity Trustees and Directors of the Limited Company	
Prof Colin Dennis (to Jul 16)	Mr Nick Stace (to Dec 15)
Prof Susan Jebb (to Nov 15)	Mr James Townshend (to Dec 15)
Prof Chris Mullard (to Jul 16)	

President	Vice- Presidents
His Royal Highness The Prince of Wales	The Earl Bathurst Mr Simon Pott

Staff Representatives	
Dr Nicola Cannon (to Jul 16)	Mr William Manley
Ms Scarlett Crewe	
Student Union (SU) Representatives	
Miss Camilla Mantle (SU Chairman) (to Sep 15)	Mr Barnaby Price Elmhirst (to Aug 15)
Mr Mike Wilkins (SU Chairman) (from Sep 15 to Aug 16)	Mr Hugo Pearson-Wood (from Sep 15 to Aug16)
Mr Edward Dillon (SU Chairman) (from Sep 16)	Mr Sam Holliday (from Sep 16)
Officers	
Prof Chris J Gaskell (Vice-Chancellor to Aug 16)	Prof Joanna Price (Vice-Chancellor from Sep 16)
Prof W Paul Davies (Deputy Vice-Chancellor) (to Aug 16)	Mrs Theresa M Chapman (Company Secretary)

Governors' interests in shares of the University

The interests in the issued share capital of the University by Governors in post either at 31 July 2016 and/or at 31 July 2015 were:

	2016	2015
Prof Patricia Broadfoot	1	1
Mr Anthony Colburn	1	1
Prof Colin Dennis	1	1
Mr Jeremy Lewis	1	1
Mr Richard Macdonald	1	1
Mr Philip Moody	1	1
Prof Chris Mullard	1	1
Mr Chris Musgrave	1	1
Prof Michael Osbaldeston	1	1
Mr Colin Pett	1	1
Mr Julian Sayers	1	1
Mr David Slack	1	1
Mr Michael Tucker	1	1
Total (out of 120)	13	13

In addition, Professor Chris Gaskell (Vice-Chancellor) held six shares at 31 July 2016 (2015:6). The remaining shares are held by former governors, friends of the University and members of the original founding families. No dividends or tangible benefits accrue to the holders of the shares.

Financial Risk Management

The University's risk management processes are set out on page 10.

Statement of the Governing Council's responsibilities

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

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

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

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

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

In addition the Governing Council has taken reasonable steps to:

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

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

The Governing Council is responsible for ensuring that the University adheres to its charitable objects in line with its vision as laid out in the RAU Corporate Plan 2015-2020.

Statement on disclosure of information to the auditors

So far as each Governor is aware, there is no relevant audit information of which the company's auditors are unaware.

Each director 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.

Statement on Public Benefit

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. Training covers a range of activity from continuing professional development to hands-on vocational skills training for a rural workforce.

The Non-Executive Director Governors of the University (Trustees of the registered charity) and its Senior Management are aware of the Charity Commission Guidance on the reporting of public benefit and in particular to its supplementary documents "The Advancement of Education for Public Benefit" and consider this guidance in their decision making. The detail included within this statement demonstrates the ways in which the University has delivered its charitable purposes for public benefit.

Beneficiaries

The University's main beneficiaries are its undergraduate and postgraduate students, who are engaged in learning and research. Other direct beneficiaries include employers, industry and those who might benefit from its research. The University is open to all students on the basis of ability and academic achievement and there is no geographical restriction on entry. It holds annual Experience Days for applicants and endeavours to interview all who meet the entry criteria.

Teaching and Learning

The RAU aims to offer programmes of study that are attractive to a diverse range of potential students, have fair and transparent admission policies and provide financial support to low income students. The University mitigates the financial barriers to students accessing education by offering bursary schemes and fee waivers that are particularly targeted towards those from low income backgrounds who are assessed as eligible for state support.

The University alerts all prospective and continuing students to the opportunities for financial support provided through HEFCE Access Funds and its own bursary and scholarship schemes for outstanding achievers, sports, and students from low participation areas as well as a range of awards from outside trusts. Financial support is given in a number of different ways: through bursaries and fee waivers; via discounted tuition fees for RAU graduates who return to carry out postgraduate study; through scholarships to encourage local recruitment and enable students to reduce the cost of higher education by living at home and studying; and through overseas scholarships to better promote the diverse international community at the University. In addition, the University has continued developing its progression partnerships and outreach activities (such as raising aspirations and achievement, ensuring support during study, and providing targeted promotional materials) with schools and Further Education Colleges in target areas.

Employability

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.

Our graduates continue to enjoy excellent employment rates: according to the annual national survey organised by HESA (the Higher Education statistics Agency), on average over the past five years, 96% of RAU undergraduates are in employment or further study within six months of leaving the University. The University's employability statistics are amongst the very highest in the whole of the UK, and bear out the educational merit and value its courses deliver to society. The provision of a steady stream of high-calibre graduates benefits not only the industries the University serves, but also employers and the economy.

As well as fostering a community-based learning environment which supports a range of students from more than 45 different countries, the University actively encourages interaction with business and social enterprises. For example, many RAU students undertake work placements as part of their course and the use of the University farms as an outdoor laboratory is integral to the education provided. With the aim of developing the leaders of tomorrow, adding value to students' degrees and providing better graduate employment to the students, the University promotes Student Enterprise projects such as the 'Grand Idea' which engages external business people and entrepreneurs to mentor and advise budding student entrepreneurs at the RAU. These projects are designed to improve the life skills of RAU graduates, allowing them to contribute to the local community and wider society.

Further to its interaction with business, the University is a key stakeholder in sharing developments in agriculture as a rural centre of excellence, promoting a deeper understanding of agriculture, food production and the land based sector. The investment in Harnhill Farm allows the University to further its research and learning activities in relation to agri-tech, the food chain and global food security. It facilitates the sharing of cutting-edge knowledge between those involved in agricultural production and those undertaking applied research, enabling the promotion of education, innovation and knowledge exchange.

Widening Participation

The University encourages social mobility by raising aspirations to enter higher education and we tackle issues of social exclusion by providing an extensive outreach programme, which draws on best practice from UK and overseas, to widen participation in higher education and to stimulate interest in further study. This includes visits to schools, colleges and strong links with our collaborative partner colleges.

Research

The University intends that the useful knowledge acquired from its research activities is disseminated to the public and to those able to utilise or benefit from it. The RAU aims to increase the level of trial and research work taking place on the University-owned farms, both by its 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 sponsoring companies.

The University expects that any private benefit will be legitimately incidental to the achievement of its primary charitable objectives for public benefit. Accordingly the Governors have established an Ethics Committee to advise the University should the commercial application of its research and consultancy give rise to harm. The University maintains an ethical research policy. Externally funded research activity is assessed prior to acceptance in terms of the public benefit test for charitable purpose. The RAU continues to support research and seeks to increase the number of post graduate research students. As discussed previously, increasing the number of academic staff is a key priority. In addition to recruiting academics who can support and develop teaching, it will also be important to appoint some staff who develop research in key strategic areas (e.g. agri-tech).

Environmental Policy

The RAU takes its environmental responsibilities seriously and continues to embed sustainability within the curriculum and in its broader operational activities. The RAU has an Environmental and Sustainability Strategy Committee with strong Governor and student representation which has developed an Environmental Action Plan outlining ambitious targets. In recent years, the RAU has made significant progress in reducing its carbon emissions and increasing the proportion of energy generated from renewable sources. The RAU is seeing progress in these areas and working towards full accreditation of its Environmental Management System through ISO14001.

Fundraising

In order to further expand the facilities of the University and increase the bursaries and financial support available to student beneficiaries, the RAU operates an annual regular giving programme, 'The Cirencester Fund'. Aimed at raising support from alumni, who kindly contribute either with a single gift or by setting up a direct debit, this programme generates cash which will go towards projects directly benefitting current students and further enhancing the student experience at the RAU. The level of alumni engagement with the RAU is particularly strong and is an excellent gauge of warmth to the institution and the perceived relevance and value of the learning and teaching provided.

Inclusivity, Equality and Diversity

The Royal Agricultural University is committed to providing a welcoming environment in which every student, staff member and visitor feels valued and respected and is treated fairly. The staff and students of the University community will work to eliminate direct or indirect discrimination, and will work 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. 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.

Summary

Public benefit is provided by the University's unique learning environment, the international dimension of its activities, its focus on enterprise and innovation and the significant achievements of its students and alumni. The education on offer not only enables individual development but 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.

Risk Management: Statement of internal control

The Governing Council of the University is responsible for maintaining a sound system of internal control that supports the achievements of policies, aims and objectives, while safeguarding the public and other funds and assets for which it is responsible. This is done in accordance with the responsibilities assigned to the Governing Council in the University's Memorandum and Articles and the Memorandum of Assurance and Accountability with the HEFCE.

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 on-going process designed to identify the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. We review the effectiveness of internal control on at least an annual basis.

The Governing Council is required to express a view as to whether its processes are adequate in accordance with the direction from the HEFCE 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 HEFCE in their circular 21/2015 "HEFCE's Accounts direction to higher education institutions for 2015/16 financial statements" and the accompanying annexes.

As part of the annual update of operational risks that feed into the strategic risk register both inherent and residual risk is scored. Key strategic risk assessments are performed by Senior Managers within the University and are informed by the departmental registers. The three tier hierarchy of risk registers ranges from the operational registers to a strategic, higher level registers where the risk areas map across to the strategic priorities and enablers in the 2015-2020 Corporate Plan and culminates in a top level review by the Vice-Chancellor. Senior Management Group reviews and updates the strategic risk registers annually and they are reviewed by the Audit Committee and the Planning & Strategy Committee. The top level summary register is approved by Governing Council in the summer. Risk is regularly considered by Planning and Strategy Committee, Audit Committee and Governing Council in decision making.

The Audit Committee is tasked to provide oversight and advice on the effectiveness of the establishment and implementation of risk management. Both it and Senior Management carry out a six monthly review of the strategic register. The Governors receive periodic reports from the Chairman of the Audit Committee concerning internal control.

The Universities Internal Audit function is carried out by KPMG, an external firm of Chartered Accountants. Their programme of work is 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 HEFCE 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 who have responsibility for the development and maintenance of the internal control framework, and by comments made by the External Auditors in their management letter and other reports to Governors and management. On the

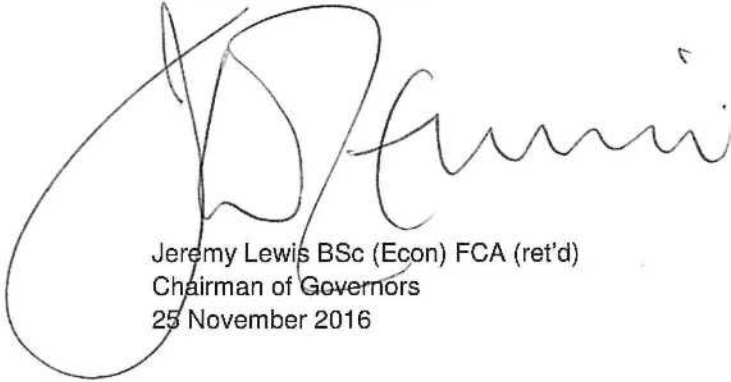
basis of this information the Governors identify areas where actions are required to improve the effectiveness of the systems of internal control and steps are taken to address these.

Since 2006, the University's Articles of Association allow the Governors to have Directors' 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.

Independent Auditor

PricewaterhouseCoopers LLP is the appointed Auditor to the University.

On behalf of the Council

A large, stylized handwritten signature in black ink, appearing to read 'J Lewis', is written over the typed name and title.

Jeremy Lewis BSc (Econ) FCA (ret'd)
Chairman of Governors
25 November 2016

Independent auditors' report to the Governing Council of Royal Agricultural University (the "institution")

Report on the financial statements

Our opinion

In our opinion Royal Agricultural University's group financial statements and parent institution financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent institution's affairs as at 31 July 2016 and of the group's income and expenditure and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the requirements of the Statement of Recommended Practice – Accounting for Further and Higher Education; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements comprise,

- the consolidated and parent institution Balance Sheets as at 31 July 2016;
- the consolidated Statement of Comprehensive Income and Income and Expenditure Account for the year then ended;
- the consolidated Statement of Changes in Reserves for the year then ended;
- the consolidated Statement of Cash Flows for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation is the Statement of Recommended Practice for Further and Higher Education, incorporating United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Governing Council has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter 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 Financial Review, Financial Risk Management and Report of the Governors and Corporate Governance for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Financial Review, Financial Risk Management and Report of the Governors and Corporate Governance have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the parent institution and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Financial Review, Financial Risk Management and Report of the Governors and Corporate Governance. We have nothing to report in this respect.

Opinions on other matters prescribed in the HEFCE Audit Code of Practices issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the institution for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation;
- income has been applied in accordance with the institution's statutes and funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability, and any other terms and conditions attached to them.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent institution, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent institution financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the Governing Council were not entitled to: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Internal Control

Under the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 we are required to report to you if, in our opinion, the statement of internal control included as part of the Corporate Governance Statement is inconsistent with our knowledge of the parent institution and group. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Respective responsibilities of the Governing Council and auditors

As explained more fully in the Statement of Governing Council's Responsibilities set out on page 15 the Governing Council (who are also the directors of the company for the purposes of company law) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Governing Council of Royal Agricultural University, in accordance with Statutes of the institution, section 124B of the Education Reform Act 1988 as amended by section 71 of the Further and Higher Education Act 1992, and Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and parent institution's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Governing Council; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Governing Council judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Annual Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Lynn Pamment (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol

30 November 2016

Consolidated Statement of Comprehensive Income and Expenditure

Year Ended 31 July 2016

	Notes	Year ended 31 July 2016		Year ended 31 July 2015 (Restated)	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Income					
Tuition fees and education contracts	2	10,702	10,678	10,348	10,348
Funding body grants	3	2,297	2,297	2,615	2,615
Research grants and contracts	4	375	375	296	296
Other income	5	4,790	4,187	4,648	3,884
Investment income	6	43	42	46	45
Total income before endowments and donations		18,207	17,579	17,953	17,188
Donations and endowments	7	44	44	52	52
Total income		18,251	17,623	18,005	17,240
Expenditure					
Staff costs	8	8,107	7,814	8,393	7,996
Other operating expenses		8,090	7,755	7,865	7,497
Depreciation	12	774	774	835	835
Interest and other finance costs	9	539	539	557	557
Total expenditure	10	17,510	16,882	17,650	16,885
Surplus before other gains and losses.		741	741	355	355
Gain on investments	14	14	14	23	23
Surplus before tax		755	755	378	378
Taxation		-	-	-	-
Surplus for the year		755	755	378	378
Actuarial loss in respect of pension schemes	28	(5,373)	(5,373)	(1,745)	(1,745)
Total comprehensive income for the year		(4,618)	(4,618)	(1,367)	(1,367)
Represented by:					
Endowment comprehensive expenditure for the year		(2)	(2)	-	-
Restricted comprehensive (expenditure)/income for the year		(33)	(33)	52	52
Unrestricted comprehensive expenditure for the year		(4,583)	(4,583)	(1,419)	(1,419)
Attributable to the University		(4,618)	(4,618)	(1,367)	(1,367)

All items of income and expenditure relate to continuing activities

Consolidated and University Statement of Changes in Reserves

Year ended 31 July 2016

Consolidated	Income and expenditure account			Revaluation reserve	Total
	Endowment £'000	Restricted £'000	Unrestricted £'000	£'000	£'000
Balance at 1 August 2014	164	-	9,723	19,345	29,232
Surplus from the income and expenditure statement	-	52	326	-	378
Other comprehensive expenditure	-	-	(1,745)	-	(1,745)
Total comprehensive income/(expenditure) for the year	-	52	(1,419)	-	(1,367)
Balance at 1 August 2015	164	52	8,304	19,345	27,865
Surplus from the income and expenditure statement	1	44	710	-	755
Other comprehensive expenditure	-	-	(5,373)	-	(5,373)
Release of restricted funds spent in year	(3)	(77)	80	-	-
Total comprehensive expenditure for the year	(2)	(33)	(4,583)	-	(4,618)
Balance at 31 July 2016	162	19	3,721	19,345	23,247

University	Income and expenditure account			Revaluation reserve	Total
	Endowment £'000	Restricted £'000	Unrestricted £'000	£'000	£'000
Balance at 1 August 2014	164	-	9,723	19,345	29,232
Surplus from the income and expenditure statement	-	52	326	-	378
Other comprehensive expenditure	-	-	(1,745)	-	(1,745)
Total comprehensive income/(expenditure) for the year	-	52	(1,419)	-	(1,367)
Balance at 1 August 2015	164	52	8,304	19,345	27,865
Surplus from the income and expenditure statement	1	44	710	-	755
Other comprehensive expenditure	-	-	(5,373)	-	(5,373)
Release of restricted funds spent in year	(3)	(77)	80	-	-
Total comprehensive expenditure for the year	(2)	(33)	(4,583)	-	(4,618)
Balance at 31 July 2016	162	19	3,721	19,345	23,247

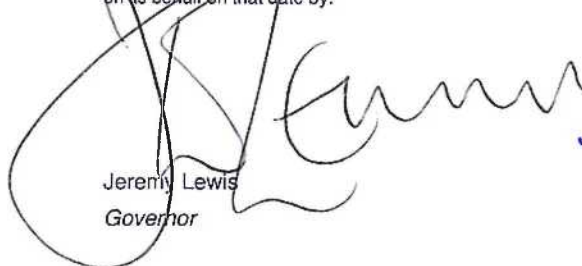
Consolidated and University Balance Sheet

Year ended 31 July 2016

Company Number 99168

	Notes	As at 31 July 2016		As at 31 July 2015 (Restated)	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Non-current assets					
Intangible assets	11	85	85	56	56
Fixed assets	12	38,648	38,648	38,930	38,930
Heritage assets	12 & 13	525	525	525	525
Investments	14	3,116	3,166	3,102	3,152
		42,374	42,424	42,613	42,663
Current assets					
Stock	15	384	350	391	372
Trade and other receivables	16	1,100	1,300	957	1,091
Cash and cash equivalents	22	2,545	2,202	2,669	2,430
		4,029	3,852	4,017	3,893
Less: Creditors: amounts falling due within one year	17	(3,006)	(2,879)	(3,474)	(3,400)
Net current assets		1,023	973	543	493
Total assets less current liabilities		43,397	43,397	43,156	43,156
Creditors: amounts falling due after more than one year	18	(4,815)	(4,815)	(4,976)	(4,976)
Provisions					
Pension provisions	19	(15,273)	(15,273)	(10,257)	(10,257)
Other provisions	19	(61)	(61)	(57)	(57)
Total net assets		23,248	23,248	27,866	27,866
Restricted Reserves					
Income and expenditure reserve - endowment reserve	20	162	162	164	164
Income and expenditure reserve - restricted reserve	21	19	19	52	52
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		3,721	3,721	8,304	8,304
Revaluation reserve		19,345	19,345	19,345	19,345
		23,247	23,247	27,865	27,865
Share Capital		1	1	1	1
Total Reserves		23,248	23,248	27,866	27,866

The financial statements on pages 24 to 56 were approved and authorised for issue by the Governing Body on 25 November 2016 and were signed on its behalf on that date by:



Jeremy Lewis
Governor



Michael Osbaldeston
Governor

Consolidated and University Cash Flow

Year ended 31 July 2016

	Notes	Year ended 31 July 2016 £'000	Year ended 31 July 2015 (Restated) £'000
Cash flow from operating activities			
Surplus for the year		755	378
Adjustment for non-cash items			
Depreciation	12	774	835
Amortisation of intangibles	11	14	-
Gain on investments	14	(14)	(23)
Decrease in stock	15	7	55
(Increase)/decrease in debtors	16	(143)	274
(Decrease)/increase in creditors	17	(453)	42
Post-employment benefits less payments	28	(357)	(352)
Increase in other provisions	19	4	5
Adjustment for investing or financing activities			
Investment income	6	(43)	(46)
Interest payable	9	181	193
Capital grant income		(4)	-
Net cash inflow from operating activities		721	1,361
Cash flows from investing activities			
Capital grant receipts		265	419
Investment income	6	43	46
Payments made to acquire fixed assets	12	(492)	(509)
Payments made to acquire intangible assets	11	(43)	(56)
		(227)	(100)
Cash flows from financing activities			
Interest paid		(181)	(193)
Repayment of loans		(415)	(420)
		(596)	(613)
(Decrease)/increase in cash and cash equivalents in the year	22	(102)	648
Cash and cash equivalents at beginning of the year	22	2,576	1,928
Cash and cash equivalents at end of the year	22	2,474	2,576

Notes to the Accounts for the year ended 31 July 2016

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, and in accordance with the Companies Act 2006 and the Statement of Recommended Practice (SORP) – Accounting for Further and Higher Education 2015, and in accordance with Financial Reporting Standards (FRS102). Information on the impact of first time adoption of FRS102 is given in note 32. The financial statements have been prepared on the going concern basis.

Format of the financial statements

As in previous years the University has taken advantage of adapting 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 Royal Agricultural University Enterprises Limited (RAUEL). As required by the SORP, a separate Statement of Comprehensive Income and Expenditure 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 and Expenditure 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 is 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 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 liabilities in the balance sheet until performance criteria are met at which point they are released to the Statement of Comprehensive Income and Expenditure.

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

Notes to the Accounts for the year ended 31 July 2016

1 Statement of Principal Accounting Policies and Estimation Techniques (continued)

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

Agency arrangements

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

Derivatives

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

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.

Notes to the Accounts for the year ended 31 July 2016

1 Statement of Principal Accounting Policies and Estimation Techniques (continued)

Intangible fixed assets

An intangible asset purchased separately from a business is capitalised at its cost and amortised over its useful economic life. The University had one intangible fixed asset relating to a milk quota, which is fully amortised and has now been written off, as milk quota no longer exists. Going forward the University's new website has been capitalised as an intangible asset and is being amortised over its estimated economic life of four years.

Tangible fixed assets for University use

Tangible asset additions whose cost of acquisition exceeds £10k are capitalised. Items costing less than this are written off in the year of purchase.

Land and building fixed assets held as at 1 August 2014 have been revalued as at that date and are now carried at deemed cost based on that valuation. Any subsequent additions to land and buildings is 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 and Expenditure in the period it is incurred.

Tangible fixed assets held for investment purposes

These are properties which are held to earn rentals and/or for capital appreciation and not for use in the provision of services, administrative purposes or sale in the ordinary course of business.

These properties have been separately identified, are recorded in the balance sheet at their fair value, and are not depreciated. Any increase or decrease in valuation is recorded as an unrealised gain or loss in the Statement of Comprehensive Income and Expenditure.

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 and Expenditure 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 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%
Plant and machinery	20%
Computers and software	20% or 25%
Farm plant and machinery	10% or 20%

Notes to the Accounts for the year ended 31 July 2016

1 Statement of Principal Accounting Policies and Estimation Techniques (continued)

Investments

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 and Expenditure. Gains or losses arising from the disposal of assets are also disclosed in the Statement of Comprehensive Income and Expenditure 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, and other senior staff, and agricultural scenes.
- A collection of books and manuscripts of historical importance from the 16th to 19th centuries on subjects including animal husbandry, botany and natural history. Some of these manuscripts are on permanent display but otherwise available for public viewing by arrangement with the University Library.

These assets have been gifted 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 the Spring of 2010), and the valuations are not subject to depreciation. There is no reason to believe that there has been any impairment in the value of these assets. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell. Farms stocks are valued in accordance with the Royal Institution of Chartered Surveyors and the Central Association of Agricultural Valuers Guidance Notes, and includes work in progress (which comprises livestock and growing crops). For University stocks, cost is determined on a first-in, first-out basis. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

Cash and cash equivalents

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

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

Notes to the Accounts for the year ended 31 July 2016

1 Statement of Principal Accounting Policies and Estimation Techniques (continued)

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 and Expenditure.

Accounting for research and development

Expenditure on pure and applied research is treated as a part of the continuing activities of the University. Expenditure on development activities is carried forward and amortised over the period expected to benefit. 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.

Intra group transactions

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

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 is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms and other restriction applied to the individual endowment fund.

There are four 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.
- Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Notes to the Accounts for the year ended 31 July 2016

1 Statement of Principal Accounting Policies and Estimation Techniques (continued)

Grant Funding

Grant funding including Funding Council block grant, research grants from government sources, grants (including research grants) from non-government sources are recognised as income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released as the conditions are met.

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. However, 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 rates of recovery plan payments payable being determined by the actuary.

Since October 2010 teaching staff have been active members of the Teachers' Pension Scheme (TPS), whose accounting treatment is outlined in note 28.

The University also participates in the Federated Superannuation System for Universities (FSSU) pension scheme which is treated as a defined benefit scheme. This is an independently administered scheme, which is supplemented by discretionary payments.

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 and 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.

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 Accounts

for the year ended 31 July 2016

	Notes	Year Ended 31 July 2016		Year Ended 31 July 2015 (Restated)	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
2 Tuition fees and education contracts					
Full-time home and EU students		8,053	8,053	8,234	8,234
Full-time international students		1,082	1,082	869	869
Part-time students		1,567	1,543	1,245	1,245
		10,702	10,678	10,348	10,348
3 Funding body grants					
Recurrent grant					
Higher Education Funding Council for England		2,293	2,293	2,615	2,615
Capital grant		4	4	-	-
		2,297	2,297	2,615	2,615
4 Research grants and contracts					
Research charities		48	48	40	40
Industry and commerce		82	82	68	68
Other		245	245	188	188
		375	375	296	296
5 Other income					
Residences, catering and conferences		3,406	2,606	3,294	2,532
Other capital grants		-	-	33	33
Other income		1,384	1,581	1,321	1,319
		4,790	4,187	4,648	3,884
6 Investment income					
Investment income on endowments	20	1	1	-	-
Other investment income		42	41	46	45
		43	42	46	45
7 Donations and endowments					
Donations with restrictions	21	44	44	52	52
		44	44	52	52

Notes to the Accounts

for the year ended 31 July 2016

	Year Ended 31 July 2016		Year Ended 31 July 2015 (Restated)	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
8 Staff costs				
Staff Costs :				
Salaries	6,856	6,595	7,102	6,748
Social security costs	629	609	630	603
Movement on USS provision	-	-	82	82
Other pension costs	622	610	579	563
Total	8,107	7,814	8,393	7,996

	Year Ended 31 July 2016 £	Year Ended 31 July 2015 £
Emoluments of the Vice-Chancellor:		
Salary	167,917	153,000
Benefits	10,319	10,000
	178,236	163,000

There are no other higher paid employees who received emoluments of more than £100k (2015: None).

Average staff numbers by major category :	No.	No.
Academic	59	54
Academic support	10	11
Continuing education	4	4
Academic services	23	28
Central administration	33	33
Staff and student facilities	8	8
Premises	25	25
Residences and catering	40	43
	202	206

There was no compensation for loss of office, paid to a senior post holder.

Notes to the Accounts for the year ended 31 July 2016

8 Staff costs (continued)

Key management personnel

	Year ended 31 July 2016 £'000	Year ended 31 July 2016 £'000
Key management personnel compensation	<u>428</u>	<u>382</u>

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, Director of Finance (now Acting Chief Operating Officer) and Company Secretary. Compensation consists of salary and benefits including any employer's pension contribution.

Council Members

The Council members are the trustees for charitable law purposes. Due to the nature of the University's operations and the composition of the 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 Council may have an interest. All transactions involving organisations in which a member of Council may have an interest are conducted at arms 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 group during the year (2015 - none)

The total expenses paid to or on behalf of 13 council members was £6,405 (2015 - £6,902 to 13 council members). This represents travel and subsistence expenses incurred in attending Council, Committee meetings and Charity events in their official capacity.

9 Interest and other finance costs

	Notes	Year Ended 31 July 2016		Year Ended 31 July 2015 (Restated)	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Loan interest		181	181	193	193
Net charge on pension scheme	28	358	358	364	364
		<u>539</u>	<u>539</u>	<u>557</u>	<u>557</u>

Notes to the Accounts

for the year ended 31 July 2016

	Year Ended 31 July 2016		Year Ended 31 July 2015 (Restated)	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
10 Analysis of total expenditure by activity				
Academic departments	5,321	4,933	5,260	5,254
Academic services	1,968	2,001	2,225	2,225
Research grants	310	307	289	289
Consultancy	142	-	171	-
Commercial services	1,864	1,675	1,808	1,466
Premises	3,094	3,157	3,214	3,214
Central administration	2,194	2,135	2,133	2,129
General education expenditure	1,203	1,167	1,074	1,074
Staff and student facilities	687	520	792	552
Others including general endowment expenditure	727	1,001	684	682
	17,510	16,896	17,650	16,885
Other operating expenses include:				
External auditor's remuneration in respect of audit services	29		24	
External auditor's remuneration in respect of non-audit services	-		1	
Operating lease rentals				
Land and buildings	68		69	
Other	50		43	

11 Intangible assets

Software

	Consolidated £'000	University £'000
Cost		
At 1 August 2015	56	56
Additions	43	43
At 31 July 2016	99	99
Amortisation		
At 1 August 2015		
Charge for the year	14	14
At 31 July 2016	14	14
Net Book Value		
At 31 July 2016	85	85
At 31 July 2015	56	56

The addition during the year relates to the completion of the development of the new website treated as an Intangible Asset. The amortisation period is 4 years.

Notes to the Accounts for the year ended 31 July 2016

12 Fixed Assets

	Freehold Land and Buildings £'000	Fixtures, Fittings and Equipment £'000	Assets in the Course of Construction £'000	Heritage Assets £'000	Total £'000
Consolidated					
Cost or valuation					
At 1 August 2015	38,701	3,092	139	525	42,457
Additions	426	66	-	-	492
Transfers	139	-	(139)	-	-
Disposals	-	(190)	-	-	(190)
At 31 July 2016	39,266	2,968	-	525	42,759
Consisting of:					
Valuation as at 1 August 2014	38,404	-	-	525	38,929
Cost	862	2,968	-	-	3,830
	39,266	2,968	-	525	42,759
Depreciation					
At 1 August 2015	616	2,386	-	-	3,002
Charge for the year	550	224	-	-	774
Disposals	-	(190)	-	-	(190)
At 31 July 2016	1,166	2,420	-	-	3,586
Net book value					
At 31 July 2016	38,100	548	-	525	39,173
At 31 July 2015	38,085	706	139	525	39,455
University					
Cost and valuation					
At 1 August 2015	38,701	3,092	139	525	42,457
Additions	426	66	-	-	492
Transfers	139	-	(139)	-	-
Disposals	-	(190)	-	-	(190)
At 31 July 2016	39,266	2,968	-	525	42,759
Consisting of:					
Valuation as at 1 August 2014	38,404	-	-	525	38,929
Cost	862	2,968	-	-	3,830
	39,266	2,968	-	525	42,759
Depreciation					
At 1 August 2015	616	2,386	-	-	3,002
Charge for the year	550	224	-	-	774
Disposals	-	(190)	-	-	(190)
At 31 July 2016	1,166	2,420	-	-	3,586
Net book value					
At 31 July 2016	38,100	548	-	525	39,173
At 31 July 2015	38,085	706	139	525	39,455

Notes to the Accounts for the year ended 31 July 2016

13 Heritage Assets

Heritage Assets are included in Note 12 Fixed Assets.

There have been no acquisitions of Heritage Assets during the last 5 years.

Details of Heritage Assets, how they were acquired and the accounting treatment is shown in the Statement of Principal Accounting Policies and Estimation Techniques.

14 Non-Current Investments

	Subsidiary Companies	Investment Property	Investment in Stocks and Shares	Total
Consolidated	£'000	£'000	£'000	£'000
At 1 August 2015 (as restated)	-	2,015	1,087	3,102
Gain on Investment	-	-	14	14
At 31 July 2016	-	2,015	1,101	3,116
University	£'000	£'000	£'000	£'000
At 1 August 2015 (as restated)	50	2,015	1,087	3,152
Gain on Investment	-	-	14	14
At 31 July 2016	50	2,015	1,101	3,166

The non-current investments have been valued at market value.

Notes to the Accounts

for the year ended 31 July 2016

15 Stock

	Year ended 31 July 2016		Year ended 31 July 2015 (Restated)	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Finished goods	85	85	70	70
Work in progress	244	244	280	280
General consumables	55	21	41	22
	384	350	391	372

16 Trade and other receivables

	Year ended 31 July 2016		Year ended 31 July 2015 (Restated)	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Amounts falling due within one year:				
Other trade receivables	607	436	466	355
Prepayments and accrued income	482	469	448	430
Amounts due from subsidiary companies	-	384	-	263
Derivatives	11	11	43	43
	1,100	1,300	957	1,091

17 Creditors : amounts falling due within one year

	Year ended 31 July 2016		Year ended 31 July 2015 (Restated)	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Bank overdraft	71	71	93	93
Secured loans	422	422	415	415
Trade payables	827	817	665	660
Social security and other taxation payable	241	241	249	249
Accruals and deferred income	1,445	1,328	2,052	1,983
	3,006	2,879	3,474	3,400

Notes to the Accounts

for the year ended 31 July 2016

18 Creditors : amounts falling due after more than one year

	Year ended 31 July 2016		Year ended 31 July 2015 (Restated)	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Deferred income	711	711	450	450
Secured loans	4,104	4,104	4,526	4,526
	4,815	4,815	4,976	4,976

Analysis of secured loans:

Due within one year or on demand (Note 17)	493	493	508	508
Due between one and two years	292	292	415	415
Due between two and five years	948	948	961	961
Due in five years or more	2,864	2,864	3,150	3,150
Due after more than one year	4,104	4,104	4,526	4,526
Total secured loans	4,597	4,597	5,034	5,034
Secured loans repayable by 2034	4,597	4,597	5,034	5,034

Lender	Amount £'000	Term	Interest rate %	Borrower
Lloyds Bank (A)	139	2017	Base + 0.25%	University
Lloyds Bank (B)	534	2023	2.086% fixed to Aug 2023	University
Handelsbanken (A)	1,936	2034	6.29% fixed to Sep 2019	University
Handelsbanken (B)	1,917	2027	Libor + 2.5% Capped	University
Total	4,526			

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.

Notes to the Accounts

for the year ended 31 July 2016

19 Provisions for liabilities

Consolidated

	Defined Benefit Obligations (Note 28) £'000	Total Pensions Provisions £'000	Leasehold Dilapidation £'000	Total Other £'000
At 1 August 2015	10,257	10,257	57	57
Additions	5,016	5,016	4	4
At 31 July 2016	15,273	15,273	61	61

University

	Defined Benefit Obligations (Note 28) £'000	Total Pensions Provisions £'000	Leasehold Dilapidation £'000	Total Other £'000
At 1 August 2015	10,257	10,257	57	57
Additions	5,016	5,016	4	4
At 31 July 2016	15,273	15,273	61	61

20 Endowment Reserves

Restricted net assets relating to endowments are as follows:

	Year Ended 31 July 2016		Year Ended 31 July 2015 (Restated)
	Expendable endowments £'000	Total £'000	Total £'000
At 1 August 2015			
Capital	152	152	152
Accumulated income	12	12	12
	164	164	164
Investment income	1	1	-
Expenditure	(3)	(3)	-
Total endowment comprehensive expenditure for the year	(2)	(2)	-
At 31 July 2016	162	162	164
Represented by:			
Capital	152	152	152
Accumulated income	10	10	12
	162	162	164
Analysis by type of purpose:			
Scholarships and bursaries	162	162	164
	162	162	164
Analysis by asset			
Cash & cash equivalents		162	164
		162	164

Notes to the Accounts

for the year ended 31 July 2016

21 Restricted Reserves

Reserves with restrictions are as follows:

	Year ended 31 July 2016		Year Ended 31 July 2015 (Restated)
	Donations £'000	Total £'000	Total £'000
At 1 August 2015	52	52	-
New donations	44	44	52
Expenditure	(77)	(77)	-
Total restricted comprehensive (expenditure) / income for the year	(33)	(33)	52
At 31 July 2016	19	19	52

	2016 Total £'000	2015 Total £'000
Analysis of other restricted funds by purpose:		
General	19	52
	19	52

22 Cash and cash equivalents

	Notes	At 1 August 2015 £'000	Cash flows £'000	At 31 July 2016 £'000
Consolidated				
Cash and cash equivalents		2,669	(124)	2,545
Bank overdraft	17	(93)	22	(71)
		2,576	(102)	2,474

Notes to the Accounts

for the year ended 31 July 2016

23 Capital commitments

Provision has not been made for the following capital commitments at 31 July 2016:

	Year Ended 31 July 2016		Year Ended 31 July 2015 (Restated)	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Commitments contracted for	-	-	139	139

24 Contingent liabilities

Except as otherwise disclosed elsewhere in these Financial Statements, the only contingent liabilities known about at the time of signing the Financial Statements are detailed below:

- As part of the purchase of Harnhill Manor Farm in September 2009, the University signed a side letter to the vendor undertaking that, should the University sell the property within 5 years of purchase, it would pay the Trustees 50% of the difference in value between the purchase and sales prices and 25% of such difference for any sales in years 6 to 8 inclusive. Based on the valuation of the property as at 31 July 2016, the remaining contingent liability is valued at £1,183k (2015: £1,183k).
- The University's teaching staff became eligible for membership of the Teachers' Pension Scheme on 1 August 2001 but they did not join until 1 October 2010 when the University closed its defined benefit scheme. The University believes it has taken reasonable steps to mitigate the risk of any potential liabilities arising by paying the RAC Pension Scheme Trustees £423k during 2010/11 to guarantee an underpin to the RAC Scheme for each of these active members as at the date of Scheme closure. This underpin comes into force at the date each individual retires and offers a choice as to the scale of benefits (TPS or RAC) on which pensionable service between August 2001 and September 2010 is paid out. It is not possible to quantify any residual potential liabilities that might subsist at the present time.
- Pursuant to the University's planning consent for the Corinium Campus, it entered into a s106 planning agreement whereby, should the site be developed, it would incur financial commitments up to £543k (2015: £543k); these are backed by a bond with Lloyds Bank.

25 Lease obligations

Total rentals payable under operating leases:

	Year Ended 31 July 2016			Year Ended 31 July 2015 (Restated)
	Land and Buildings £'000	Plant and Machinery £'000	Total £'000	Total £'000
Payable during the year	68	42	110	126
Future minimum lease payments due:				
Not later than 1 year	68	39	107	114
Later than 1 year and not later than 5 years	115	35	150	184
Later than 5 years	187	-	187	214
Total lease payments due	370	74	444	512

Notes to the Accounts

for the year ended 31 July 2016

26 Events after the reporting period

Professor Joanna Price was appointed as Vice-Chancellor of the University, with effect from 1 September 2016, on the retirement of Professor Chris Gaskell.

27 Subsidiary undertakings

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

Company	Principal Activity	
Royal Agricultural University Enterprises Ltd (Co. No. 02752048)	Residential conference facilities, consultancy and retail.	100% owned
Royal Agricultural College Ltd (Co. No. 08542114)	Dormant Company	100% owned

Notes to the Accounts for the year ended 31 July 2016

28 Pensions

The University operates the following pension schemes:

(a) 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), the Universities Superannuation Scheme (USS) and a defined contribution (GPP) scheme with Aegon.

Notwithstanding the closure to future accrual the University continues to service the recovery plan at the rate agreed with the Trustees. Following the April 2015 triennial actuarial valuation the recovery plan and annual contributions payable increased from £650k to £689k per annum, and from a total of 16.5 years to 20 years. This increase, agreed by the Trustees, is principally a result of the continuing fall in Corporate Bond rates and Gilt yields faced by all pension schemes.

(b) Federated Superannuation Scheme for Universities (FSSU)

The pensions of a small number of former employees are funded by a separate defined benefit scheme, but 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.

(c) Teachers' Pension Scheme (TPS)

The Teachers' Pension Scheme is a statutory, contributory, unfunded, defined benefit scheme. The regulations under which the TPS operates are the Teachers Pensions Regulations 1997, 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' (FRS 102).

The last valuation of the TPS scheme was undertaken as at 31 March 2012. The Government Actuary's report of June 2014 revealed that the total liabilities of the scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £192 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £177 million. The rate of real earnings growth is assumed to be 4.50%. The assumed gross rate of return and discount factor applied is 4.35%.

As from 1 April 2015 and as part of the cost-sharing agreement between employers' and teachers' representatives, the standard contribution was assessed at 25.7%, plus a supplementary contribution rate of 0.3% to balance assets and liabilities as required by the regulations within 15 years, a Standard Contribution Rate (SCR) of 26.0%. This translates into an average employee contribution rate of 9.6% and employer contribution rate of 16.4% payable from 1 September 2015 onwards. The University had 62 members of the TPS as at 31 July 2016; (2015: 57).

(d) Universities Superannuation Scheme (USS)

Two employees were members of the Universities Superannuation Scheme (USS), a defined benefit scheme, until the University formally withdrew from the Scheme on 5 April 2015. There were no outstanding contributions for active service payable at the balance sheet dates by the University. The s75 withdrawal debt was included in the 2014/15 financial statements within creditors amounts falling due within one year (Note 16) and was settled during the year ended 31 July 2016.

(e) 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 1% (employee) and 2% (employer) until 30 September 2017, rising to 3% each for the next year and settling at 5% employee and 4% employer from 1 October 2018.
- 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 will be increased to 5% from 1 October 2018 in line with pensions legislation for auto-enrolment scheme.

Notes to the Accounts for the year ended 31 July 2016

28 Pensions (continued)

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 Life X	Friends Life Y
1 Aug 2015 - 31 Jul 2016	-	10.00%	2.00%	6.50%
1 Aug 2015 - 31 Aug 2015	14.10%	-	-	-
1 Sep 2015 - 31 Jul 2016	16.40%	-	-	-

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	USS	TPS
Last actuarial valuation	2015	2014	2012
Investment returns per annum	6.09%	5.20% 4.70%	5.06%
Market value of assets at last valuation date (£m)	18	41,600	177
Minimum funding requirement proportion if accrued benefits covered by the actuarial value of assets	67%	89%	92%

Charge in the Statement of Comprehensive Income and Expenditure

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

	2016 £'000	2015 £'000	2014 £'000
Defined benefit schemes:			
RACPS	-	-	-
FSSU	-	-	-
TPS	405	343	304
USS	-	11	14
	405	354	318
Defined contribution schemes:			
GPP: Aegon	58	74	88
GPP: Friends Life	159	151	87
GPP: Prudential	-	-	43
	217	225	218
	622	579	536
Total Pensions Cost as per Note 8, Staff Costs			
	2016	2015	2014
	£'000	£'000	£'000
Analysed as:			
Current service	622	579	536
Past service	-	-	-
Total	622	579	536

The cash contributions to be paid by the employer to the RACPS in respect of past service deficit increased as a result of the April 2015 actuarial valuation from £650k to £689k per annum, although the payment to catch up was made in August 2016. No amounts were charged to staff costs in the Statement of Comprehensive Income and Expenditure 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 2016 £8k contributions due to Aegon (2015: £10k) and £19k due to Friends Life had not been paid (2015: £22k). These sums were paid in August 2016.

Reconciliation to Balance Sheet (RACPS and FSSU)

	2016 £'000	2015 £'000	2014 £'000
Fair value of Scheme assets	19,236	19,232	18,248
Present value of Scheme liabilities	(34,509)	(29,489)	(27,112)
	(15,273)	(10,257)	(8,864)

Notes to the Accounts for the year ended 31 July 2016

28 Pensions (continued)

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 an actuarial valuation at 31 July 2016.

	2016	2015	2014
	£'000	£'000	£'000
RACPS	(14,988)	(9,955)	(8,517)
FSSU supplemental scheme	(285)	(302)	(347)
Total deficits	(15,273)	(10,257)	(8,864)

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.

	2016	2015	2014
	£'000	£'000	£'000
At the beginning of the year	19,232	18,248	17,164
Contributions by University	650	650	650
Contributions by employees	-	-	-
Benefits paid	(951)	(955)	(637)
Expected return on assets	679	758	1,036
Actuarial (losses)/gains	(374)	531	35
At the end of the year	19,236	19,232	18,248

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

	2016	2015	2014
	£'000	£'000	£'000
At the beginning of the year	(29,489)	(27,112)	(25,272)
Current service cost (operating charge)	-	-	-
Interest cost	(1,037)	(1,118)	(1,153)
Employee contributions	65	62	-
Benefits paid	951	955	697
Actuarial losses	(4,999)	(2,276)	(1,384)
At the end of the year	(34,509)	(29,489)	(27,112)

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

	2016	2015	2014
	%	%	%
Rate of increase in pensionable salaries	-	-	-
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 (LPI3-5)	3.25	3.48	3.50
Rate of increase in pensions in payment – post 01/04/03 (LPI 5)	2.64	3.14	3.20
Rate of increase in pensions in payment – post 01/04/05 (LPI 2.5)	2.16	2.34	2.30
Inflation rate (RPI)	2.64	3.16	3.20
Inflation rate (CPI)	1.74	2.41	2.45
Discount rate	2.40	3.58	4.20
Cash commutation	25.00	25.00	25.00
Demographic assumptions			
Base table	S2PMA	S1PMA	S1PMA
Projection basis	CMI 2015	CMI 2011	CMI 2011
Long term improvement trend	1.00	0.50	0.50

A rate of cash commutation of 25% is shown in these figures, based on Scheme actual experience (20%) 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 Bureau ('CMI'). For 2016 SAPS2 tables have been used to provide a best estimate of future experience of the of the pension scheme; these tables are in common use throughout the pensions industry.

Notes to the Accounts for the year ended 31 July 2016

28 Pensions (continued)

The SAPS2 tables 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. This adjustment is unchanged from the 2015 disclosures.

The assets of the RACPS scheme and the expected rate of return were:

Group and University	Value at 31 July 2016	Value at 31 July 2015	Value at 31 July 2014
	£'000	£'000	£'000
Bonds	2,121	2,009	1,874
Gilts	3,679	3,290	2,815
Property	2,024	1,918	1,709
Dynamic growth fund	5,321	5,714	5,854
Global absolute return strategies	5,769	6,072	5,700
Annuities	214	214	211
Cash	108	15	85
Total market value	19,236	19,232	18,248
Expected Return on Assets	3.70%	4.85%	6.09%

The expected return on assets has been derived as the weighted average of the expected returns from each of the main asset classes (e.g. equities and bonds). The expected return for each asset class reflects a combination of historical performance analysis, the forward looking views of the financial markets (as suggested by the yields available) and the views of investment organisations.

The discretionary FSSU supplementation scheme holds no assets and its deficit has been based on an actuarial valuation at 31 July 2016. The assumptions having the most significant effect on the calculation of the provision are that future interest rates will average 1.74% CPI and 2.64% RPI (2015: 2.41% and 3.16% respectively) per annum and that the rate of increase in pensions in payment will be 3.04% (2015: 3.52%) per annum.

Movements during the year

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

RACPS and FSSU	2016 £'000	2015 £'000	2014 £'000
Deficit in schemes at start of year	(10,257)	(8,864)	(8,108)
Movement:			
Current service cost (operating charge)	-	-	-
Contributions	715	712	710
Other finance costs	(358)	(360)	(117)
Actuarial loss in Changes of Statement in reserves	(5,373)	(1,745)	(1,349)
Deficit in schemes at end of year	(15,273)	(10,257)	(8,864)

The University pledged Bailey Lodge and Steadings Cottages against the pensions deficit by deeds dated 21 March 2007 and 15 January 2013. These charges have been lodged with the Pensions Regulator, Land Registry and Companies House.

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

RACPS and FSSU	2016 £'000	2015 £'000	2014 £'000
Expected return on RACPS assets	679	758	1,036
Interest on liabilities	(1,037)	(1,118)	(1,153)
Net cost	(358)	(360)	(117)

An analysis of amounts recognised in the Changes of Statement in reserves is given below:

RACPS and FSSU	2016 £'000	2015 £'000	2014 £'000
Actual less expected return on RACPS assets	(374)	531	35
Experience gains/(losses) arising on liabilities	(4,999)	(2,276)	(49)
Changes in assumptions underlying present value	-	-	(1,335)
Actual loss recognised in Changes of Statement in reserves	(5,373)	(1,745)	(1,349)

Notes to the Accounts for the year ended 31 July 2016

29. Accounting estimates and judgements

The main accounting estimates and judgements relate to Tangible Assets (Land and Buildings) and the Pension Liability.

As part of the transition from UK GAAP to FRS102 as the basis for the consolidated accounts, the University took the opportunity to update the values of its Land and Buildings to market value and to use this as Deemed Cost going forward (as provided for on first time adoption of FRS102). As part of this process the value of the land on which the buildings stood was separated from the building itself and updated estimates of remaining useful lives for the buildings was obtained from the valuers who revalued the buildings (Bidwells). These remaining useful lives have then been used to calculate depreciation on each of the buildings. Should these estimated remaining useful lives prove to be inaccurate then the annual depreciation charge arising therefrom would also be inaccurate. However, the total charge for depreciation on the University's portfolio of properties in these accounts amounts to £561k so 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 accounts.

As required by FRS102 the valuation of the Pension Liability is made by qualified Actuaries and is calculated on prescribed bases and the Actuaries best estimate in relationship to specific subjective factors. These are all set out in the Pensions note (Note 28).

30. Student Union

In recent years, the Student Union activities have been carried out through an independent Company Limited by Guarantee with registered charity status in its own right. As a result its financial statements are not included in the consolidated figures.

31. 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 was £49k (2015: £Nil). The amount owed by the Royal Agricultural University to the Life Cover Trust at the year end was £Nil (2015: £Nil).

31. Related party transactions (continued)

(c) Transactions with organisations related to governors

Due to the nature of the University's operations and the composition of 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 of 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 and can be inspected at www.rau.ac.uk.

The full register of Governors' interests has been inspected by the external auditors.

(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

In 2013/14 the University put out an Arable Contract Farming Opportunity for certain of its farming operations, the process was again organised by Moore Allen & Innocent LLP and resulted in a two year contract being offered to Kemble Farms, effective 29 September 2014.

(f) The Royal Agricultural College Beagles

In 2001 the RAC Beagles, which had been run as part of the University, were set up as an independent trust. Whilst no Governor or member of the University Senior Management is an officer or committee member of the RAC Beagles, the Beagles are "linked" to the University by virtue of their name, their provision of sporting and learning opportunities for the students and because they regularly appear at agricultural shows and game fairs to promote the University both nationally and in the local community.

In recognition of this the University made a donation to them of £5,000; (2015: £5,000). Normal business sales to the RAC Beagles amounted to £12,836 (2015:£11,111). There were no business purchases from the RAC Beagles in either of the two years.

31. Related party transactions (continued)

(g) The Royal Agricultural University Student Union

Note 30 explains that the Royal Agricultural University Student Union is separated off from the University. However, by token of its name and its purpose it is 'linked' to the University. During the year the University made a grant to the student union of £172,900 (2015: £155,250) and supplied goods and services to the student union to the value of £79,121 (2015: £79,348). There were no business purchases from the RAU Student Union in either of the two years.

(h) Related Charities

The University is linked to the following charities:

The African Fellowship Trust, 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 charity. The charity accounts for the year ended 30 September 2015 show income of £197,900 (2014: £207,000) and expenditure of £188,961 (2014: £229,114) with a positive fund of £47,024 (2014: positive fund of £38,085). More recent accounts are not available.

The Sir Emrys Jones Memorial Trust, registered charity 1105861, was set up in 2004 in memory of Sir Emrys Jones, Principal of the University from 1974 to 1979, to provide financial assistance by way of fees or maintenance grants to students from Wales (whether by origin or residence) who are in need of financial assistance to attend University. Without it being binding, the Trustees understand the benefactor's wish that priority should be given to students reading agriculture or related subjects. The charity accounts for the year ended 31 March 2015 show income of £18,776 (2014: £18,652) and expenditure of £23,750 (2014: £30,850) with a positive fund of £896,238 (2014: fund balance of £834,109). More recent accounts are not available.

Notes to the Accounts

for the year ended 31 July 2016

32 Transition to FRS102 and the 2015 SORP - Consolidated

As explained in the accounting policies, these are the University's first financial statements prepared in accordance with FRS102 and the SORP. The accounting policies have been applied in preparing the financial statements for the year ended 2016, the comparative information presented in these financial statements for the year ended 2015 and in the preparation of an opening FRS102 Statement of Financial Position at 1 August 2014. In preparing its FRS102, SORP based Statement of Financial Position, the University has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (2007 SORP). An explanation of how the transition to FRS102 and the SORP has affected the University's financial position, financial performance and cash flows is set out in the following tables.

See Note Below	1 August 2014 Effect of transition to			31 July 2015 Effect of transition to		
	2007 SORP £'000	2015 SORP £'000	2015 SORP £'000	2007 SORP £'000	2015 SORP £'000	2015 SORP £'000
Non-current assets						
Intangible assets and goodwill	1	-	56	-	56	56
Fixed Assets	2	21,481	17,724	22,880	16,050	38,930
Heritage assets		525	-	525	-	525
Investments	3	1,064	2,015	1,087	2,015	3,102
		23,070	19,795	24,492	18,121	42,613
Endowment assets						
	4	164	(164)	164	(164)	-
Current assets						
Stock		446	-	391	-	391
Trade and other receivables	5	1,303	(72)	1,043	(86)	957
Cash and cash equivalents	4	1,859	164	2,023	164	2,669
		3,608	92	3,939	78	4,017
Less: Creditors: amounts falling due within one year	6	(2,673)	(216)	(3,245)	(229)	(3,474)
Net current assets / (liabilities)		935	(124)	694	(151)	543
Total assets less current liabilities		24,169	19,507	25,350	17,806	43,156
Creditors: amounts falling due after more than one year	7	(4,957)	(30)	(4,526)	(450)	(4,976)
Provisions						
Provisions for liabilities	8	(592)	540	(56)	(1)	(57)
Other pension liability	8	(8,864)	(540)	(10,257)	-	(10,257)
Total net assets		9,756	19,477	10,511	17,355	27,866
Deferred capital grants	9	1,454	(1,454)	1,741	(1,741)	-
Restricted Reserves						
Income and expenditure reserve - endowment reserve		164	-	164	-	164
Income and expenditure reserve - restricted reserve		-	-	-	52	52
Share Capital		1	-	1	-	1
Unrestricted Reserves						
Income and expenditure reserve - unrestricted	10	3,609	6,114	2,549	5,755	8,304
Revaluation reserve	2	4,528	14,817	6,056	13,289	19,345
Total Reserves		9,756	19,477	10,511	17,355	27,866

Notes on the reconciliation of reserves

- 1 Separate disclosure of the cost of new website as an Intangible Asset
- 2 Revaluation of all Land & Buildings and revision of estimated useful lives of buildings
- 3 Re-categorisation of Investment Properties as Investments rather than Fixed Assets
- 4 Reclassification of Endowment Assets as Cash and Cash Equivalents
- 5 Revised treatment of remaining premium for a loan interest rate cap from a prepayment to a derivative stated at fair value.
- 6 Provision of an accrual for outstanding staff holiday entitlement as at the year end.
- 7 Re-categorisation of an amount of Deferred Capital Grant carried forward as a Creditor falling due in more than 1 year.
- 8 Re-categorisation of the s75 debt in respect of the University's withdrawal from the USS Pension Scheme.
- 9 Write off the majority of Deferred Capital Grants to Revenue Reserve at 1 August 2014 with a small amount being carried forward as a Creditor Falling due in more than 1 year (see Note 7 above).
- 10 Adjustment to reflect the effect on Revenue Reserves of the above adjustments.

Notes to the Accounts

for the year ended 31 July 2016

32 Transition to FRS102 and the 2015 SORP - Consolidated (continued)

<u>Consolidated</u>	See Note Below	2007 SORP £'000	STRGL Items* £'000	Effect of transition to 2015 SORP £'000	2015 SORP £'000
Income					
Tuition fees and education contracts		10,348	-	-	10,348
Funding body grants	1	2,714	-	(99)	2,615
Research grants and contracts	1	306	-	(10)	296
Other income (adjusted to exclude income from joint ventures)	1	4,741	-	(93)	4,648
Investment income		46	-	-	46
Total income before donations and endowments		18,155	-	(202)	17,953
Donations and endowments		-	-	52	52
Total income		18,155	-	(150)	18,005
Less: Share of income from joint ventures		-	-	-	-
Net income		18,155	-	(150)	18,005
Expenditure					
Staff costs		8,393	-	-	8,393
Other operating expenses	2	7,696	-	169	7,865
Depreciation	3	844	-	(9)	835
Interest and other finance costs	4	216	-	341	557
Total expenditure		17,149	-	501	17,650
(Loss)/Gain on investments	5	-	(134)	157	23
Surplus before tax		1,006	(134)	(494)	378
Taxation		-	-	-	-
Surplus after tax		1,006	(134)	(494)	378
Non controlling interest		-	-	-	-
Surplus for the year		1,006	(134)	(494)	378
Unrealised surplus on revaluation of land and buildings	6	-	1,678	(1,678)	-
Actuarial (loss)/gain in respect of pension schemes	7	-	(2,082)	337	(1,745)
Total comprehensive income for the year		1,006	(538)	(1,835)	(1,367)

* This column represents items that were previously recorded within the Statement of Total Recognised Gains and Losses (STRGL) and are now recorded within the Statement of Comprehensive Income (SoCI). This column does not include recognition of valuation changes arising from the adoption of the 2015 SORP. These are included within the effect of transition to 2015 SORP column.

Comments on the reconciliation of surplus / (deficit)

- Reverse various releases of previously brought forward deferred income not now brought forward under FRS102.
- Re-categorisation of unrealised loss on investment and additional bank charge as a result of the revised treatment of the loan interest cap premium.
- Reduction in depreciation charge as a result of the revaluation of Land & Buildings values and the revision of estimated useful lives of those buildings.
- Additional interest due on the Pensions Deficit as calculated under FRS102.
- Release of unrealised loss on investments in year to revenue reserve.
- Re-categorisation of unrealised surplus on revaluation of fixed assets.
- Revision to the actuarial loss in respect of pension schemes resulting from adoption of FRS102.

Notes to the Accounts

for the year ended 31 July 2016

32 Transition to FRS102 and the 2015 SORP - University

As explained in the accounting policies, these are the University's first financial statements prepared in accordance with FRS102 and the SORP. The accounting policies have been applied in preparing the financial statements for the year ended 2016, the comparative information presented in these financial statements for the year ended 2015 and in the preparation of an opening FRS102 Statement of Financial Position at 1 August 2014. In preparing its FRS102, SORP based Statement of Financial Position, the University has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (2007 SORP). An explanation of how the transition to FRS102 and the SORP has affected the University's financial position, financial performance and cash flows is set out in the following tables.

See Note Below	1 August 2014			31 July 2015		
	2007 SORP	Effect of transition to 2015 SORP	2015 SORP	2007 SORP	Effect of transition to 2015 SORP	2015 SORP
	£'000	£'000	£'000	£'000	£'000	£'000
Non-current assets						
Intangible assets and goodwill	1	-	56	-	56	56
Fixed Assets	2	21,481	17,724	22,880	16,050	38,930
Heritage assets		525	-	525	-	525
Investments	3	1,114	2,015	1,137	2,015	3,152
		<u>23,120</u>	<u>19,795</u>	<u>24,542</u>	<u>18,121</u>	<u>42,663</u>
Endowment assets	4	<u>164</u>	<u>(164)</u>	<u>164</u>	<u>(164)</u>	<u>-</u>
Current assets						
Stock		411	-	372	-	372
Trade and other receivables	5	1,547	(72)	1,177	(86)	1,091
Cash and cash equivalents	4	1,500	164	2,266	164	2,430
		<u>3,458</u>	<u>92</u>	<u>3,815</u>	<u>78</u>	<u>3,893</u>
Less: Creditors: amounts falling due within one year	6	(2,573)	(216)	(3,171)	(229)	(3,400)
Net current assets / (liabilities)		<u>885</u>	<u>(124)</u>	<u>644</u>	<u>(151)</u>	<u>493</u>
Total assets less current liabilities		<u>24,169</u>	<u>19,507</u>	<u>25,350</u>	<u>17,806</u>	<u>43,156</u>
Creditors: amounts falling due after more than one year	7	(4,957)	(30)	(4,526)	(450)	(4,976)
Provisions						
Provisions for liabilities	8	(592)	540	(56)	(1)	(57)
Other pension liability	8	(8,864)	(540)	(10,257)	-	(10,257)
Total net assets		<u>9,756</u>	<u>19,477</u>	<u>10,511</u>	<u>17,355</u>	<u>27,866</u>
Deferred capital grants	9	<u>1,454</u>	<u>(1,454)</u>	<u>1,741</u>	<u>(1,741)</u>	<u>-</u>
Restricted Reserves						
Income and expenditure reserve - endowment reserve		164	-	164	-	164
Income and expenditure reserve - restricted reserve		-	-	-	52	52
Share Capital		1	-	1	-	1
Unrestricted Reserves						
Income and expenditure reserve - unrestricted	10	3,609	6,114	2,549	5,755	8,304
Revaluation reserve	2	4,528	14,817	6,056	13,289	19,345
Total Reserves		<u>9,756</u>	<u>19,477</u>	<u>10,511</u>	<u>17,355</u>	<u>27,866</u>

Comments on the reconciliation of reserves

- 1 Separate disclosure of the cost of new website as an Intangible Asset.
- 2 Revaluation of all Land & Buildings and revision of estimated useful lives of buildings.
- 3 Re-categorisation of Investment Properties as Investments rather than Fixed Assets.
- 4 Reclassification of Endowment Assets as Cash and Cash Equivalents.
- 5 Revised treatment of remaining premium for a loan interest rate cap from a prepayment to a derivative stated at fair value.
- 6 Provision of an accrual for outstanding staff holiday entitlement as at the year end.
- 7 Re-categorisation of an amount of Deferred Capital Grant carried forward as a Creditor falling due in more than 1 year.
- 8 Re-categorisation of the s75 debt in respect of the University's withdrawal from the USS Pension Scheme.
- 9 Write off the majority of Deferred Capital Grants to Revenue Reserve at 1 August 2014 with a small amount being carried forward as a Creditor Falling due in more than 1 year (see Note 7 above).
- 10 Adjustment to reflect the effect on Revenue Reserves of the above adjustments.

Notes to the Accounts

for the year ended 31 July 2016

32 Transition to FRS102 and the 2015 SORP - University (continued)

<u>University</u>	See Note Below	2007 SORP £'000	STRGL Items*	Effect of transition to 2015 SORP £'000	2015 SORP £'000
Income					
Tuition fees and education contracts		10,348	-	-	10,348
Funding body grants	1	2,714	-	(99)	2,615
Research grants and contracts	1	306	-	(10)	296
Other income (adjusted to exclude income from joint ventures)	1	3,977	-	(93)	3,884
Investment income		45	-	-	45
Total income before donations and endowments		17,390	-	(202)	17,188
Donations and endowments		-	-	52	52
Total income		17,390	-	(150)	17,240
Less: Share of income from joint ventures		-	-	-	-
Net income		17,390	-	(150)	17,240
Expenditure					
Staff costs		7,996	-	-	7,996
Other operating expenses	2	7,328	-	169	7,497
Depreciation	3	844	-	(9)	835
Interest and other finance costs	4	216	-	341	557
Total expenditure		16,384	-	501	16,885
(Loss)/Gain on investments	5	-	(134)	157	23
Surplus before tax		1,006	(134)	(494)	378
Taxation		-	-	-	-
Surplus after tax		1,006	(134)	(494)	378
Non controlling interest		-	-	-	-
Surplus for the year		1,006	(134)	(494)	378
Unrealised surplus on revaluation of land and buildings	6	-	1,678	(1,678)	-
Actuarial (loss)/gain in respect of pension schemes	7	-	(2,082)	337	(1,745)
Total comprehensive income for the year		1,006	(538)	(1,835)	(1,367)

* This column represents items that were previously recorded within the Statement of Total Recognised Gains and Losses (STRGL) and are now recorded within the Statement of Comprehensive Income (SoCI). This column does not include recognition of valuation changes arising from the adoption of the 2015 SORP. These are included within the effect of transition to 2015 SORP column.

Comments on the reconciliation of surplus / (deficit)

- 1 Reverse various releases of previously brought forward deferred income not now brought forward under FRS102.
- 2 Re-categorisation of unrealised loss on investment and additional bank charge as a result of the revised treatment of the loan interest cap premium.
- 3 Reduction in Depreciation charge as a result of the revaluation of Land & Buildings values and the revision of estimated useful lives of those buildings.
- 4 Additional interest due on the Pensions Deficit as calculated under FRS102.
- 5 Release of unrealised loss on investments in year to revenue reserve.
- 6 Re-categorisation of unrealised surplus on revaluation of fixed assets.
- 7 Revision to the actuarial loss in respect of pension schemes resulting from adoption of FRS102.



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