



Royal  
Agricultural  
University

# Annual Report and Financial Statements 2019-20





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# Introduction – Vice-Chancellor and Chair of Governors



Professor Joanna Price, Vice-Chancellor



Mr John Pain, Chair of Governors

The academic year 2019-2020 ended like no other in the RAU's 175-year history, as we faced the Covid-19 global pandemic. On the 18th March 2020, the University stopped all face-to-face teaching and students returned home as the country went into 'lockdown' with all but essential staff working from home. It has been a privilege to have witnessed the way that the RAU community responded to this major disruption to ways of working and living. As always, staff put the education and wellbeing of students first, and our students remained engaged with their learning while showing great understanding, flexibility and forbearance. Our 175th anniversary year has been memorable, but not in the way we had originally envisaged.

As seen across the Higher Education sector, the financial impact of Covid-19 has been significant; commercial income reduced considerably, expenditure was increased because of student accommodation refunds, vitally important Covid-19-related health and safety measures, and the additional costs of online teaching. It is a widespread misconception that online teaching is cheaper than that done face-to-face. It is not, and our academic staff should be congratulated on how they have responded to the challenge of its introduction at such short notice. Their hard work, together with that of all the University's professional services staff, made sure that the year ended without major adverse incident – even ensuring that the absence of students on the campus did not

go to waste, but allowed the kitchens to supply ready-cooked meals for the 'locked-down' local community.

The Governing Body remains fully committed to guaranteeing that the RAU achieves its purpose and mission, and the balance sheet at the end of the year reflects both ongoing investment in supporting the change programme, and mitigating the financial impact of Covid-19. The Right Honourable Michael Jack CBE was Chairman of Council when the 5-year strategic and financial plans were approved in 2018, and under his leadership Council also approved the sale of Harnhill Manor Farm, a timely decision which is helping us manage this period of uncertainty. We shall miss his clear leadership, wisdom and political understanding and the

University is most grateful to him for his singular contribution.

Notwithstanding Covid-19, we have seen significant progress in implementing our 2018-2022 Strategic Plan aimed at the renaissance of the University financially and academically. The effectiveness of this was reflected in an improved position in the 2019 Times and Sunday Times League Tables and the Complete University Guide. For the second year running the RAU was ranked in the top 10 in both the "University of the Year" and "Job Prospects" categories by the Whatuni Student Choice Awards, which are also based on student feedback.

However, the goal posts set to measure our success are never fixed, and, like the rest of the sector, the RAU has to live with uncertainty over the government's future policies for Higher Education which will be outlined in a forthcoming strategy paper. The recommendations of the Augar Report are likely to be revisited (currently in abeyance due to the change of government), and ministers have made it clear that Teaching Quality remains a key issue; this is aligned with our strategic goal to enhance our teaching and learning and improve the student experience. Brexit is also set to have a significant impact on both the HE and agricultural sectors.

**“The RAU is small enough to care and let people have individuality, but large enough to immerse you into a great academic environment.”**

Robyn Hogg

BSc (Hons) International Business Management  
(Food and Agribusiness)



Graduate employment is another measure used to assess the quality of HE provision, but it is fortunate that this government is less fixated on graduate earnings. While our graduates are highly employable, salaries in the land-based/agricultural industries are lower than in many other sectors. To ensure that our graduates have the skills and attributes that employers need, we are improving our work placement provision, placing more focus on transferable skills and continuing to engage with employers.

While seeking to ensure wider domestic participation in both our established and new Catalyst programmes, we have continued to increase our focus on building our networks and enhancing our reputation for thought leadership nationally and internationally. Our academics have engaged in research into the impact of the pandemic on the rural economy and on food safety and security. In addition to increasing grant income this year, the growing number of internationally rated research publications means that we anticipate that our performance in the next Research Excellence Framework will improve.

Covid-19 has required our staff to improve and develop their skills and expertise in online teaching and learning and this will enable us to offer more programmes that will attract international students. This year, we have established the Institute for Advanced Agritechnology at Qingdao Agricultural University (QAU) in China which will also help to expand our transnational higher education portfolio. The RAU is the only small, specialist university in the UK to have established a major Joint Institute with endorsement from the Chinese Government. Starting in September 2021, this partnership will see double-award degrees offered across four BSc (Hons) programmes. The degrees will be delivered at the QAU campus, with students being taught in English by both RAU and QAU academics. We are indebted to our new Pro Vice-Chancellor Professor Neil Ravenscroft and Assistant Pro Vice-Chancellor (International), Dr Xianmin Chang for their outstanding work in support of this partnership.

We hope that the information outlined in this report demonstrates that, despite the many challenges and uncertainties facing us, there remain many opportunities for the RAU and those who choose to work and study with us. We firmly believe that the RAU is as relevant and innovative in its approach today as when its doors opened to the first students on 15th September 1845.



Covid-19 has caused immeasurable harm, but at least it has highlighted the importance of food security which, alongside climate change, is having devastating effects on biodiversity. As an institution that has educated pioneers and innovators for generations, we have a responsibility to ensure that our academics engage in research and knowledge exchange that makes a real difference, and that our graduates have the knowledge, skills and attributes to help improve the health and wellbeing of animals and people – and sustain the land and the planet. We have every confidence that 175 years hence, a future generation will be toasting the RAU's future.

**Professor Joanna Price**  
Vice-Chancellor

**Mr John Pain**  
Chair of Governors

# Key Facts

**ioee**™ INSTITUTE OF ENTERPRISE  
AND ENTREPRENEURS

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



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

**TEF Silver** Teaching  
Excellence  
Framework

Awarded in 2017

**THE AWARDS**  
2020



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

91% of RAU former  
undergraduates are in  
employment or further  
study six months after  
graduating



Top 10 University of the Year  
& Job Prospects rankings for  
two years running (WhatUni)



THE BATHURST ESTATE

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



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

**33**  
**AdvanceHE**

33 academic staff are  
Fellows of The Higher  
Education Academy





RAU has risen 16 places to rank 73rd out of 131 institutions (Times and Sunday Times Good University Guide 2021)



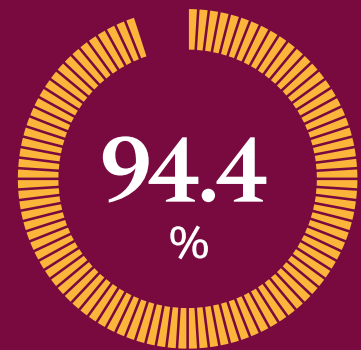
Joined the Feeding the 5,000 project to help provide home cooked, healthy meals to those in need during the coronavirus pandemic



Our students are regularly nominated for awards. In 2020, two students were shortlisted in the South West Women in Property Student Awards



In top five for continuation rates in two subject areas (Agriculture, Forestry and Food, and Building and Town and Country Planning) (The Guardian University Guide 2021)



Among highest in UK at 94.4% for degree completion rate (Times and Sunday Times Good University Guide 2021)



A strong alumni network with international reach and influence



The leading Agritech incubation and innovation space in the UK



A global University with around 1,200 students from over 41 countries

For the third year in a row, our BSc (Hons) Bloodstock and Performance Horse Management degree has scored above the national average in student satisfaction



# About the Royal Agricultural University (RAU)

Since its foundation in 1845 the Royal Agricultural University (until 2013 known as the Royal Agricultural College) has changed the face of the land-based industries.

Today, as the University celebrates its 175th anniversary, we take great pride in our long history and tradition, but are setting our sights firmly on the future. With a network of national and international partners, the RAU is an outward-looking and collaborative institution with significant reach and influence, not just in the UK, but globally.

Key to our success is the ability, retained over generations, to engender in our graduates a spirit of entrepreneurship, innovation, resilience and service. Consequently, the impact of those who have studied at the RAU since its foundation has been extraordinary.

The talent and potential of each individual student is nurtured, and this is reflected in our excellent employability and

student retention rates and in the affection and the great esteem felt by our graduates for the RAU.

From starting with courses focused on agriculture, over the years the portfolio of courses has expanded to include business, environment, equine science, farm management, food, real estate, rural land management and cultural heritage. There are now 970 students on undergraduate courses and 256 students on postgraduate programmes. In addition, there is a growing population of postgraduate research students.

The RAU has four academic schools which align to our academic strategy and vision for supplying leadership across key land-based industries:

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

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

However, although the RAU is rooted in the Cotswold countryside and embedded in the UK land-based community, our outlook has always been, and remains, truly global. We recruit students from over 41 countries and have a long-standing partnership with Shandong Agricultural University in China. This year, we have welcomed our first 300 students who are starting their studies at the new RAU Joint Institute for Advanced Agritechology at Qingdao Agricultural University in China.

In addition to teaching, RAU academics continue a long tradition of providing practical solutions to real world problems through their applied research and Knowledge Exchange. Current areas of focus include Soil Science; Animal Welfare; Rural Policy; Land Economics and Land Heritage. Our academics also influence government and policy makers, a critical role to play at a time of great political uncertainty.



Ensuring that knowledge generation will benefit the industry and the wider society, is a key strategic goal and this is achieved in a number of ways. The John Oldacre Rural Innovation Centre runs a range of practical and short courses for industry, and we support several business leadership programmes. Farm491, our Agri-tech incubator grows from strength to strength and the Cirencester Growth Hub is part of a network which supports local businesses grow and develop, a critical function during the time of Covid-19.

In terms of location, Cirencester offers excellent access for businesses, with cities such as Bristol, Cardiff and London being easily accessible by road and rail.

The RAU is a wonderful and unique place to live, study and work. It engenders a strong sense of community and 'place', with strong and growing relationships with the local community of Cirencester and the county of Gloucestershire. As we navigate the Covid-19 pandemic the civic mission of the university has never been more important.

# Our History

1842



1845

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

1982

Prince of Wales became President of the RAC



1931

Professor R ("Bobby") Boutflour becomes Principal of the College

1984



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

## The first students were admitted to the Royal Agricultural College on 15th September 1845.

The idea to create an establishment specifically dedicated to educating those who worked the farms came from an enlightened, Victorian gentleman Robert Jeffreys Brown, a teetotal wine merchant of Cirencester who lived in what is now Trent Lodge in the grounds of the RAU.

He suggested the foundation of an agricultural school in November 1842 at a meeting of the Cirencester and Fairford Farmer's Club.

Earl Bathurst leased 425 acres and a site to build the College, and construction in the Victorian Gothic style began in April 1845

and was completed within a year at a cost of £3,674. The first 25 students who were aged between 14 and 18 were admitted on 15th September 1845, and because the College was under construction, they were required to take lodgings in Cirencester.

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

The College closed at the start of the first World War in 1914 and was not to reopen until 1922, with ex-RAC student Lord Bledisloe as Chairman of Governors, who later became Governor General of New Zealand. It also closed during World War II.

As well as educating from its early days, generations of students have been pioneers, innovators and leaders, staff have made a considerable impact on farming practice and notable contributions to agricultural science. In 1931, Professor R ("Bobby") Boutflour, CBE, one of the greatest leaders of change in farming practice of his time, became Principal. While Boutflour was Principal the Diploma in Estate Management was established and Kenneth Russell's pioneering work with dairy cows on how to achieve production yields of 3,000 litres a year gained international renown and recognition.

## In 1979 the College admitted its first female students.

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

**2001**

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

**2016**

Appointment of Professor Joanna Price as first female Vice-Chancellor

**2018**

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

**2013**

Privy Council awarded the College full University Status

**2017**

Awarded TEF Silver. The first phase of our Farm491 project opened at the University's Harnhill Farm

**2020**

RAU obtains consent from the Chinese Ministry of Education to open the RAU Joint Institute for Advanced Agritechology at Qingdao, China

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

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

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

In 2020, we obtained consent from the Chinese Ministry of Education to open the Royal Agricultural University Joint

Institute for Advanced Agritechology at Qingdao which will offer four joint degrees from September 2020. We also reaffirmed our strong connection with the Bathurst Estate, first

established 175 years ago, in an agreement that will enable staff and students to access the facilities of this historic and diverse rural enterprise for education and research.



The Alliston Centre



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

Harry Goring was awarded the prestigious John Innes Foundation bursary, for students wishing to start a career in farming from a non-farming background







# Highlights – 2019-20 in Focus

The year started strongly for the RAU with a very positive NSS result, multiple student achievements, industry recognition of our enterprise provision, and the launch of our 175th anniversary celebrations to look forward to. Then the unprecedented, global coronavirus pandemic took hold. Despite its impact, the resilience and dedication of the RAU community remained strong with students and staff adapting to a very different world.

Our academics played their part in addressing the impact of Covid-19 on the farming and food industries and the wider rural economy. The University helped make a difference through a community meals project and there were some great examples of research innovation.



The University celebrated 175 years

## 2019

### August 2019

- » The RAU joined members of the farming community at the 2019 Brighton Pride Parade, walking alongside a tractor resplendent in rainbow colours. The University was parading with Agrespect, a network which campaigns for inclusion in the rural sector.

### September 2019

- » Student Tayla Harding's research revealing the need for improved communication between vets and sheep farmers impressed delegates at the Sheep Veterinary Congress. Her work found that vets and farmers both believed that a high turnover of vets in practice and lack of specialist knowledge surrounding the sheep sector were barriers to regular interaction between the farmer and vet.
- » The RAU's Farm491 joined forces with Research Institute Rothamsted Enterprises in Harpenden in a collaboration to help accelerate potential agricultural innovations for UK farming.

### October 2019

- » The RAU was crowned Enterprising Learning Provider of the Year by Small Firms Enterprise Development Initiative (SFEDI) and the Institute for Enterprise and Entrepreneurship (IOEE). The honour is given "in recognition of a learning provider that has delivered beyond its remit, meeting complex learner requirements and exceeding SFEDI and IOEE's exacting standards".



### October 2019 (cont.)

- » At the University's autumn awards ceremony Suzanna Hext – a winner of three European Gold medals in para dressage and World Silver and Bronze in para swimming – was made an Honorary Fellow of the RAU. Students Henry Jackson and Alfie England also received Bravery Awards from the Royal Humane Society for saving a man's life while they were rowing.

### November 2019

- » Dr Felicity Crotty played a key role in a worldwide earthworm study, helping to compile the first global atlas of earthworms.
- » A RAU graduate successfully created and delivered Gloucestershire's first ever Asian Food Festival. Josephine Lawrence, an International Business Management graduate from Malaysia, drew crowds to Cheltenham's Promenade for the event which took place over a weekend in early November.
- » RAU showcased its award-winning Cotswold Hills products at the House of Commons at a Taste of Gloucestershire event demonstrating what the county's producers have to offer.
- » Lecturer in Agroecology, Dr Laurence Smith was the lead author on a major study entitled: 'The greenhouse gas impacts of converting food production in England and Wales to organic methods' in the journal Nature Communications.



## 2019 (cont.)

### December 2019

- » Cotswold Hills' dry white wine was selected for sale by the Midcounties Co-op in time for Christmas. The award-winning wine is harvested at the RAU's vineyard in Down Ampney, Gloucestershire. Cotswold Hills is a social enterprise with students involved throughout the process from grape to bottle and to shop shelf.



- » New research carried out at the RAU and the University of Nottingham on asthma in horses discovered a possible link to latex. Findings showed that natural rubber latex was among “the most surprising and significant” of several new allergens present in the dust horses breathe.
- » The University renamed its £1.2m Centre for Rural Innovation and Skills in honour of the late philanthropist, businessman and agriculturalist, John Oldacre. The John Oldacre Rural Innovation Centre is a multi-functional facility offering rural skills training to both RAU students and external clients.

## 2020

### January 2020

- » Global food industry expert John Pain was appointed as Chair of the RAU's Governing Council, taking over from The Rt Hon Michael Jack CBE.
- » A team from the RAU travelled to China to present the case to open the RAU Joint Institute for Advanced Agritechology at Qingdao, China.

### February 2020

- » The University's annual Plough Service took place in the Parish Church of St John Baptist in Cirencester and provided an opportunity to mark the RAU's 175th anniversary. The service celebrated farmers, with farmers blessing and toasting the plough, in the hope of a plentiful harvest ahead.
- » Local MP, Sir Geoffrey Clifton-Brown planted a ceremonial oak tree at the RAU as part of the 175th anniversary celebrations. Sir Geoffrey is a distinguished alumnus, farmer and an ongoing supporter of the University. The oak tree, one of many gifted to MPs by Extinction Rebellion, was planted on the Bledisloe Lawn.



Frank Garner opening the new machinery wing in the 1970's

## 2020 (cont.)

### March 2020

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

### April 2020

- » The RAU was one of a number of 'hero kitchens' who joined the Feeding the 5,000 project, with our dedicated catering team cooking and packaging up over 2,000 delicious meals ready for distribution to those most in need amid the coronavirus pandemic, including frontline NHS staff. The project was led by The Long Table and the Diocese of Gloucester.
- » A survey commissioned by the Food, Farming and Countryside Commission (FFCC) and The Food Foundation, highlighted a number of social and environmental changes as a result of the coronavirus 'lockdown', including our relationship with food. The RAU's Creak Chair, Professor Tom MacMillan led the research for the FFCC.



### April 2020 (cont.)

- » A small group of students on campus during 'lockdown' built and grew a Perennial Victory Garden to help people maintain their mental health. Named in the tradition of Victory gardens created to prevent food shortages at a time of war, the garden is a lasting testament to RAU students' creativity, skill and passion for sustainable food sources.

### May 2020

- » The RAU agreed a major Joint Institute with Qingdao Agricultural University (QAU) in China to help to expand higher education in the land-based sector on a global scale. The RAU is also the only small, specialist university in the UK to have established a Joint Institute with support from the Chinese Ministry of Education.
- » Agriculture student Luke Esson scooped the top prize of £2,500 in the RAU's Grand Idea competition, held virtually for the first time in its 13-year history due to Covid-19. Facing a panel of expert judges Dragon's Den-style, Luke won for his start-up business venture Veg-Tech, exploring the practicality of commercial farming using hydroponics.



## 2020 (cont.)

### May 2020 (cont.)

- » Students Ben Allard and Jake Mortimer were both awarded funding through the Douglas Bomford Trust (DBT) Scholarship to develop their experience of agricultural engineering and technology.
- » The RAU's award-winning Cotswold Hills wine launched a new rosé version in time for the summer.
- » RAU partners with new National Innovation Centre for Rural Enterprise (NICRE) which aims to support enterprise, resilience and innovation among rural firms and unlock the untapped potential of rural economies across the UK.


### June 2020

- » Environment experts at the RAU, Dr Kelly Hemmings and Dr Ian Grange, developed a range of educational resources for universities and colleges as part of the Colour in the Margins project, led by Plantlife, which focuses on the management of arable land to enhance the diversity of arable wildflowers.
- » International Business Management student Emily Tal became the first student to be awarded a new bursary of £1,750 introduced by the RAU and generously supported by STITA LLP, the leading provider of farm tours in the UK and Europe.
- » After the impact of the coronavirus pandemic, the University announced plans to fully re-open its campus and welcome new and returning students back in September, with measures in place to protect the safety and wellbeing of students, staff, the wider RAU community, and the public.

### July 2020

- » The National Education Opportunities Network (NEON) launched a project in support of widening access, particularly to those disadvantaged as a result of Covid-19. The Uni4Me online hub provides a central portal where learners, parents and teachers can access free activities to help them progress to HE. It brings together 250 online activities from 50 partner organisations in the HE sector, including the RAU.
- » Professor Louise Manning worked closely with the Parliamentary Office of Science and Technology (POST) on their publications around resilience in the wake of the Covid-19 pandemic. Louise was asked to provide peer review support, along with other experts, into an update on the effects of Covid-19 on the food supply system.
- » The RAU achieves Top 10 University of the Year and Job Prospects rankings for the second year running in a set of awards based on the views of student themselves, the WhatUni Student Choice Awards 2020.





“The RAU is more than just a degree. It has helped me through the tough times, held me in good stead, taught me to be independent and dedicated to my work and my sport – more importantly it has taught me to enjoy life and have a good time.”

Suzanna Hext

Para-Olympian and RAU graduate speaking at an event celebrating 40 years of women at the RAU

# Appointments to New Roles



**Professor  
Louise Manning**

Director of Knowledge Exchange

Louise Manning was appointed Professor of the RAU in January 2019, and subsequently appointed as Director of Knowledge Exchange in July 2020.

Louise has worked for over 35 years in the agri-food supply chain in a range of roles. Her expertise is in the area of food security and food integrity including food safety, food quality, food crime, policy and governance, social and corporate responsibility, resilience, risk assessment and mitigation strategies. Louise has carried out projects for government bodies and companies throughout Europe and Africa.

This work includes strategic risk analysis and mitigation for both corporate organisations and public bodies. She has been published in peer-reviewed journals, authored book chapters and written and edited books in the subject area. Louise's research work also involves undertaking desktop reviews; qualitative and quantitative fieldwork including focus groups, workshops and in-depth interviews, questionnaire design and analysis, strategic framework, communication systems, and model design and developing tools to drive risk communication and engagement of stakeholders at all levels of the supply chain.



**Professor  
Mark Horton**

Professor of Archaeology and Cultural Heritage, and Director of Research

Mark Horton joined the RAU as Cultural Heritage Institute Professorial Research Fellow in Archaeology in March 2019, and appointed Professor of Archaeology and Cultural Heritage in October 2019. He was subsequently appointed as Director of Research in June 2020. Mark is an archaeologist with global interests and a passion to understand and communicate how the modern world was formed through historical process. His research employs field and scientific methodologies, with an eagerness to discover new information through investigation.

Mark's research as an archaeologist has taken him on fieldwork to East Africa, Sri Lanka, Mongolia, the Caribbean, Panama, Eastern US, France and the UK. He has a keen interest in field methods, especially in extreme and difficult environments, and working with archaeological scientists to generate new data from often hard to reach locations.

Mark specialises in landscape approaches to archaeology, to look beyond the site, to develop ways of recording and understanding the wider context. In this work, he has been an early adopter of UAV/drone technology and exploring the potential new imaging methods, both in the UK and overseas.





**Professor  
Neil Ravenscroft**

Pro Vice-Chancellor  
(International)

Neil Ravenscroft joined the RAU in March 2019 as Head of School for REALM. In July 2020 he was appointed as Pro Vice-Chancellor (International).

As Pro Vice-Chancellor (International), Neil's role is to provide guidance and leadership in the development of UK and international partnerships and collaborations, in teaching, research and knowledge exchange.

As part of this role he is Executive Dean of the RAU Joint Institute for Advanced Agri-Technology at Qingdao Agricultural University and serves on the Vice-Chancellor's Executive Group at the RAU, as well as chairing a number of committees related to our international programmes and collaborations. Outside the University, Neil recently held positions including elected executive membership of the UK Council for Graduate Education and membership of the UK Committee for the UNESCO Man and Biosphere Programme. He is also a Visiting International Expert at Fudan University, China, where Neil researches farming in China's urban periphery and the growth in interest in community supported agriculture. As a result of this work, Neil has been appointed as an advisor to the China Community Supported Agriculture Alliance. He has a more practical interest in community supported agriculture in the UK, as a member and past Director of Tablehurst Community Farm in East Sussex.



**Dr Xianmin Chang**

Associate Pro  
Vice-Chancellor  
(China Programmes)

Dr Xianmin Chang was appointed as Senior Lecturer in Crops Production at the RAU in May 2014, and subsequently appointed Associate Pro Vice-Chancellor (China Programmes) in January 2020.

His research profile is as a plant physiologist and biochemist, concentrating on developing novel areas of research related to the use of natural products for improving health in humans and reducing pest damage in agricultural crops. He established his reputation as Co-ordinator of the BBSRC / Defra LINK Project, Agronomic Processes to Optimize Galanthamine Content of Daffodil Biomass (October 2011-September 2016). During this time he managed a large consortium of research organisations and industrial partners, including gaining approval for the crop trials and preparing the reports for the funders. This project identified several alkaloids which are very important for human health, including Galanthamine which is now being used to treat Alzheimer's Disease. Since he joined the RAU, he has led the development of RAU's China programmes, establishing partnerships with seven leading Chinese universities.

# Our Vision, Mission and Purpose

## Our Vision

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A world where all communities thrive in harmony with nature

## Our Mission

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Equipping a new generation to thrive through change

## Our Purpose

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

# Thrive, equip, cultivate



# Our Strategic Goals

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

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

This year has been like no other in terms of student experience with the need to move all our teaching, learning and assessment online at very short notice in March due to the Covid-19 pandemic. Our academic and professional services staff demonstrated huge commitment and outstanding practice to ensure that no student was disadvantaged, all learning outcomes for every programme were met and a “no detriment” policy applied for assessment. We are also very proud of the adaptability and resilience shown by our students who successfully engaged with their learning and assessment from home, with no significant reduction in completion and continuation rates.

Our sustained focus on developing a curriculum that is industry relevant and develops the future leaders for the land-based sector, has seen the first year of delivery of the postgraduate programmes developed through Catalyst funding from the Office for Students (OfS) and the validation of two undergraduate programmes from the same project. The BSc (Hons) Environment, Food and Society and BSc (Hons) Rural Entrepreneurship and Enterprise have been developed in close association with employers and will offer a unique curriculum that builds on the strengths and thought leadership at the University.

One of our key challenges remains attracting students from wider backgrounds to study land-based subjects and our recruitment team continue to work with schools locally, regionally and nationally to raise awareness of the industries we serve and the career opportunities in the sector.

This year saw the first cohort of students on our newly developed integrated foundation year, attracting applicants who do not meet the entry requirements to enter straight on to an honours course or who have taken some time away from study. The success of this programme can be seen through a doubling of applicant numbers for entry to the programme in September 2021.

Our commitment to ensuring the best outcomes for all our graduates is demonstrated by our consistently high Graduate Outcomes Survey results published by the Higher Education Statistics Agency (HESA). This year, 91% of RAU former undergraduates were in employment, further study or both within six months of graduating, against the national average for all Higher Education providers (HEPs) of 87%.

The close and supportive student community is a central part of the ‘Ciren experience’ and this year saw the appointment of the second full-time RAU Students’ Union (SU) President, Lewis Bebb.

The SU continues to have an increased focus on engagement with the academic aspects of student life, there is strong representation on all University committees including Academic Board, and Lewis is a member of Governing Council. During the period of 'lockdown', when most students returned home to study, our student services remained fully operational and moved all provision online. Those students who remained on campus were well supported with regular contact, both online and face-to-face where Covid-19 safe to do so. One of those students commented that "there was no better place to be locked down".

Enterprise remains a strong focus at RAU and this past year is no exception. Despite the need to go online the 'Grand Idea' competition, where students are supported to develop a business plan that is then presented in a Dragons' Den style competition, was a huge success with the winner, Luke Esson, presenting his business plan for 'Veg-Tech' a commercial hydroponic farming enterprise.

## 2. Develop strategic and sustainable partnership working

We have long been committed to building links with a range of partners across the education sector, in the UK and globally, with non-governmental organisations and with industry. This has again progressed substantially this financial year.

In early 2020, we heard that we had secured a major Joint Institute in Advanced Agritechology with Qingdao Agricultural University (QAU) in China. With four double-award BSc programmes, the new Joint Institute will help to expand Higher Education in the land-based sector on a global scale. In a very competitive process, the RAU/QAU partnership was one of only 11 worldwide that were chosen this year. The RAU is also the only small, specialist university in the UK to have established a Joint Institute with support from the Chinese Ministry of Education. The Vice-Chancellor, Professor Joanna Price, said: "Establishing this Joint Institute with QAU is a valuable, strategic initiative for the RAU and an important milestone in our future growth."

In addition to the Joint Institute, we continue to enjoy a strong partnership with Shandong Agricultural University in China, where we co-teach undergraduate programmes in real estate and international business to over 300 students

per year. In Europe, our postgraduate business programme continues to be a popular option for double award Masters students from the Fachhochschule des Mittelstands in Berlin.

Closer to home, our relationship with Swindon Borough Council continues to strengthen as the RAU Swindon hub nears completion and we prepare for the first intake of postgraduate students to the Cultural Heritage Institute. This will underpin our existing links with Wessex Archaeology, as well as helping us develop new links with Kingston Maurwood College, one of our partner colleges.

Our new Catalyst Masters courses launched in September 2019, with residential weeks organised at the RAU and taught by a team from RAU and the Countryside and Community Research Institute (CCRI).

The RAU remains committed to strengthening its position as a local 'anchor' institution. This is most evident in its work with the GFirst Local Enterprise Partnership (LEP), where the Cirencester Growth Hub, funded by the LEP and the ERDF, continues to support small businesses.

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

In last year's Annual Report we highlighted the growing impact of our academics as thought leaders. This team has been strengthened by the appointment of Mark Horton, an academic of international renown, as Professor of Archaeology and Cultural Heritage. In addition to playing a leading role in the establishment of the new Cultural Heritage Institute in Swindon, Mark has recently been appointed as Director for Research.

With the upcoming Research Excellence Framework in 2021, the RAU has been focussing strongly on developing its research strategy, as well as on research outputs and their impact. We are delighted that our academic research community has also been strengthened by the appointment of several new research active junior academics. We hope to be able to submit 18 academics into the REF in 2021, each with credible and significant outputs. During the year recent publications by staff include two papers in *Nature*, and one in *Science*. Our research income for the year more than doubled, and we have a very credible 43% success rate for our grant bids.

Support comes from a variety of sponsors such as UKRI, Research England, Global Challenges Research Fund as well as smaller

charities and organisations. A strong focus of our research is food safety and sustainability, as well as animal health and the novel approaches to food and farming. We have also worked on various African projects, including the East Pemba project, which has examined sustainable solutions to poor maritime communities. Another project has established the National Innovation Centre for Rural Enterprise, jointly with the University of Warwick and the CCRI at the University of Gloucester, to support rural innovation. Professor Tom MacMillan was Research Director for the RSA Food, Farming and Countryside Commission, an independent inquiry that started work in late 2017 to think afresh about where our food comes from, how we support farming and rural communities and how we invest in the many benefits the countryside provides. Our Wild Campus initiative, with the Bathurst Estate and Cirencester College, is creating a 'joined up' corridor approach to conservation either side of the Stroud Road. Work with Plantlife has enabled the successful reintroduction of the Red Hemp Nettle, a highly endangered plant. While Covid-19 has limited fieldwork activity since March, the researchers at RAU are confident that during the upcoming academic year, our activities will continue to follow a significant upward trajectory.

Research at the RAU is inextricably linked to our knowledge exchange strategy as we believe it is critical that the questions we seek to address, are of relevance to the industries we serve. The RAU has continued to successfully implement knowledge exchange activities in line with our four-year knowledge exchange strategy including: Thought Leadership, Professional Training, Innovation Support and Rural Enterprise Acceleration, despite the challenges faced due to Covid-19 mobility and face-to-face meeting restrictions. The support provided by the Higher Education Innovation Fund (HEIF) funding has been of value as a catalyst to build momentum at an institutional level. To ensure that knowledge exchange is championed effectively within and outside the RAU, Professor Louise Manning has been appointed as Director of Knowledge Exchange. Louise, a recognised expert in food security, is also a farmer who has worked closely with industry throughout her career.

The renaming event for the John Oldacre Rural Innovation Centre in August 2019 was an opportunity to showcase our portfolio of rural business skills training and to pay tribute to the support of the John Oldacre Foundation for knowledge generation and exchange at the RAU. Professional training activities included the 69th Worshipful Company of Farmers Advanced Course

in Agri-business Management in November 2019 [www.rau.ac.uk/study/wcf](http://www.rau.ac.uk/study/wcf) and the first week of the Institute of Agricultural Management Leadership Course [www.rau.ac.uk/study/iagrm](http://www.rau.ac.uk/study/iagrm) in February 2020, with the final two weeks postponed until 2021 due to Covid-19 restrictions. Knowledge exchange (KE) activities have also extended their social media presence in 2019-20 with strong engagement.

The RAU KE team is working on two EU funded projects EURAKNOS ([www.euraknos.eu](http://www.euraknos.eu)) and EUREKA ([www.h2020eureka.eu](http://www.h2020eureka.eu)) that build an EU-wide, open source knowledge reservoir for agriculture and forestry to maximise the agricultural innovation knowledge base (generated by EU Horizon 2020 projects). The RAU has also initiated and is coordinating a Farmer-Led Innovation Network (FLIN) of over 20 UK based organisations supporting farmer-led innovation and research initiatives. FLIN aims to 'power up' farmer-led innovation initiatives in the UK and increase the impact of these kind of initiatives across the industry.

Farm491 is key to delivering our KE strategy and goes from strength to strength. It has successfully grown from 45 to 65 members over the past 12 months, making it the leading network of agri-technology companies in the UK – 40% above the national average for incubators.

Alongside an increase from 5%-20% in supporting membership from students and alumni, Farm491 has had its first international members from New York, Australia and Kenya looking to pilot their innovation in the UK. The team has ensured Farm491 remains agile, providing value to its members throughout 'lockdown' to minimise impact, converting all delivery to online webinars and working with relevant teams within the RAU to re-open offices safely from mid-June. This has all helped Farm491 end the financial year on a financial surplus.

Now recognised as an expert on innovations changing the food system, the Farm491 team has been invited to over 50 events including being asked to be an agri-tech expert on BBC Breakfast, hosting the Agri-Innovation Den with BASF, and judging the World Future Food-Tech Summit in London. Topics include the role that interoperability of technology has on empowering farmers at CropTech 2020, how Big Data can be used to support small and medium farms at The Institution of Agricultural Engineers, and the role technology can play shifting to 'net zero' alongside empowering food producers.

This has led to increased involvement in UK policy making supporting the adoption of



innovation into agriculture including Defra's National Food Strategy Advisory Oversight Group and cross-departmental Agricultural Productivity Task and Finish Group. Farm491 also carried out research on behalf of UKRI Transforming Food Production Challenge Fund, leading to the launch of a new initiative focussed on breaking down barriers to scaling agri-innovation.





The John Oldacre Rural Innovation Centre

## 4. Be a sustainable and efficient organisation

As reported last year, a review was undertaken of our farming operations which led to the decision to sell Harnhill Farm, with the sale to a local landowning family being completed in January 2020. We are now focusing our farming activities on Coates Farm and have recently established plots for research and teaching on Steading Field close to the campus. In addition, we have established an exciting new partnership with the Bathurst Estate which provides students and staff with access to 15,000 acres of farmland, forestry, environmentally managed land, real estate, heritage properties and a range of rural enterprises for teaching, research and knowledge exchange.

The sale of the farm has enabled us to repay our major bank loan and the plan for the surplus was for it to be used for investment in improving the student experience.

Unfortunately, the financial impact of Covid-19 has meant that we have had to utilise some of this cash reserve and delay plans for significant re-investment in the estate and significant infrastructure projects. However, the University Gate project, a 10-to-15-year term joint venture with a commercial developer to develop redundant land adjacent to the campus has now been signed and will provide long-term funds for future investment.

Having the right staffing structures is critical for the RAU to become a more efficient and sustainable organisation and in March 2020 we commissioned

an external review of our Professional Services. The recommendation to create a new structure is currently being implemented; this will include fewer larger teams in a unitary structure led by the Chief Operating Officer. This structure will be more closely aligned to sector norms, enable more efficient working practices, lead to better customer service and will support staff retention and recruitment as it will provide better career development opportunities.

Alongside this initiative a review is underway, led by the Finance Director, of all our commercial activities. The first project to be finalised has been the completion of a review of the business model for the Fossehill Livery facility. Supported by an advisory board chaired by an external expert, a new business plan has been

implemented. This has less reliance on polo pony liveries and is aimed at improving the experience of students and members of the public who use the facility, while also increasing profitability.

IT investment has inevitably focused on the need to provide online teaching during the Covid-19 pandemic. This disruption has led to a transformative change in the way of working for our academics, which in the long-term will lead to far greater efficiencies in academic delivery. Building strength and expertise in blended learning will also enable us to adapt our academic programme portfolio to make it more attractive to a more diverse community of students, particularly international students. On the academic front, we continue to rationalise our programme and module offering to increase efficiency and free up academics' time to engage in scholarly activities.

We have a wide-ranging plan of action to make the RAU sustainable. This year, we have focussed on making significant improvements in two areas that are central to an agricultural university. First, the food that we serve on campus, where we have committed to 'Food for Life Served Here Bronze Award' and have already improved both the quality of our sourcing and the information provided about it to students and staff. Secondly, we are enhancing the habitat we offer local wildlife by leading a project with our neighboring school and college to create a bat-friendly Wild Campus, which has secured funding from the European Regional Development Fund. On other fronts, we have maintained progress, including a strong emphasis on sustainability across our teaching and research. While we continue to improve energy efficiency, we need to develop a concerted plan to reach net zero greenhouse gas emissions.



A group of students, including a man in a blue puffer jacket and a woman in a green jacket, are walking along a grassy path. They are wearing outdoor gear like jackets and boots. In the background, there is a lake and trees under a sunset sky. A yellow horizontal bar is visible behind the text.

**RAU's BSc (Hons) Agriculture course has scored above the national average for student satisfaction for the last three years**



# Public Benefit Statement

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

The University has a sector-leading enterprise scheme that encourages its students to embrace entrepreneurship and innovation and its graduates are highly employable. RAU graduates frequently become confident, practical leaders and owners of small, medium sized and large enterprises contributing to the economy across a range of industries, not only in the land-based sector.

The University sees its responsibility to create, test, and evaluate the application of new knowledge. As an institution that prides itself on close connections with business, it has a strong focus on dissemination of knowledge gained from the research activities of its own academics and others in the industries it serves. This enables the development needs of industry to be met, challenges faced, and opportunities embraced increasing productivity and economic growth. Many of the University's graduates also engage in research and thus contribute to innovation and the development and application of technology.

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

The University has a strong civic mission and contributes to its local, regional and national communities in a variety of ways. The University is particularly proud of the role that it plays in supporting our community locally, with a recent report from UUK demonstrating that it contributes £20m and 350 jobs to the local economy. The RAU is one of the largest organisations in Cirencester, and prides itself on having nurtured a relationship between 'town and gown' that has gone from strength to strength in recent years.



A wide range of local community groups and charities benefit from access to the RAU facilities and enjoy its beautiful campus. This includes a weekly Park Run on the campus, use of sports fields by a local youth football club, the Corinium ladies' lunch club and the Cirencester Science and Technology Society. A wide range of organisations also use the University's conference facilities. Inevitably Covid-19 restrictions have curtailed the majority of these activities in 2020; however, during 'lockdown' the University's catering staff contributed to the Bishop of Gloucester's Long Table project, producing several thousand frozen meals for those impacted by the pandemic. The University also provided accommodation for local homeless people during 'lockdown' and hosted a Covid-19 testing centre.

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

University's staff are encouraged to act as trustees of local charities, and to play leadership roles in community organisations and support a range of events, mainly, but not exclusively related to the land-based and agri-food industries.

RAU graduates also play a critical role in helping to create cohesive and tolerant communities at home and abroad.

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

The RAU is committed to providing a welcoming environment in which every student, staff member and visitor feels valued, respected and is treated fairly. The staff and student community work to eliminate direct or indirect discrimination, to promote

good relations between people of all backgrounds, and to provide an environment in which all individuals have the opportunity to achieve their full potential. However, the University recognises that there is more work to be done, particularly with regard to attracting students from BAME backgrounds to the RAU.

RAU students are actively engaged in community work and are encouraged to participate in the Raise and Give (RAG) week which is organised by the Students' Union and this year raised £8,766 for A Little Bit of Hope, Little Troopers and Farming Community Network charities. The University believes that giving its students the space to develop a strong sense of civic responsibility is critically important if they are to develop into citizens who enjoy fulfilling well balanced lives and careers who can benefit society economically and socially.



Royal Agricultural University (RAU) students pulling a tractor through Cirencester to the University. This is part of the Student's Union RAG Week (Raise and Give) activities in support of local charities.





# Financial Review

## Consolidated Statement of Comprehensive Income for the year ended 31 July 2020

	Year ended 31 July 2020 Consolidated £'000	Year ended 31 July 2019 Consolidated £'000
<b>Income</b>		
Tuition fees and education contracts	11,106	11,687
Funding body grants	1,835	1,874
Research grants and contracts	112	148
Other income	4,409	5,096
Investment income	57	58
Donations and endowments	267	2,180
<b>Total income</b>	<b>17,786</b>	<b>21,043</b>
<b>Expenditure</b>		
Staff costs	10,474	10,314
Other operating expenses	7,923	8,496
Interest and other finance costs	342	505
Depreciation and amortisation	977	934
<b>Total expenditure</b>	<b>19,716</b>	<b>20,249</b>
<b>(Deficit)/Surplus before other gains and losses</b>	<b>(1,930)</b>	<b>794</b>
Profit/(Loss) on sale of fixed assets and investments	29	(27)
Gain on investments	12	1,467
<b>Operating (deficit)/surplus for the year</b>	<b>(1,889)</b>	<b>2,234</b>
Actuarial pension loss	(3,306)	(827)
<b>Total comprehensive (expenditure)/income</b>	<b>(5,195)</b>	<b>1,407</b>

**The operating loss for the year was £1.9m (2019: surplus £2.2m). Last year's surplus was enhanced by two one-off items: a £2.2m donation from the John Oldacre Foundation and a £1.5m uplift in value of the 'University Gate' land.**

Total income for the year was £17.8m (2019: £21.0m), a decline of £3.2m. In 2019 we were fortunate to receive a generous donation of £2.2m, compared to £267k in the current year. The remaining reduction was largely due to a fall in tuition fees of £0.6m and a drop in other income of £0.7m principally resulting from the Covid-19 pandemic.

Total expenditure for the year was £19.7m (2019: £20.2m), a saving of £0.5m. This comprised a saving in finance costs of £0.16m, with the remaining savings arising from reduced operating expenditures following the Covid-19 'lockdown'.

Covid-19 has had a significant impact on the financial results for 2020, and this is expected to continue into the 2021 financial year. Covid-19 had an immediate impact on the RAU's revenue streams: first, the University received no student accommodation fees for the third semester; second, the RAU lost essentially all commercial revenue from the initial 'lockdown' in March through to the end of the financial year.

Toward the end of the financial year, the decision was taken to conduct a Professional Services Review, in order to improve the effectiveness of the non-academic departments of the University. This review has commenced, and has been completed for most departments by the end of January 2021. It will result in a significant, permanent reduction in the RAU's cost base, in order to help secure long-term financial sustainability.

## Going Concern

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

The University conducted a Going Concern review for the period from 1 August 2020 to 31 July 2023 (being a period of at least 12 months from the signing of the financial statements), taking into account the uncertainty of the Covid-19 pandemic, which was reviewed and approved by the Governing Council. The Going Concern review included an assessment of the opportunities, risks and mitigating actions should the University's financial performance be unexpectedly worse than forecasted. Downside scenario stress testing was also performed. It was concluded that the University is a going concern and has sufficient access to funding to enable it to withstand material unforeseen calls on cash. Full details are included in the Accounting Policies note on page 79.



### Total net assets at the 2020 year end were £24.8m (2019: £29.9m).

Fixed assets fell by £6.7m from £40.5m in 2019 to £33.8m in 2020. During the year, the RAU sold Harnhill Farm for £6.7m; it had been purchased in September 2009. The net book value of Harnhill Farm on disposal was £6.4m. Capital expenditure during the year was £0.5m (2019: £0.6m). Expenditure in 2020 reflected continued investment in the Alliston Centre, progress on the University Gate development, and further improvement to the RAU's IT infrastructure.

Investments increased by £1.8m to £4.4m (2019: £2.6m) as the £2.2m donation from the John Oldacre Foundation was placed into a long-term managed portfolio.

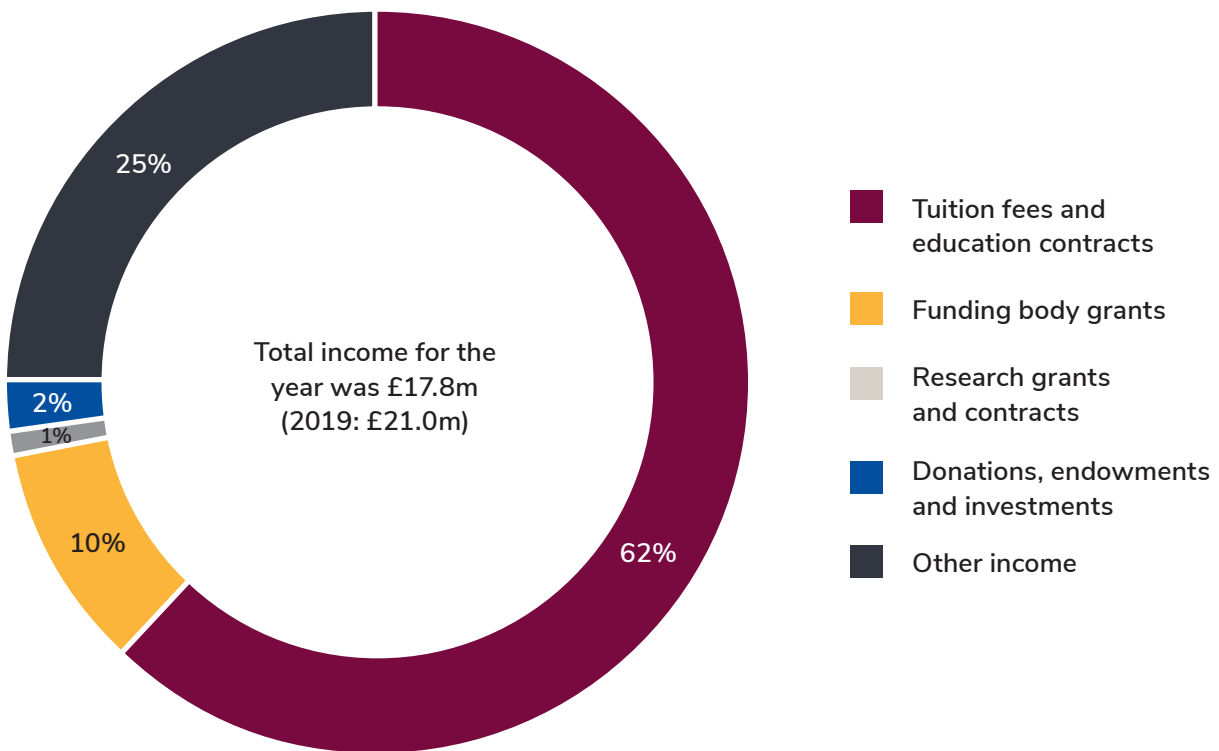
Cash at bank and in hand at the year end was £4.2 million (2019: £3.8m). Borrowings were only £0.25m at the year end (2019: £3.5m); the proceeds from Harnhill Farm were used to repay a loan from Handelsbanken of £3.0m. The remaining net proceeds have provided, and will continue to provide, the RAU with access to sufficient funds to enable the University to meet any unforeseen calls on cash.

The pension provision increased by £2.8m to £16.7m (2019: £13.9m) following the annual revaluation of the RAU's pension liabilities by an independent actuary. The next formal triennial valuation is due in April 2021.

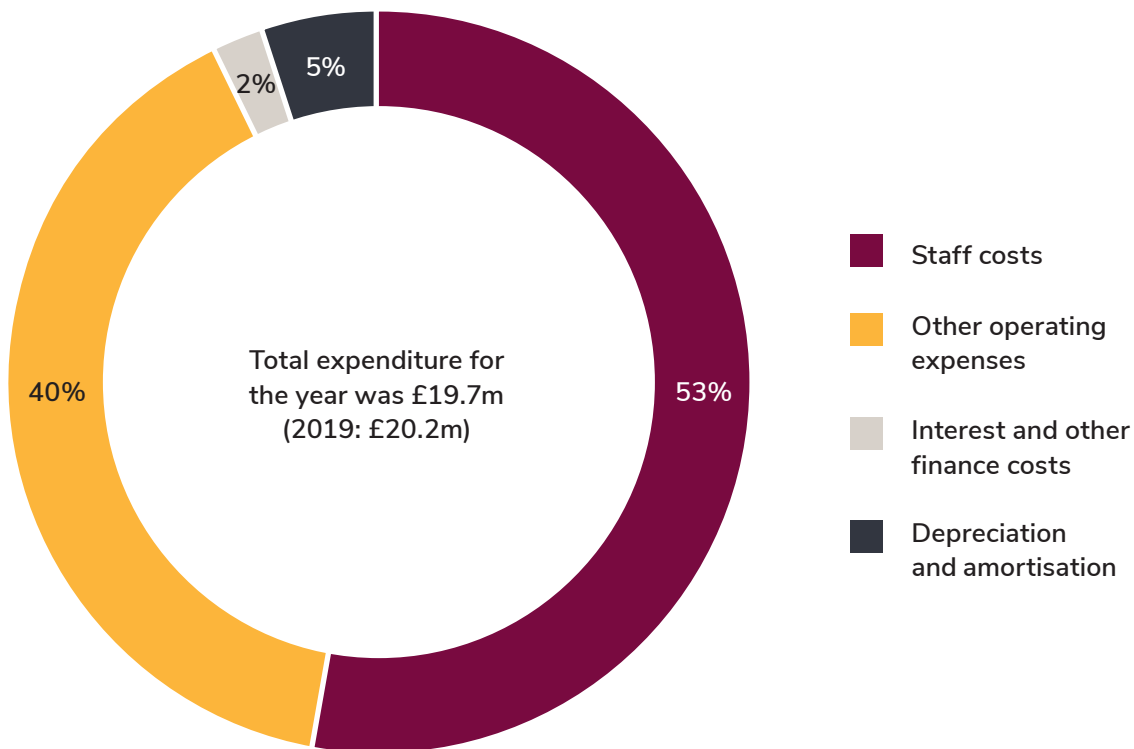
In March, the University negotiated a VAT refund relating to the Alliston Centre for £0.54m. The Alliston Centre houses The Growth Hub, a co-working office space, meeting room, and business advice facility, and Farm491 a leading UK innovation space focused on the future of farming and food systems which supports entrepreneurs as they advance their businesses. The building was completed in June 2018 at a cost of £3.6m, funded jointly by the RAU and the Gloucestershire Local Enterprise Partnership.



### RAU Income 2019-20



## RAU Expenditure 2019-20



Tuition fees and education contracts contributed 62%, or £11.1m of income (2019: £11.7m). This fall resulted from a reduction in student numbers to 1,082 (2019: 1,135). A number of projects and plans are being progressed to support the growth of our student population over the coming years.

Other income from commercial activities, including conferencing and farming, accounted for 25%, or £4.4m of income (2019: £5.1m). This reduction resulted from the effects of Covid-19.

Staff costs comprised 53%, or £10.5m of expenses (2019: £10.3m). Staff numbers have

remained steady at 221 (2019: 225).

Other operating expenses comprised 40%, or £8.0m of expenses (2019: £8.5m). This reduction is largely due to a fall in the cost of sales that correlates to the shortfall in other income as a result of Covid-19.

## Value for Money

Value for Money (VFM) considerations are core to the RAU's decision-making. The Governing Council, Finance and Estates Committee, Vice-Chancellor, Executive Team and the Heads of Department ensure that VFM is managed effectively, and VFM implications are noted on the cover of all proposals requiring consideration or decision.

The RAU manages its finances in order to provide VFM for students, while also ensuring the long-term financial sustainability of the University; there is a balance to be managed between short-term VFM and long-term

lasting value. VFM for students and the student experience centres on providing all students with an outstanding educational experience and optimising their employment prospects – by ensuring that all degrees and programmes are relevant, innovative and challenging, and that they equip our graduates for the careers they want to follow.

VFM also requires a robust and comprehensive procurement framework, in order to ensure that any significant purchases are properly assessed and quoted. In particular, during 2020 the University has increased the

seniority required for payment approvals, and ensured that for certain expenditures the Finance Director or the Head of Financial Planning and Analysis need to be one of the signatories.

Importantly, in order to maximise the University's return on investment, the RAU is now requiring that Farm491, Fossehill (the RAU's equine facility), The Growth Hub, and the John Oldacre Rural Innovation Centre are run as profit centres. The Finance and Estates Committee has already approved multi-year business plans for Farm491 and Fossehill.



**The BSc (Hons) Real Estate degree had the highest student satisfaction of all RAU courses included in the 2020 NSS at 96%, 13% higher than the national average at 83%**





# Principal Risks and Uncertainties

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

## Business Disruption

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

### Causes:

- » Acts of God (natural catastrophes, pandemics, floods, etc.)
- » Health and safety failures
- » Supplier failures (utilities, consumables, etc.)
- » Equipment failures
- » Cyber incidents

### Mitigating actions:

- » Covid-19 Outbreak Management Plan
- » Covid-19 Operational Response Team
- » Critical incident plan
- » Investment in remote working and online teaching
- » Investment in estate to ensure adequate provision
- » Investment in IT infrastructure to enhance cyber security and support remote working and online teaching

## Finance

Risk of not managing for long-term financial sustainability

### Causes:

- » Shortfall in tuition fees (student numbers) and commercial revenue
- » Costs exceed financial assumptions
- » Lack of financial control and management
- » Failure to deliver capital investment priorities
- » Inadequate liquidity

### Mitigating actions

- » Improved financial controls and budgetary management
- » Programme of targeted efficiency savings
- » Investment in procurement framework
- » Continued progress on key investment opportunities
- » Strong cash flow management
- » Regular reporting to Finance and Estates, and Audit and Risk Committees and Governing Council

## Student Recruitment

Risk of falling below recruitment, retention, and success targets

### Causes:

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

### Mitigating actions:

- » Quality review process focused on student experience
- » Programme level marketing strategy
- » Investment in academic leadership
- » Student Recruitment Steering Group (now Marketing and Recruitment Planning Group)
- » Access and Participation Strategy Monitoring and Delivery Groups

## Staff

**Risk of failing to recruit and retain high quality staff**

### Causes:

- » Quality of recruitment and selection inadequate
- » Lack of commitment to training and development opportunities
- » Loss of key staff, lack of succession planning
- » Inadequate resources for staff
- » Non-competitive remuneration

### Mitigating actions:

- » Comprehensive recruitment and selection policy and processes, with training for recruiting managers
- » Succession planning, mentoring, appraisals and career reviews
- » Continual Professional Development (CPD) and job specific training is provided
- » Staff Engagement Group and improved communications
- » Focus of staff welfare initiatives
- » Review of remuneration packages
- » Use of temporary contracts

## Compliance

**Risk of failing to be compliant**

### Causes:

- » Failure to meet:
  - Office for Students (OfS) targets and regulatory requirements
  - GDPR requirements
  - Health and safety regulations
  - Funding requirements

### Mitigating actions:

- » Self-assessment of ongoing OfS registration requirements
- » Improved processes, procedures and data capture to assist the management of compliance
- » Programme of internal audit
- » Experienced staff to meet the needs of regulatory and statutory requirements
- » Regular reporting to the Risk and Compliance Forum, Audit and Risk Committee and Governing Council

## Reputation

**Risks arising from damage to the University's reputation**

### Causes:

- » Weak performance in league tables:
  - Academic
  - Employability
  - Student experience
  - Dissatisfied students, staff, alumni and other stakeholders
  - Negative publicity

### Mitigating actions:

- » Mechanisms to promptly capture and act on student feedback
- » A corporate communications, external affairs and marketing function that protects and enhances reputation
- » Proactive marketing and communications strategy aligned to organisational vision and mission

**The BSc (Hons) International Business Management course has remained above the national average in student satisfaction for a fourth year in a row with a score of 91%**



# Corporate Governance

The Governors have pleasure in presenting their report and financial statements for the year ended 31 July 2020, and confirm that they comply with the requirements of the Charities Act 2011, the Memorandum and Articles of Association of the University, the Charities SORP (Statement of Recommended Practice) and FRS102 (Financial Reporting Standard).

## Principles

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

## Legal Status

The Royal Agricultural College 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<sup>rd</sup> April 2013 when it attained University status and changed the name of both the charity and the limited company to "Royal Agricultural University". For ease of use the limited company is described as "the University" throughout these statements. The University has two wholly owned subsidiaries: Royal Agricultural University Enterprises Limited and Royal Agricultural College Limited, which was a dormant company during 2019-20.

# The Governing Council

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

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

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

- » select suitable accounting policies and then apply them consistently;
- » make judgements and accounting estimates that are reasonable and prudent;

- » notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS102 used in the preparation of financial statements; and
- » prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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



In addition, the Governing Council has taken reasonable steps to:

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

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

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

### Statement on disclosure of information to the auditors

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

Each 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.

### Going Concern

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

The University conducted a Going Concern review for the period from 1 August 2020 to 31 July 2023 (being a period of at least 12 months from the signing of the financial

statements), taking into account the uncertainty of the Covid-19 pandemic, which was reviewed and approved by the Governing Council. The Going Concern review included an assessment of the opportunities, risks and mitigating actions should the University's financial performance be unexpectedly worse than forecasted. Downside scenario stress testing was also performed. It was concluded that the University is a going concern and has sufficient access to funding to enable it to withstand material unforeseen calls on cash. Full details are included in the Accounting Policies note on page 79.

### Reserves

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

### The Governing Council

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

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

The committees include the following:

### **The Finance and Estates Committee**

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

### **The Audit and Risk Committee**

The Audit and Risk Committee has three formal meetings a year and ad hoc meetings as necessary. The Committee comprises at least three Independent Governors, at least one with recent and relevant experience in finance, accounting

or auditing. The Vice-Chancellor and Director of Finance may attend meetings. The Committee meets the external and internal auditors in private with no officers of the University present at least once a year. The Committee is responsible for monitoring internal control systems, risk management and value for money. It appoints the internal auditors and receives their reports. It also receives the annual financial statements and management letter from the external auditors and submits an annual report to the Governing Body before they are signed.

### **The Nominations Committee**

The Nominations Committee has at least two formal meetings a year and ad hoc meetings as necessary. The Committee is chaired by the Vice-Chair of Governing Council and includes in its membership at least three Independent Governors, the Vice-Chancellor and Student Governor. The function of the Nominations Committee is to seek out and recommend new Independent and co-opted Governors as well as leading the search for Council and Committee Chairs. It ensures that a wide search for names is achieved and, in making recommendations, the Committee pays due regard to the balance of membership of the Governors and the needs of the University. The Committee is empowered to appoint Governors

to sub-committees, to co-opt persons (other than Governors) for specific purposes and makes recommendations to Academic Board and Governing Council on the appointment of a President or Vice-President and, when required, a new Vice-Chancellor.

### **The Remuneration Committee**

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

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



# Governing Council Members

Governors as at 31 July 2020 were:



## Mr. John Pain

Chair of Governing Council – appointed January 2020

### Member of Nominations Committee and Remuneration Committee

Prior to the RAU, John worked for The Wendy's Company as Managing Director for Asia Pacific and Middle East (APEMEA), based in Dubai. During John's tenure the APEMEA business more than doubled restaurant count and entered new countries such as Georgia, Kuwait, Qatar, India and entered Japan with a new multi-brand concept, 'Wendy's First Kitchen'.

John qualified with a degree in Agricultural Economics from the University of Newcastle upon Tyne and gained an MBA from the University of Leicester. He has a background in marketing, gained with leading UK brands such as Sainsbury's, Nabisco, and Diageo. His career in International Quick Service Restaurants began in 1994 at KFC GB followed by assignments as Marketing Director for Yum! Brands in the Middle East, South Africa, Asia Pacific and VP of Marketing at Taco Bell. Some of the notable achievements were the launch of KFC's Streetwise value range, Taco Bell's Grilled Stuff Burrito and Quesadilla, and launching KFC in Vietnam and Taco Bell in the Philippines. He returned to the UK for four years in 2007, as Marketing Director of the £2bn Compass Group UK and Ireland business, before returning to the international arena with Wendy's in 2011.

For three years, he was a board member and trustee of the Institute for Grocery Distribution, the UK's leading research body for the grocery industry. He now runs his own consultancy business, Growth Cubed Ltd and is non-executive director of Assured Food Standards. John is married with two sons.



### **Professor Jonathan Kydd**

Independent Governor – appointed April 2013

#### **Vice-Chair of Governing Council, Chair of Nominations Committee and member of Finance and Estates Committee**

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

Jonathan is a trustee and deputy chair of the charity Farm Africa, chairing its programme advisory committee. In 2014, he was appointed Chair of the Board of Trustees of the Institute of Development Studies.



### **Mr. John Stables**

Independent Governor – appointed January 2019

#### **Chair of Finance and Estates Committee**

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

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



### **Mr. Ian Cooper**

Independent Governor – appointed December 2016

#### **Chair of Audit and Risk Committee**

Ian followed a career in Accountancy becoming a Fellow of the Institute of Chartered Accountants in England and Wales. Ian was a partner with Smith & Williamson holding a number of roles including head of the Bristol office Assurance business and Bristol Professional Practices Group. He was also Chairman of the Quality Assurance Committee responsible for oversight of the all assurance services provided by the firm.

As a partner his client portfolio was extensive, ranging from professional practices, charities and owner managed businesses through to companies listed on the stock market. Ian took early retirement in 2015 and now works with a number of charities.



### **Mrs. Alison Bernays**

Independent Governor – appointed April 2014

#### **Chair of Remuneration Committee and Member of Nomination Committee**

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

Alison was appointed as a Lay Member of the Lord Chancellor's Panel for Judicial Appointments and has been Governor of two Independent Schools in Bristol. She has an Honorary Doctorate from the University of Bristol, having served for many years on the Governing Council, both as Deputy Chair and as Pro-Chancellor. She is trustee of various charities and is a Fellow of the Royal Society of Arts.



### Mr. Mohamed Amersi

Independent Governor –  
appointed December 2014

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



### Mr. Kim Frost

Independent Governor –  
appointed June 2020

**Member of Remuneration  
Committee**

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



### Mr. Bob Branson

Independent Governor –  
appointed January 2019

**Member of Audit and Risk  
Committee**

Since qualifying as a Chartered Accountant in 1986, Bob's career has spanned a number of organisations, including starting up a forensic accountancy service within PricewaterhouseCoopers in Birmingham. He joined the Environment Agency in 2000 and was Finance Director from 2016-18. From 2012 to 2018, Bob was a member of the Financial Reporting Advisory Board that sets accounting standards for the whole of the public sector. Following a year as Director of Finance Operations at Defra, aligning systems and processes across the five largest organisations in Defra group, in October 2019, he was appointed Finance Director for Birmingham City University.



### Mr. Alex Lawson

Independent Governor –  
appointed July 2017

**Member of Audit and Risk  
Committee**

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



### **Dr. Catherine MacKenzie**

Independent Governor –  
appointed June 2019

**Member of Audit and Risk  
Committee**

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



### **Ms. Julie Robinson**

Independent Governor –  
appointed January 2019

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

Former chief legal adviser to the National Farmers' Union and special adviser to Sir Peter Kendall, Julie has led the agriculture team at Roythornes Solicitors since 2012.

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



### **Mr. James Townshend**

Independent Governor –  
appointed July 2015

**Member of Finance and  
Estates Committee**

James trained at the Royal Agricultural College, graduating in 1975 with an NDA and a Diploma in Advanced Farm Management.

Before joining Velcourt, James worked in the Farm Business Consultancy Department of a national firm of UK Land Agents. He became a Director of Velcourt Group plc in 1987, its Managing Director in 1990 and Chief Executive in 1991.

James is currently a non-executive Director of both Openfield Grain Ltd and Grosvenor Farms Ltd. He also sits on the Board of a number of other companies operating in the property and agricultural sectors within the UK and Europe.

From 2012-2017, James was appointed as 'Business Ambassador' to represent the UK's Food and Agricultural Industries. He was also a member of the Agri-Tech Leadership Council, he is a member of the Worshipful Company of Farmers and is a Fellow of the Royal Agricultural Society. James was awarded an Honorary Fellowship of the Royal Agricultural University in July 2014.



### **Mrs. Marieke Guy**

Staff Governor – appointed September 2019

**Member of Audit and Risk Committee**

As Digital Learning Manager, Marieke leads on a number of digital projects at the University including management of the Virtual Learning Environment (VLE), use of technology for learning and teaching, implementation of the University app and the Office 365 roll out.

She has been working with digital information in Higher Education since 2000. After completing an MSc in Information Management Marieke spent 13 years at the University of Bath as a researcher on European projects in digital infrastructure, information policy and data management. Her specialism in research data management led to two years at Open Knowledge, an open data organisation, working with education and government data. She then spent time at the Quality Assurance Agency for Higher Education (QAA) as a data analyst focused on innovative areas including learning analytics and data use for quality assurance and regulation.

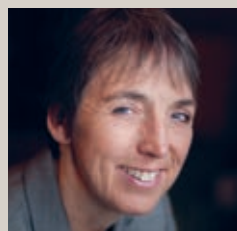


### **Mr. Lewis Bebb**

Student Governor – appointed September 2019

**Member of Nominations Committee**

Lewis is the President of the Royal Agricultural University's Students' Union. As a graduate of the School of Business, Lewis loved his time here as a student. Alongside his studies, he was second team rugby captain, social secretary for the food and wine club, and communications officer for the newly formed classic car club. As Student Governor, Lewis represents all students of the RAU on the Council, making sure their voices are heard. Lewis is currently studying part-time towards a Master's degree in International Affairs at King's College London.



### **Professor Joanna Price**

Governor appointment from 31 July 2019

**Governor (Vice-Chancellor)**

## **Governing Council members who left during the year**

**The Rt Hon Michael Jack CBE** - resigned January 2020 and **Mrs Jean Roberts** – resigned June 2020

### **President**

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

**Vice-President** The Earl Bathurst

**Vice-President** Mr Simon Pott

## **RAU Financial Statements 2019-20**

## **Register of Interests**

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

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

Emily has recently been working on a sustainability project on placement at Novanta 90 and was awarded the first STITA Farm Tours bursary





# Governors' Shareholdings

## Governors' interests in shares of the University

Governors as at 31 July 2020 with an interest in shares of the University.

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

	31 July 2019	31 July 2020
Rt Hon Michael Jack	4	0
Mr. John Pain	0	4
Mr. Mohamed Amersi	2	3
Mrs. Alison Bernays	2	3
Mr. Ian Cooper	3	3
Mr. Alex Lawson	2	3
Prof. Joanna Price	3	3
Prof. Jonathan Kydd	3	4
Mrs. Jean Roberts	3	3*
Mr. James Townshend	3	3
Dr Catherine Mackenzie	0	3
Ms. Julie Robinson	0	3
Mr. Bob Branson	0	3
Mr. John Stables	0	3
<b>Total</b>	<b>25</b>	<b>41</b>

\*to be transferred to Mr Kim Frost

# Principal Officers and Professional Advisors

## Principal Officers

**Professor Joanna Price**  
Vice-Chancellor

**Mr Simon Costa**  
Interim Finance Director  
and University Secretary

**Professor Neil Ravenscroft**  
Pro Vice-Chancellor  
(International)

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

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## Principal Banker

Lloyds Bank plc  
14 Castle Street  
Cirencester  
Gloucestershire  
GL7 1QJ

## External Auditors

BDO LLP  
Two Snow Hill  
Queensway  
Birmingham  
B4 6GA

## Principal Solicitor

Eversheds Sutherland LLP  
1 Wood Street  
London  
EC2V 7WS

## Investment Manager

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



# Risk Management and Statement of Internal Controls

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

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

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. It is based on an 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 OfS for identifying, evaluating and managing the University's risks during the year. The appropriate committees of

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

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

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

For each strategic risk, a more detailed risk register log is

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

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



The Governors' review of the effectiveness of the system of internal control is informed by the work of the Internal Auditors and the executive managers within the University. The executive managers 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.

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

On behalf of the  
Governing Council:

Mr John Pain, Chair of Governors  
26 February 2021

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

## Opinion

We have audited the financial statements of Royal Agricultural University ("the University") and its subsidiaries (the 'Group') for the year ended 31 July 2020 which comprise the Consolidated and University Statement of Comprehensive Income, the Consolidated and University Statement of Changes in Reserves, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- » give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2020 and of the Group's and the University's income and expenditure, gains and losses, changes in reserves and of the Group's and University's cash flows for the year then ended;
- » have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- » have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

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

## Conclusions relating to going concern

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

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

## Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Governing Council are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

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

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

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

In our opinion, in all material respects:

- » Funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.
- » Funds provided by the OfS and UK Research and Innovation (including Research England), have been applied in accordance with the relevant terms and conditions.
- » The requirements of the OfS's Accounts Direction (OfS 2019.41) have been met.

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

- » The University's grant and fee income, as disclosed in the note to the accounts, has been materially misstated.
- » The University's expenditure on access and participation activities for the financial year has been materially misstated.

### Matters on which we are required to report by exception

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

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

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

### Responsibilities of the Governing Council

As explained more fully in the Governing Council's responsibilities statement set out on pages 54 and 55, the Governing Council are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governing Council Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governing Council are responsible for assessing the Group and the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governing Council either intend to liquidate the Group or the University or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



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

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

### Use of our report

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the University's Governing Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the Governing Council members as a body, for our audit work, for this report, or for the opinions we have formed.

### Samantha Lifford (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor  
Birmingham

Date:

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

# Financial Statements

## Consolidated and University Statements of Comprehensive Income Year ended 31 July 2020

	Note	Year ended 31 July 2020		Year ended 31 July 2019	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Income</b>					
Tuition fees and education contracts	2	11,106	11,078	11,687	11,632
Funding body grants	3	1,835	1,835	1,874	1,874
Research grants and contracts	4	112	112	148	148
Other income	5	4,409	3,848	5,096	4,419
Investment income	6	57	57	58	58
<b>Total income before donations and endowments</b>		<b>17,519</b>	<b>16,930</b>	<b>18,863</b>	<b>18,131</b>
Donations and endowments	7	267	267	2,180	2,180
<b>Total income</b>		<b>17,786</b>	<b>17,197</b>	<b>21,043</b>	<b>20,311</b>
<b>Expenditure</b>					
Staff costs	8	10,474	10,133	10,314	9,944
Other operating expenses		7,923	7,675	8,496	8,134
Interest and other finance costs	9	342	342	505	505
Depreciation and amortisation	10	977	977	934	934
<b>Total expenditure</b>	<b>10</b>	<b>19,716</b>	<b>19,127</b>	<b>20,249</b>	<b>19,517</b>
(Loss)/profit before other gains and losses		(1,930)	(1,930)	794	794
Profit/(loss) on sale of fixed assets and investments		29	29	(27)	(27)
Gain on investments	14	12	12	1,467	1,467
<b>Operating (loss)/surplus for the year before taxation</b>		<b>(1,889)</b>	<b>(1,889)</b>	<b>2,234</b>	<b>2,234</b>
Taxation		-	-	-	-
<b>Operating (loss)/surplus for the year</b>		<b>(1,889)</b>	<b>(1,889)</b>	<b>2,234</b>	<b>2,234</b>
Actuarial loss in respect of pension schemes	29	(3,306)	(3,306)	(827)	(827)
<b>Total comprehensive (expenditure)/income for the year</b>		<b>(5,195)</b>	<b>(5,195)</b>	<b>1,407</b>	<b>1,407</b>
<b>Represented by:</b>					
Endowment comprehensive (expenditure)/income for the year		(185)	(185)	2,013	2,013
Unrestricted comprehensive expenditure for the year		(5,010)	(5,010)	(606)	(606)
<b>Attributable to the University</b>		<b>(5,195)</b>	<b>(5,195)</b>	<b>1,407</b>	<b>1,407</b>

All items of income and expenditure relate to continuing activities.

## Consolidated and University Statements of Changes in Reserves Year ended 31 July 2020

	Income reserve			Revaluation reserve	Total
	Endowment £'000	Restricted £'000	Unrestricted £'000	£'000	£'000
<b>Consolidated</b>					
<b>At 1 August 2018</b>	<b>156</b>	<b>-</b>	<b>11,763</b>	<b>16,602</b>	<b>28,521</b>
Operating surplus from the comprehensive income statement	2,013	-	221	-	2,234
Other comprehensive income - actuarial loss	-	-	(827)	-	(827)
Transfer of excess depreciation on revaluation of fixed assets	-	-	179	(179)	-
<b>Total comprehensive income/(expenditure) for prior year</b>	<b>2,013</b>	<b>-</b>	<b>(427)</b>	<b>(179)</b>	<b>1,407</b>
<b>At 31 July and 1 August 2019</b>	<b>2,169</b>	<b>-</b>	<b>11,336</b>	<b>16,423</b>	<b>29,928</b>
Operating loss from the comprehensive income statement	(185)	-	(1,704)	-	(1,889)
Other comprehensive income - actuarial loss	-	-	(3,306)	-	(3,306)
Asset revaluation reserve movements	-	-	-	103	103
Transfer of excess depreciation on revaluation of fixed assets	-	-	4,347	(4,347)	-
<b>Total comprehensive expenditure for the year</b>	<b>(185)</b>	<b>-</b>	<b>(663)</b>	<b>(4,244)</b>	<b>(5,092)</b>
<b>Balance at 31 July 2020</b>	<b>1,984</b>	<b>-</b>	<b>10,673</b>	<b>12,179</b>	<b>24,836</b>

<b>University</b>	£'000	£'000	£'000	£'000	£'000
<b>At 1 August 2018</b>	<b>156</b>	<b>-</b>	<b>11,763</b>	<b>16,602</b>	<b>28,521</b>
Operating surplus from the comprehensive income statement	2,013	-	221	-	2,234
Other comprehensive income – actuarial loss	-	-	(827)	-	(827)
Transfer of excess depreciation on revaluation of fixed assets	-	-	179	(179)	-
<b>Total comprehensive income/(expenditure) for prior year</b>	<b>2,013</b>	<b>-</b>	<b>(427)</b>	<b>(179)</b>	<b>1,407</b>
<b>At 31 July and 1 August 2019</b>	<b>2,169</b>	<b>-</b>	<b>11,336</b>	<b>16,423</b>	<b>29,928</b>
Operating loss from the comprehensive income statement	(185)	-	(1,704)	-	(1,889)
Other comprehensive income - actuarial loss	-	-	(3,306)	-	(3,306)
Asset revaluation reserve movements	-	-	-	103	103
Transfer of excess depreciation on revaluation of fixed assets	-	-	4,347	(4,347)	-
<b>Total comprehensive expenditure for the year</b>	<b>(185)</b>	<b>-</b>	<b>(663)</b>	<b>(4,244)</b>	<b>(5,092)</b>
<b>Balance at 31 July 2020</b>	<b>1,984</b>	<b>-</b>	<b>10,673</b>	<b>12,179</b>	<b>24,836</b>

The notes on pages 79 - 103 form part of these financial statements.

## Consolidated and University Balance Sheets At 31 July 2020

Company Number 99168

	Note	Year ended 31 July 2020		Year ended 31 July 2019	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Non-current assets</b>					
Intangible assets	11	353	353	364	364
Fixed assets	12	33,756	33,756	40,497	40,497
Heritage assets	13	628	628	525	525
Investments	14	4,439	4,489	2,597	2,647
		<b>39,176</b>	<b>39,226</b>	<b>43,983</b>	<b>44,033</b>
<b>Current assets</b>					
Stock	15	329	309	482	454
Trade and other receivables	16	1,566	1,622	2,255	2,368
Cash and cash equivalents	22	4,156	4,052	3,849	3,648
		<b>6,051</b>	<b>5,983</b>	<b>6,586</b>	<b>6,470</b>
Creditors: amounts falling due within one year	17	(3,401)	(3,383)	(3,512)	(3,446)
<b>Net current assets</b>		<b>2,650</b>	<b>2,600</b>	<b>3,074</b>	<b>3,024</b>
<b>Total assets less current liabilities</b>					
Creditors: amounts falling due after more than one year	18	(174)	(174)	(3,182)	(3,182)
<b>Provisions</b>					
Pension provisions	19	(16,745)	(16,745)	(13,872)	(13,872)
Other provisions	19	(70)	(70)	(74)	(74)
<b>Total net assets</b>		<b>24,837</b>	<b>24,837</b>	<b>29,929</b>	<b>29,929</b>
<b>Restricted Reserves</b>					
Income account reserve - endowment	20	1,984	1,984	2,169	2,169
Income account reserve - restricted	21	-	-	-	-
<b>Unrestricted Reserves</b>					
Income account reserve - unrestricted		10,673	10,673	11,336	11,336
Revaluation reserve		12,179	12,179	16,423	16,423
		<b>24,836</b>	<b>24,836</b>	<b>29,928</b>	<b>29,928</b>
Share capital		1	1	1	1
<b>Total Reserves</b>		<b>24,837</b>	<b>24,837</b>	<b>29,929</b>	<b>29,929</b>

The financial statements were approved and authorised for issue by the Governing Body on 26 February 2021 and were signed on its behalf on that date by:



Mr John Pain,  
Chair of Governors



Professor Joanna Price,  
Governor

## Consolidated Cash Flow Statement Year ended 31 July 2020

	Year ended 31 July 2020	Year ended 31 July 2019
	£'000	£'000
<b>Cash flow from operating activities</b>		
(Deficit)/surplus for the year	(1,889)	2,234
<b>Adjustment for non-cash items</b>		
Amortisation of intangible assets	144	118
Depreciation	833	816
Gain on fixed asset investments	(12)	(1,467)
Decrease in stock	153	6
Decrease/(increase) in debtors	689	(484)
Increase/(decrease) in creditors	149	(592)
(Decrease)/increase in other provisions	(4)	4
Post-employment benefits less payments	(433)	(138)
<b>Adjustment for investing or financing activities</b>		
Investment income	(57)	(58)
Interest payable	58	154
(Profit)/loss on the sale of fixed assets and investments	(29)	27
Capital grant income	(73)	(123)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(471)</b>	<b>497</b>
<b>Cash flows from investing activities</b>		
Proceeds from restricted donations and interest received	13	13
Capital grant receipts	73	123
Proceeds from sale of fixed assets and investments	6,476	1,268
Investment income less restricted	44	45
Payments made to acquire endowment investment	(1,830)	-
Payments made to acquire intangible assets	(133)	(171)
Payments made to acquire tangible fixed assets	(539)	245
Payments made to develop fixed asset investment property	-	(80)
<b>Net cash inflow from investing activities</b>	<b>4,104</b>	<b>1,443</b>
<b>Cash flows from financing activities</b>		
Interest paid	(58)	(154)
Repayment of loans	(3,238)	(306)
<b>Net cash outflow from financing activities</b>	<b>(3,296)</b>	<b>(460)</b>
<b>Increase in cash and cash equivalents in the year</b>	<b>337</b>	<b>1,480</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>3,790</b>	<b>2,310</b>
<b>Cash and cash equivalents at end of the year (note 22)</b>	<b>4,127</b>	<b>3,790</b>

The notes on pages 79 - 103 form part of these financial statements.

# Notes to the Financial Statements for the year ended 31 July 2020

## 1. Statement of Principal Accounting Policies and Estimation Techniques

### Basis of preparation

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

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

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

### Going Concern

In preparing the financial statements, the Governing Council have considered going concern. The University conducted a Going Concern review for the period from 1 August 2020 to 31 July 2023 (being a period of at least 12 months from the signing of the financial statements). This comprised of a three-year cash flow projection with no growth assumptions factored into years two and three. The full projected impact of Covid-19 was factored into year one. The Going Concern review included an assessment of the opportunities, risks and mitigating actions should the University's financial performance be unexpectedly worse than the forecasts. Downside scenario stress testing was performed which demonstrated that with a 10% reduction in future student numbers (considered highly unlikely), the University would still retain sufficient liquidity (with the use of an agreed revolving credit facility) to meet its liabilities as they fall due over this period.

During the year, the RAU sold Harnhill Farm for £6.7m. The proceeds were utilised to settle the Handelsbanken loan leaving a small loan of £0.25m with Lloyds bank still owing. There were no loan covenant breaches during the financial year in relation to either loan.

Covid-19 has had a significant impact on the financial results for 2020. Covid-19 had an immediate impact on the RAU's revenue streams; first, the University received no student accommodation fees for the third semester; second, the RAU lost essentially all commercial revenue from the initial lockdown in March through to the end of the financial year. This drop in other income has been partially offset by a drop in operating expenditure as a result of the Covid-19 lockdown.

Towards the end of the financial year, the decision was taken to conduct a Professional Services Review, in order to improve the effectiveness of the non-academic departments of the University. This review has commenced, and the review of most departments was completed by the end of January 2021.

It will result in a significant, permanent reduction in the RAU's cost base, in order to help secure long-term financial sustainability. The projected permanent savings have been factored into the three-year cash flow projection.

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

At the date of approval of these financial statements, the Governing Council has prepared cash flow forecasts to 31 July 2023 and performed an assessment which considers a period of at least 12 months from the date of approval of the financial statements. Given the unprecedented nature of the Covid-19 events, it is difficult to predict future performance and cash flows with certainty. The actual scenarios which materialise in the period ahead will undoubtedly be different to the scenarios modelled. In the event that the actual position is worse than that modelled in the forecasts, the Governing Council has a reasonable expectation that the University's current liquidity and the further mitigation actions available would enable the University to respond to such circumstances.

As such, the Governing Council acknowledges that uncertainty exists but do not consider this to be material uncertainty that would cast doubt on the University's ability to continue as a going concern.

At the date of approval of these financial statements and having taken into consideration all of the aforementioned comments, the Governing Council considers that the University has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the signing of these accounts. Therefore the Governing Council considers it appropriate to continue to adopt the going concern basis in preparing the annual financial statements.

### Basis of consolidation

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

## Notes to the Financial Statements for the year ended 31 July 2020

### Income recognition

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

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

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

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

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

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

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

### Agency arrangements

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

### Leases and hire purchase contracts

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

### Taxation

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

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

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

### Apportionment of costs

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

### Termination benefits

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



## Notes to the Financial Statements for the year ended 31 July 2020

### Intangible fixed assets

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

### Tangible fixed assets for University use

Tangible fixed asset additions where cost of acquisition exceeds £5,000 (2019: £5,000) are capitalised. Items costing less than this, unless part of a larger asset, are written off in the year of purchase.

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

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

### Acquisition with the aid of specific grants

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

### Depreciation

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

Freehold buildings	1% to 4%
Fixed fixtures and fittings	10%
Moveable fixtures and fittings	20% to 33%
Plant and machinery	10% to 20%
Computers – hardware	17% to 33%
Farm plant and machinery	10% or 20%
Software	25%

### Investments

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

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

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

### Heritage assets

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

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

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

### Agriculture

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

## Notes to the Financial Statements for the year ended 31 July 2020

### Stocks

Farm stocks are valued in accordance with the Royal Institute of Chartered Surveyors and the Central Association of Agricultural Valuers Guidance Notes. Growing crops, feedstuffs, sprays and fertilisers are valued at cost. Other stock is valued at cost. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

### Derivatives

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

### Cash and cash equivalents

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

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

### Foreign currency translations

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

### Accounting for research and development

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

### Intra group transactions

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

### Donations and endowments

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

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

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

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

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

## Notes to the Financial Statements for the year ended 31 July 2020

### Financial instruments

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

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

### Accounting for retirement benefits

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

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

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

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

### Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when the University has a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is discounted to present value where the time value of money is material. The discount rate used reflects current market assessments of the time value of money and reflects any risks specific to the liability.

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

## Notes to the Financial Statements for the year ended 31 July 2020

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>2. Tuition fees and education contracts</b>				
Full-time home and EU students	8,395	8,395	8,874	8,874
Full-time international students	1,247	1,247	962	962
Part-time students	1,464	1,436	1,851	1,796
	<b>11,106</b>	<b>11,078</b>	<b>11,687</b>	<b>11,632</b>
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>3. Funding body grants</b>				
Office for Students / Research England funding	1,762	1,762	1,751	1,751
Capital grant	73	73	123	123
	<b>1,835</b>	<b>1,835</b>	<b>1,874</b>	<b>1,874</b>
<b>Details of grant and fee income</b>	£'000	£'000	£'000	£'000
Grant income from OfS	1,462	1,462	1,549	1,549
Grant income from other bodies	373	373	325	325
Fee income for taught awards	9,794	9,794	9,998	9,998
Fee income for research awards	73	73	63	63
Fee income for non-qualifying courses	1,239	1,211	1,626	1,571
	<b>12,941</b>	<b>12,913</b>	<b>13,561</b>	<b>13,506</b>
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>4. Research grants and contracts</b>				
Research charities	19	19	96	96
Industry and commerce	93	93	52	52
	<b>112</b>	<b>112</b>	<b>148</b>	<b>148</b>
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>5. Other income</b>				
Residences, catering and conferences	2,651	2,118	3,602	2,813
Farms income	764	764	721	721
Property rentals and ground hire income	102	102	137	137
Other income	892	864	636	748
	<b>4,409</b>	<b>3,848</b>	<b>5,096</b>	<b>4,419</b>

## Notes to the Financial Statements for the year ended 31 July 2020

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>6. Investment income</b>				
Other investment income	57	57	58	58

	Consolidated £'000	University £'000	Consolidated £'000	University £'000
	<b>7. Donations and endowments</b>			
Donations unrestricted	128	128	116	116
Donations with restrictions	139	139	2,064	2,064
	<b>267</b>	<b>267</b>	<b>2,180</b>	<b>2,180</b>

	Consolidated £'000	University £'000	Consolidated £'000	University £'000
	<b>8. Staff costs</b>			
Salaries	8,696	8,355	8,500	8,130
Social security costs	856	856	823	823
Other pension costs	922	922	991	991
	<b>10,474</b>	<b>10,133</b>	<b>10,314</b>	<b>9,944</b>

	Year ended 31 July 2020	Year ended 31 July 2019
	<b>Emoluments of the Vice-Chancellor:</b>	£
Salary	182,751	178,933
Bonus	-	5,000
Benefits – accommodation allowance	18,000	18,000
Payment in lieu of pension contributions	36,644	10,626
Employer's pension cost	-	17,161
	<b>237,395</b>	<b>229,720</b>

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

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

## Notes to the Financial Statements for the year ended 31 July 2020

	Year ended 31 July 2020	Year ended 31 July 2019
	Number	Number
<b>8. Staff costs (cont.)</b>		
<b>Relationship of the Vice-Chancellor to all other employees expressed as a pay multiple</b>		
Vice-Chancellor's basic salary to employees' median	6.0	6.1
Vice-Chancellor's total remuneration to employees' median	7.7	7.3
<b>Remuneration of other higher paid staff excluding pension contributions and termination payments</b>		
£100,000 – £104,999	-	-
£105,000 – £109,999	-	2
£130,000 – £134,999	-	1
<b>Average full time equivalent staff numbers by major category</b>		
Academic	51	55
Academic support	16	16
Continuing education	5	4
Academic services	34	32
Central administration	43	46
Staff and student facilities	9	9
Premises	20	21
Residences and catering	43	42
	<b>221</b>	<b>225</b>

Termination payments were paid or due for the year totalling £85,000 (2019: £87,000) relating to termination severance and settlement payments. £68,000 (2019: £79,000) is included in creditors. The accounting policy for termination payments is shown in note 1.

	Year ended 31 July 2020	Year ended 31 July 2019
	£'000	£'000
<b>Key management personnel</b>		
Key management personnel remuneration	652	504

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

### Governing Council Members

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

## Notes to the Financial Statements for the year ended 31 July 2020

### 8. Staff costs (cont.)

No Council member has received any remuneration or waived payments from the University or any subsidiary during the year (2019 - none). The total expenses paid to or on behalf of 14 council members in the year was £3,336 (2019 - £7,200 to 16 council members). This represents travel and subsistence expenses incurred in attending Governing Council, Committee and other meetings in their official capacity.

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>9. Interest and other finance costs</b>				
Loan interest	58	58	154	154
Pension scheme charge (note 29)	284	284	351	351
	<b>342</b>	<b>342</b>	<b>505</b>	<b>505</b>

	Consolidated £'000	University £'000	Consolidated £'000	University £'000
	<b>10. Analysis of total expenditure by activity</b>			
Academic departments	5,307	5,263	5,777	5,697
Academic services	2,346	2,346	2,665	2,665
Research grants	213	213	229	283
Consultancy	57	-	37	-
Commercial services	1,707	1,347	2,031	1,480
Premises	3,117	3,170	2,622	2,674
Central administration	3,534	3,544	3,216	3,241
General education expenditure	1,346	1,346	1,475	1,475
Staff and student facilities	796	605	766	569
Others including general endowment expenditure	1,293	1,293	1,431	1,433
	<b>19,716</b>	<b>19,127</b>	<b>20,249</b>	<b>19,517</b>

	Consolidated £'000	Consolidated £'000
<b>Total expenditure includes:</b>		
Amortisation of intangible fixed assets	144	118
Depreciation of tangible fixed assets	833	816
<b>Total amortisation and depreciation</b>	<b>977</b>	<b>934</b>
External auditors' remuneration – audit services including VAT	50	36
External auditors' remuneration – non-audit services	1	2
<b>Operating lease rentals:</b>		
Land and buildings	117	141
Other equipment	93	122

## Notes to the Financial Statements for the year ended 31 July 2020

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

Access and Participation expenditure	Consolidated £'000
<b>Total expenditure includes:</b>	
Access investment	476
Financial support	178
Support for disabled students	43
Research and evaluation	59
Supporting progression	31
Supporting success	152
Less OfS Access and Participation funding	(227)
<b>Total spend as per the Access return</b>	<b>712</b>

Included in the above costs is an allocation of £494,000 of staff costs which are all included within reported staff costs.

The budgeted Access and Participation expenditure for the year was £750,000 (<https://www.rau.ac.uk/royal-agricultural-university-access-agreements-and-access-and-participation-plans>). Under expenditure against plan was due to lower than budgeted qualifying students and the impact of Covid-19.

	Software Consolidated and University £'000
<b>11. Intangible assets</b>	
<b>Cost or valuation</b>	
At 1 August 2019	1,143
Additions	133
Transfers	(87)
<b>At 31 July 2020</b>	<b>1,189</b>
<b>Accumulated amortisation</b>	
At 1 August 2019	779
Charge for the year	144
Transfers	(87)
<b>At 31 July 2020</b>	<b>836</b>
<b>Net book value</b>	
At 31 July 2019	364
<b>At 31 July 2020</b>	<b>353</b>

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



## Notes to the Financial Statements for the year ended 31 July 2020

	Freehold Land and Buildings	Fixtures, Fittings and Equipment	Total
	Consolidated and University £'000	Consolidated and University £'000	Consolidated and University £'000
<b>12. Fixed assets</b>			
<b>Cost or valuation</b>			
At 1 August 2019	43,846	1,852	45,698
Additions	301	238	539
Transfers	-	87	87
Disposals	(6,731)	-	(6,731)
<b>At 31 July 2020</b>	<b>37,416</b>	<b>2,177</b>	<b>39,593</b>
Consisting of:			
Valuation as at 1 August 2014	38,643	-	38,643
Cost	(1,227)	2,177	950
<b>At 31 July 2020</b>	<b>37,416</b>	<b>2,177</b>	<b>39,593</b>
<b>Accumulated depreciation</b>			
At 1 August 2019	3,864	1,337	5,201
Charge for the year	636	197	833
Transfers	-	87	87
Disposals	(284)	-	(284)
<b>At 31 July 2020</b>	<b>4,216</b>	<b>1,621</b>	<b>5,837</b>
<b>Net book value</b>			
At 31 July 2019	39,982	515	40,497
<b>At 31 July 2020</b>	<b>33,200</b>	<b>556</b>	<b>33,756</b>

The University recognised no impairment of any properties in the year (2019: £Nil).

There was a £214,000 profit on the sale of the majority of Harnhill Manor Farm in the year (2019: £Nil).

## Notes to the Financial Statements for the year ended 31 July 2020

	At 31 July 2020	At 31 July 2019
	Consolidated and University £'000	Consolidated and University £'000
<b>13. Heritage assets</b>		
Heritage assets at valuation	628	525

The latest independent valuation was performed in October 2020 by Forum Auctions and Dreweatts. There has been no impairment in the value of these assets.

	Subsidiary Companies	Investment Property	Investment in Stocks and Shares	Total
	£'000	£'000	£'000	£'000
<b>14. Non-current investments</b>				
<b>Consolidated</b>				
At 1 August 2019	-	2,500	97	2,597
Restricted cash donation invested	-	-	1,830	1,830
Gain on investment	-	-	12	12
<b>At 31 July 2020</b>	<b>-</b>	<b>2,500</b>	<b>1,939</b>	<b>4,439</b>
	£'000	£'000	£'000	£'000
<b>University</b>				
At 1 August 2019	50	2,500	97	2,647
Restricted cash donation invested	-	-	1,830	1,830
Gain on investment	-	-	12	12
<b>At 31 July 2020</b>	<b>50</b>	<b>2,500</b>	<b>1,939</b>	<b>4,489</b>

The non-current investments have been valued at market value plus development costs where applicable. The shares valuation was based on the closing price on the London Stock Exchange at 31 July 2020. The investment property is stated at market value. The latest valuation was performed by a qualified RICS registered valuer as at 31 July 2019 at £2,500,000. The University believe that there has been no change in this valuation during the current financial year.

There were no movements in stocks and shares in the year to 31 July 2020 other than revaluation (2019: sales loss of £27,000).

## Notes to the Financial Statements for the year ended 31 July 2020

	At 31 July 2020		At 31 July 2019	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>15. Stock</b>				
Farm stocks	204	204	421	421
Finished goods	94	93	19	19
General consumables	31	12	42	14
	<b>329</b>	<b>309</b>	<b>482</b>	<b>454</b>

Farm stocks include biological assets of breeding sheep valued at £nil (2019: £27,000), other sheep £nil (2019: £14,000), beef calves £nil (2019: £13,000), arable crops of £180,000 (2019: £252,000), vineyard crop £18,000 (2019: £88,000) and other farm stocks £6,000 (2019: £27,000).

	Consolidated £'000	University £'000	Consolidated £'000	University £'000
	<b>16. Trade and other receivables</b>			
Amounts falling due within one year:				
Trade receivables	777	752	1,007	969
Prepayments and accrued income	789	778	731	726
Amounts due from subsidiary	-	92	-	156
Other debtors including derivatives	-	-	517	517
	<b>1,566</b>	<b>1,622</b>	<b>2,255</b>	<b>2,368</b>

	Consolidated £'000	University £'000	Consolidated £'000	University £'000
	<b>17. Creditors: amounts falling due within one year</b>			
Bank overdraft	29	29	59	59
Secured loans	75	75	305	305
Trade payables	1,137	1,137	1,219	1,207
Social security and other taxation payable	224	224	225	225
Accruals and deferred income	1,936	1,918	1,704	1,650
	<b>3,401</b>	<b>3,383</b>	<b>3,512</b>	<b>3,446</b>

## Notes to the Financial Statements for the year ended 31 July 2020

	At 31 July 2020	At 31 July 2019
	Consolidated and University £'000	Consolidated and University £'000
<b>18. Creditors: amounts falling due after more than one year</b>		
Secured loans	174	3,182
	<b>174</b>	<b>3,182</b>
<b>Analysis of secured loans:</b>		
<b>Due within one year or on demand (note 17)</b>	<b>75</b>	<b>305</b>
Due between one and two years	174	316
Due between two and five years	-	939
Due in five years or more	-	1,927
<b>Due after more than one year</b>	<b>174</b>	<b>3,182</b>
<b>Total secured loans</b>	<b>249</b>	<b>3,487</b>

	Amount £'000	Term	Interest
<b>Lender to University</b>			
Lloyds Bank	249	2023	2.086% fixed to Aug 2023

	Defined Benefit Pensions	Leasehold Dilapidations	Total Provisions
	Consolidated and University £'000	Consolidated and University £'000	Consolidated and University £'000
<b>19. Provisions for liabilities</b>			
At 1 August 2019	13,872	74	13,946
Increase/(decrease) in provisions	2,873	(4)	2,869
<b>At 31 July 2020</b>	<b>16,745</b>	<b>70</b>	<b>16,815</b>

## Notes to the Financial Statements for the year ended 31 July 2020

	Expendable Endowments at 31 July 2020	Expendable Endowments at 31 July 2019
	Consolidated and University £'000	Consolidated and University £'000
<b>20. Endowment reserves</b>		
Restricted net assets relating to endowments are as follows:		
Capital	2,169	156
	<b>2,169</b>	<b>156</b>
Donation received	-	2,000
Investment income	-	13
Revaluation	(185)	-
<b>Total endowment comprehensive income/(expense)</b>	<b>(185)</b>	<b>2,013</b>
<b>At 31 July</b>	<b>1,984</b>	<b>2,169</b>
Represented by:		
Capital	1,984	2,169
<b>At 31 July</b>	<b>1,984</b>	<b>2,169</b>
Analysis by type of purpose:		
Scholarships and bursaries	1,984	2,169
Analysis by asset:		
Cash and cash equivalents	1,984	2,169

## Notes to the Financial Statements for the year ended 31 July 2020

	At 31 July 2020	At 31 July 2019
	Consolidated and University £'000	Consolidated and University £'000
<b>21. Restricted reserves</b>		
Reserves with restrictions are as follows:		
At 1 August	-	-
New donations	139	189
Transferred to deferred income	-	(125)
Restricted income	139	64
Approved expenditure	(139)	(64)
<b>Total restricted comprehensive income/(expenditure) for the year</b>	<b>-</b>	<b>-</b>
Transfer to income reserves as funds not restricted	-	-
<b>At 31 July</b>	<b>-</b>	<b>-</b>

	At 1 August 2019	Cash flows	At 31 July 2020
	Consolidated £'000	Consolidated £'000	Consolidated £'000
<b>22. Cash and cash equivalents</b>			
Included in current assets: Cash and cash equivalents	3,849	307	4,156
Included in Creditors: amounts falling due in one year: Bank overdraft (note 17)	(59)	30	(29)
	<b>3,790</b>	<b>337</b>	<b>4,127</b>

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

	At 31 July 2020	At 31 July 2019
	Consolidated and University £'000	Consolidated and University £'000
<b>23. Capital commitments</b>		
Provision has not been made for the following capital commitments:		
Commitments contracted	32	90

## Notes to the Financial Statements for the year ended 31 July 2020

### 24. Contingent liabilities

Pursuant to the University's existing planning consent for development land, it entered into a s106 planning agreement whereby, should the site be developed, it would incur financial commitments up to £1,522,000 (2019: £1,522,000).

			At 31 July 2020	At 31 July 2019
	Land and Buildings	Plant and Machinery	Total	Total
Consolidated and University	£'000	£'000	£'000	£'000
<b>25. Lease obligations</b>				
Payable during the year	93	-	93	263
<b>Future minimum lease payments due:</b>				
Not later than 1 year	66	121	187	204
Later than 1 year and not later than 5 years	115	54	169	234
Later than 5 years	75	-	75	107
<b>Total lease payments due</b>	<b>256</b>	<b>175</b>	<b>431</b>	<b>545</b>

### 26. Events after the reporting year

The investment property "University Gate" (note 14) was transferred to Royal Agricultural College Limited, a 100% owned subsidiary company, on 6 October 2020 at market value.

### 27. Subsidiary undertakings

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

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

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

### 28. Trade Union Facility Time

Trade Union Facility Time is the provision of paid and unpaid time off from an employee's normal role to undertake Trade Union duties and activities as a Trade Union representative. We publish this data under the Trade Union (Facility Time Publication Requirements) Regulations 2017. Note the data is for the year ended 31 March 2020.

There was one full time employee (2019: 1) who was a relevant union official for the University during the year.

The employee spent time on facility time within the 1% to 50% category (0%, 51% to 99% and 100% all zero), the same as 2019.

The notional cost of facility time was £3,659 (2019 £3,133) and, with a total pay bill of £10,474,000 (2019: £10,062,000), the percentage of this spent on facility time was small at 0.035% (2019: 0.031%) and the total paid facility time on activities was 0%.

## Notes to the Financial Statements for the year ended 31 July 2020

### 29. Pensions

The University operates the following pension schemes:

#### Royal Agricultural College Pension Scheme (RACPS)

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

Notwithstanding the closure to future accrual the University continues to service the deficit recovery plan at the rate agreed with the Trustees. At the April 2015 triennial actuarial valuation a deficit recovery plan was agreed with annual contributions payable of £689,000 per annum until 2035. The April 2018 triennial valuation made no changes to the deficit recovery plan. The next triennial actuarial valuation is due in April 2021.

#### Federated Superannuation Scheme for Universities (FSSU)

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

#### Teachers' Pension Scheme (TPS)

The Teachers' Pension Scheme (TPS) is a statutory, unfunded, defined benefit scheme, operated under the Teachers Pensions Regulations 2010 and 2014, both as amended. Contributions are credited to the Exchequer on a 'pay as you go' basis under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the scheme for the purposes of determining contribution rates. The TPS is a

multi-employer pension scheme. As the TPS is underwritten by central government and the University has no future obligation to make contributions to the scheme, it is accounted for as a defined contribution scheme in accordance with Financial Reporting Standard 102 Section 28 'Employment Benefits'.

The current employer contribution rate is 23.68% (from September 2019). Prior to this, the employer contribution rate was 16.48%.

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015. In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. After the Supreme Court decision the case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

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

The University had 64 members of the TPS as at 31 July 2020 (2019: 72).



## Notes to the Financial Statements for the year ended 31 July 2020

### 29. Pensions (cont.)

#### 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. In 2017 Friends Life became part of and transferred all its policies to Aviva. The Aviva Scheme has three distinct strands of membership:

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

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

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

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

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

	TPS	Aegon	Aviva U	Aviva X	Aviva Y
1 Aug 2019 - 31 Aug 2019	16.48%	10.00%	16.00%	3.00%	6.50%
1 Sep 2019 - 31 Jul 2020	23.68%	10.00%	16.00%	3.00%	6.50%

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

Pension scheme	RACPS	TPS
Last actuarial valuation	2018	2016
Investment returns per annum	6.09%	n/a
Market value of assets at last valuation date (RACPS £millions/TPS £billions)	18	196
Funding % if accrued benefits covered by the actuarial value of assets	67%	90%

## Notes to the Financial Statements for the year ended 31 July 2020

### 29. Pensions (cont.)

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

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

		2020	2019
		£'000	£'000
Defined benefit schemes:	TPS	675	533
		675	533
Defined contribution schemes:	GPP: Aegon	26	31
	GPP: Aviva	221	174
	Past Service Cost	-	253
		247	458
<b>Total Pensions Cost as per note 8, Staff Costs</b>		<b>922</b>	<b>991</b>
		£'000	£'000
<b>Analysed as:</b>	<b>Current service</b>	<b>922</b>	<b>991</b>

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

The pensions charge in the financial statements represents contributions made by the University to the defined contribution scheme providers on behalf of its employees. As at 31 July 2020 £2,000 contributions were due to Aegon (2019: £2,000) and £17,000 to Aviva (2019: £16,000). These sums, relating to July payroll, were paid in August 2020.

#### Reconciliation to Balance Sheet (RACPS and FSSU)

		2020	2019
		£'000	£'000
Fair value of Scheme assets		20,439	21,250
Present value of Scheme liabilities		(37,184)	(35,122)
<b>Total pension deficit</b>		<b>(16,745)</b>	<b>(13,872)</b>

## Notes to the Financial Statements for the year ended 31 July 2020

### 29. Pensions (cont.)

#### Scheme deficits

The deficit in the balance sheet in respect of defined benefit schemes is shown below. The FSSU scheme is unfunded and its deficit amount is based on a valuation in accordance with FRS102 at 31 July 2020.

	2020	2019
	£'000	£'000
RACPS	(16,708)	(13,691)
FSSU supplemental scheme	(37)	(181)
<b>Total deficits</b>	<b>(16,745)</b>	<b>(13,872)</b>

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.

	2020	2019
	£'000	£'000
<b>At the beginning of the year</b>	<b>21,250</b>	<b>19,712</b>
Contributions by University	689	689
Benefits paid	(914)	(1,029)
Expected return on assets	440	529
Actuarial (losses)/gains	(1,026)	1,349
<b>At the end of the year</b>	<b>20,439</b>	<b>21,250</b>

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

	2020	2019
	£'000	£'000
<b>At the beginning of the year</b>	<b>(35,122)</b>	<b>(32,895)</b>
Interest cost	(724)	(880)
Past service cost	-	(253)
Benefits paid	942	1,082
Actuarial losses	(2,280)	(2,176)
<b>At the end of the year</b>	<b>(37,184)</b>	<b>(35,122)</b>

## Notes to the Financial Statements for the year ended 31 July 2020

### 29. Pensions (cont.)

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

	2020	2019
	%	%
Rate of increase in pensions in payment – pre 06/04/97	3.00	3.00
Rate of increase in pensions in payment – post 06/04/97	3.54	3.63
Rate of increase in pensions in payment – post 01/04/03	2.99	3.17
Rate of increase in pensions in payment – post 01/04/05	2.16	2.23
Inflation rate (RPI)	3.04	3.25
Inflation rate (CPI)	2.14	2.35
Discount rate	1.37	2.09
Cash commutation	50.00	50.00
Demographic assumptions		
Base table	S3PxA	S2PxA
Projection basis	CMI 2019	CMI 2018
Long term improvement trend	1.00	1.00

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

The demographic assumptions used in valuation will clearly have an impact on the total value derived. Over recent years disclosures have been prepared using assumed mortality rates derived from the S3PMA/S3PFA tables, published by the Continuous Mortality Investigations Bureau ('CMI').

The SAPS3 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.

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

	2020	2019
	Consolidated and University £'000	Consolidated and University £'000
Equity Funds	2,452	-
Property	2,983	-
Diversified Growth Funds	11,567	16,147
Credit Funds	3,091	-
Annuities	193	203
Cash and liquid funds	153	4,900
<b>Total market value</b>	<b>20,439</b>	<b>21,250</b>

The discretionary FSSU supplementation scheme holds no assets and its deficit has been based on an actuarial valuation at 31 July 2020. The assumptions having the most significant effect on the calculation of the provision are that future inflationary increase rates will average 2.14% CPI and 3.04% RPI (2019: 2.35% and 3.25% respectively) per annum.

## Notes to the Financial Statements for the year ended 31 July 2020

### 29. Pensions (cont.)

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

	2020	2019
	£'000	£'000
Deficit in schemes at start of year	(13,872)	(13,183)
Contributions	717	742
Other finance costs interest charge applied (note 9)	(284)	(351)
Past service cost	-	(253)
Actuarial loss in the statement of changes in reserves	(3,306)	(827)
<b>Deficit in schemes at end of year</b>	<b>(16,745)</b>	<b>(13,872)</b>

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

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

	£'000	£'000
Expected return on RACPS assets	440	529
Interest on liabilities	(724)	(880)
<b>Net interest charge applied</b>	<b>(284)</b>	<b>(351)</b>

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

	£'000	£'000
Actual less expected return on RACPS assets	(1,026)	1,349
Experience losses arising on liabilities	(2,280)	(2,176)
<b>Actual loss recognised in statement of changes in reserves</b>	<b>(3,306)</b>	<b>(827)</b>

## Notes to the Financial Statements for the year ended 31 July 2020

### 30. Accounting estimates and judgements

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

#### Land and buildings

As part of the transition from UK GAAP to FRS102 as the basis for the consolidated financial statements, the University updated the values of its land and buildings to market value, using this as deemed cost going forward, updating estimates of remaining useful lives for the buildings obtained from the qualified valuers. These remaining useful lives have then been used to calculate depreciation on each of the buildings. The total charge for depreciation on the University's portfolio of properties in these financial statements amounts to £636,000 (2019: £662,000).

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

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

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

#### Heritage assets

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

#### Pension liability

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

### 31. Students' Union

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

## Notes to the Financial Statements for the year ended 31 July 2020

### 32. Related party transactions

#### (a) Exemption

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

#### (b) Pension scheme and Life Cover Trust

The Royal Agricultural College Pension Scheme and Life Cover Trust are related parties by definition. The amount owed by the Royal Agricultural University to the pension scheme at the year end 31 July 2020 was £Nil (2019: £Nil). The amount owed by the Royal Agricultural University to the Life Cover Trust at the year end was £Nil (2019: £Nil).

#### (c) Transactions with organisations related to governors

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

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

#### (d) Transactions with organisations related to University Senior Management

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

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

#### (e) Farming operations

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

#### (f) The Royal Agricultural College Beagles

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

The University made a donation of £5,000 (2019: £5,000). Normal business sales to the RAC Beagles amounted to £14,000 (2019: £15,000). There were no business purchases from the RAC Beagles in either year.

#### (g) The Royal Agricultural University Students' Union

During the year the University made a grant to the Students' Union of £186,000 (2019: £196,000) and supplied goods and services to the Students' Union to the value of £7,000 (2019: £26,000). There were no business purchases from the RAU Students' Union in either of the two years.

#### (h) Related charities

The University is linked to the following charities:

The African Fellowship Trust (AFT), registered charity number 1120786, was set up in 2007 to permit African students to advance their education in sustainable development and protection of the environment by studying for a masters programme at the University. The Fellows are fully funded by the AFT. For 2020, the University received no tuition and accommodation income (2019: nil).

The Sir Emrys Jones Memorial Trust, registered charity 1105861, was set up in 2004 in memory of Sir Emrys Jones, Principal of the University from 1974 to 1979, to provide financial assistance by way of fees or maintenance grants to students from Wales (whether by origin or residence) who are in need of financial assistance to attend University. Without it being binding, the Trustees understand the benefactor's wish that priority should be given to students reading agriculture or related subjects. The University received no tuition or accommodation income in 2020 (2019: £45,000).

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