



IMPACT REPORT 2018

Including Trustees' Annual Report &
Financial Statements for the year ended
31 March 2018

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ADMINISTRATION

Patron

Her Majesty The Queen

President

Her Royal Highness The Princess Royal

Trustees

Vikki Heywood, CBE (Chair)

Peter Fell (Deputy Chair)

Ian Coleman (appointed October 2017)

Sarah Ebanja (Treasurer)

Stephen Gleadle (Treasurer)

Rod Hyde

Jackie Elliman (until October 2017)

Sue Siddall

Tanya Hine

Jan Portillo

Saleh Saeed

Kully Thiari (appointed October 2017)

Keith Read, CBE (until October 2017)

Philippa Wilson

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Constitution

The RSA is a charity governed by a Royal Charter (RC000523). It is registered under the Charities Act 2011 – Registration Number 212424

The RSA is also registered in Scotland – Registration Number SC037784

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Executive team

Matthew Taylor (Chief Executive)

Carol Jackson (Chief Operating Officer)

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Anthony Painter (Director of ARC)

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CHAIR'S INTRODUCTION



In these tumultuous and fast changing times it is good to be able to reflect on progress which builds steadily and strongly on the key achievements we laid out in last year's impact report:

- Last year we described one of our flagship projects as our Citizens' Economic Council. This year we can report on the successful completion of that project and an example of its impact in the announcement – here at the RSA – is that the Bank of England is to act on a key recommendation in setting up citizens' panels to inform its regional offices.
- Last year we welcomed the fact that Matthew Taylor had been appointed by the Government to lead an independent inquiry into future employment, something which reflected our strong work in this area. This year we can report not only on the Prime Minister launching that report at the RSA but also on the successful development and funding of a major new RSA Future of Work Centre.
- Last year saw the first mention of our model of change 'think like a system, act like an entrepreneur'. This year we can demonstrate not only the growing use of that framework in our work but also its influence on other organisations and policymakers reaching as far as the Mayor of Pittsburgh!
- Last year we talked about our ambition to undertake a major redevelopment of the House to expand the space available for the public and our Fellows. Today, as I write, we are half way through that development and on track to open the new space in the autumn.

There are also exciting new things on which to report. These include:

- Our Transform programme providing whole-RSA support to the most ambitious Fellows' projects, which has started by backing the ambitious idea of a network of regionally based community banks.
- The launch of our major Food, Farming and Countryside Commission which is already achieving high levels of engagement across the UK.
- Other exciting new projects such as our work on Artificial Intelligence ('AI') and ethics and Cities of Learning.
- The launch of RSA Radio, our new platform for high quality podcasts.
- The RSA entering the Sunday Times list of the top 100 not for profit employers.

Also, importantly in these challenging times for many charities, we can report on the Society's strong foundations:

- Another financially sound year.
- Another year of steady growth in Fellowship numbers.
- More plaudits and awards for our Journal, website and brilliant events programme and the RSA continues to be a sector leader in our social media profile.

None of this would be possible without the hard work and inspiration of our dedicated staff team here at the RSA. As always we are deeply indebted to our Fellows, more and more of whom are not just supporting the RSA through their annual donations but also getting involved in increasing the quality and impact of our work. This document also contains a full list of our many partners to whom we are also very grateful.

This will be my last report as Chair of the RSA Board. This has been another year of constructive and positive engagement between the RSA Executive and Board and I would like to say 'thank you' to all the RSA trustees who have served during my six year tenure - they have given me wise counsel and support. On behalf of the Trustees I would like to thank Dr Sue Horner MBE who is stepping down after six successful years as chairman of RSA Academies.

I would also like to say how much I have enjoyed working with Matthew Taylor – whose inspirational and dedicated leadership has been a consistent reminder of how vital and challenging positive change in the world should be.

Vikki Heywood CBE
Chair

CHIEF EXECUTIVE'S STATEMENT



This will be the last impact report which will be delivered with Vikki Heywood at the helm as Chair of the RSA Board. This has been another year of positive and constructive engagement between the RSA Executive and Board.

Vikki joined the Board after what had been a difficult time for governance. Not only did she steady the ship but she gave us the right amount of challenge and support which has enabled every year of her six in post to be more successful than the last. Having worked closely with Vikki, I have increasingly come to recognise that good governance is essential for an

organisation such as the RSA to be truly effective.

I know that Board members and staff would like me on their behalf to fulsomely thank Vikki for the immense hard work and dedication she has given to her role as Chair.

The best tribute we can pay to Vikki is to continue, indeed to accelerate upon, the great progress we have made under her guidance. I am confident that we will do so and that, even with the proud 265 year history of this organisation, we will be able to say this time next year that 2018/19 has been the Society's best year yet.

Matthew Taylor
Chief Executive

ABOUT US AND OUR MISSION

The RSA's mission – 21st century enlightenment; enriching society through ideas and action – is based on a belief that all human beings have creative capacities that, when understood and supported, can be mobilised to drive change and make the world a better place for us all.

Since 1754 we have sought to bring about change by unleashing this potential for enterprise and creativity. We have a strong history of drawing on the combined energy and expertise of our Fellows and partners in finding new solutions to social challenges, seeking and sharing the best ideas, and undertaking rigorous research.

This year we have been able to invest in improving the RSA House and today our role as a convener – able to bring individuals and organisations together in bringing about change – is more important than ever.

Our Priorities

The RSA focuses on three key areas of work where we seek to make an impact. The Programme of Projects in the statutory accounts comprises action and research work focused on these three areas though the Programmes of Lectures and Engagement and our global work (forming part of Projects and Engagement) which strongly align with the ideas represented below.

Creative Learning and Development	Everyone should receive a complete and generous education – an education of the head, hand and heart – so that they can play a full part in the economic, social, cultural and intellectual life of the nation and join the 'great conversation of mankind'.
Public Services and Communities	We seek to help bring about a shift in power to people and communities so that they can better meet their social and economic needs and aspirations.
Economy, Enterprise and Manufacturing	We want to help create an economy that enables everyone to have basic economic security and to fulfil their creative potential, is environmentally sustainable and which supports and rewards meaningful and creative activity.

The RSA's distinctive approach to change – 'think like a system, act like an entrepreneur' – runs through our work in these areas. Through rigorous research, innovative ideas and practical projects, we aim to empower citizens and partners, individually and collectively, alongside our 29,000 strong Fellowship.

How we engage

The RSA combines a global platform for ideas, a wide-ranging and innovative research team and an international Fellowship of social innovators. Combined with the RSA's heritage and independence, these elements – ideas, networks and knowledge dissemination – provide a powerful platform for change.

The RSA engages others through:

- Innovation: Our Action and Research Centre is an ideas, research and methods-led innovator.

- Dissemination: Our events and digital platforms foster wide dissemination of knowledge and ideas.
- Acceleration: Our Fellowship provides a civic network of social change initiators and accelerators.

Our Fellowship

Thanks to the support of our Fellows, a global network of over 29,000 people who share our values, the RSA has been at the forefront of social change for over 260 years. This year the Fellowship increased by over 800 Fellows and today our impact is greater than ever. Fellows have access to some of the best ideas and brightest thinkers, innovative projects, a diverse network of like-minded people and a platform for social change.

- Our website enables Fellows to connect online according to location, skills and interests.
- Regional and national teams run local events, networks and projects.
- RSA Catalyst Grants and Kickstarter crowdfunding encourage innovative thinking aimed at tackling pressing societal problems.

Our Ideas Platform

The RSA public events programme presents the best in new ideas, critical thinking and enlightened public debate.

- In 2017/18 RSA events videos received over 2.6 million views; our blogs were viewed over 450,000 times and our reports downloaded over 70,000 times.
- The RSA's website received over 2.6 million visitors, our YouTube channel was followed by over 607,000 people and RSA's work was covered by 3,600 media related articles, over 50 radio broadcasts and 25 television interviews.

There were 309 Fellowship events across the UK in 2017/18.

There were over 6,852 attendances at our UK events alone.

Nearly 230 of our UK events were held outside London.

There are 56 Fellow-led Networks – local and thematic – across the UK. These include the Sustainability Network and Creativity in Public Services Network.

Our strategy for 2018-19 is focused on enabling Fellows to bring about thriving local communities for change.

KEY PERFORMANCE INDICATORS

The Trustee Board agrees with the Executive Team each financial year key performance targets for the year ahead through which it monitors performance. For 2017-2018 these included:

Fellowship in numbers	2017/18	2017/18 Target	% to Target
Total Fellowship number	29,278	29,370	100%
New Fellows	3,276	3,250	101%
Losses	-2,468	-2,350	105%
Unique attendees at Fellowship events	4,268	4,200	100%

The Fellowship is an important element of how the RSA delivers change. Last year we had a net increase of 808 Fellows, a little below our target of 900. Fellows gave us a net promoter score in 2017/18 of 4.8, just slightly below our target range of 5 to 9. A measure of the engagement of Fellows in our ideas and activities is also unique attendances at events – this was in line with our target.

Engagement with content	2017/18	2017/18 Target	% to Target
RSA Events video views (Including Replay and Spotlight)	2,649,086	2,530,000	105%
Blog article views	468,095	520,000	90%
Total report & Medium report downloads	71,128	54,000	132%
Digital and Social Media impact	2017/18	2017/18 Target	% to Target
Unique page views - THERSA.ORG	2,608,789	3,360,000	78%
Number of subscribers - YouTube	607,356	620,000	98%
Twitter followers on @thersaorg	66,070	65,000	102%
Twitter engagement (retweets, mentions, favourites)	95,235	75,000	127%
Facebook followers	95,676	101,000	95%
Facebook engagement (likes, shares, comments)	148,086	120,000	123%
Media impact	2017/18	2017/18 Target	% to Target
Media (national, regional, digital)	3,595	360	999%
Radio	75	50	150%

The importance of the RSA's ideas platform is set out above and these are the key statistics that we monitor and aim to build year on year.

Our people	2017/18	2017/18 Target	% to Target
Voluntary staff turnover	17.1%	15.0%	114%
Hours CPD	11.7	14.0	83%
Sick absence	0.8%	2.8%	28%
Diversity of staff	20.4%	22.0%	93%

We monitor the above statistics for our workforce whilst recognising that in a small organisation, one or two people can make a large change to a statistic. Next year we are continuing our investment in training and development as well as the broader diversity of the RSA.

CREATIVE LEARNING & DEVELOPMENT

EVERYONE SHOULD RECEIVE A COMPLETE AND GENEROUS EDUCATION – AN EDUCATION OF THE HEAD, HAND AND HEART – SO THEY CAN PLAY A FULL PART IN THE ECONOMIC, SOCIAL, CULTURAL AND INTELLECTUAL LIFE OF THE NATION AND JOIN THE “GREAT CONVERSATION OF MANKIND”.

The learning society that the RSA is working towards is made up of:

- Inquisitive, life-long learners who cherish independent thought.
- Reflective teachers with a love of their subject and a fascination with the science and art of teaching.
- Mission-oriented educational institutions with a clear sense of their own identity, values and goals.
- An education system that promotes purposeful collaboration between teachers and institutions and supports them to keep improving.
- Communities that value education and provide learning opportunities for people of all backgrounds, abilities and ages.

2017/18 saw the RSA meet all the objectives it set last year including the publication of *The Ideal School Exhibition* and successfully completing the inaugural Pupil Design Awards. These are now being extended for a second year, building on the long running and successful Student Design Awards. The Schools Without Walls project continues with the report due in 2018/19 and Learning About Culture was also launched.

Impact 2017-18

- In November 2017 we launched *The Ideal School Exhibition*, a major report that made the case for a broader, richer form of education that goes beyond the narrow demands of the school accountability system. Viewed over 4,800 times online, this work has opened conversations about the RSA’s vision for education with key representative bodies across the English education system, including Ofsted, Ofqual and the Association of School and College Leaders.
- A range of organisations, practitioners and government officials came together to launch our flagship education programme, *Learning About Culture*. Well received by both the arts and education sectors, this created new connections and conversations and helped us to identify ‘evidence champions’ to better make the case for the impact of creativity.
- We received strong support from the National Governors Association for the main recommendations set out in the RSA’s *Who Governs Our Schools? Trends, Tensions and Opportunities* report launched at the September 2017 meeting of the School Governance All Party Parliamentary Group.

Ambitions 2018-19

Having set out an ambitious vision of our ‘ideal school’ in 2017, this year we will continue to bring people together in drawing a detailed picture of what a complete and generous education of the head, hand and heart looks like. This will include exploring the role of:

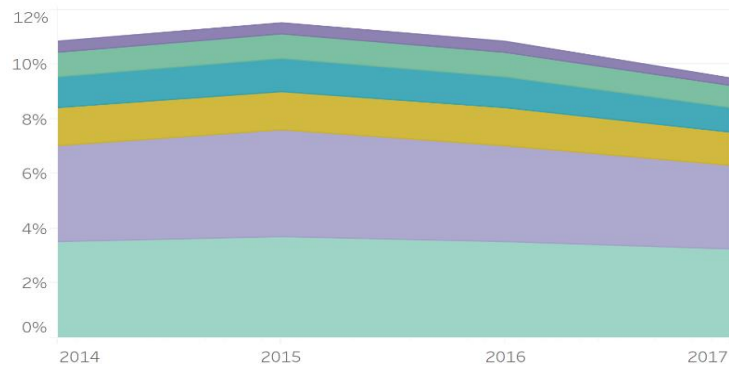
- School leadership and governance.
- Evidence, standards and accountability.
- Creativity, innovation and productivity.

Our Ideal School project will work with teachers, governors and pupils in testing practical ways to reduce education inequality, create more place based approaches and encourage life-long learning.

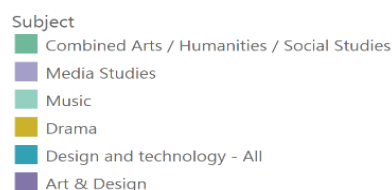
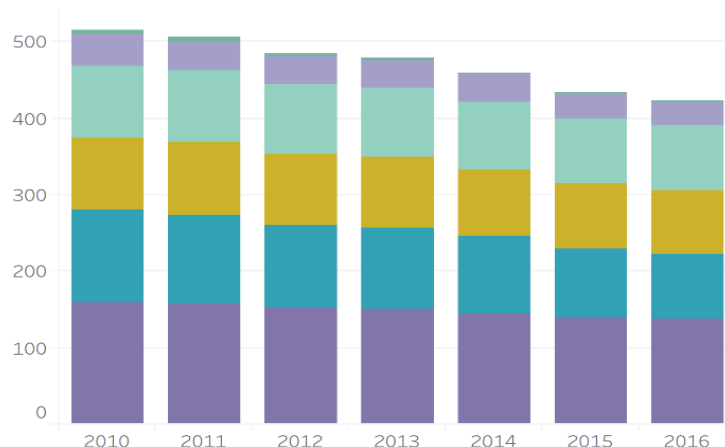
Case Study: Learning About Culture

A two-and-a-half-year investigation into the role that cultural learning plays in improving educational outcomes for children, Learning About Culture, will develop the evidence base for what works and how to use this to drive change and continuously improve practice. The project is a partnership between the RSA and the Education Endowment Foundation (EEF) and is the UK's largest ever study of arts and cultural learning.

Cumulative percentage of pupils sitting arts GCSE subjects from 2014 to 2017



Hours taught of the arts in secondary education



Sources: Department for Education (2017), *Statistics: School Workforce*, Johnes, R (2017) *Entries to Arts Subjects at Key Stage 4*, Education Policy Institute.

RSA Academies

The RSA has a long-standing commitment to its sister charity the RSA Academies through a five-year long Memorandum of Understanding. RSA Academies is a pioneering umbrella trust comprising seven schools across the West Midlands: Abbeywood First School, Arrow Vale RSA Academy, Church Hill Middle School, Holyhead School, Ipsley CE RSA Academy, RSA Academy, Tipton and Whitley Academy. The RSA and RSA Academies work together to ensure that the schools:

- Provide high quality arts and cultural education, encouraging children to be creative and turn their ideas into action.
- Connect children to, and prepare them for, the world beyond the school gate, by building links in the local community, with businesses, and universities.
- Value and develop the whole child, with an inclusive approach and a focus on children's mental health and well-being.

This is an approach which aligns with, and complements, our research work within Creative Learning and Development.

RSA EVENT: IDEAL SCHOOL EXHIBITION PANEL

To accompany the publication of the Ideal School Exhibition report, a panel of experts from education policy, practice and assessment came together at the RSA to explore how schools can stay true to their own sense of mission, and resist the magnetic pull of 'education by numbers' and the mounting pressures of inspection and performance targets. Daisy Christodoulou, Director of Education at No More Marking, Peter Hyman, Co-founder and Executive Headteacher of School 21, and David Laws, former Schools Minister and now Executive Chair of the Education Policy Institute, warmly welcomed the report's key findings. They shared their views on ways to reform the current system to ensure every child receives a rich and rounded education that prepares them not just to write a good exam, but to live a good life.

PUBLIC SERVICES AND COMMUNITIES

OUR AIM IS TO HELP BRING ABOUT A SHIFT IN POWER TO PEOPLE AND COMMUNITIES SO THAT THEY CAN BETTER MEET THEIR SOCIAL AND ECONOMIC NEEDS AND ASPIRATIONS.

We support the devolution of strategic, economic and social policymaking powers backed by accountable and engaging democratic governance structures. The RSA's aim is to develop policy that government, business and civil society can act upon. To this end, we develop practical models for public service design and delivery, which are more responsive to local needs and work with citizens to assure better outcomes. By recognizing the abilities of individuals and communities,

including the role of peer support and social networks, people can be empowered to better meet their own social and economic needs and aspirations.

The RSA breaks down traditional boundaries of policy disciplines, institutions, professions, occupations and communities, bringing to our work an understanding of the economic incentives, communications networks, shared histories, cultural associations and identities that connect people to the places in which they live and work.

In its last Impact Report the RSA undertook to have impact in the areas of Building Healthy Communities, Inclusive Growth and Public Health. These three areas have led to substantial projects with the NHS and other public sector bodies, such as Innovate UK, particularly building on the RSA's research into the 'think like a system, act like an entrepreneur' methodology which pulls together the two ideas of working systemically and entrepreneurially. Work has also started extending this way of thinking to new areas including the recently launched Food and Farming Commission.

Impact 2017-18

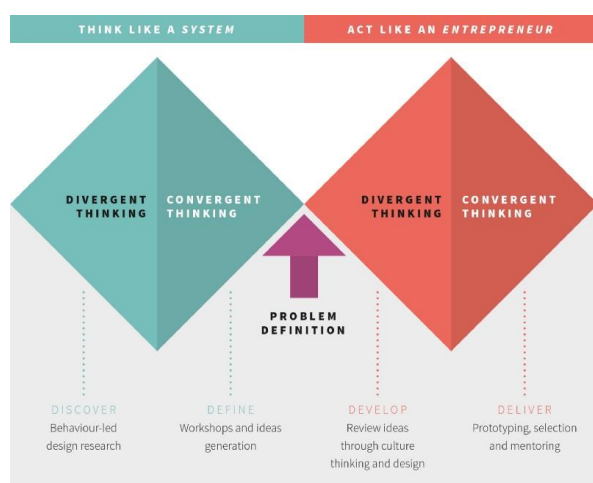
- We have continued to build on the legacy of The Inclusive Growth Commission, working with partners on influencing the city plans for Chicago (USA), and with building the evidence base for the Strategic Economic Plan for Derbyshire and Nottingham. Meanwhile, Glasgow's economic development strategy has adopted our definition of inclusive growth.
- Our scoping of a New Futures Network to support rehabilitation for people in prison was published in August 2017, and was used as a template for a new team created within the Ministry of Justice.
- We launched Nottingham Civic Exchange, a new civic think tank, in partnership with Nottingham Trent University in June 2017. Our subsequent report on the challenges of 'ordinary working families', Addressing Economic Insecurity, attracted coverage in BBC News Online, The Times, and The Independent.
- The Food, Farming and Countryside Commission, chaired by Sir Ian Cheshire, was launched in November 2017 at the RSA with coverage of the launch in The Guardian shared over 5,000 times.
- In their consultation on their new strategic plan, the Heritage Lottery Fund included the proposal to devolve some of their £1bn budget to places to "decide for themselves how

to invest our funding to achieve their goals” and made explicit reference to the RSA’s 2016 [Networked Heritage research](#). The RSA’s Fellow-led Heritage Network continues to organise activity that supports the use of the RSA’s Heritage Index.

Ambitions 2018-19

- In order to develop the RSA’s strategy on public service reform over the next decade, we are embarking on a major programme of collaboration with RSA Fellows who work in public services.
- We will complete and report on our two-year programme aimed at supporting social movements in health on which we have been working with six NHS England vanguard sites. A new network of RSA Fellows in health and care will help secure the legacy of this project.
- With Rochdale Boroughwide Housing we are raising funds to design a new public service for citizens out of work and in underemployment, and will be undertaking a new Housing Equity programme to research practical solutions to the challenges faced by citizens and communities in the UK’s housing system.
- The Food, Farming and Countryside Commission will publish an interim report in Autumn 2018, drawing on a Call for Ideas in April 2018, a seven-month UK bike tour, deep dive action research in three English counties, and enquiries in each of the devolved UK nations. During 2019, we will publish a final report, building a mandate for change among the public for a safe, secure, inclusive food and farming system for the UK, a flourishing rural economy and a sustainable and accessible countryside.

Case Study: Innovate UK



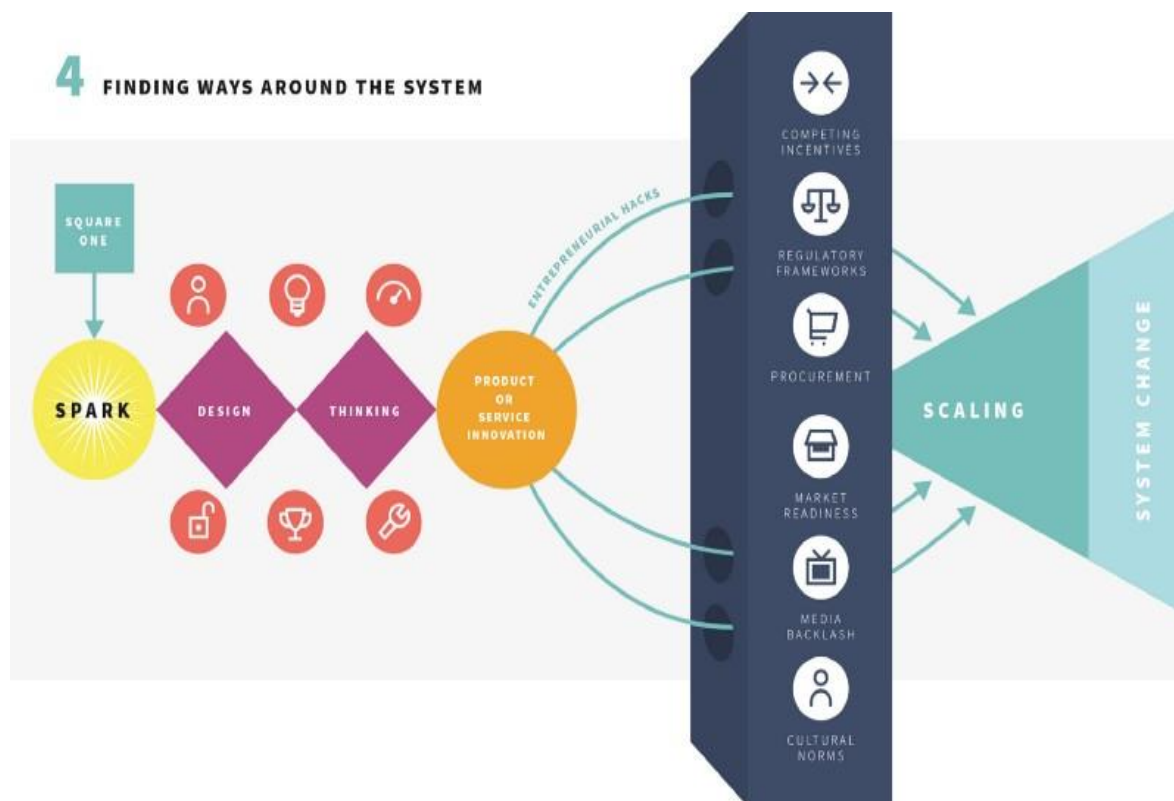
As public services struggle to address social challenges through traditional means, new and innovative ways of thinking about stimulating and scaling enterprise innovation are increasingly being trialed; from challenge prizes to blended public and private funds aimed at tackling social issues such as public health, education and affordable housing.

The RSA’s research with Innovate UK and the Small Business Research Initiative (SBRI) explored the effectiveness of these

kinds of new approaches. It found that competitions are most effective when a problem is clearly identified and requires technical expertise and imagination to fix it and that longer-term impacts rely on there being a market for the eventual product.

We concluded that a cultural shift is needed in the way public bodies invest in innovation, moving away from traditional public procurement towards a more agile and entrepreneurial approach, requiring a change in procurement regulation and policy. The report sets out recommendations for change including giving innovators and designers support to commercialise and has led to the creation of a £20m ‘GovTech’ fund to help tech firms deliver innovative fixes to public sector challenges. As further follow-up, the Public Services

and Communities team has been commissioned again by Innovate UK to explore pathways to reforming procurement in Scotland, Northern Ireland and BEIS.



RSA ENGAGE: LONDON

Two RSA Engage events were held: A September event showcased eight Fellows' projects working to develop or sustain cohesive communities, including a network for BAME UK museum professionals and a Clerkenwell-based charity looking to bring people together across different social classes. We welcomed a guest speaker from the Greater London Authority and saw animated discussions during the three networking sessions at this dynamic event. In February, the event was themed Improving Health, Care & Wellbeing, and saw the launch of the new Fellow-led Health and Social Care Network, a legacy from the Health as a Social Movement project. The nine pitches included projects working to address gambling-related harm in Islington and another providing ways of connecting people with dementia to loved ones and their local community.

ECONOMY, ENTERPRISE & MANUFACTURING

WE WANT TO HELP CREATE AN ECONOMY THAT ENABLES EVERYONE TO HAVE BASIC ECONOMIC SECURITY AND TO FULFIL THEIR CREATIVE POTENTIAL, IS ENVIRONMENTALLY SUSTAINABLE, AND WHICH SUPPORTS AND REWARDS MEANINGFUL AND CREATIVE ACTIVITY.

Our work in this area focuses on three themes:

Manufacturing and Innovation: With new technologies promising a revolution in the way things are made and distributed, artificial intelligence becoming an ever more pervasive and powerful tool, and increasing pressure on the world's resources, we need smart industrial strategies that can improve social and environmental outcomes as well as meet economic objectives.

Work and Enterprise: Machines are surpassing humans in an increasing range of tasks. Self-employment and the gig economy are growing as the nine to five job disappears. We champion a commitment to high-quality work for all,

including support for micro-enterprise, and seek pathways for technological innovation that enhance, rather than displace, the potential for human creativity and fulfilling work.

Economic Democracy: Everyone is affected by the way we run our economy. We are working to broaden democratic ownership and control of economic institutions, as well as greater public participation in economic policy.

2017/18 saw the RSA meet the objectives it set from the previous year, which included the following:

- the Future Work Centre now being fully funded and due to launch in 2018/19;
- the Cities of Making Project being well under way with an interim report to be published in May 2018;
- the mission-orientated innovation policy work with UCL and Professor Mariana Mazzucato;
- the Citizens' Economic Council resulted in direct engagement with the Bank of England on the role of participatory democracy in shaping policy as well as further avenues of work including using a similarly format when investigating Artificial Intelligence and the ethics behind it.

Impact 2017-18

Manufacturing and innovation

In partnership with UCL's Circular Economy Lab, and universities and NGOs in Belgium and the Netherlands, the Cities of Making project has completed initial diagnoses of the potential for fostering a resurgent and innovative industrial base within major cities.

In collaboration with UCL's new Institute for Innovation and Public Purpose, we convened a high-level workshop at the European Forum Alpbach to discuss how mission-orientated industrial strategies can steer innovation toward solving major societal challenges.

In September 2017 we published *The Age of Automation* examining the impact of artificial intelligence (AI) and robotics. Our research concluded that the UK was underinvesting in robotics and AI, especially within small and medium businesses. We argue that technology has the most potential to drive social progress when we take a collaborative stakeholder approach to realise benefits and minimize harm. Investors, managers, workers, consumers, regulators and citizens all have a part to play in ensuring our social and economic institutions can harmoniously evolve and adapt to disruptive technologies.

Work and enterprise

The RSA's report *The Self-Organising Self-Employed* called for a bottom-up movement to complement policy initiatives and set out a number of ideas to take grassroots initiatives from the margins to the mainstream, and we are supporting Fellow-led initiatives in this field.

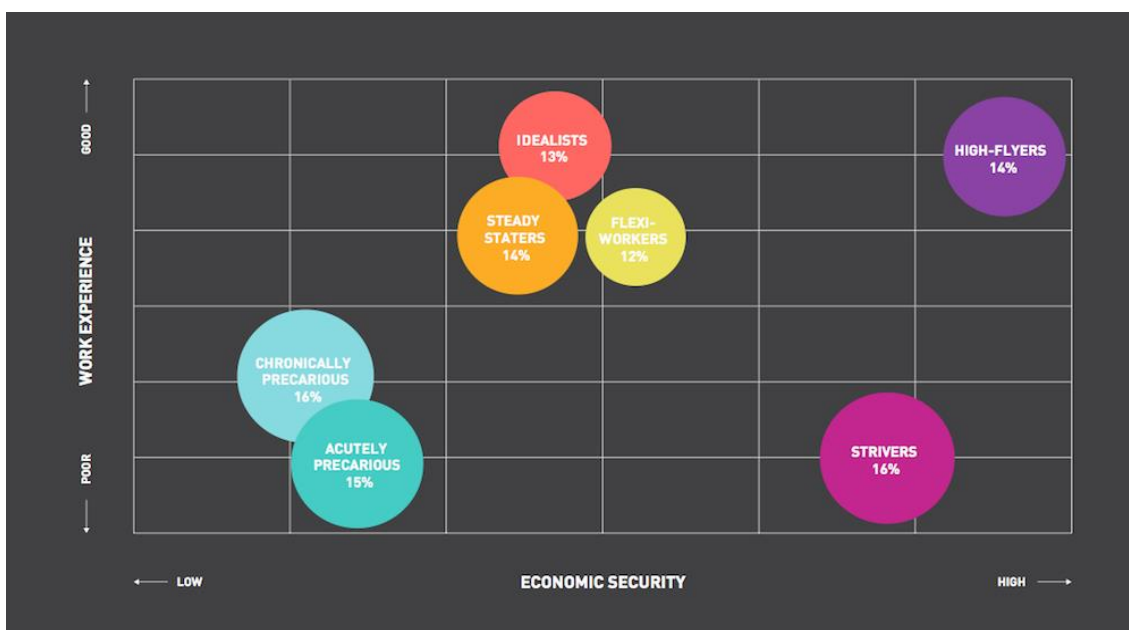
In early 2018 we published a series of reports on economic insecurity, which has become a significant political issue. This included *Addressing Economic Insecurity*, which concluded that how a person or household's opportunity and prospective wellbeing is understood needs to combine objective factors and subjective experience and expectations. It

10 YEARS AFTER

In an initiative spearheaded by an RSA Fellow to mark 10 years after the run on Northern Rock and the ensuing global financial crisis, we collaborated with a network of partner organisations on a series of public debates aimed at reflecting on the lessons learned and ways forward for a fairer future prosperity. Participants included Alistair Darling, Chancellor of the Exchequer at the height of the crisis, and journalist and broadcaster Robert Peston, who broke the story of the imminent Northern Rock collapse. Gabriela Ramos, Chief of Staff of the OECD talked about the merits of inclusive growth as a policy response to the politics of the left-behind and as a means to more just and sustainable economies globally. The events sparked substantial online engagement, and acted as a catalyst for local discussion through a network of linked RSA Watch Fellow events.

recommends that government look to health, housing and welfare as areas where economic policy and social policy could be rebooted to address economic insecurity.

In *Thriving, Striving, or Just about Surviving* we launched an extensive empirical examination of how economic security and job quality interact in different ways for different workers. The report included seven 'portraits' of economic security and modern work in the UK, arguing that the security and quality of work cannot be reduced to simplistic factors such as the legal form of a contract. Widely reported in the media, our interactive online tool supporting the research report generated significant interaction with over 20,000 views within the first week.



The final report in the series – *Pathways to Universal Basic Income: the case for a Universal Basic Opportunity Fund* – proposed a mechanism for funding life transitions, including career changes and retraining. This high-profile intervention in the developing debate over basic income continued our track record of focusing on proposing practical interventions that are likely to produce demonstrable positive impacts in the short to medium term.

Explore the RSA's 7 Portraits of Modern Work

This interactive view allows you to explore the underlying survey data which was used to define the RSA's 7 portraits. You can select the images of the 7 portraits and the bars of the chart in 'The Factors' section. You can hover over charts and titles for additional information.

Select a Portrait

To explore the 7 portraits select an icon

Low Income

High Income

12% are Flexi-workers

Many are in the atypical forms of employment or have unpredictable working hours. While their work does not always pay well it does offer them flexibility, fulfillment and autonomy.

Economic Democracy

During the year, two significant major programmes aimed at broadening democratic participation in economic institutions and policy concluded their activities: the Community Business Leadership Programme and the Citizens' Economic Council (CEC).

The CEC was a two-year programme building the case for policymakers and organisations to use deliberative processes to involve citizens in decision making. In March its final report *Building a Public Culture of Economics* was launched at a public event where the key speaker was the Bank of England's Chief Economist Andy Haldane. He announced that the Bank would implement the RSA's recommendation that they convene Citizen's Reference Panels to support the outreach work of their Regional Agents and we are now working with Bank staff to assist in implementing the recommendation.

In January, our partnership with Power to Change, Real Ideas Organisation and Sheffield University Management School to help grow the community business sector through leadership training and support drew to a close. The programme pioneered a leadership development programme tailored to the needs of community businesses that have great potential to widen participation and influence of local citizens over socially important businesses in their area.

Ambitions 2018-19

- The Cities of Making project will research different aspects of urban modern manufacturing and then develop and test solutions in real-world settings in London, Rotterdam and Brussels.
- The RSA Future Work Centre will research and test policy and business interventions that can increase the quality of work for everyone, as well as ensuring widespread opportunities for work.
- The Forum for Ethical Artificial Intelligence will pioneer the use of citizen deliberation in combination with other methods of research and engagement in order to gain new insight into how to identify and resolve ethical issues arising from the commercial adoption of AI.

SUSTAINABILITY NETWORK

The Fellow-led Sustainability Network continues to grow, with over 700 Fellows and non-Fellows signed up to receive information about its activities. In 2017-18, the Network and its sub-groups ran or contributed to events which took place in Brighton, Birmingham and London, as well as online through collaborations with the RSA Global and Local Areas teams. This included an In ConveRSAtion event with the Director of Sustainable Business (Plan A) at Marks & Spencer, and an online event on energy efficiency with guest speakers from the University of Cambridge and the University of East Anglia. In total, almost 300 unique attendees took part in these events.

DESIGN

Impact 2017-18

In line with the objectives for 2017-18, key successes in the design team included a major grant from Innovate UK to deliver a research and events programme on the role of design in 21st century industry and how design's potential can be unlocked as part of UK economic growth. This resulted in three major public events and a position paper published in April 2018.

The RSA Student Design Awards successfully completed its 94th year and received 710 entries from 118 universities in 27 countries around the world. We are continuing to grow the RSA Student Design Awards alumni database and determining how best to develop meaningful engagement with these alumni around the world.

We have reviewed the workings of the Design Advisory Board (DAB), which was established in late 2016. After deliberation with the independent chair and the RDI Master, it was decided by the RSA Trustee Board to disband the DAB and pass the responsibility for the annual RDI nominations process to the RDI faculty, with the RSA Trustees approving the annual nominations submitted by the RDI.

Ambitions 2018-19

- The RSA Student Design Awards programme will continue to secure partners and funders and expand its global reach. This year we will focus on making sure that the RSA develops new ways of engaging our design alumni and making sure that we articulate, develop and experiment with the role of design in the RSA's model of change, 'think like a system, act like an entrepreneur'.
- We will work with the British Council to develop and deliver a series of talks and workshops about design for social innovation to be delivered in Saudi Arabia during Saudi Design Week in October 2018.

GLOBAL

The RSA's aim is to be a global organisation. In 2017/18 we continued to develop and expand our international presence by:

- Deepening relationships with key stakeholders in regions with a strong Fellowship presence.
- Embedding a function of global research and insights for key topics of social change into the global team.
- Expanding the global team in order to increase international Fellowship engagement capability.

Impact 2017-18

420 new Fellows joined the international Fellowship this year, an 18% increase on the number joining from the previous year. The international Fellowship grew to 2,847 in total, representing a 3% increase on the previous year and a net increase of 78 Fellows.

RSA US, an RSA affiliate, has grown its Fellowship to 890 (up from 834), and continues to deliver against its three-year strategy for impact. It has developed its presence in a number of cities, including Washington DC, Los Angeles, NYC, San Francisco, Tennessee, Texas, and Las Vegas via the recruitment of local connectors as well as delivery of local events. It has a pipeline of research projects in a number of areas, including Inclusive Growth and Universal Basic Income.

RSA ANZ, an RSA affiliate, has grown its Fellowship to 444 (up from 429). It has developed a strategic and operational plan through to 2020, and has focused its attention on developing relationships in key cities across the region, as well as increasing local events activities and Fellowship engagement.

The RSA continues to work on replicating our model of change in the ASEAN region. Developments in this region include a series of events planned and ready for delivery in Japan, Fellow-led event delivery in Singapore, and the continuing development of programming and funding partnerships in Bangkok.

We designed and delivered a Global Think-Tank Summit in Edinburgh, bringing together partners from Scandinavia, the US, Africa, and the UK to discuss how to amplify our impact through international multi-organisation collaboration.

Ambitions 2018-19

- We will deliver regular Global Research and Insights reports that align to wider RSA research objectives in areas such as the Future of Work and Inclusive Growth.
- As well as growing and strengthening the RSA Connectors network in cities where we have a Fellowship presence, increasing online activity such as Zoom events to strengthen global networks and create learning and sharing opportunities for Fellows across the globe, our aim is to develop content-based partnerships and international think-tank collaborations to amplify and scale the impact of RSA research activity globally.

ENVIRONMENTAL REPORTING AND POLICY

Trustees regard the minimisation of our impact on the environment as one of our important management tasks and the RSA's Environmental Policy and our practices are available on our website (www.thersa.org/about-us/environmental-policy and www.thersa.org/hire-rsa-house/sustainability-and-accessibility).

The key performance indicators for our environmental data for 2017-18 are set out below and these are updated every year.

Utilities-Units	Electricity Kwh	Gas KwH	Water Ltrs	Total Energy Carbon Emissions (tonnes CO2)	
	2017/18			2017/18	2016/17
Energy	705,559	366,306			
Water			2,968,000		
% recycled energy	n/a	n/a	n/a		
Tonnes of Carbon	370	70	n/a	440	499
% Inc/(dec) on 2016/2017	-9.4%	-23.0%	5.4%	-11.8%	4.8%
Travel-Units	Mini Cabs (mls)	Trains (mls)	Flights (mls)	Total Air, Road & Train Travel Carbon Emissions (tonnes CO2)	
	2017/18			2017/18	2016/17
Miles	1.769	59.234	79,592	140,595	116,457
Tonnes	0.80	6.40	23.60	31	23
% Inc/(dec) on 2016/2017	-11.5%	11.0%	30.1%	34.8%	21.1%
	Waste Recycled (kgs)	White Paper Usage (Boxes)		Glass Recycling (Ltrs)	
	2017/18	2017/18	2016/17	2017/18	2016/17
Volume	30,875	80	99	32,000	39,840
% recycled	64%	75%	71%	100%	100%
% Inc/(dec) on 2016/2017	36.1%	-19.2%	-41.8%	-19.7%	-20.2%
	Total m2 of building	Per m2 (tonnes CO2 per m2)		Total Building Carbon Emissions (tonnes CO2)	
				2017/18	2016/17
Building Carbon Emissions	4,598	0.1035		471	518
% Inc/(dec) on 2016/2017	0.0%	0.0%		-9.0%	4.6%

It is a constant challenge managing a historic building from an environmental perspective but we continue to make improvements where possible. The House redevelopment project that started in February 2018 will create a new coffeehouse where Fellows and visitors may come to the House, have something to eat and drink whilst they meet with one another, to collaborate and develop new ideas. Sustainability has been is a key consideration throughout the project, from architect selection to the ending of single use plastics in the coffeehouse. The kitchens will increase capacity, use sustainable products where possible and continue to recycle all food waste.

We also recycle used toner cartridges, glass, paper and cardboard and anything else that is recyclable in order to contribute in maintaining a more sustainable organisation. At the beginning of this year, new printers were installed incorporating secure and confidential printing and maximising the use of recycling paper.

The increase in the number of international projects has increased the number of flights we used by 30% despite much greater use of remote methods of engagement.

FUTURE PLANS

We begin 2018/19 with a two year extension of our previous three year plan to allow for a new chair of Trustees, joining us on October 2018, to have the time and space to review whether the RSA requires a new future strategy. The coming year will be a time of change and development as we continue to build on the impact we make in the world through the research that we do, the partnerships and collaborations that we establish, the reach of our work through our ideas platform and the support, engagement, activities and enthusiasm of the growing number of RSA Fellows. We set out our detailed objectives by area in the sections above but the overall aims are to:

- Develop and implement medium to long term partnerships with organisations which can enable us to achieve direct impact – these organisations will be ‘partners in change’.
- Ensure that in each of each of our three areas of focus we have a strong and recognised portfolio of work which is distinctive to the RSA and aligned with our mission, methods and capacities.
- Continue to demonstrate the sustainable impact of Fellowship engagement.

As indicated above, in the autumn we will complete the redevelopment of the three lower floors of the RSA House. This will provide better spaces for meeting and collaboration, improved catering facilities as well as transforming the kitchen facilities. Level -1 where the Gerard Bar was located, is being refurbished and the whole of this floor will be opened up into a variety of eating and collaborative meeting spaces. Level -2 will see the Library opening up with the addition of Hellerup stairs, suitable for small meetings and presentations, between the upper and lower sections of the library. In addition, the main kitchen at level -3 will be transformed, offering increased capacity for our hospitality business.

We received excellent feedback from Fellows in the consultation on how we might best use the new space both to increase interaction and collaboration between those using the new facilities and how the space might best reflect the history and values of the RSA. Over 3,300 votes were cast on a range of ideas, with over 23,500 unique page views on the House redevelopment microsite.

In November, in addition to formally opening the new space, we will also take the opportunity to relaunch our work with a series of high profile events, showcasing impactful and exciting areas of our work.

OUR THANKS

Financial support is crucial in helping the RSA make a difference in the world. All Fellows support the society through their annual Fellowship fee and by engaging with our work including Fellows' projects and initiatives.

The RSA would like to extend very special thanks to the following organisations and individuals for their generous support in the last financial year. It is thanks to these donations that we can continue to make a difference. The following individuals and organisations made contributions of £5,000 or more in the Financial Year 2017/18.

Corporate Supporters

Bank of America Merrill Lynch
Barclays Bank Plc
Chartered Institute of Marketing
Crunch Accounting
City & Guilds
DeepMind
Etsy
Fazer Bakeries
Google UK
Grant Thornton
GSK Research & Development
Kandar Consulting
Mangopay
Natracare
Philips Electronic
PRP Architects LLP
PwC
Royal Bank of Scotland Group plc
Taylor Wessing LLP
Timpson
Unilever
Waitrose

Trusts, Foundations & Grant Making

Andrew Lloyd Webber Foundation
Ashden Trust
Barrow Cadbury Trust
British Council
Calouste Gulbenkian Foundation
Comino Foundation
Educational Collaborative for
International Schools
Ernest Cook Trust

Elliot Foundation
Esmée Fairbairn Foundation
Friends Provident Foundation
Further Education Trust for Leadership
Foyle Foundation
Google.org
Guys and St Thomas' Charity
Harbour Foundation
International Development Research
Centre
Joseph Rowntree Foundation
Gulbenkian Partnership
Marketing Trust
NSPCC
Oak Foundation
Paul Hamlyn Foundation
Power to Change
Pears Foundation
Ufi Charitable Trust
JJ Charitable Trust
Trust for London
The Templeton Religion Trust
The Tudor Trust
The Arts Council England
Bridge organisations

- A New Direction (London)
- Artswork (South of England)
- Royal Opera House Bridge (East)
- Norwich and Norfolk Festival
Bridge (East Anglia)
- Arts Connect (West Midlands)
- Curious Minds (North West)
- Culture Bridge North East
- The Mighty Creatives (East
Midlands)

World Innovation Summit for Education

The Wolfson Foundation

Statutory & Other Organisations

Crown Agents

Core Cities - Manchester City Council

Federation of Small Businesses

Government Office for Science

Innovate UK

Joint Institute for Innovation Policy

Key Cities

London Government Association

Global Disability Innovation Hub

NHS England

Nottingham Civic Exchange/Nottingham
Trent University

Office for Disability Issues

Rochdale Boroughwide Housing

Individual Supporters & Legacies

The family of Mr Bruce Bossom

Ms IR Bratman

The estate of Miss Sheila Marie Fitzgerald

Mr Hugh Lenon

Lady Edwina Grosvenor

The estate of Miss GM Greene

The estate of Mr E J Chumrow

Sir Robert Malpas CBE

FINANCIAL REVIEW

Net income/(expenditure)

The RSA has had a good year, ending in line with our budget despite the disruption in the last 3 months of the year caused by the initial stages of the House redevelopment project. We also benefited from a net £194k from generous donations towards the costs of that project. The results have also been updated for a change in accounting policy for the treatment of life fellows whereby all of life income is taken into income in the year of receipt. This has reduced income by £0.1m but boosted our general reserve by £1.1m.

In summary, we are reporting *Net expenditure before gains on investments* for the year of £0.3m. This comprises net unrestricted expenditure of £0.9m and net restricted income of £0.6m and compares with *Net income before gains on investments* of £0.6m in the previous year.

The net expenditure of £0.9m on unrestricted funds includes expenditure of £0.3m from designated legacy funds, in line with the preferences of the legators, and is before a transfer from the Restricted Shipley Income Fund of £0.4m which supports programme of projects expenditure. The movement in net unrestricted expenditure versus a positive balance of £0.2m last year reflects a reduction of £0.4m in legacy income, a small reduction in the contribution from trading (£0.1m) and greater expenditure on the programme of engagement (£0.4m), in the UK and globally, and includes work with Fellows on achieving impact through Catalyst and Transform projects.

The *Net expenditure* of £0.3m is before unrealised gains on investments of £0.4m and realised gains of £0.1m giving an overall *Net income* of £0.2m as compared with *Net income* of £3.1m in 2017, which included a net gain on investment assets of £2.5m.

Income and endowments

Income and endowments increased marginally by £0.1m from £11.1m to £11.2m. The RSA's principal funding sources are its Fellows, trading through RSA House and consultancy work, income generated from a wide range of sources for ARC projects, including grants and sponsorship, fundraising and investment income. The growth in income came from funding for the *Programme of projects* (£0.5m). *Donations and legacies* (including Fellowship income) remained level with a reduction in income from *Trading Activities* of £0.4m.

Under *Donations and legacies*, the increase of £0.2m in Fellowship donations reflected a net increase in Fellowship numbers of 808 during the year. As indicated above, we have moved to accounting for income from our life fellows in the year of receipt as opposed to deferring it over a twelve-year period.

Other donations and legacies were £287k and included donations of £262k for the House redevelopment and a legacy of £25k received from the estate of Miss Fitzgerald. We are very grateful for these generous contributions to the work of the RSA.

Income from Trading activities includes the trading activities of RSA Adelphi Enterprises Limited ('RSA Adelphi') and RSA Shipley Enterprises Limited ('RSA Shipley'). RSA Adelphi operates all the function spaces within John Adam Street, providing accommodation for business meetings, social events and weddings. RSA Shipley offers consultancy services. The level of activity for RSA Adelphi was reduced by the impact of the House redevelopment from January to March 2018 reducing turnover on a standalone basis by £0.5m on last year. The profits of each trading company are given back to the RSA under Gift Aid.

Investment income was level with last year at £0.7m.

Income from charitable activities increased by £0.5m to £2.4m this year as we successfully repositioned ARC to work on larger, longer term projects with funding from a wide range of

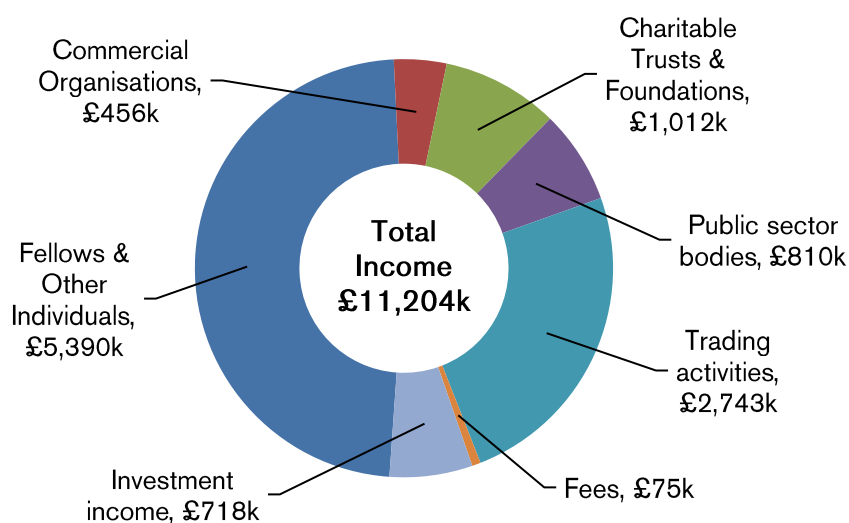
sources. Funds raised for *Lectures and events* and the *Regional and network activities* fell marginally on last year.

Expenditure

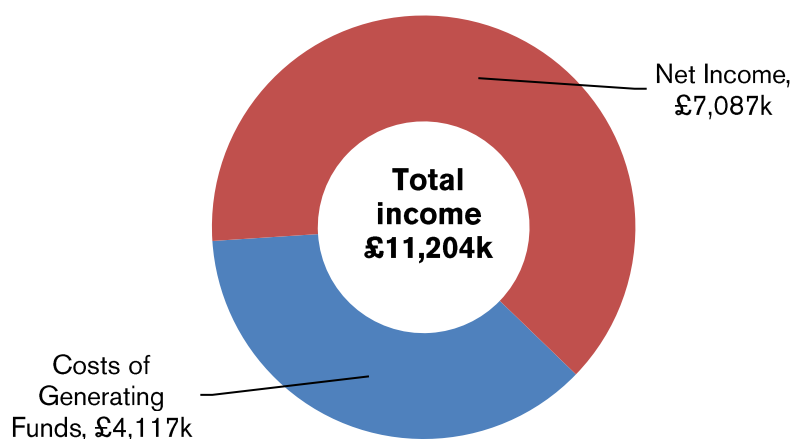
Total expenditure increased by £1.0m from £10.5m to £11.5m. *Expenditure on raising funds*, excluding trading, increased by £0.2m including fundraising for the House redevelopment, the costs of implementing an updated system and the introduction of GDPR. *Expenditure on trading activities* fell by £0.3m due to lower levels of activity in RSA Adelphi as explained above.

Expenditure on charitable activities increased by £1.1m from £6.3m to £7.4m with higher levels across both the *Programme of projects* and *Programme of engagement*. The largest increase was of £0.8m in the expenditure on the *Programme of projects* reflecting success in obtaining a smaller number of larger longer term projects. *Expenditure on Programme of lectures and events* fell by £0.1m as events are often incorporated as part of our projects and *Programme of engagement* increased by £0.4m. The *Programme of engagement* included Catalyst grants totaling £90k for small innovative projects in line with the RSA's objectives, and grants to RSA overseas affiliates totaling £125k. Charitable expenditure represents 85% of total expenditure (excluding trading operations) in line with the previous year.

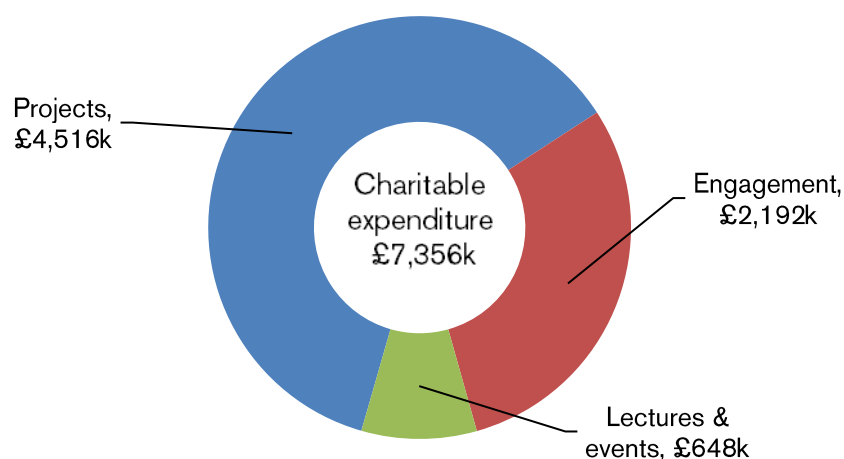
Where our income comes from



Cost of raising funds



How we spent our charitable funds



Investments and investment policy

Most of the RSA's funds are invested either in the Society's House in John Adam Street or in securities. The RSA's investment policy targets a long-term real rate of return of 4% per annum.

Of those funds invested in securities, during 2017/18, the majority was invested in the COIF Charities Investment Fund, which aims to provide a long-term total return comprising growth in capital and distributions. The portfolio is an actively managed, diversified portfolio of assets designed to help protect both present and future beneficiaries from the effects of inflation. It consists primarily of equities but also includes property, bonds and other asset classes.

The Fund follows an ethical investment policy. The portfolio does not invest in companies engaged in landmine or cluster bomb manufacture or those with a significant involvement in tobacco, pornography or on-line gambling. These policies are supported by an active engagement programme which seeks to raise standards on a range of issues including human rights, employment practices and climate change disclosure.

During the year, the Fund undertook one of its periodic reviews of this policy including consultations with its clients. The RSA took an active part in this consultation. Following the consultation, an opportunity was offered to investors to move their funds to the COIF Charities Ethical Investment Fund if they wished at reduced cost and the Trustees took a decision to move the RSA's investments into this fund. This allows the RSA to more clearly articulate a policy approach for its investments which is consistent with its research work, namely:

- Compliance and support for the Carbon Disclosure Project which rates extractive and utility sector companies on their integration of climate change gas management into their business models. The scoring systems is from A to E with the Ethical Fund not investing in those rated D or E.
- Setting a standard of engagement in climate change which all extractive and utility sector investments must meet by 2021 in order to fulfil the requirements of the Fund's investment strategy. The standards are set by an Ethical Advisory Committee, which

the RSA has been invited to join, enabling us to be part of an important conversation on fossil fuel divestment.

- Setting a clearly articulated position on Environmental, Social and Governance (ESG) standards. The Ethical Fund will have a threshold preventing investment in companies with a score of less than 2 on any FTSE ESG theme with a 'comply and explain' approach. There are 14 FTSE ESG themes, scored on an index of 0 to 5.

The RSA believes that this is the best way in which it can invest its funds in a sustainable way and exert the most influence on the companies in which it invests, given the size of its portfolio.

During the year there was a realised gain of £155k on £2.5m of investments sold in preparation for the redevelopment of the RSA House and a net unrealised net gain in the market value of investment funds of £355k as compared with a net unrealised gain of £2.5m last year.

Reserves Policy

The Trustees have adopted a reserves policy, which they consider appropriate, in order to ensure the continuing ability of the RSA to meet its objectives and obligations. Investment returns are required to fund the RSA's charitable activities; the policy also seeks to maintain an acceptable ratio between free reserves and the level of unrestricted cash expenditure.

This year our unrestricted funds comprised a general reserve of £6.2m, a decrease of £0.3m from £6.5m last year; a designated legacy reserve of £0.8m (£1.1m in 2017) and a designated fixed asset reserve of £7.9m (£7.6m in 2017), totaling £14.9m compared to £15.2m last year. The designated fixed asset reserve is to fund the investment in the freehold property in John Adam Street and building improvements to that property. The funds in the designated legacy reserve are for those legacies received by the RSA which, whilst technically unrestricted, include clear preferences expressed by the legators as to how the funds might be utilised. These are used to support the early stages of specific projects within the Action & Research Centre, in that we are able to produce short pieces of work which form the basis for gaining wider fundraising and support. This year we used £0.3m and are budgeted to utilise a similar amount next year.

Note that the reserves for 2016/17 have been restated for a change in accounting policy to reflect the recognition of Life Fellowship income in the year of receipt as opposed to being deferred over 12 years as was previously the case.

During the year, the RSA gained permission from the Charity Commission to take a loan of up to £3.5m from the Shipley Expendable Endowment Fund in order to fund the redevelopment of the RSA House. These funds will be released from the endowment, as required, to a maximum of the amount spent. Repayment of the loan will commence in 2020 and will take place over the following 13 years out of the return on the redevelopment. At the end of the year we had spent £0.6m on the redevelopment and funded this from the RSA's general reserves, though the option of using the loan was available.

Free reserves are defined as unrestricted funds, the restricted Vaults appeal fund, unexpended Shipley restricted income funds and the available loan from the Shipley Expendable Endowment Fund less the tangible fixed assets and the designated legacy reserve. The calculation of free reserves reflects those funds that the RSA could draw on

in a situation of serious need. 'Unrestricted cash expenditure' represents the operating costs for the year less the charge for depreciation and less the direct costs of hospitality which would not be incurred if activities ceased, and the costs of restricted activities which have their own restricted funding streams.

This year, our free reserves were £8.1m with a cover position of 13.0 months compared with 14.4 months last year. The free reserves cover is calculated by comparing free reserves with current levels of unrestricted expenditure excluding relevant hospitality costs of £0.9m (2017: £1.1m), designated expenditure, depreciation and amortisation. The cover is forecast to reduce markedly with the impact of the House redevelopment next year.

The Trustees have reviewed the reserves policy in the light of the current economic environment, the major ongoing investment programme, primarily in the redevelopment of RSA House, and guidance from the Charity Commission and have agreed to maintain the target for free reserves at three months' unrestricted cash expenditure. Given the overall financial position of the RSA, and the further funds potentially available to the organisation from within the Shipley Expendable Endowment Fund, it is believed that three months' reserves is a realistic sum to protect the organisation, should the RSA suffer a major change in its financial position. We will continue to review the appropriateness of this ratio as the economic and political situation evolves and the outcome of our investment in the House progresses.

Grant Making Policy

The RSA achieves its charitable objects, in a number of ways which include providing grants, providing nonfinancial support, and carrying out research. Support is provided in a range of different ways, depending on the nature and objectives of each programme.

There is no set allocation of the annual budget for overall grant expenditure, rather the RSA sets programme deliverables and the appropriate method of delivery will be determined within that programme's budget. Where grants are appropriate as a funding mechanism, the RSA sets out specific entitlement criteria for each programme at its launch. These criteria vary from programme to programme and are made available on the RSA's website where open calls are invited.

Applications are then assessed against these criteria and awards made taking into account funds available, ability to deliver the objectives of the programme, and the quality of applications. The period for which grants are awarded depends upon the programme but typically lasts under one year. Grants are monitored regularly and appropriate progress reports are required from recipients. Grants approved and payable during 2017/18 included £104k for grants to Fellows for catalyst projects, £125k to our international affiliates, £135k for RSA Academies and £657k for projects including Student Design Award grants.

Fundraising disclosure

The RSA approaches fundraising through broadening and growing its Fellowship. Fellowship of the RSA is a charitable subscription which generates unrestricted income for the RSA's charitable purposes. Recruitment of new Fellows is through nomination; this is either via staff, existing Fellows or researched invitation. The RSA does not work with professional fundraisers in relation to personal fundraising but does build relationships with other networks and membership bodies to invite nominees. The RSA will also from time to

time runs fundraising campaigns with its Fellows to support particular pieces of work or projects that it takes on.

Professional fundraisers are only used in making grant applications that are outside of its expertise. An example in 2017-18 was the funding applications on behalf of the RSA to cover some of the redevelopment of basement levels -1 and -2 which are being redeveloped to become an expanded library and coffee house space. All such applications are reviewed by the RSA with funds received directly by the RSA. No third party fundraisers are used by the RSA.

The RSA monitors fundraising compliance through its own internal audit processes; from December to March it completed a full review of those processes as part of its General Data Protection Policy process. All third parties working with the RSA are required to sign and indemnify the RSA through a data sharing agreement where data is shared. It is the RSA's policy not to share the data of its Fellows without consent, except where necessary, for example with its mailing house to enable Fellows to receive copies of the journal or governance mailings, such as renewal of subscriptions or facilitating voting as part of the annual AGM.

OBJECTIVES, GOVERNANCE AND MANAGEMENT

Our Charitable Objects

The RSA was founded in 1754 as the Society for the encouragement of Arts, Manufacture and Commerce, it was granted a Royal Charter in 1847, and the right to use the term Royal in its name by King Edward VII in 1908. The Royal Charter Company was registered as a charity in England and Wales in 1963 (212424) and is also registered in Scotland (SC037784). The RSA's charitable objects are defined within its Royal Charter as:

“the encouragement of the Arts Manufactures and Commerce... by the advancement of education in and the encouragement and conduct of research into the sustainable context within which the said Arts Manufactures and Commerce may prosper and be managed efficiently including research on all Commerce Design Industry Public Services Science Technology Social Enterprises Voluntary and other Arts to make both such research findings available to the public as well as all other exclusively charitable purposes...”

The Trustee Board

The Board of Trustees is the governing body of the RSA and consists of up to 12 members, of which five are directly elected to the Board by the Fellowship, two are elected by the Fellowship Council from within their number, and up to five Fellows are appointed by the Board. Trustees are elected or appointed for a three-year term, and may serve a second three-year term, save Fellowship Council Trustees who serve for the currency of the Fellowship Council which is two years. The Board met four times during 2017/18, as well attending an additional annual away day. Day to day management of the RSA is delegated to the Executive Team by the Trustees, the Executive Team attend all Board meetings.

The Board has established three permanent committees, each with specific terms of reference and functions delegated by the Board and with a Trustee appointed by the Board as Chairman: Audit and Risk (which has three external members), Nominations and Governance (which includes three members of the Fellowship Council), and Remuneration. In addition the Board has created a House Works Committee for the purposes of managing the updating and redevelopment of the three lower floors of 8 John Adam Street. The Chief Executive and Chief Operating Officer attend all committee meetings save the House Works Committee, which the Chief Executive does not attend. The external auditors attend one meeting a year of the Audit and Risk Committee.

The Board appoints the directors of the RSA's two trading subsidiaries, RSA Adelphi Enterprises Ltd, which has one external non-executive director, and RSA Shipley Enterprises Ltd. They also monitor the companies' performance. The directors of the subsidiaries meet as necessary.

Trustees and Directors receive a full induction programme on joining the RSA, are regularly updated on relevant issues through the Board and committee structures.

Fellowship Representation

An important part of the governance of the RSA's relationship with its Fellows is the Fellowship Council. The Fellowship Council formally comprises 21 elected and six co-opted Fellows. The Fellowship Council elects two representatives to the Board of Trustees, and

the terms of reference specify that at least one of the representatives would be either the Chair or the Deputy Chair of the Fellowship Council.

The members of the Fellowship Council for 2017/18 were:

Specialism

Creative Learning and Development

Economy, Enterprise and Manufacturing

Public Services and Communities

Area

Central

Ireland

London

North

Scotland

South East

South West

Wales

Thematic Councillors

Lucy Griffiths, Alex Bell

Ian Coleman, Eric Woodcock

Steve Trevillion, Lorna Prescott

Area Councillors

Edward Boott, Hasmita Chavada, Peter Clitheroe

Kieran McGeown, Suzanne Lyle

Bhavani Esapathi, Judy Rees, Amy Pryor

Rod Hyde, Sharon Jandu, Pauline Moger

Rachael Brown, Tanya Hine

Maurizio Fantato, Caroline Clark, Clem Henricson

Alan Bec, Chris Luffingham, Michelle Preston

Leonie Ramondt, Phill Burton

Principal risks and uncertainties

The trustees and management have considered the major risks to which the RSA is exposed; comprising operational, financial environmental, governance and law and regulatory risks. The risk register summarises these potential risks and assesses their likelihood and potential impact. Controls have been identified to limit each of the risks, and responsibility for their management allocated to nominated individuals or directors, and the director charged with supervision. The risk register is regularly reviewed by the Audit and Risk Committee with a different area of the business reviewed in-depth at each quarterly meeting. Once a year the full register is reviewed by the Trustee Board who formally consider it.

The risk register grades all risk as either 'Low', 'Medium', 'High' or 'Immediate and Urgent'. During the 2017/18 there were no risks marked as 'Immediate and Urgent', and two risks only marked as 'High' which were respectively 'Data Security and Assurance' and 'Taxation'. During 2017/18 the Data Security and Assurance category was mitigated is now is rated as 'Medium' due to successful launch of the RSA's consent centre as part of its General Data Protection Regulation project as well as redeveloped policies and training to cover this risk. 'Taxation' continues to be rated as High with work ongoing to review legacy gift aid declarations following implementation of our updated payment processes within our CRM system.

Trading subsidiary risks are monitored both through the respective Boards as well as generally covered by the Group risk management policy. The primary risks for RSA Adelphi Enterprises Ltd is ensuring ongoing quality standards and ensuring forward bookings. This is monitored through monthly and more formal quarterly meetings with CH&Co who run Adelphi Enterprises Ltd on the RSA's behalf on a commission basis. CH&Co conduct six monthly internal audits covering health & safety as well as food hygiene and general standards. Once a year the RSA Adelphi Enterprises Ltd review the audit outcomes. The

primary risk for RSA Shipley Enterprises Ltd is the need to control its costs and ensure all projects run profitably, this is achieved through project forecasting and time recording to ensure a profitable contribution.

The trustees consider that the primary long term risk for the RSA lies in the competitive and changing environment in which it works. As an organisation which aims to provide a unique platform for new ways of thinking, creating and influencing, we need to be ahead of the competition in the ideas which we showcase, how we present those ideas, and how we use the ideas to gain broad influence and to mobilise for real world impact. The flow of funding for our charitable work, our ability to attract partners to work with us and our capacity to continue to build our fellowship base depends on our success and standing out from the crowd. This includes investment in digital technology and continued exploration of new methods of drawing in ideas, presentation and dissemination.

Day to day management of the RSA is delegated by the Board of Trustees to the executive team.

Remuneration policy

The RSA operates a broad banded salary structure for all roles including Executive level roles based on job evaluation and benchmarking using Xpert HR. Pay levels are based upon paying 5% above the median level in order to enable us to attract the high quality staff that we require. The annual pay settlement is based on an award to reflect reward and market pay trends, what employees are experiencing in terms of inflation and affordability for all employees who have passed their probationary period and who are not subject to a formal capability or conduct process (generally a % increase). The annual pay review is agreed by the Executive Management team and signed off by the Remuneration Committee and ultimately the Trustee Board as part of the annual budget.

The board is aware of the need for transparency in how pay is set and its impact on different groups within the organisation.

Key management personnel

The Trustees consider that the Executive Team, as identified on page 3, comprise the Key Management Personnel. Executive pay is signed off on an individual basis by the Remuneration Committee based upon individual performance and comparisons Xpert HR's Annual Voluntary Sector Salary Survey for the relevant year.

Statement of Public Benefit

The Trustees confirm that they have complied with the duty in Section 17 of the Charities Act 2011, to have due regard to public benefit guidance published by the Commission in determining the activities undertaken by the Society. The RSA's objects, as laid down in our Royal Charter, are set out above.

This Impact Report describes the benefits of the RSA's activities which relate directly to the RSA's aims and objectives:

- The extensive lectures programme is available to the public free of charge, both through in-person attendance and by accessing RSA content through the website in various formats;
- The results of the RSA's research are wide-ranging and are disseminated free of charge to all interested parties;

- Funding is offered for innovative new projects through RSA Catalyst;
- Innovation and creativity is encouraged through the RSA Student Design awards and RSA Pupil Design Awards;
- The RSA's "hands-on" projects, such as those in education, and building communities, have direct charitable benefit;
- The RSA Fellowship is diverse, engaged, and influential, and its work, which is given voluntarily, contributes to the capacity of the Society to pursue its charitable objectives.

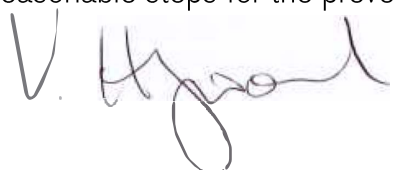
The Trustees review the activities of the Society against its aims on an ongoing basis and are satisfied that all activities continue to be related to those aims. No specific issues of detriment or harm have been identified. Ultimately, wider society will benefit from the Charity's activities, and this is considered to be within the spirit of the RSA charter. The RSA operates throughout the whole of the United Kingdom and, through the website and approximately 2,850 Fellows abroad, around the world. Benefits are not confined to any particular group and the wider benefits of the RSA's activities are intended to include the public.

Statement of Trustees' Responsibilities

The law applicable to charities in England and Wales and Scotland requires Trustees to prepare financial statements for each financial year, which give a true and fair view of the Charity's financial activities during the year and of its position at the year's end. In preparing these financial statements, the Trustees should follow best practice, and:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The charity's Trustees are responsible for keeping accounting records in respect of the charity, which are sufficient to show and explain all the charity's transactions, and which are such as to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to ensure the accounts comply with the Charities Act 2011. The Trustees are responsible for safeguarding the assets of the charity, and hence for taking reasonable steps for the prevention of detection of fraud and other irregularities.



By order of the Board of Trustees
 Vikki Heywood CBE
 Chair of the RSA
 4 July 2018

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE RSA (THE ROYAL SOCIETY FOR THE ENCOURAGEMENT OF ARTS, MANUFACTURES, AND COMMERCE)

We have audited the financial statements of The RSA for the year ended 31 March 2018 which comprise the Statement of Financial Activities, the Charity and Group 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 FRS 102 'The Financial Reporting Standard Applicable in the UK and Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2018, and of its incoming resources and application of resources, 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 Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005, and Regulation 8 of the Charities Accounts (Scotland) Regulations 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 financial statements section of our report. We are independent of the charity 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 trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity'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 trustees 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 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.

Matters on which we report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 and the Charity Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the charity has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we required for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 36, the trustees 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 trustees 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 trustees are responsible for assessing the charity'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 trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under those Acts.

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.

- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity's trustees 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 any party other than the charity and charity's trustees as a body, for our audit work, for this report, or for the opinion we have formed.



Kingston Smith LLP, Statutory Auditor

6 August 2018

Devonshire House
60 Goswell Road
London
EC1M 7AD

Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

Group Statement of Financial Activities for the year ended 31 March 2018

	<i>Notes</i>	<i>Unrestricted Funds £'000</i>	<i>Restricted Funds £'000</i>	<i>Endowment Funds £'000</i>	<i>2018 Total £'000</i>	<i>2017 Total (restated) £'000</i>
Income and endowments from:						
Donations and legacies						
Fellowship donations		5,007	0	0	5,007	4,856
Other donations and legacies		25	262	0	287	432
Trading activities		2,743	0	0	2,743	3,150
Investment income		210	503	5	718	698
Charitable activities						
Program of projects		647	1,713	0	2,360	1,869
Program of lectures and events		23	8	0	31	70
Regional and network activities		4	0	0	4	5
Other income		54	0	0	54	43
Total income	2	8,713	2,486	5	11,204	11,123
Expenditure on:						
Raising funds						
Fellowship administration		1,249	4	0	1,253	1,066
Other		21	68	0	89	65
Trading activities		2,754	21	0	2,775	3,102
Charitable activities						
Programme of projects		2,779	1,737	0	4,516	3,759
Programme of lectures and events		638	10	0	648	728
Programme of engagement		2,181	11	0	2,192	1,788
Total expenditure	3	9,622	1,851	0	11,473	10,508
Net income/(expenditure) before net gains/(losses) on investments						
		-909	635	5	-269	615
Net gains/(losses) on investments						
	8	118	37	355	510	2,454
Net income/(expenditure)						
Transfers between funds		465	-465	0	0	0
Net movement of funds						
		-326	207	360	241	3,069
Reconciliation of funds						
Total funds brought forward (restated)		15,228	2,879	11,949	30,056	26,987
Total funds carried forward		14,902	3,086	12,309	30,297	30,056

All incoming and outgoing resources derive from continuing operations. The Group has no gains and losses other than those recognised in this Statement of Financial Activities.

The accompanying notes form part of these financial statements.

Group and Charity Balance Sheets as at 31 March 2018

	Notes	Group 2018 £'000	Group 2017 (restated) £'000	RSA 2018 £'000	RSA 2017 (restated) £'000
Fixed assets					
Intangible assets	7	268	376	268	376
Tangible fixed assets	7	8,451	8,271	8,451	8,271
Investments	8	19,851	19,333	19,851	19,333
		28,570	27,980	28,570	27,980
Current assets					
Stocks		12	17	4	2
Debtors	9	1,491	1,558	1,134	1,243
Short term deposits and cash at bank		1,904	1,937	1,713	1,308
		3,407	3,512	2,851	2,553
Creditors: amounts falling due within one year	10	-1,676	-1,436	-1,398	-929
Net current assets		1,731	2,076	1,453	1,624
Total assets less current liabilities		30,301	30,056	30,023	29,604
Creditors: amounts falling due after more than one year	10	-4	0	0	0
Total assets less liabilities		30,297	30,056	30,023	29,604
Unrestricted funds - charity	11	14,629	14,776	14,629	14,776
Unrestricted funds - trading subsidiaries	11	273	452	0	0
Restricted funds	11	3,086	2,879	3,086	2,879
Endowment funds	11	12,309	11,949	12,309	11,949
Total funds		30,297	30,056	30,024	29,604

The Financial Statements were approved by the Board of Trustees on 4th July 2018 and were signed on its behalf by:



Vikki Heywood
Chair



Stephen Gleadle
Treasurer

The accompanying notes form part of these financial statements.

Group Cash Flow Statement for the year ended 31 March 2018

	<i>2018</i>	<i>2017</i>
	<i>(restated)</i>	
	<i>£'000</i>	<i>£'000</i>
Reconciliation of net cash provided by/(used in) operating activities		
Net incoming/(outgoing) resources for the year before net gains / (losses) on investments	-269	615
Interest received and income from investments	-718	-698
Depreciation	462	538
Amortisation	276	207
(Increase)/Decrease in debtors	67	-2
(Increase)/Decrease in stock	5	-5
Increase/(Decrease) in creditors	244	71
Net cash provided by/(used in) operating activities	67	726
Cashflows from investing activities		
Dividend, interest and rents from investments	718	698
Proceeds from sale of property, plant and equipment	0	0
Purchase of property, plant and equipment	-810	-449
Proceeds from sale of investments	2,500	3
Purchase of investments	-8	0
(Increase)/Decrease in cash held in portfolio	-2,500	0
Net cash provided by/(used in) investing activities	-100	252
Cashflows from financing activities		
Repayments of borrowings/inflows of new borrowings	0	0
Net cash provided by/(used in) financing activities	0	0
Change in cash and cash equivalents in the reporting period	-33	978
Cash and cash equivalents at the beginning of the reporting period	1,937	959
Cash and cash equivalents at the end of the reporting period	1,904	1,937

The accompanying notes form part of these financial statements.

Notes to the Financial Statements 31 March 2018

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain tangible fixed assets and the inclusion of fixed asset investments at market value as stated in the relevant note(s) to these accounts. The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest thousand pounds.

The charity constitutes a public benefit entity as defined by FRS 102.

The group financial statements comprise those of the RSA and its wholly owned subsidiaries, RSA Adelphi Enterprises Limited and RSA Shipley Enterprises Limited. The results of the subsidiaries are consolidated on a line by line basis.

The RSA has an affiliation agreement with the Fellows of the RSA in the United States, a separate corporation established for charitable purposes under the laws of the Commonwealth of Pennsylvania. As per the bylaws of the Fellows of the RSA in the US, RSA appoints half of the members of the Board of Trustees as well as the Chair of the Board, and therefore holds control in the organisation's governance structure. This US entity is not consolidated on a line by line basis, as this would not materially affect the figures reported in or presentation of the consolidated accounts.

The RSA has an affiliation agreement with RSA Australia + New Zealand (RSA ANZ) headquartered in Australia, a separate corporation established for charitable purposes under the laws of the Commonwealth of Australia. As per the articles of incorporation of RSA ANZ, RSA appoints half of the members of the Board of Trustees as well as the Chair of the Board, and therefore holds control in the organisation's governance structure. RSA ANZ is not consolidated on a line by line basis, as this would not materially affect the figures reported in or presentation of the consolidated accounts.

Going Concern

These financial statements are prepared on the going concern basis. The trustees have a reasonable expectation that the group will continue in operational existence for the foreseeable future and are not aware of any material uncertainties which may cause doubt on the group's ability to continue as a going concern.

Income and endowments

Donations, including Fellowship subscriptions, are accounted for on a cash basis and income from grants is accounted for in line with the SORP. All grants are accounted for when receivable. Grants where entitlement is not conditional on the delivery of a specific performance by the charity or a time related condition, are recognised when the charity becomes unconditionally entitled to the grant. All other incoming resources are accounted for on an accruals basis, with income relating to specific periods apportioned over the accounting periods to which it relates. Restricted income is used in accordance with specific restrictions imposed by donors.

Expenditure

Expenditure is charged on an accruals basis, inclusive of irrecoverable VAT. Expenditure incurred on support departments is apportioned to the activity area based on the appropriate driver, such as FTE or floorspace.

Operating Leases

Lease expenses are recognised as "operating leases" relating to capital equipment which RSA does not own. The annual rentals are charged to the statement of financial activities on a straight line basis over the lease term.

Notes to the Financial Statements 31 March 2018 continued

Intangible assets and amortisation

Intangible assets costing more than £500 are capitalised and included at cost including any incidental costs of acquisition. Amortisation is calculated on the cost of the intangible assets on a straight line basis over the expected useful life of 3 years.

Tangible fixed assets and depreciation

Tangible fixed assets costing more than £500 are capitalised and included at cost including any incidental costs of acquisition. Tangible fixed assets are stated at cost with the exception of certain pictures, books and antiques which are stated at a notional value adopted in earlier years and are not depreciable. These items are not considered heritage assets as defined in FRS 102.

Depreciation is calculated on the cost of the fixed assets on a straight line basis over the following expected useful lives:

Freehold premises:	200 years from 1978
Building improvements:	between 10 and 40 years
Furniture and fittings (includes computer equipment, customer relationship and content management systems):	between 3 and 5 years

Investments

Investment assets are included in the Balance Sheet at market value. Unrealised gains and losses on revaluation and realised gains and losses on disposal are taken to the Statement of Financial Activities and dealt with in the relevant fund.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Cash and cash equivalents

Cash and cash equivalents include unrestricted and restricted cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are recognised as current assets due to be realised within one year or less. As such it is not necessary to amortise these assets.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised as current liabilities and as such it is not necessary to amortise these liabilities.

Notes to the Financial Statements 31 March 2018 continued

Funds

Unrestricted funds may be spent in accordance with the RSA's charitable objects at the discretion of the Trustees. A designated fixed asset reserve has been created to highlight the value of unrestricted funds tied up in freehold premises and building improvements, and a designated legacy reserve to identify legacy receipts where there is an expectation to honour the non-binding wishes of the legator in the way that we spend the monies received.

Restricted funds arise from specific grants for individual projects, appeal receipts for specific purposes and income derived from endowment funds which must be used for restricted charitable purposes.

The capital of the James Cranstoun Bequest and Angus Millar Trust endowment funds are required to be retained in perpetuity, while the income must be used for restricted charitable purposes. The capital of the Shipley Endowment Fund may be used in specific limited circumstances, while the income must be used for restricted charitable purposes. The capital elements of all endowment funds accrue investment gains and losses.

In 2017 the RSA sought clarification from the Charity Commission for England and Wales as to the terms of the Shipley Endowment that provide for its release in certain limited circumstances. The Charity Commission confirmed that unless the Trustees can find that these circumstances apply, the endowment is to be treated as a permanent endowment; additionally the Charity Commission authorised the Trustees to spend up to £3.5m from the endowment for the purpose of developing the charity's property at RSA House, on the condition that the funds be paid back over a 13 year period beginning in 2020. No endowment funds had been spent on this development as at 31 March 2018.

Pension costs

For Group Personal Pension schemes the amount charged to the Group Statement of Financial Activities in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either creditors or debtors in the balance sheet.

Judgements and key sources of estimation uncertainty

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

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Revenue from performance related grants and contracts is assessed on an individual basis with revenue earned being ascertained based on the stage of completion of the contract which is estimated using a combination of the milestones in the agreement and the time spent to date compared to the total time expected to be required to undertake the agreement. Estimates of the total time required to undertake the agreement are made on a regular basis and subject to management review. These estimates may differ from the actual results due to a variety of factors such as efficiency of working, accuracy of assessment of progress to date and client decision making. See notes 9 and 10 for disclosure of the amount by which revenue exceeds progress billing (accrued income) or billing exceeds revenue (deferred income).

Notes to the Financial Statements 31 March 2018 continued

2. Income and endowments

Split of income

2018

	<i>Donations and legacies</i>	<i>Income from other trading</i>	<i>Investment income</i>	<i>Programme of projects</i>	<i>Programme of lectures and events</i>	<i>Regional and network activities</i>	<i>Other income</i>	<i>2018 Total</i>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fellowship	5,007	0	0	0	0	0	0	5,007
Donations & legacies (individuals)	286	0	0	89	8	0	0	383
Commercial organisations	1	0	0	445	10	0	0	456
Charitable trusts & foundations	0	0	0	1,001	12	0	0	1,012
Public sector bodies	0	0	0	807	2	1	0	810
Trading activities	0	2,743	0	0	0	0	0	2,743
Fees income	0	0	0	18	0	3	54	75
Dividends, interest & rent income	0	0	718	0	0	0	0	718
	5,294	2,743	718	2,360	31	4	54	11,204

2017 (restated)

	<i>Donations and legacies (restated)</i>	<i>Trading activities</i>	<i>Investment income</i>	<i>Programme of projects</i>	<i>Programme of lectures and events</i>	<i>Regional and network activities</i>	<i>Other income</i>	<i>2017 Total (restated)</i>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fellowship	4,856	0	0	0	0	0	0	4,856
Donations & legacies (individuals)	429	0	0	187	7	2	0	625
Commercial organisations	0	0	0	636	63	0	0	699
Charitable trusts & foundations	3	0	0	538	0	0	0	541
Public sector bodies	0	0	0	481	0	0	0	481
Trading activities	0	3,150	0	0	0	0	0	3,150
Fees income	0	0	0	27	0	3	43	73
Dividends, interest & rent income	0	0	698	0	0	0	0	698
	5,288	3,150	698	1,869	70	5	43	11,123

Donations and legacies income includes Fellowship income, unrestricted donations and legacies, as well as restricted donations to finance the capital expenditure associated with the House redevelopment currently in progress.

Income from other trading activities comprises the income generated through the trading subsidiaries, RSA Adelphi Enterprises Ltd and RSA Shipley Enterprises Ltd. This amounted to:

From RSA Adelphi Enterprises Ltd., for the hire of conference rooms and the provision of catering services, £2,531k (2017: £2,992k).

From RSA Shipley Enterprises Ltd., for the provision of consultancy services, £212k (2017: £158k).

Programs of projects and lectures and events comprise all funding received towards supporting these particular charitable activities.

Regional and network activities comprises all funding received towards supporting Fellowship networks and the income generated by events in the areas and nations.

Other income comprises fee and royalty income generated by the CEO, journal and library.

Notes to the Financial Statements 31 March 2018 continued

3. Expenditure

2018	Direct costs - staff cost £'000	Direct costs - other £'000	Apportioned support £'000	2018 Total £'000
Expenditure on:				
Raising funds				
Fellowship administration	617	337	299	1,253
Other	7	73	9	89
Trading activities	1,360	769	646	2,775
Charitable activities				
Program of projects	1,917	1,607	992	4,516
Program of lectures and events	374	46	228	648
Program of engagement	812	933	447	2,192
Total expenditure	5,087	3,765	2,621	11,473

2017	Direct costs - staff cost £'000	Direct costs - other £'000	Apportioned support £'000	2017 Total £'000
Expenditure on:				
Raising funds				
Fellowship administration	538	209	319	1,066
Other	35	5	25	65
Trading activities	1,460	933	709	3,102
Charitable activities				
Program of projects	1,734	1,100	925	3,759
Program of lectures and events	413	71	244	728
Program of engagement	640	799	349	1,788
Total expenditure	4,820	3,117	2,571	10,508

Direct costs are allocated to categories of activity as follows:

Expenditure on raising funds comprises the cost of recruiting to and administering our Fellowship, unrestricted fundraising and the cost of fundraising for the current House Redevelopment.

Trading activities comprises the costs associated with the hire of conference rooms, the provision of catering services and with the provision of consultancy services.

Programs of projects and lectures and events comprise the costs of performing these charitable activities.

Program of engagement comprises the costs of other charitable activities including those of the journal, library, Fellowship networks and the costs incurred for activities within the areas and nations.

The external audit fee was £30k, £27k to Kingston Smith and £3k to haysmacintyre (2017: £26k haysmacintyre). Fees paid to the auditors for non audit services were £2k to Kingston Smith and £2k to haysmacintyre (2017: £4k to haysmacintyre).

Where expenditure cannot be directly allocated it represents support costs (see Analysis of Apportioned Support Costs below) and is apportioned on a basis consistent with the use of resources, for example the number of full time equivalent staff or floor space. Costs relating to external communications have been included in the direct costs of the activities which they support.

Total expenditure excludes the value of work contributed by Fellows to the activities of the RSA.

Analysis of Apportioned Support Costs

2018	Fellowship administration £'000	Other expenditure on raising funds £'000	Trading activities £'000	Programme of projects £'000	Programme of lectures and events £'000	Programme of engagement £'000	2018 Total £'000
Establishment	105	0	497	355	66	170	1,193
Executive management	40	9	25	165	71	76	386
Finance	39	0	32	120	23	51	265
Human resources	45	0	36	137	26	59	303
Information technology	54	0	43	165	32	70	364
Governance	16	0	13	50	10	21	110
2018 Total	299	9	646	992	228	447	2,621

2017	Fellowship administration £'000	Other expenditure on raising funds £'000	Trading activities £'000	Programme of projects £'000	Programme of lectures and events £'000	Programme of engagement £'000	2017 Total £'000
Establishment	130	9	537	374	78	150	1,278
Executive management	38	11	36	147	78	66	376
Finance	42	1	38	111	24	37	253
Human resources	37	1	34	100	22	33	227
Information technology	53	2	48	143	31	47	324
Governance	19	1	16	50	11	16	113
2017 Total	319	25	709	925	244	349	2,571

Notes to the Financial Statements 31 March 2018 continued

4. Trustee and staff costs

Trustees

Members of the Trustee Board and committees do not receive any remuneration for their services. Travel expenses were reimbursed to 9 (2017: 10) Trustees and amounted to £11k (2017: £8k). Charitable funds have been used to buy indemnity insurance for Trustees at a cost of £7k (2017: £7k).

Staff

The headcount during the year was 114 (2017: 113), with 8 (2017: 9) being staff on casual contracts who assist with public lectures and front of house services. The average number of staff employed during the year on a full time equivalent basis was 105 (2017: 99). This was split across the organisation as follows:

	2018	2017
Expenditure on raising funds	12	13
Trading activities*	10	11
Programme of projects	37	33
Programme of lectures and events	7	7
Programme of engagement	16	12
Support departments	23	23
	105	99

*Trading activities includes RSA Front of House staff who contribute to services provided by RSA Adelphi Enterprises Ltd and ARC staff working to generate funds through RSA Shipley Enterprises Ltd.

The cost of these individuals was as follows:

	2018	2017
	£'000	£'000
Salaries	4,170	3,911
Employer's National Insurance contributions	424	396
Pension contributions	341	324
	4,935	4,631
Agency Staff costs	178	121
Total Staff Costs	5,113	4,752

The number of employees who earned more than £60,000 during the year was as follows:

	2018	2017
£60,001 to £70,000	3	5
£70,001 to £80,000	0	0
£80,001 to £90,000	5	5
£90,001 to £100,000	0	0
£100,001 to £110,000	0	0
£110,001 to £120,000	0	0
£120,001 to £130,000	1	1

The number of higher paid employees accruing pension benefits was:

	2018	2017
Defined contributions scheme		
- group personal pension	9	11

The total contributions paid by the RSA into the defined contribution scheme for higher paid employees was £72k (2017: £84k). The cost of key management personnel, defined as members of the Executive team, including pension contributions by the RSA was £667k (2017: £660k).

Termination payments for the year totalled £5k (2017: £16k).

Notes to the Financial Statements 31 March 2018 continued

5. Grants / Awards Paid & Payable

	2018 £'000	2017 £'000
Grant creditor at 1 April	24	41
Grants approved before 31 March and payable within one year	1,021	400
Grants paid/released during the year	-991	-417
Grant creditor at 31 March	54	24

Grants approved include the following:

Grants	Grants to Fellows, including Catalyst Grants	104	90
Grants	International Affiliates	125	90
Grants	Programme of Projects	628	78
Grants	RSA Academies	135	100
Awards	Student Design Awards	29	42

The total number of grant recipients was 70 (2017: 79), including the following institutions in receipt of grants totalling more than £100k:

RSA Academies	135
Education Endowment Foundation	550

6. Operating Leases

At 31 March, the commitment for the next year under non-cancellable operating leases relating to equipment and the total outstanding commitment to the end of the leases were:

	2018 £'000	2017 £'000
Within 1 year	17	21
Total commitment, including amounts payable within 1 year	46	35

The rental expense charged to the Statement of Financial Activities for the year was £9k (2017: £21k).

7a. Intangible Fixed Assets

	£'000
Cost or valuation	
As at 1 April 2017	815
Transfers	0
Additions	168
Disposals	-555
As at 31 March 2018	428
Amortisation	
As at 1 April 2017	439
Transfers	0
Charge for the year	276
Disposals	-555
As at 31 March 2018	160
Net Book Values	
As at 31 March 2018	268
As at 1 April 2017	376

Notes to the Financial Statements 31 March 2018 continued

7b. Tangible Fixed Assets	<i>Freehold premises</i>	<i>Building Improvements</i>	<i>Furniture & fittings</i>	<i>Pictures, books & antiques</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cost or valuation					
As at 1 April 2017	4,195	7,546	781	33	12,555
Transfers	0	-65	65	0	0
Additions	0	587	55	0	642
Disposals	0	-110	-546	0	-656
As at 31 March 2018	4,195	7,958	355	33	12,541
Depreciation					
As at 1 April 2017	654	3,041	589	0	4,284
Transfers	0	-21	21	0	0
Charge for the year	21	298	143	0	462
Disposals	0	-110	-546	0	-656
As at 31 March 2018	675	3,208	207	0	4,090
Net Book Values					
As at 31 March 2018	3,520	4,750	148	33	8,451
As at 1 April 2017	3,541	4,505	192	33	8,271

The freehold properties at 2, 4, 6 & 8 John Adam Street and 18 Adam Street are listed as historic buildings. They are referred to elsewhere throughout the accounts as 'RSA House'. The RSA is required by law to maintain these properties in their present form in perpetuity. The value of the freehold premises represents the historical cost of acquiring the freeholds plus the cost of additions to the buildings. It is a requirement of United Kingdom Accounting Standards that freehold buildings should be depreciated over their estimated useful lives. To meet this requirement a notional life of 200 years was attributed to the premises in 1978, and depreciation is therefore charged on that basis.

Fixed assets are stated at cost with the exception of certain pictures, books and antiques which are stated at a notional value adopted in earlier years and are not depreciable. The trustees do not consider that any of these items are heritage assets.

8. Investment assets

Investments in Government and other listed securities and Charities Official Investment Funds at market values

Analysis of investment assets	<i>Unrestricted Funds</i>	<i>Restricted Funds</i>	<i>Endowment Funds</i>	<i>2018 Total</i>	<i>2017 Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
UK	1,049	329	1,792	3,170	5,084
Overseas	3,157	991	5,396	9,544	9,744
Alternative investments	1,026	322	1,753	3,101	3,171
Freehold property	210	66	359	635	773
Bank deposits	298	94	3,009	3,401	561
	5,740	1,802	12,309	19,851	19,333
Analysis of movement of investment assets					
	<i>Unrestricted Funds</i>	<i>Restricted Funds</i>	<i>Endowment Funds</i>	<i>2018 Total</i>	<i>2017 Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Investments at 1 April 2017	5,620	1,764	11,949	19,333	16,882
Net (withdrawals)/additions	2	1	5	8	-3
Revaluation gain/(loss)	118	37	355	510	2,454
Investments at 31 March 2018	5,740	1,802	12,309	19,851	19,333
Revaluation gain/(loss) 2017	713	228	1,513	2,454	

The net (withdrawals)/additions figure includes the sale of £2.5m of COIF Charities Investment Fund units and reinvestment of £2.5m into the COIF Charities Deposit Fund. The sale resulted in a realised gain of £155k which is included as part of the revaluation gain/(loss) reported above. These funds will be drawn down from the COIF Deposit account as and when needed to fund the current House Redevelopment.

Notes to the Financial Statements 31 March 2018 continued

9. Debtors

	<i>Group</i>	<i>Group</i>	<i>RSA</i>	<i>RSA</i>
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
	<i>(restated)</i>	<i>(restated)</i>	<i>(restated)</i>	<i>(restated)</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Trade debtors	686	818	329	498
Prepayments	150	238	144	230
Accrued income	319	297	298	295
Other debtors	336	205	336	205
Owed by RSA Adelphi \ RSA Shipley	0	0	27	15
	1,491	1,558	1,134	1,243

Accrued income relates to funds already earned but not yet received for work or activities undertaken in the current year. The accrued income which was brought forward from the previous year has been released in the current year.

10. Creditors: amounts falling due within one year

	<i>Group</i>	<i>Group</i>	<i>RSA</i>	<i>RSA</i>
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
	<i>(restated)</i>	<i>(restated)</i>	<i>(restated)</i>	<i>(restated)</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Trade creditors	305	485	304	421
Accruals	251	221	237	207
Deferred project income	653	68	651	68
Taxation and social security	129	124	129	124
Other creditors	103	171	77	109
RSA Hospitality income received in advance	235	367	0	0
	1,676	1,436	1,398	929

Deferred project income relates to funds already received for work or activities due to be undertaken in the coming year. The deferred project income which was brought forward from the previous year has been released in the current year.

Creditors: amounts falling due after more than one year

	<i>Group</i>	<i>Group</i>	<i>RSA</i>	<i>RSA</i>
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
	<i>(restated)</i>	<i>(restated)</i>	<i>(restated)</i>	<i>(restated)</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
RSA Hospitality income received in advance	4	0	0	0

Notes to the Financial Statements 31 March 2018 continued

11. Funds

	<i>Balance 1 April 2017 (restated) £'000</i>	<i>Income</i>	<i>Expended</i>	<i>Gain / (loss) £'000</i>	<i>Transfers £'000</i>	<i>Balance 31 March 2018 £'000</i>
Unrestricted funds						
Designated fixed asset reserve	7,648	0	-273	0	544	7,919
Designated legacy reserve	1,086	0	-306	24	0	804
General reserve	6,494	8,713	-9,043	94	-79	6,179
	15,228	8,713	-9,622	118	465	14,902
Restricted income funds						
Programme of Projects	119	1,720	-1,685	0	0	154
Shipleigh Fund	1,595	463	0	23	-400	1,681
Vaults Appeal Fund	397	0	-46	0	0	351
House Redevelopment Fund	0	262	-69	0	0	193
<u>Individual Trusts greater than £5,000:</u>						
Edward Boyle Fund	103	4	-1	2	0	108
Edward Squires Fund	82	5	-20	3	0	70
Centenary Young Fellows	32	0	0	0	-32	0
Student Appeal Fund	33	0	0	0	-33	0
Dick Onians Lecture Trust	68	2	0	1	0	71
James Cranstoun Bequest	49	13	0	0	0	62
F H Andrews Bequest	14	1	0	0	0	15
General Award Fund	136	5	-30	3	0	114
General Lecture Fund	215	9	0	5	0	229
Angus Miller Trust	36	2	-0	0	0	38
	2,879	2,486	-1,851	37	-465	3,086
Endowment funds						
Shipleigh Endowment	11,548	5	0	347	0	11,900
<u>Individual Trusts greater than £10k:</u>						
James Cranstoun Bequest	347	0	0	7	0	354
Angus Millar Trust	54	0	0	1	0	55
	11,949	5	0	355	0	12,309
Total Reserves	30,056	11,204	-11,473	510	0	30,297

Notes to the Financial Statements 31 March 2018 continued

11. Funds (continued)

	<i>Balance 1 April 2016 (restated) £'000</i>	<i>Income £'000</i>	<i>Expended £'000</i>	<i>Gain / Transfers (loss) £'000</i>	
Unrestricted funds					
Designated fixed asset reserve	7,696	0	-330	0	282
Designated legacy reserve	1,113	0	-219	166	26
General reserve	5,627	9,553	-8,917	547	-316
	14,436	9,553	-9,466	713	-8
Restricted income funds					
Programs	0	1,073	-954	0	0
Shibley Fund	999	456	0	140	0
Vaults Appeal Fund	443	0	-46	0	0
<u>Individual Trusts greater than £5,000:</u>					
Edward Boyle Fund	88	4	-1	13	-1
Edward Squires Fund	87	4	-25	16	0
Centenary Young Fellows	32	0	0	0	0
Student Appeal Fund	24	0	0	0	9
Dick Onians Lecture Trust	58	2	0	8	0
James Cranstoun Bequest	36	13	0	0	0
F H Andrews Bequest	12	0	0	2	0
General Award Fund	112	5	0	19	0
General Lecture Fund	192	8	-15	30	0
Angus Miller Trust	35	2	-1	0	0
	2,118	1,567	-1,042	228	8
Endowment funds					
Shibley Endowment	10,083	3	0	1,462	0
<u>Individual Trusts greater than £10k:</u>					
James Cranstoun Bequest	303	0	0	44	0
Angus Millar Trust	47	0	0	7	0
	10,433	3	0	1,513	0
Total Reserves	26,987	11,123	-10,508	2,454	0

Balance
31 March 2017
(restated)
£'000

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15,228
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54
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11,949
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30,056
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Notes to the Financial Statements 31 March 2018 continued

11. Funds (continued)

b) Restricted income funds

The restricted Programme of Projects fund includes grant funding which has been received during the course of the financial year to support this charitable activity.

The Shipley Fund is the income generated by the Shipley Endowment Fund which is used to support the RSA's program in furtherance of its charitable objects.

The Vaults Appeal Fund was utilised in financing the capital expenditure associated with the Vaults development in 1989 and accordingly, the appropriate depreciation is charged to the fund.

The House Redevelopment Fund includes the net income raised to finance the capital expenditure associated with the House Redevelopment currently in progress. In future years the appropriate depreciation will be charged to the fund.

The Edward Boyle Fund originates from a donation made by the Edward Boyle Memorial Trust in 1995 and is to be used, in the name of Edward Boyle, for the provision of bursaries at the University of Leeds, in addition to lectures at the University of Leeds and the RSA which should be broadly related to education, music and/or learning.

The General Awards Fund and General Lecture Fund were set up during the 2015/16 fiscal year and each comprise a group of funds released to restricted from endowment with the permission of the Charity Commission. The General Awards Fund may be used for the encouragement of arts, manufactures and commerce by the provision of awards, prizes, bursaries and grants, and the General Lecture Fund for the encouragement of arts, manufactures and commerce by the provision of lectures, and related costs.

The endowment funds are trusts set up by individual donors in support of specific purposes such as named lectures and preservation of historic buildings.

c) Analysis of group net assets between funds

2018	<i>Tangible & Intangible Fixed assets</i> £'000	<i>Investments</i> £'000	<i>Current assets</i> £'000	<i>Liabilities</i> £'000	<i>2018 Fund balances</i> £'000
Unrestricted Funds					
Designated fixed asset reserve	7,919	0	0	0	7,919
Designated legacy reserve*	0	804	0	0	804
General reserve	449	4,936	2,474	-1,680	6,179
	8,368	5,740	2,474	-1,680	14,902
Restricted income funds	351	1,802	933	0	3,086
Endowment Funds					
Expendable	0	11,900	0	0	11,900
Permanent	0	409	0	0	409
	0	12,309	0	0	12,309
Total funds	8,719	19,851	3,407	-1,680	30,297

* The trustees agreed to create a designated legacy fund to include legacies which, whilst technically unrestricted, were received with non-binding indications as to how the donor would prefer the funds to be utilised.

Notes to the Financial Statements 31 March 2018 continued

11. Funds (continued)

2017	<i>Tangible & Intangible Fixed assets</i> £'000	<i>Investments</i> £'000	<i>Current assets</i> £'000	<i>Liabilities (restated)</i> £'000	<i>2017 Fund balances (restated)</i> £'000
Unrestricted Funds					
Designated fixed asset reserve	7,648	0	0	0	7,648
Designated legacy reserve	0	1,086	0	0	1,086
General reserve	602	4,534	2,794	-1,436	6,494
	8,250	5,620	2,794	-1,436	15,228
Restricted income funds	397	1,764	718	0	2,879
Endowment Funds					
Expendable	0	11,548	0	0	11,548
Permanent	0	401	0	0	401
	0	11,949	0	0	11,949
Total funds	8,647	19,333	3,512	-1,436	30,056

12. Pension schemes

The Consolidated Statement of Financial Activities includes contributions by the Charity to the Group Personal Pension scheme of £341k (2017: £324k).

13. Taxation

As a registered charity the RSA is not liable to taxation on its income and capital gains so long as they are used for its charitable purposes.

14. Related parties

RSA Academies (RSAA) is a separate company limited by guarantee and a registered charity which is considered to be related due to the involvement of the RSA in its governance. The trustees of the RSA do not consider RSAA to be controlled by the RSA.

15. Subsidiary undertakings

a) RSA Adelphi Enterprises Limited

The company principally operates a hospitality business within the RSA House. It is also able to undertake any other activity regarded as 'trading'. It is a wholly owned subsidiary and is incorporated in England and Wales. Two members of the RSA Trustee Board sit on the board of directors but are not remunerated for this service.

The taxable profits are donated to the RSA each year by gift aid. The RSA's investment in the share capital is £100, represented by 100 shares of £1 each. The shares are not disclosed in the balance sheet summary below because they round down to £0k.

i) Summary of profit and loss account for RSA Adelphi Enterprises Limited (company number: 2784581)

	2018	2017 (restated)
	£'000	£'000
Turnover	2,623	3,106
Cost of sales	-1,639	-1,846
Gross profit	984	1,260
Other expenses	-781	-813
Net profit	203	447
Bank interest	0	0
Gift Aid paid to RSA	-448	-382
Net movement in funds	-245	65

ii) Summary of balance sheet for RSA Adelphi Enterprises Ltd

	2018	2017 (restated)
	£'000	£'000
Current Assets:		
Stocks	7	15
Debtors	257	276
Cash	180	609
Owed by Group	16	38
	460	938
Creditors:		
Creditors	2	64
Advance deposit receipts	238	367
Others	17	59
	257	490
Net assets/Share capital	203	448

Notes to the Financial Statements 31 March 2018 continued

b) RSA Shipley Enterprises Limited

The company principally operates a consultancy business within the RSA House. It is also able to undertake any other activity regarded as 'trading'. It is a wholly owned subsidiary and is incorporated in England and Wales. Two members of the RSA Trustee Board sit on the board of directors but are not remunerated for this service.

The taxable profits are donated to the RSA each year by gift aid. The RSA's investment in the share capital is £1, represented by 1 share of £1. The share is not disclosed in the balance sheet summary below because it rounds down to £0k.

i) Summary of profit and loss account for RSA Shipley Enterprises Limited (company number: 08716337)

	2018	2017 (restated)
	£'000	£'000
Turnover	212	158
Cost of sales	-107	-127
Gross profit	105	31
Other expenses	-35	-26
Net profit	70	5
Gift Aid paid to RSA	-5	-10
Net movement in funds	65	-5

ii) Summary of balance sheet for RSA Shipley Enterprises Ltd

	2018	2017 (restated)
	£'000	£'000
<u>Current Assets:</u>		
Stocks	0	0
Debtors	126	54
Cash	10	20
	136	74
<u>Creditors:</u>		
Creditors	21	16
Advance deposit receipts	3	0
Owed to parent	42	53
	66	69
Net assets/Share capital	70	5

c) Reconciliation of subsidiary results to group reporting

	2018	2017 (restated)
	£'000	£'000
<u>Group Reporting:</u>		
Income from other trading activities	2,743	3,150
Expenditure on trading activities - direct costs	-2,129	-2,393
Contribution to RSA overheads	614	757
Expenditure on trading activities - support costs	-646	-709
As reported in RSA consolidated financial statements	-32	48
Add back support costs apportioned to activity for group reporting purposes	646	709
Add back direct costs incurred by parent allocated to activity for group reporting	361	486
Add back intercompany charges eliminated upon group reporting consolidation	-702	-791
RSA Adelphi/Shipley Enterprises reported profit	273	452

Notes to the Financial Statements 31 March 2018 continued

16. Parent charity result	2018	2017 (restated)
	£'000	£'000
Income and endowments	9,351	9,042
Expenditure	-9,894	-8,879
Gift Aid income from subsidiaries	452	392
Net income/(expenditure) before net gains/(losses) on investments	-91	555
Net gains/(losses) on investments	511	2,454
Net movement of funds	420	3,009

17. Capital Commitments

As at 31 March 2018 the RSA has committed to capital expenditure in the form of a major redevelopment of the House. Contractual commitments as at that date total £2,477k, however the full cost of the project is estimated to be £3,803k, of which £646k has been spent to 31 March 2018.

18. Financial instruments

	<i>Group</i>	<i>Group</i>	<i>RSA</i>	<i>RSA</i>
	2018	2017 (restated)	2018	2017 (restated)
	£'000	£'000	£'000	£'000
Carrying amount of financial assets				
Debt instruments measured at amortised cost	1,341	1,320	990	1,013
Instruments measured at fair value through profit or loss	16,450	18,772	16,450	18,772
	<u>17,791</u>	<u>20,092</u>	<u>17,440</u>	<u>19,785</u>
Carrying amount of financial liabilities				
Measured at amortised cost	<u>659</u>	<u>877</u>	<u>618</u>	<u>737</u>

Notes to the Financial Statements 31 March 2018 continued

19. Prior year adjustment

In previous years Fellows' life subscriptions were accounted for over a period of twelve years from receipt. A review of this treatment has resulted in a decision to recognise the income on receipt to better reflect the fact that these payments are donations to the RSA and to account for them on a basis consistent with that used for annual subscriptions. A prior year adjustment has been reflected in these accounts to release the deferred income held on the balance sheet as at 1 April 2016 and 31 March 2017.

The treatment of gift aid payments from trading subsidiaries to parent charities has been reviewed by the Financial Reporting Council and they have ruled that gift aid payments must be included as distribution from funds on the date of payment, rather than being accrued as income in the charity parent and as an expense in the trading subsidiary in the year in which the profits accrue. A prior year adjustment has been recognised in respect of this change which has had the effect of increasing the brought forward reserves of the trading subsidiaries at 1 April 2016 by £392k and by £452k at 31 March 2017. Corresponding the charity's reserves have decreased, although there is no impact on the overall group reserves position.

Reconciliation of balance sheet and funds (Group)

	Group 2016 (as previously stated)	Effect of prior year adjustment	Group 2016 (as restated)	Group 2017 (as previously stated)	Effect of prior year adjustment	Group 2017 (as restated)
Fixed assets						
Intangible assets	452	0	452	376	0	376
Tangible fixed assets	8,491	0	8,491	8,271	0	8,271
Investments	16,882	0	16,882	19,333	0	19,333
	25,825	0	25,825	27,980	0	27,980
Current assets						
Stocks	12	0	12	17	0	17
Debtors	1,556	0	1,556	1,558	0	1,558
Short term deposits and cash at bank	959	0	959	1,937	0	1,937
	2,527	0	2,527	3,512	0	3,512
Creditors: amounts falling due within one year	-1,537	181	-1,356	-1,614	178	-1,436
Net current assets	990	181	1,171	1,898	178	2,076
Total assets less current liabilities	26,815	181	26,996	29,878	178	30,056
Creditors: amounts falling due after more than one year	-976	967	-9	-905	905	0
Total assets less liabilities	25,839	1,148	26,987	28,973	1,083	30,056
Unrestricted funds - charity	13,288	756	14,044	14,145	631	14,776
Unrestricted funds - trading subsidiaries	0	392	392	0	452	452
Restricted funds	2,118	0	2,118	2,879	0	2,879
Endowment funds	10,433	0	10,433	11,949	0	11,949
Total funds	25,839	1,148	26,987	28,973	1,083	30,056

Notes to the Financial Statements 31 March 2018 continued

19. Prior year adjustment (continued)

Reconciliation of statement of financial activities (Group)

	<i>2017 Total (as previously stated) £'000</i>	<i>Effect of prior year adjustment £'000</i>	<i>2017 Total (as restated) £'000</i>
Income and endowments from:			
Donations and legacies			
Fellowship donations	4,921	-65	4,856
Other donations and legacies	432	0	432
Trading activities	3,150	0	3,150
Investment income	698	0	698
Charitable activities	0	0	0
Programme of projects	1,869	0	1,869
Programme of lectures and events	70	0	70
Regional and network activities	5	0	5
Other income	43	0	43
Total income	11,188	-65	11,123
Expenditure on:			
Raising funds			
Fellowship administration	1,066	0	1,066
Other	65	0	65
Trading activities	3,102	0	3,102
Charitable activities	0	0	0
Programme of projects	3,759	0	3,759
Programme of lectures and events	728	0	728
Programme of engagement	1,788	0	1,788
Total expenditure	10,508	0	10,508
Net income/(expenditure) before net gains/(losses) on investments	680	-65	615
Net gains/(losses) on investments	2,454	0	2,454
Net income/(expenditure)	3,134	-65	3,069
Transfers between funds	0	0	0
Net movement of funds	3,134	-65	3,069
Reconciliation of funds	0	0	0
Total funds brought forward	25,839	1,148	26,987
Total funds carried forward	28,973	1,083	30,056

Notes to the Financial Statements 31 March 2018 continued

19. Prior year adjustment (continued)

Reconciliation of balance sheet and funds (RSA)

	RSA 2016 (as previously stated)	Effect of prior year adjustment	RSA 2016 (as restated)	RSA 2017 (as previously stated)	Effect of prior year adjustment	RSA 2017 (as restated)
Fixed assets						
Intangible assets	452	0	452	376	0	376
Tangible fixed assets	8,491	0	8,491	8,271	0	8,271
Investments	16,882	0	16,882	19,333	0	19,333
	25,825	0	25,825	27,980	0	27,980
Current assets						
Stocks	0	0	0	2	0	2
Debtors	1,393	-392	1,001	1,695	-452	1,243
Short term deposits and cash at bank	475	0	475	1,308	0	1,308
	1,868	-392	1,476	3,005	-452	2,553
Creditors: amounts falling due within one year	-887	181	-706	-1,107	178	-929
Net current assets	981	-211	770	1,898	-274	1,624
Total assets less current liabilities	26,806	-211	26,595	29,878	-274	29,604
Creditors: amounts falling due after more than one year	-967	967	0	-905	905	0
Total assets less liabilities	25,839	756	26,595	28,973	631	29,604
Unrestricted funds - charity	13,288	756	14,044	14,145	631	14,776
Unrestricted funds - trading subsidiaries	0	0	0	0	0	0
Restricted funds	2,118	0	2,118	2,879	0	2,879
Endowment funds	10,433	0	10,433	11,949	0	11,949
Total funds	25,839	756	26,595	28,973	631	29,604

Notes to the Financial Statements 31 March 2018 continued

20. Comparative Statement of Financial Activities (restated)

	<i>Unrestricted Funds £'000</i>	<i>Restricted Funds £'000</i>	<i>Endowment Funds £'000</i>	<i>2017 Total (restated) £'000</i>
Income and endowments from:				
Donations and legacies				
Fellowship donations	4,856	0	0	4,856
Other donations and legacies	429	0	3	432
Trading activities	3,150	0	0	3,150
Investment income	203	495	0	698
Charitable activities				
Program of projects	805	1,064	0	1,869
Program of lectures and events	63	7	0	70
Regional and network activities	5	0	0	5
Other income	42	1	0	43
Total income	9,553	1,567	3	11,123
Expenditure on:				
Raising funds				
Fellowship administration	1,062	4	0	1,066
Other	65	0	0	65
Trading activities	3,080	22	0	3,102
Charitable activities				
Programme of projects	2,776	983	0	3,759
Programme of lectures and events	702	26	0	728
Programme of engagement	1,781	7	0	1,788
Total expenditure	9,466	1,042	0	10,508
Net income/(expenditure) before net gains/(losses) on investments	87	525	3	615
Net gains/(losses) on investments	713	228	1,513	2,454
Net income/(expenditure)	800	753	1,516	3,069
Transfers between funds	-8	8	0	0
Net movement of funds	792	761	1,516	3,069
Reconciliation of funds				
Total funds brought forward (restated)	14,436	2,118	10,433	26,987
Total funds carried forward	15,228	2,879	11,949	30,056