

RSA

21st century enlightenment

Trustees Annual Report & Financial Statements for the year ended 31 March 2014

Impact Report 2014

ADMINISTRATION

Patron

Her Majesty The Queen

President

Her Royal Highness The Princess Royal

Trustees

Vikki Heywood, CBE (Chairman)
Dr Suzy Walton (Deputy Chairman)
Hanif Virji (Treasurer)
Sarah Ebanja (Treasurer – appointed 3 October 2013)
Vanessa Harrison (Treasurer – retired 3 October 2013)
Irene Campbell
Tony Cohen
Jackie Elliman
Peter Fell (appointed 3 October 2013)
Andy Gibson
Clive Grinyer
Don Pinchbeck
Keith Read, CBE
Jonathan Rollason (retired 3 October 2013)

Constitution

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

The RSA is also registered in Scotland – Number SC037784

Auditors

haysmacintyre, Fairfax House,
26 Red Lion Square, London WC1R 4AG

Bankers

Coutts & Co
440 The Strand, London WC2R 0QS

Pension consultants

Foster Denovo Limited
2 Hamm Moor Lane, Weybridge, Surrey KT15 2SA

Executive team

Matthew Taylor (Chief Executive)
Carol Jackson (Chief Operating Officer)
Adam Lent (Director of ARC)
Nina Bolognesi (Director of External Affairs)
Oliver Reichardt (Director of Fellowship)

Principal office

8 John Adam Street, London WC2N 6EZ

Solicitors

Bates Wells & Braithwaite, 2-6 Cannon Street,
London EC4M 6YH

Glovers, 6 York Street, London W1U 6QD

Stone King, 16 St Johns Lane,
London EC1M 4BS

Surveyors and property consultants

MHBC, 4 St Pauls Churchyard,
London EC4M 8AY

Investment managers

Cazenove Capital Management Ltd, 12 Moorgate,
London EC2R 6DA

CHAIRMAN'S STATEMENT

This has been a strong year for the RSA. When I took up the post of Chairman of the Trustee Board in 2012, I was very clear that I wanted the organisation to achieve real-world impact.

The RSA fulfils its mission in four ways:

By providing a fertile environment within which RSA Fellows can help each other develop creative ideas for social good and then offering practical support to turn those ideas into reality.

By inspiring RSA Fellows and thoughtful people all over the world by sharing great research, ideas and initiatives through lectures, the RSA Journal, RSA Animate and Shorts, and other innovative forms of dissemination.

By using rigorous research to better understand how organisations, governments and communities can govern, operate and collaborate to unleash the creative and venturesome potential of individuals in order to promote economic and social progress.

By using the RSA House and events in the UK and wider world as an inspiring focus for the discussion of ideas and the planning needed to turn those ideas into reality.

With our distinctive organisational form of a fellowship and a charity and broad mandate, we have a powerful capacity to mobilise for real-world impact. Collectively this impact can be greater than the sum of our parts, providing a unique platform for new ways of thinking, creating and influencing.

Our pensions research and advocacy and our inquiry into the Police Federation are concrete examples of our creative approach to making a difference.

The Police Federation was an institution in crisis following the 'plebgate' affair and a series of confrontations with the government. It was losing the confidence of the public, key political decision-makers and its members. Its position as the voice for frontline police officers was under threat. Working with an Independent Panel, the RSA was invited to lead a review into the Federation. The final report was accepted by the Home Office and the House of Commons Home Affairs Select Committee. All 36 recommendations were accepted by the Police Federation in May 2014. The review process and the final recommendations have established a pathway for the Police Federation to ensure that it serves both the public interest and its members effectively. It demonstrated the RSA's capability in high profile, high impact, major institutional reform. This is an area of work that we are keen to develop further.

Over the past couple of years, the RSA has researched the advantages and pitfalls of collective pensions. It has advocated that these should be allowed in the UK, provided that there is an appropriate legal and regulatory framework. I was delighted when the government recently announced its intention to allow collective, or target pensions in Britain. The opposition also agrees with this policy, as do many stakeholder bodies. This is another great example of RSA influence.

Education has always been a great passion of RSA Fellows – which I share. Although we cannot, of course, take direct credit for the dedication and hard work of the teachers and pupils at RSA Academies, our innovative school-to-school approach to improvement has proved highly effective in raising standards at one of our newest schools, Arrow Vale RSA Academy, which has recently been rated as outstanding by Ofsted. I would like to thank the RSAA Board and Sue Horner for their ambition and hard work.

These examples demonstrate that the RSA aspires to become the kind of organisation that the 21st century needs; one that can play a positive role in addressing some of the most complex challenges of our times.

Our goal must be to make creative approaches and significant impact an expectation of all our major projects. To that end, I have been working with the Trustees and senior staff on a robust strategic review aiming to build on the substantial progress made in recent years, and to focus more of our energies (in our research, in events and Fellowship activities) on impact. Last summer and autumn, I met with our Fellows around the country to discuss how the RSA can become a more effective organisation and their vital role in helping to achieve this. The Fellowship is the RSA's greatest asset and our commitment to supporting Fellows' activities continues to grow.

The Board has set the executive team an exacting challenge. We will measure our success through our influence on the assumptions and aspirations of leaders and innovators in all sectors of society, the quality of ideas and initiatives we launch and the number and impact of Fellows' ventures we are able to help initiate and grow. Ultimately, we are in the business of promoting social change through creative approaches. I don't underestimate the enormous challenge we have set ourselves, but the RSA over its 260 years has not survived by standing still.

Vikki Heywood CBE
Chairman of the RSA

CHIEF EXECUTIVE'S INTRODUCTION

The last year has been another year of broad improvement for the RSA; in the number and quality of our research outputs, in the scale and success of our practical projects, in the volume of Fellowship activities and in the expansion of our global footprint as a platform for ideas. There have also been some outstanding successes in the year – outlined by Vikki Heywood in her introduction.

I also want to mention the RSA City Growth Commission's work. The Commission, which launched in October 2013, is a 12 month enquiry into how cities can be empowered to shape and drive their economies. It seeks to influence the main political parties as they prepare their manifestos in the run up to the next general election. We want to make the case for, and explain how, cities can take a new role in our political economy, creating greater, more inclusive and sustainable economic growth in the UK. Having gained traction through early media coverage (including in the Financial Times, Telegraph, Guardian, International Business Times and regional and specialist press), we have continued to reach audiences locally and nationally. Combined with extensive engagement with political leaders and officials at the highest levels in Whitehall, Westminster and local government, as well as formal and informal evidence sessions across the country, the RSA City Growth Commission is already changing the terms of the debate.

"...there are 'powerful market forces' pulling activity into big cities, world cities. I know this is something that Jim O'Neill and the Cities Commission have been thinking hard about – and I want to make sure we learn from their important work." **George Osborne, Chancellor of the Exchequer, 'We need a Northern powerhouse' speech, 23 June 2014**

"...the benefits of decentralisation – particularly to cities and city-regions – are too great to ignore... As a next step, some cities may choose to go down the route of powerful, American-style 'metro mayors' covering an entire city region – an option that the RSA's important City Growth Commission has been examining recently." **Chuka Umunna, Shadow Secretary of State for Business, Innovation and Skills, 'Why we should let cities and regions forge their own futures', New Statesman, 24 June 2014**

Taken together with our Police Federation work and pensions report, the RSA can boast substantial real-world national impact in three very different areas. This is a very good strike rate.

But we want the pursuit of major impact to be the driver of all that we do at the RSA. This aspiration led us to embark upon a series of strategic reviews during the past 18 months. These have all centred on the need for clear thinking, ambition and ultimately how we make the hard choices about the future development and relevance of the RSA.

Last year we set out the RSA's mission, focus, methods and values. This was a very helpful exercise in capturing where we were as an organisation. Trustee Board Chairman Vikki Heywood undertook a tour of RSA regions and nations to share these thoughts and developments with Fellows.

This year we incorporated Fellows' feedback and undertook a strategic review that has instigated an important set of conversations around the RSA's purpose and work strands. To help us achieve more focus in our work we have been developing a worldview that we call Power to Create. This combines values and analysis to argue that we should seize the opportunity for a step change in the scope of all people to live creative lives.

The core principles of the strategic review are focus, impact and synergy. As the RSA becomes ever more successful, more opportunities open up and it becomes even more important to be focused and concentrate on our core strengths. This year we have been very clear that the partnerships and initiatives that we undertake must achieve substantial and distinctive impact.

We have been working hard to address the cultural and capacity issues associated with becoming a more focused, impactful and collegiate organisation.

I want to end by thanking all those people who are helping the RSA to become such a powerful force for social change. In particular, I want to thank our hardworking Trustees who have been instrumental in ensuring that the RSA strives to achieve greater impact.

Matthew Taylor
Chief Executive

RSA MISSION

Our Purpose

21st century enlightenment: Enriching society through ideas and action

Our focus, the scope of our activities

The RSA has, over its 260-year history, focused on a wide range of issues. Our current focus is in the following areas:

‘Public service and communities’

- Innovation in governance, service design, organisational change and civic engagement.
- Enabling people to take an active role in solving problems in their own communities.

‘Learning and creativity’

- We seek to realize the potential of all learners by understanding and enhancing human capability.
- Raising educational attainment through school improvement and creative teaching.
- Promoting arts and creativity.

‘Enterprise, design and manufacturing’

- Understanding and promoting entrepreneurship.
- Promoting sustainable and innovative forms of design and manufacture.
- Fostering the next generation of socially responsible designers.

Our method, how we do this

We seek out enlightened thinking and put it to work in practical ways.

Engaging a diverse network: We nurture and engage a network of Fellows, employees and partners that is proactive, intellectually curious, entrepreneurial and diverse.

Tapping into many skills: The breadth of our interests, networks and methods give us a range of competencies including horizon scanning, generating debate, primary and secondary research, civic engagement, practical innovation and enterprise development.

Identifying great ideas: The global reach of the RSA, our independence and our broad and multidisciplinary networks means we can identify emerging new challenges and spot and curate powerful new ideas.

Testing and growing: Our mission is not merely to commentate or to recommend to others but to develop and wherever possible rigorously test practical, scalable, solutions.

Promoting and sharing: Through its unique networks the RSA seeks to make its ideas and innovations available as inspiration, opportunity and resource to all.

Our values and standards

Our ability to fulfill our purpose is dependent on how we work and the culture we create.

Independent and creative: We value the quality and rigour of ideas, not where they come from or allegiance to any ideology. We take imaginative new approaches to solving problems and believe in the power of design and creativity to effect change.

Practical and resourceful: We try things out and are prepared to fail in the pursuit of what works, learning from everything that we do. We make intelligent use of our resources by building on what works already, trusting people – especially our employees and Fellows – and treating them as assets.

Consistent and demanding: All our work is aligned with our social purpose, and we do not take on work that conflicts with our mission or values. We aspire to global excellence in all our work and make products and services we want to use and promote ourselves.

Respectful and philanthropic: We value other people's work and wisdom, treat them with respect and do not attack or steal the work of others. We judge ourselves by the contribution we make to society not by the benefits we gain as an organisation.

RSA ACTION AND RESEARCH CENTRE

RSA Projects was re-launched as the RSA Action and Research Centre (ARC) in September 2012. This reflected a new level of ambition. We want to establish the RSA as the premier “think and act” tank in the UK and internationally by establishing practical projects as exemplars of innovation and impact in the areas of:

- Enterprise, design and manufacturing.
- Learning and creativity.
- Public services and community.

Underpinning our work is a fundamental faith in the power of individuals and their networks to identify innovation solutions to the challenges we face today.

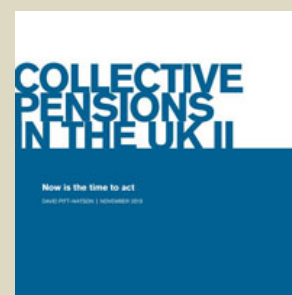
As we seek to become a more focused organisation, ARC staff have carried out detailed work on the RSA's emerging world view, which is now at the heart of the new RSA strategy being refined by the Board. The central idea behind our world view is that as many people as possible should have the power to turn their ideas into reality. Underpinning this idea is a careful analysis of where the RSA's history and values can best impact on current global trends and challenges. Going forward, the “Power to Create” idea will inform much of ARC activity. We will need to consistently address the balance between the work we are currently doing and the work on which we might want to concentrate more in the future as we seek to make the RSA a more impactful organisation.

2013/14 has been a strong year for ARC with 38 reports published, over 50 events held and more than 300 blogs posted. In addition, we have continued to expand our practical innovative work in areas such as digital manufacturing, design and technology education, local authority decentralisation, prisoner rehabilitation and recovery from addiction. The great majority of this work has been made possible by external funding partnerships with trusts, businesses and public sector organisations. In 2013/14, we raised £1.8m for ARC's work through the charity, from charitable trusts and foundations, corporate and statutory funding partners and we secured £0.1m in contracts through our trading arm, RSA Shipley Enterprises Ltd.

Four excellent examples of the real-world impact made by the RSA this year are set out below.

Pensions

The RSA's Tomorrow's Investor project, with the support of the TUC, CBI, the Association of Member Nominated Pension Trustees and the National Association of Pension Funds have been campaigning for the government to legislate to allow for the introduction of collective pensions. We were delighted that this year's Queen's speech announced legislation to enable people to invest collectively for their retirement, just as the Dutch and the Danes are able to do.



The Great Recovery

In partnership with the Technology Strategy Board (TSB) we have continued to work with designers, engineers, entrepreneurs and a wide group of stakeholders to develop a practical understanding of how to develop products and processes in the manufacturing sector which are closed loop, ie produce waste which is entirely recoverable and reusable.



A second round of financial awards was made for the best closed loop ideas, providing £1.25m to support the development of 19 projects. The Great Recovery also entered its second phase in 2013/14 with continued support from the TSB and a more intensive focus on working very closely with specialists, corporations and small businesses to understand and develop closed loop techniques.

The Power of Small

The number of enterprises with fewer than nine employees (micro-businesses) has grown enormously since 2000. In partnership with the online marketplace Etsy, this project set out to discover in far more detail than currently exists why this boom has occurred, what the 'micro-business community' looks like and what it means for the UK economy. The research has been extremely well received and will lead to a series of publications in 2014/15. With the growing debate about self-employment, our research has already had a significant impact on the way policy-makers, business leaders and the media understand this significant shift in our labour market and economy.



Police Federation Independent Review

Our aim for 2013/14 was to achieve a successful (ie credible and implementable) final report that made a set of recommendations to enable the Police Federation of England and Wales to become a world-class exponent of employee voice.



The final report was published in January 2014. It received widespread endorsement including from the Home Office, the Home Affairs Select Committee, and HM Opposition. All 36 recommendations were accepted by the Police Federation at its annual conference in May 2014.

As a result of its approach to institutional change and credibility in this area, the RSA is now undertaking reviews of local and regional democratic structures in a range of other very high profile institutions.

Below, we set out in more detail our project areas, how we met our objectives for 2013/14 and the impact achieved over the year.

The work that we do is carried out through the RSA charity or, where there is also some private benefit to the organisations with which we are working, through our trading company, RSA Shipley Enterprises Limited.

Public services and communities

Our aim is to foster more powerful citizens, nurture resilient communities and develop more innovative public services for individuals and communities. In 2014/15, Connected Communities and Public Services 2020 will join forces to create a single Public Services and Communities team. Together, we will work toward the holistic change aim of “championing a shift in power to people and communities so that they can better meet their social and economic needs and aspirations”.

In 2013/14, our 2020 Public Services team brought together a range of partners to support the RSA's City Growth Commission, an independent authoritative inquiry into how best to enable England's major cities to drive growth and respond to the fiscal and economic challenges of the future. This is being chaired by Jim O'Neill, retiring Chairman of Goldman Sachs Asset Management, and partners include Core Cities, London Councils, Local Government Association, Greater London Authority, Joseph Rowntree Foundation, British Venture Capital Association and Universities UK. We are working with Oldham Council to establish an Innovation and Reform Hub and to support the Co-operative Councils Innovation Network. We secured support from the Institute of Chartered Accountants in England and Wales for research on the future of the audit profession, and funds from the Heritage lottery fund for a project on strategic place-based commissioning in the heritage sector.

We secured a grant of £80,000 from Unbound Philanthropy and Comic Relief to identify and support a distinct cohort of Diaspora 'ChangeMakers' in order that they can achieve a greater impact in helping their home communities in the UK or abroad.

Performance against objectives for 2013/14

- *Complete the RSA Transitions feasibility study and explore potential for moving into an early stage implementation phase.*

We raised £100,000 through a grant from Garfield Weston Foundation for the Transitions project, a major feasibility study working with a public prison in East Yorkshire. The aim is to scope the development of a 'Transitions park' on the site, which would work with the prison, providing resettlement services, employment, training and skills development. We have now completed the feasibility study and we are exploring different ways to move this project into an implementation phase.

- *Develop further partnerships with local authorities and other public sector bodies to undertake innovative projects on public service reform and community engagement.*

We completed our first year of a three-year strategic partnership with Wiltshire County Council, to help guide the development of a new 'community campus' model of public services, including expanding the use of arts engagement practices.

Our digital social prescription tool – the Social Mirror app – has been tested as a way of brokering non-medical prescriptions in Knowle West, Bristol.

We continued our work in West Kent and welcomed the RSA's President, HRH The Princess Royal, to launch an art exhibition produced by local service users and artists which explores the lived experience of recovery.

We launched a high-profile research report on retail stores and social value. Supported by Asda, it looked at what assets and resources stores could share with their communities. With the RSA's Enterprise team, we produced a research report on the role of the Post Office network in producing social and economic value for communities.

Two reports on demand management were produced in partnership with the Local Government Association (LGA), iMPower and the Economic and Social Research Council.

Design, enterprise and manufacturing

The RSA Design team finds ways for design to make a positive impact on the world around us. Ready to improvise and prototype, brave in the face of disorder and complexity, holistic and people-centred in their approach to defining problems, designers have a vital role to play today in making society itself more resourceful.

Over the past two years the Enterprise strand has set out to understand and create the conditions for better working lives and a flourishing, sustainable economy in the UK. During the year, we agreed support from the Chartered Institute of Personnel and Development of £58,000 to carry out a project to develop open-source human capital measurement tools and applications which will help businesses to capture the value of their talent and have worked on Flex Factor – research into how organisations can optimise their flexible working patterns including a new tool to help gauge impact.

Performance against objectives for 2013/14

- *Develop the Great Recovery programme with a stronger focus on thought leadership and the influencing of design and manufacturing practice.*

The programme is now entering phase two with renewed TSB Funding and consultancy work with Zero Waste Scotland. Influencing of design and manufacturing will continue with the development of the RSA Impact Hub, to be launched later this year.

- *Continue the global growth of the Student Design Awards (SDA) and explore potential to develop an incubation offer for SDA winners.*

The SDA are doing well and continue to grow. The Malaysian Student Design Awards are approaching the end of their first year and the Finnish awards are in a pilot phase. We have been working with the Royal Bank of Scotland to extend the graduate experience for SDA winners and this year we had our first development award for a winner from three years ago to help grow his business.

- *Explore the feasibility of developing a wider RSA incubation offer around maker and design enterprise.*

Having researched this area thoroughly to see where the RSA can best add value, we are now opening an RSA Impact Hub with FabLab London this year, and partnering with BIS and NESTA to create a community-owned digital platform that empowers makers and entrepreneurs.

- *Publish a series of reports on enterprise with a particular focus on the rise of micro-business*

Our Enterprise programme confirmed £50,000 from our partner Etsy to support a research partnership – The Power of Small: How micro-businesses are changing our world – the aim of which is to understand the implications of the rise of micro-businesses and how their growth might be better harnessed to create value for all of us.

- *Securing sponsorship, designing and running successful Premium (ie open innovation) competitions.*

We have successfully secured funding for three Premiums, two of which were launched in 2013/2014 (and will complete at the end of July 2014), and a third that will launch in October 2014:

- Northbank Good Business Premium: a challenge to pioneer sustainable business ventures and community-oriented projects in the heart of London.

- Valuing Your Talent Premium: a challenge to find ways to help businesses better understand, value and invest in the human capital of the UK workforce.
- Assistive Technology Premium (launching in October 2014): a £500k challenge to pioneer new assistive technologies for disabled people by teaming them up with local designers/makers, businesses and maker spaces.

Education and creativity

The RSA Education programme of policy research and practical interventions seeks to find innovative solutions to entrenched educational problems, based on three core principles:

- **Tackling educational disadvantage** across a broad range of outcomes.
- **Building demographic participation** to engage all in the design of learning.
- **Fostering open-minded inquiry** to create a culture of independent, evidence-informed innovation. We are particularly interested in how we can close the creativity gap and promote an approach to learning and development that enables everyone, regardless of social background.

Informed by these key principles, our various projects and interventions aim to shape debate, influence policy and, most importantly, change practice, both in the UK and internationally.

Our Social Brain team seeks to apply behavioural insight to public policy and social practice through a range of research and thought leadership projects; in recent months we have focussed on education, climate change and spirituality.

Performance against objectives for 2013/14

- *We will seek to implement the newly agreed strategy for the RSA Family of Schools, including further school-to-school collaboration, and establish a strong research and development programme; all with the objective of improving outcomes for children.*

RSA's Family of Academies has had a very successful year and is now far more integrated with the work of the RSA Education team and the RSA as a whole. Our focus is now on schools in the West Midlands. We are currently working with four schools and a fifth will join the Family in September 2014. Our school-to-school approach to school improvement has proved highly effective in raising standards at our two newest schools: Arrow Vale RSA Academy, which has recently been rated as outstanding by Ofsted, and Ipsley CE RSA Academy, which is awaiting inspection. School-to-school collaboration over the last year has also included our first ever Family-wide INSET (in-service training) day at Whitley Academy in January, joint work by the schools' business managers to secure significant savings on commissioned services and a literacy focused peer review. There has also been cross-Family working on student leadership initiatives, including the second annual conference at the RSA, a series of podcasts, and initial work on a new leadership programme for younger pupils which will be introduced from September 2014.

- *Continue to grow the RSA's reputation for high quality educational research and analysis based in part on the Family of Schools research and development programme.*

RSA Education has initiated two innovations with our Academies. The *Pupil Design Awards* is trialling a version of the Student Design Awards with 11-19 year olds, aiming to turn this into a national competition from 2015. With support from the Comino Foundation, *The Manual of Modern Making* is a four-year project which aims to bring about significant improvements in the learning experiences of RSAA students in design and technology, through the exploitation of the latest thinking and practice in digital fabrication technologies.

Following a successful evaluation of the pilot year, *Grand Curriculum Designs* has worked with forty new schools in its second year, and is aiming to double the number of schools during 2014-15. The programme is led through a partnership with London University's Institute of Education. The programme is enabling the RSA to remain at the centre of curriculum debates, and is beginning to attract international interest.

Our programme of policy research has also grown significantly. *No School an Island*, our report on education in Suffolk was well received locally, inspiring a number of changes, and was picked up by other local authorities, leading to an ongoing partnership with St Helens. *Between the Cracks*, our report on in-year admissions, received significant media coverage and enhanced our reputation for robust quantitative research. Our report on *Rebalancing the UK's education and skills system* for the British Council has enabled a continued engagement in debates around vocational education. *Schools with Soul*, the report from our investigation into Spiritual, Moral, Social and Cultural Education (SMSC), also received good media profile and has been praised by many policymakers and practitioners, leading to the early development of a new SMSC leadership programme. Our 2012 reports on academisation and the Middle Tier are continuing to influence policy thinking, including the opposition's recent Blunkett Review.

Performance against objectives for 2013/14

- *Develop a research strand exploring how the RSA's social brain approach can enhance educational attainment.*

In collaboration with Vodafone Foundation Germany, RSA produced its first bilingual report on how behavioural insight might be used to help narrow the socio-economic attainment gap in education, ie help reduce educational inequality between students from families with different levels of affluence. Our final report, *Everyone Starts with an A*, was published in March 2014 and featured a detailed theoretical analysis and primary research from a survey and workshop. It was well covered by national media in both countries, with over 4,600 views of the report page on the RSA website.

- *In 2013/14, we plan to publish a report on the kinds of behaviour change needed for climate change and develop an applied research project based on the recommendations.*

The report, *A New Agenda on Climate Change*, published in December 2013, was well received by academics (becoming course material for Masters students at The University of Surrey), policy makers (leading to meetings with the Department for Energy and Climate Change and The Government Office for Science) and practitioners (informing the work of The Energy Savings Trust) and also led to a further £95,000 of funding for the next iteration of the work.

RSA INTERNATIONAL

Progress has been made in developing the work of the RSA internationally, with flagship international projects such as the Vodafone Foundation and the Student Design Awards and ongoing work with diaspora communities in the UK. Work is underway to develop an international dimension to programmes emerging through the strategic review.

Performance against objectives for 2013/14

- *Progress existing projects, such as the collaboration with Vodafone Foundation Germany, and the Student Design Awards Malaysia.*

As indicated above, collaboration with the Vodafone Foundation led to the publication of the first RSA report in a foreign language, exploring the application of behavioural insight to educational policy and practice. Meanwhile, the Student Design Awards are ongoing in Malaysia and the USA, with a pilot SDA taking place in Finland this year and plans underway for a more consistent approach to internationalising the SDA.

- *Start to raise profile of the RSA as a global thought leader that puts thinking into action, by raising the profile of the RSA in international fora, including websites, blogs and media.*

A series of blogs focusing on international Fellowship activity has been initiated titled 'Global Fellowship in Action'. The first focused on activity in Japan.

- *For the long term, build up and further develop support systems in priority cities and on the global level, by establishing close ties with Fellows, funding institutions, policymakers, media and partner organisations.*
- *Further strengthen the RSA Fellow Connectors network by utilising a new online platform, to be rolled out in Q3 2013/14 in collaboration with Fellowship department and Technology team.*

The growth and consolidation of an international network of RSA Connectors is ongoing, with connectors in place in seven new countries/cities. Bimonthly video teleconferences take place with RSA Connectors from around the world, a 'buddying scheme' is also being set up to pair members of the International Working Group of the Fellowship Council with Connectors and a more defined RSA 'offer' to Connectors is being currently outlined.

Connectors are a global network of approximately 50 Fellows around the world who act as RSA ambassadors in countries where there is a Fellowship presence. Connectors are a first port of call for new Fellows who want to find out how to get involved, respond to non-Fellows' inquiries about what the RSA does and encourage and facilitate local Fellows to develop innovative projects. Work has taken place to develop communications platforms for Connectors and to standardise the role with clearer information about its purpose and responsibilities, as well as the RSA resources available to Connectors.

FELLOWSHIP

William Shipley, the RSA's founder wanted to engage 'Members from all Ranks, Professions and Trades' in 'Undertakings for Publick Good'. The RSA is delivering on that promise today.

Our contemporary mission is to engender a 21st century enlightenment by inspiring great ideas and turning them into reality. We aim to provide a fertile environment within which RSA Fellows can help each other develop ideas and offer practical support to turn those ideas into reality. Fellows' ideas are original, problem-solving and scalable and are underpinned by a passionate commitment to unleashing individual creativity and potential. As an organisation we will be increasingly measuring our success through the number and impact of Fellows' initiatives.

We would like to thank the Fellowship Council (a body of 40 Fellows that provides a link between RSA Fellows and the Trustee Board). Their guidance, support and advocacy is invaluable as they work to help Fellows engage in, and support, the charitable mission of the Society, whether at a national or local level.

Performance against objectives for 2013/14

Changes in data and payment methods have led to a one-off loss in Fellowship numbers with 2,723 joining and 3,375 lapsing, giving a total of 26,077 Fellows at the end of the year. However, our analysis of the underlying trends with the one-off factors taken out is upward and we have set a target for further growth in 2014/15. Our membership turnover was 12.6 per cent for the year.

Understanding our Fellows' interests, enthusiasms and skills is vital and to that end a new database, Salesforce, was put in place in March which enables us to have a much greater ability to capture data.

- *Re-establish Fellow membership as a highly valued status based on the following attributes: innovative, engaged, connected, philanthropic.*

Recently, we have carried out a lot of work to ensure that the RSA remains close to this original ethos.

As our vision of the future, based on our past, is of an organisation committed to social change, then it naturally follows that the vision of Fellowship should be based around members who share that commitment. The RSA should feel like a natural home for all those who believe that society can and should be improved. We want our Fellows to feel that they are genuinely part of a movement that is changing the world. A Fellow's journey should be exciting, fulfilling and intellectually stimulating.

One of the central challenges that we are working hard to address is that our Fellows are people in different locations, of different ages and interests, and with different appetites for engagement.

We must consistently address the fact that our Fellows will wish to interact with the organisation, and with each other, in different ways depending on their circumstances, and within our resources. And that, furthermore, Fellows will engage in different ways over time, as their interests and personal circumstances evolve and change. We need to be able to cater for this varied engagement rather than seeing people as on a linear path.

To that end, we have been working to develop clearer pathways to Fellowship. A key engagement tool will be the new website in October, which will ensure a staged process of engagement with the RSA, from an initial website visit through to signing up to become a Fellow.

We also need pathways for event attendees, and those that are connected with us in other ways, but are not yet Fellows.

And finally we need to ensure that Fellows have clear routes to engage with RSA projects, and this is, indeed, one of the drivers behind the strategic review. We will make the RSA a more transparent organisation by providing a very clear funnel of engagement for Fellows into major RSA projects and communicating this widely.

- *Implementation of effective development plans.*

Regional and national Fellows have worked very hard over 2013/14 to support the work of the RSA.

The East of England region has focused on developing projects across networks that improve their local area. Current successes include projects looking at improving education attainment for young people, through the Norwich Education Forum. Changing Chelmsford is a Fellows project that encourages greater community engagement within the local area. Initiatives have included running an incubator hub and an annual ideas festival.

Regional Fellows have worked hard over 2013/14 to support RSA Academies and their students, offering over 140 hours of support this academic year to broaden students' horizons and provide a range of different experiences and opportunities.

Through the Regions and Nations Fellowship Fund, the West Midlands region in partnership with Warwick University has begun exploring the role of artisans and young people in the regional economy, which has led to invitations to take part in the Craft Trailblazer apprenticeship pilot and to explorer work with the Jewellery Quarter Development Trust.

West Midlands Fellows have been involved in working across the region to identify and support local change makers and their ideas. They have also worked with young people across Birmingham and the Black Country to explore issues of identity and self to create a mobile exhibition that has toured the region.

Each Region produced a development plan with clear outcomes which they reported on at the end of the year. The Development plans were discussed at the Regional Chairs meeting and each is published on the relevant regional pages of the RSA website. The majority were successfully implemented. This was complemented by a peer review process for the Regional Chairs to share understanding and learning.

- *Develop the Fellowship journey so that Fellows can obtain status, recognition and privileges, which reflect and incentivise their contribution to the Fellowship and the charitable mission of the RSA.*

The Fellowship journey was further developed to ensure that there is a variety of ways to become engaged depending on Fellows interests and skills. Our Catalyst programme continued to develop with crowdfunding being successfully trialled (see below). The various online platforms where Fellows can discuss and engage with each other grew while guest Fellow blogs on the main RSA site continued regularly. Each regional team contains Fellows leading on initiatives in their respective nations and regions.

- *Ensure open and vibrant election processes election to key governance roles.*

We achieved a small increase in the percentage of Fellows voting in the elections for the Trustee Board in 2013/14.

- *Develop clearer access points and information for those active and innovative Fellows wishing to engage with the RSA more closely for the first time.*

Our *Four ways to turn ideas into action* report, which showcases learning from a variety of Fellow-led initiatives, was launched on the night of the RSA's AGM. Alongside that we continue to highlight at

every available opportunity our '4 Ways to Engage', ensuring all new Fellows receive the information in their welcome letters. We also re-wrote our Catalyst guidelines to ensure the process was more transparent and accessible.

Our Regional and National Programme Managers provide a single point of contact for Fellows in a region or nation to ensure there is a named individual available. We successfully trialled RSA Engage (a series of networking events), which brought new Fellows together to learn more about the RSA and hear about innovative Fellow-led projects and networks. These will be rolled out across the country in the coming year.

- *Create opportunities for Fellow engagement with ARC projects.*

A wide variety of ARC projects have close links with RSA Fellows, such as our MakLab spaces and wider design work. Fellows continue to be recruited to be Governors at our Family of Academies. Local Fellows were involved in looking at how to implement the second half of the four-year West Kent Whole Person Recovery Project, specifically as the service aims to shift to working more with the wider community. RSA Fellows are also heavily involved in our project in Wiltshire and form the majority of people on our Transitions Project advisory board.

This coming year we will continue to develop and create more opportunities for Fellow engagement with RSA projects.

RSA Catalyst

- *Raise the number and quality of applications to the Catalyst fund.*

RSA Catalyst provides financial and non-financial assistance to help get Fellows' social ventures off the ground. Grants of up to £7,000 are made, with initial awards of £1,000-£2,000 and additional grants of £5,000 available to those demonstrating potential for growth.

The number of applications increased to 147 this year, with a total of £100,000 being awarded. We continue to raise the quality by providing advice and guidance on proposed projects, both before they are submitted and after. We also connect project leaders with suitable Fellows who are able to provide advice and guidance.

Our major Catalyst project this year has been to launch our RSA Crowdfunding offer to Fellows. Since launching on Kickstarter we have successfully raised £189,000 funding for Fellows' crowdfunding campaigns, with successful campaigns achieving 133 per cent of their funding target on average. Sixty-three per cent of our projects that applied for Crowdfunding were successful, 20 per cent higher than average.

Crowdfunding campaigns included:

- This University is Free, which successfully raised £12,400 to pilot a free course that mixes cultural events with online materials and volunteering by academics. Drawing on the model of a "foundation year" in the visual arts, Fellows want to create a foundation course for the humanities and social sciences specifically aimed at those young people put off these subjects by the prospect of student debt.
- Media Diversified, which raised £6,000 to develop an online platform which promotes skilled writers from non-white backgrounds, helping journalists develop careers and networks within mainstream media, where 94 per cent* of professionals are white. (*Media Diversified research).

Catalyst grant awards included:

- £2,000 to iagree – a mobile app and online platform which asks the user questions to map values and opinions then shares all of the results with the community. It aims to encourage social enterprises, as well as social enterprise among existing businesses.

- *Improve the in-kind support and advice offered to Catalyst winners through development of the SkillsBank and improved links with RSA ARC projects.*

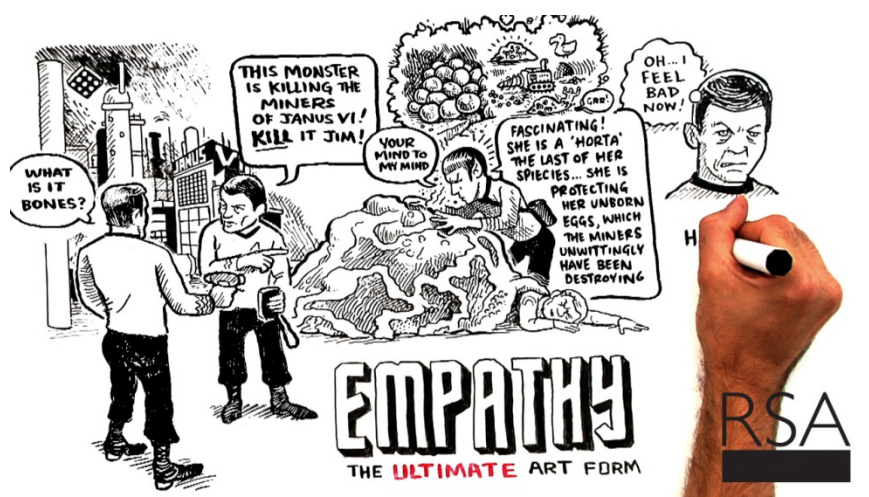
SkillsBank continues to develop and expand with 76 matches made last year and positive feedback from both those offering support and those receiving it. Support is given more widely as well through requests in the Fellowship newsletter, online networks, Fellows blogs and at networking meetings. Feedback is also provided on all Catalyst applications, whether successful or not. Our RSA Engage series of events also has space for project pitches from Fellows looking to recruit help and support.

EXTERNAL AFFAIRS

External Affairs has successfully created a global brand and established the RSA as a core space for new thinking in content creation and dissemination via our leading, free public event programme and online offer. It has acted as an internal 'service provider' for support, training and expertise on fundraising, media and web across the organisation. This work has been based on establishing the RSA as an excellent platform for dissemination.

In the next 18 months the team will help position the RSA as an ideas organisation with a powerful capacity to mobilise for real-world impact deriving from its broad mandate and unique organisational form. This will mean a shift in focus from its current curatorial role to a commissioning one, becoming a core driver and shaper of content, developing RSA expertise on how this enables participation and application. The team will also develop methods of communication to be used under the umbrella of "Power to Create", ensuring that the RSA is recognised as not only having a consistent and deepening account of how to enhance human creativity, but also of the role that communications can play in achieving this.

Events



This has been an impressive year for the Events team, with a consistently high-quality calendar of talks, panel discussions and screenings, reflecting our signature mix of thought leadership, inspiration, innovative practice and enlightened debate.

We continue to attract speakers of exceptional calibre and influence, and highlights this year have included innovation guru Clayton Christensen, political philosopher Roberto Unger, statistician Nate Silver, global analyst Moisés Naím, development economist Hernando de Soto, novelist Martin Amis, activist and writer Chimamanda Ngozi Adichie, psychologist Brené Brown, and Nobel Peace Laureate Jody Williams.

In the past year, the Events team have launched the RSA's Transitions report with a high-profile keynote lecture on criminal justice to an audience of key stakeholders from the prisons, recovery and voluntary sectors. The team have also collaborated on numerous ARC projects, including with the Social Brain programme to deliver the first half of a high-profile series on 21st century spirituality; with 2020 to launch the City Growth Commission; with the Design team to celebrate innovative design practice, generously supported by the Tindale legacy; and with the Fellowship team to mark the RSA's crowdfunding offer. The RSA Events YouTube channel is being restructured to promote cross-organisational content.

Online audiences for RSA events and animations have this year reached 100 million views in total, cementing the ideas platform as a global brand and creating a new benchmark for ideas visualisation online.

The RSA's YouTube channel goes from strength to strength with 400,000 subscribers now receiving new events video content every week.

The team is constantly looking to innovate and experiment, introducing new talks strands such as RSA Commencement, a unique spin on the traditional graduation speech, tailored for the RSA's global online audience of life-long learners. And we continue to grow and develop the RSA Shorts series as a complement to RSA Animate.

Performance against objectives for 2013/14

- *Introducing a more international flavour to the Events programme through partnerships, technology and speaker profile.*
- *RSA Events will also benefit from MOSAIC profiling of RSA Animate viewers. Once we establish a relationship with our millions of online viewers, we will be able to communicate the wider work of the RSA to them and engage them further, as they are all potential RSA Fellows and ambassadors of our work.*

An international reach

With the growing success of RSA Live and Replay, we continue to encourage and expand communities of watch live groups, and these include audiences beyond the UK, including in the US and in Europe. Parallel satellite events are increasing in popularity with Fellows' groups, and we have worked to improve the user experience by simplifying the interface and access to these facilities on our website and YouTube platforms.

This year a new AV team was put in place to create the confidence in personnel, systems and technology required to be more ambitious in linking up remotely with partners, audiences and speakers. The new team is now in place and working well, and has brought the systems to a high standard, fine-tuning current audio, video-link and streaming facilities, and introducing a high-end video conferencing system. We are forward-planning events to include the use of this innovative format to make more use of the remote facility in 2014/15.

Our event partners this year have included the Royal African Society and our international speakers have included Hernando de Soto, Saul Singer, Shimon Schocken, Martin Bjerregaard, Moshe Szyf, Vikram Patel, Eugene Jarecki and Albert Saka – showing that when the best thinkers arrive in the UK from all over the world, they speak at the RSA.

Understanding our audiences

Although 100 million views is in itself an extraordinary number for a small team to have generated, concrete steps needed to be taken to engage more substantively with those viewers, and this year the team has employed a variety of techniques to better track, profile, grow and engage our audiences.

We experimented with micro-donation appeals and with RSA Crowdfunding campaigns to test user response to embedded links, overlays and integrated calls-to-action within event video content. These initiatives led to valuable insights in tailoring content to audience demographic, location, interests and motivations and provided clear lines of further research and development. This will include investigating opportunities for greater understanding of, and interaction with, online audiences, particularly through knowledge visualisation and other innovative learning and engagement tools. Creative visualisation initiatives will increase focus and impact, in line with the aims of the strategic review.

Working in partnership

The reputation of the RSA Events programme is evidenced by the quality of our partnerships and, in the past year, we have worked with companies and organisations from across the public and private sectors, including Samsung, Microsoft, Arts Council England, the NSPCC and the Nuffield Trust.

Leading venture capital company Index Ventures approached the Events team to host a high-profile international Skills Summit, which gathered technologists, entrepreneurs and policymakers to debate the skills needed to ensure future jobs, and featured a joint announcement of the Year of Code from the Chancellor of the Exchequer and the Secretary of State for Education.

The success of these partnerships, alongside increased advertising revenue due to the continued success of RSA events online, meant that the team exceeded their ambitious fundraising target for the year.

RSA Archive

- *The archive will focus on improving its online presence starting with the archive online catalogue – CALM. The CALM cataloguing software upgrade will allow the export of new and modified records to the website and enable digital images to be viewed as part of the search result.*

The RSA Archive catalogue's CALM software, interim upgrade and the migration of the catalogue to a new 'cloud'-based platform (CALM View) is complete. The new catalogue is live and can be accessed from the 'Search Archive Catalogue' button on the RSA Archive webpage at:

<http://www.thersa.org/about-us/history-and-archive/archive>

This is a major achievement enabling existing records to be corrected or augmented and new records from our accession backlog of over 700 items to be added. All changes will be viewable at the front end by staff, Fellows and wider stakeholders within a week of input. The new search result selection page will include, in addition to the text only information, integrated low-resolution images bearing the RSA watermark as part of the record.

The Archive received its first revenue sharing allocation from JSTOR following the digitisation and online publication of the RSA's Transactions and Journals. For the first four months of 2014 the viewing/download figures have surpassed the total figure for 2013. Researchers are increasingly using our publications on JSTOR as a starting point for their research and citing the JSTOR citations for reference. JSTOR have delivered the re-bound volumes and they have been returned to the library shelves.

Digitisation is the way forward for the Archive to increase access and promote new material that would otherwise be inaccessible. New and existing digital images, which have already been generated in response to enquiries, will be included as part of the archive's ongoing strategy.

Online

Between April 2013 and April 2014, we had a total of just under 3 million visits, 2.2 million unique visitors and over 6 million page views for the RSA website, our blogs and RSA Comment. The RSA has had over 103 million video views since we launched our video offer in 2009, which covers our talks, animations and Replay service.

Our social media presence continues to be strong and effective in expanding our reach, with more than 400,000 YouTube subscribers (an increase of 45 per cent from last year), 56,400 Twitter followers (an increase of 31 per cent) and almost 60,000 Facebook fans/likes (an increase of 36 per cent). We are also gaining ground on Google+ with over 5,000 followers and over 19 million views. Our average monthly Facebook and Twitter impression rate for the year is 6.9 million (up from 4.3 million last year).

As part of our digital and technology strategy, we will be launching our new website in the final quarter of 2014. After in-depth user testing, discovery, and analysis, followed by designing and building a new infrastructure connected to our CRM database, the next stage involves extensive auditing and migration of our current content. We will enable our content to be proactively curated

across multiple channels through customisation for a more personalised RSA brand experience. This work will have a major impact on our online platforms, improving the way our audiences connect with each other and the RSA.

Digital will be playing a larger role in the coming year to help shape RSA projects and initiatives that are related to our emerging strategic review. We are also exploring different ways to raise money from our popular online material to develop more exciting and innovative content. This is part of a longer-term challenge which will see us combining our ideas platform with a move towards mobilising audiences to achieve real-world influence/impact through a more integrated brand experience online and offline.

Media coverage

This year has seen unprecedented levels of press coverage for the Action and Research team – both in its depth and diversity. The final report for the RSA's independent review into the Police Federation of England and Wales was widely reported across the national, local and trade media including *BBC News* bulletins, *The World at One*, *Channel 4 News*, *ITV News*, *Sky News*, *The Guardian*, *The Times*, *The Independent*, *The Telegraph*, *Daily Mail*, and the *Evening Standard*. The launch of the RSA City Growth Commission similarly generated substantial national and regional press coverage with Jim O'Neil, the commission's Chair, conducting many interviews with the national broadcast and print media – including a substantial piece for the *Observer* and a long interview with the *Today Programme*. Jim wrote several comment pieces for the *Financial Times*, and has a regular column for *The Telegraph* from which he promotes the work of the RSA. Other ARC projects have likewise gone from strength to strength. The Social Brain Centre's report 'Everyone Starts with an A' received front page news coverage in both England and Germany, and Jonathan Rowson's continuing research on climate change has become a well-referenced source of commentary. The Enterprise team's profile continues to rise, with reports on Self-Employment and Flexible Working both resulting in significant media interest.

The ARC team have also become significantly more prolific in terms of their blogging and providing comment pieces for the national press. They have also started to maximise the latest forms of social media to get across their message – including BuzzFeed, Infographics, Prezi, Twitter and Animations.

Development

In 2013/14, income from Individual Giving and Legacies totalled £0.57m. This included more than £0.07m raised from fundraising activities with Fellows, such as the Student Opportunity Fund appeal and the President's dinner, which raised £0.03m in support of the (RE) Make project to develop new ideas, products and enterprises in the area of manufacturing and design.

We received £0.5m legacy income, including a very generous gift of £0.33m from Muriel Latter, a Life Fellow over many years. Mrs Latter requested that her gift be used to establish a fund for the endowment of forms of educational encouragement of young students, to enable them to study for a livelihood rather than a pastime. We also received remaining funds from the legacy of Patricia Tindale FRSA, who was a Fellow for more than 20 years. Miss Tindale requested that her gift be used to encourage collaboration between two or more disciplines associated with the construction industry in the study of the design, manufacture or construction of buildings and their components for any purpose relating to architecture or the man-made environment. We have run a lecture series in Miss Tindale's memory and have other projects in development. We are very grateful to Miss Tindale's family for all their support.

RSA Journal

At the Institute of Internal Communication Awards in September, the RSA Journal won the 'best use of illustration' award for the ice sculpture that accompanied the 'Power shift' article and was shortlisted in the 'best feature' prize for Sir Harold Evans' piece on the Leveson Report.

Alexander Stevenson's piece on 'Lust and public policy' was picked up by the New Statesman and at the launch of the City Growth Commission in October, attendees had copies of the latest Journal, which was themed on cities and was a great case of the Journal aligning with wider RSA activity.

RSA House

The RSA House was designed by Robert Adam in the early 1770's and, following extensive refurbishment, now combines the best in classical and contemporary design to provide an inviting venue and meeting space. The House also plays host to our exciting annual free lecture programme with over 20,000 people attending last year.

The central idea behind the refurbishment work was to enable the RSA House to become the physical embodiment of the Society's mission – creating a dynamic and inspiring place for Fellows to meet, network and exchange ideas. Recent developments have included interactive screens highlighting lectures and other RSA content in the reception areas, showcasing work by the Royal Designers on the walls and a montage of one of our RSA Animates.

RSA House through the RSA's trading subsidiary, RSA Adelphi Enterprises Ltd, provides income to the Society enabling funds to be raised for the upkeep of the John Adam Street buildings and to contribute to the work of the charity. We continue to develop the RSA House as a venue offering accommodation for meetings, conferences, weddings, dinners and parties throughout the year.

Since our refurbishment we have worked hard on our commercial offer and have achieved recognition by being voted 4th in Event Magazine's Top 20 Venues in the UK; winning a MIMA award for best use of marketing; being shortlisted for small venue of the year and our Vaults restaurant achieved 2014 'Diners Choice Award' for Business Lunches through our booking partner, Opentable, for the months of March, April and May. More recently, the Harbour & Jones team were shortlisted for 'site team of the year' and our Head Chef was voted 'Chef of the Year' in the Harbour & Jones awards.

Impacts 2013/14

- *In 2013/14, the emphasis will be on ensuring that the RSA House with its refurbished Great Room and ground floor speaks to and reflects the RSA's mission and that we make full use of the technological capability of the refurbished rooms.*

As indicated above we have undertaken a number of initiatives to ensure that anyone who enters the RSA House can engage with elements of the RSA's mission. In addition, we continue to run a highly popular programme of free lectures which complements the RSA's interests and mission and attracts 20,000 visits a year.

As indicated above, in 2013/14, new dedicated and integrated audio visual facilities vastly improved the capacity to meet demand in an operationally efficient way for the first time. The design of AV facilities allows the RSA to quickly repurpose rooms such as switch from a large corporate event to a wedding or dinner. We can now live video stream, in high definition, all our Great Room lectures. Audiences vary but, for example, the unedited 'The Power of Vulnerability' talk has achieved over 100,000 views both through the live video stream and on the YouTube replay service. In addition, the new technology forms part of our hospitality offer and allows clients using the House to stream their events for the first time, which has attracted new clients.

- *We will ensure that the RSA House makes an increased contribution to the RSA's charitable work.*

In 2013/14 the contribution made by the hospitality operation to cover the overheads of the RSA increased from £0.3m to £0.5m.

OPERATIONS

RSA support continues to be an active contributor to the success of the RSA, ensuring all key aspects of infrastructure – finance, HR, IT, governance and risk management – are not only effectively managed, but are actively driven to achieve outcomes which strengthen and move the RSA forward.

The RSA aims to be a truly excellent place to work. This is not just focused on HR processes but includes ensuring that all of our infrastructure is fit for purpose. The major upgrade of our IT infrastructure in line with the RSA's technology strategy is an important part of this and we implemented a new customer relationship management ('CRM') system at the end of 2012/13 and began the implementation of a new content management system ('CMS') in 2013/14. Both systems are essential for the delivery of the RSA's new strategy and form the two foundation stones of our technology infrastructure, ensuring that we can flexibly build capacity as and when the RSA requires.

Impacts 2013/14

- *We will continue to focus in 2013/4 on putting in place the foundations to make the RSA a truly excellent place to work.*

In October 2012 we carried out our first staff survey using the Best Companies methodology. During 2013/14 we have consulted with staff on the results and continued to address issues highlighted in this survey by, for example, revising the salary structure, sharpening the appraisal process to ensure everyone has clear objectives and taking a number of initiatives to improve communications. A further survey will be carried out in October 2014.

- *2013/14 will be focused on implementing Phases 2, 3 and 4 of the RSA Technology Strategy including the replacement of our content management system.*

Throughout 2013/14 we have continued to fine tune and develop the new CRM system (Salesforce) that we implemented at the end of the previous year. We have started on the implementation of a new CMS and this will go live in the autumn. The process is involving intensive user experience research, to ensure we get it right and meet the needs of our wide range of users. The new website will provide more personalised content, allow greater interaction, and will include personal profiles and facilitate fellows' networking and involvement with the RSA.

- *Within our HR strategy we will review our benefits package to ensure that we can continue to attract the high quality and committed staff that we require. We will review our recruitment processes to make them more efficient and focus on more targeted training and development, including management and leadership development.*

Consulting with staff, we have reviewed our benefits package to ensure it is attractive to staff whilst recognising the necessary constraints in being a charity. We have developed a training programme covering a wide range of topics including, for example, assertiveness, time management and public speaking which is open to all staff. We have delayed some of the management and leadership training, pending completion of the strategic review process.

- *In Governance, we will continue to implement best practice. The Trustee Board fully embraces the principle of representation and is committed to maximising engagement with Fellows.*

We continue to implement best practice. We have aimed to increase the engagement of Fellows in the election process by including videos, and making the process more accessible and, as indicated earlier, this resulted in a small increase in the percentage of Fellows voting in the elections in 2013/14.

- *In Finance, we will continue to work on the development of improved reporting, ensuring that managers have the information to make the best decisions.*

The Finance team work closely with budget holders and we have undertaken a reorganisation of the team to ensure the necessary skills are in place to develop this further.

OBJECTIVES FOR 2014/15

Becoming a more impactful organisation

In summer 2013, following Trustees' agreement of a new aims and values statement for the RSA, senior staff working with the Board embarked on a strategic review. The review was prompted by the sense that, while the RSA has massively increased its outputs, we needed to be clearer about our impact and how taking advantage of the synergies offered by the RSA's wide range of assets could help us.

The initial work on the strategic review took place on a departmental basis (ARC, Operations, Fellowship and External Affairs) but it became clear that this was not helping us tackle key issues. In the autumn of last year we identified the need for a 'world view' to act as a focus for our activities, which we gave the title 'Power to Create'.

Over winter and spring – engaging with RSA Trustees at each stage – we have been working corporately, and engaging staff at every level, to identify key change aims in each major areas of RSA work. These change aims have been aligned as far as possible with our emerging interpretation of Power to Create and with the objective that our programmes of work engage all departments. This process has been the most challenging as it involves reconciling a number of imperatives:

- To be more focused and impactful.
- To reflect current areas of genuine strength.
- To maintain the capacity to be flexible and responsive.
- To be realistic about internal and external funding constraints.

Change aims

Our objectives in each of the three areas in which we work are as follows and we will review our achievements against these objectives in our 2014/15 impact report.

Enterprise, design and manufacturing:

Unlocking creativity to enable a sustainable, inclusive and dynamic economy.

- Circular economy: Circularity will be a powerful source of creative thinking among policy makers, companies and citizens. (Circularity is the complete recovery and reuse of all materials involved in the production process.)
- Making: Distributed manufacturing will be increasing in the UK and seen as an important and valued aspect of the economy. (Distributed manufacturing is the fabrication of goods by a wide range of small companies and individuals.)
- Creative economy: Creativity will be at the heart of economic policy thinking.

Learning and creativity:

To close the creativity gap: we will lead an approach to learning and development that enables everyone, regardless of background, to generate original, valuable ideas and make them happen.

- Adolescence: To close the adolescent creativity gap, demonstrating how the development of young people's creative capacities can contribute to narrowing gaps in attainment and broader outcomes.
- Creative educators: To champion the development of creative educators, who have the capacities and opportunities to practice disciplined innovation.
- Institutions: To lead a re-engineering of institutions who prioritise the development of learners' creative capacities, whilst narrowing the gap in attainment and broader outcomes.

- Lifelong learning: To develop and demonstrate compelling models of lifelong creative learning and development which influence local, national and global education systems.

Public services and community:

A shift in power to people and communities so that they can better meet their social and economic needs and aspirations.

- Creative places: Demonstrate how the UK's cities and metro regions can develop and implement broad strategies to capitalise on their potential – In particular, through building on the assets of their citizens, enterprises and communities.
- Creative services: Develop a new philosophy and practical models for public service delivery which show how open, innovative institutions and a relational approach can release the creative capacity of people and communities.
- Creative communities: Promote a greater understanding of the potential of social networks – both online and offline.

OUR THANKS

Financial support is crucial in helping the RSA attain its goals. All Fellows support the RSA through their annual donation and by otherwise being involved in our work. The RSA would like to extend very special thanks to the following for their generous support in the last financial year. It is thanks to these donations that we can continue to make progress.

The following individuals and organisations made financial contributions of £500 or more in the Financial Year 2013/14.

Corporate Supporters

Channel 4
Endsleigh Insurance Services
Index Ventures
Laytons Solicitors
NCR Financial Solutions Group
Percy Holt & Nowers
PI Capital
Royal Bank of Scotland
Springetts Brand Design Consultants
TLG Communications
Unilever UKCR
Universal McCann
Waitrose

Individual Supporters & Legacies

Mrs R Artmonsky
Mr D Benson
Mr P D Brookes
Mr P J Carpenter
Mr J Chater
Mr J Church
Mr P Claydon
Mr M J P Davies
Mr W Dodwell
Mr A Hoare
Mr J P Huth
Mr A MacKay
Sir Robert Malpas
Mr G Morrison
Sqn Ldr J R N Ogle
Simone Sterson
Ms R Woolliscroft

Mr V Glasstone
Mr J L Hillelson
Mrs M Latter
Mr J G Marks
Miss P R Tindale
Dr H L Yewlett

Statutory & Other Organisations

Agensi Inovasi Malaysia
Big Lottery Fund
The Business Collective
Engage for Success
Environment Agency
Field Studies Council
Friends of the Earth
Global Education Leaders' Program
The Green Organisation
Hong Kong Design Institute
Locality
Loughborough University Design School
MAC-UK
NESTA
NSPCC
Severn Trent Water
Technology Strategy Board
Yorkshire Water Services

Trusts, Foundations & Grant Making

CRI
Culham St Gabriel's
The Eden Project
Esmée Fairbairn Foundation
The Golden Bottle Trust
Gordon Cook Foundation
Joseph Rowntree Foundation
Legacy Trust UK
The Marketing Trust
Nuffield Trust
Paul Hamlyn Foundation
Pears Foundation
Responsible Gambling Trust
Templeton Foundation
Touchstone Trust
Unbound Philanthropy

We also extend our sincere thanks to those supporters who wish to remain anonymous.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The governing body of the RSA is the Board of Trustees, which comprises up to 12 members and meets six times a year, including an annual 'awayday' to review strategy and performance. Trustees are elected or appointed for a three-year term, and may serve a second three-year term. The Executive Team attends all Board meetings.

Up to five Fellows are directly elected to the Board by the Fellowship, up to two Fellows are elected by the Fellowship Council from amongst their elected numbers and up to five Fellows are appointed by the Board. The four Officers are appointed by the Board subject to the concurrence of Fellows at the AGM. Each new Trustee attends an induction day and is provided with a Trustee Induction Information Pack about the RSA and their responsibilities. Additional training is also provided where appropriate.

The Board has established three committees, each with specific terms of reference and functions delegated by the Board and with a Trustee as Chairman, appointed by the Board: Audit and Risk (which has two external members), Nominations and Remuneration.

The Chief Executive and Chief Operating Officer both attend all the committee meetings. The external auditors attend one meeting a year of the Audit and Risk committee.

The Board decide on the strategy of the RSA, with implementation of strategy and day-to-day operational management delegated by the Board to the Executive Team.

The RSA has two trading subsidiaries, RSA Adelphi Enterprises Limited, which manages the RSA's hospitality operation and RSA Shipley Enterprises Limited, which was established on 3 October 2013 for activities such as consultancy services and sponsorship which contain both public and private benefit. The Board appoints the directors of the two trading subsidiaries and monitors the companies' performance. The directors of the subsidiaries meet as necessary.

Statement of Trustees' responsibilities

The law applicable to charities in England and Wales and Scotland requires the 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 end of the year. In preparing financial statements giving a true and fair view, 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.

Fellowship representation

An important part of the governance of the RSA's relationship with its Fellows is the Fellowship Council. The Fellowship Council comprises 35 elected and five co-opted Fellows to represent the interests of Fellows within the RSA. The 35 elected Fellows include 14 Regional/National Chairs and 14 Fellowship Councillors who are elected by local Fellows in their home regions, and seven 'at large' Fellowship Councillors elected by the whole of the Fellowship to represent particular interests or skills. The Regional/National Chair and the Fellowship Councillor for a region/nation have flexibility to decide on how to develop a team structure that will suit their particular area. The Fellowship Council elects two representatives to the Board of Trustees. The Fellowship Council terms of reference specify that at least one of the representatives would generally be either the Chair or the Deputy Chair of the Fellowship Council.

The RSA really appreciates the huge commitment of time and energy made to the charity by its Fellows and in particular those who have served on the Fellowship Council. During 2013/14, the members of the Fellowship Council have been as set out below.

RSA Regions	Chairs of Region	Councillors of Regions	At Large Councillors (not associated with regions)
East Midlands	Peter Robinson	Ruth Jindal	Jenny Bland
East of England	Malcom Noble	Suzanna Pickering	Charlotte Britton
Ireland	Denis Stewart	Suzanne Lyle (from November 2013) Edel Chadwick (resigned September 2013)	Steve Coles
London	Joyce Arram	Susan Bennett (from March 2014) Roxanne Persaud (resigned December 2013)	John Elliott
North East	Jan Portillo	Bill Gibbon	Andy Gibson
North West	Lilian Barton	Erinma Ochu (from October 2013) Nich Clifford (resigned October 2013)	Clive Harries
Scotland	John Naylor	Tanya Hine (from August 2013) Ann Packard (resigned May 2013)	Seren Page-Bailey
South Central	Tony Hoskins	Bethan Michael	Kathy Seddon
South East	Irene Campbell (Chair)	Mark Hadley	Richard Tyrie
South West	Nicholas Parker	Phillippa Rose (from June 2012) Kath Davies (resigned May 2013)	Ed Whitelaw
Wales	Andrew Board	Wiard Sterk (Deputy Chair)	Edward Whiting (resigned December 2013)
West of England	David Punter	Allan Bosley	Pooran Wyncarczyk
West Midlands	Keith Horsfall	Lorna Prescott (from May 2013) Julia Goodfellow Smith (resigned May 2013)	
Yorkshire	Pam Warhurst	Jackie Goodman	

Risk management

A full risk assessment is undertaken in order to identify the major risks to which we are exposed under the following headings: ARC; Fellowship; Public Profile/Brand; Financial/Operations; Fundraising; Commercial/House; Governance; and Associated Ventures. The risk register summarises potential risks which have been assessed as to their likelihood and potential impact. Controls have been identified to limit each of these risks. The risk register is reviewed regularly by the Audit and Risk Committee.

Statement on public benefit

The Trustees confirm that they have complied with the duty in Section 4 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 object, as laid down in our Charter, is the encouragement of Arts, Manufactures and Commerce through the promotion of both innovation and improvements to contribute to employment and general prosperity and the advancement of education in, the organisation of competitions around, and the encouragement and conduct of research into the sustainable context within which the said Arts, Manufactures and Commerce may prosper and to make such research findings available to the public.

The benefits of our activities are described in this Annual Report, which incorporates our Impact Report, and relate directly to our aims and objectives. Our extensive lectures programme is available to the public free of charge, both through attendance in person and by access in a number of formats through our website; the results of our research are broad ranging and are disseminated free of charge to all interested parties; we offer funding for innovative new projects through our Catalyst fund and encourage innovation and creativity through the RSA Student Design awards, whilst our hands-on projects, such as those in education, drugs recovery and building communities, have direct charitable benefit. The RSA Fellowship is also 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. 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 around 2,500 Fellows abroad, around the world. Benefits are not confined to any particular section of the public and the wider benefits of the Society's activities are intended to include society.

The Trustees confirm that in planning the activities of the RSA they have given careful consideration to the Charity Commission's general guidance on public benefit.

Environmental policy

Trustees regard the minimisation of our impact on the environment as one of our important management tasks. The Society's environmental policy is available on our website (www.thersa.org/about-us/environmental-policy) and our practices described under Sustainability (www.thersa.org/house/sustainability). The key performance indicators for our environmental data are set out below and we update this each year.

	Electricity (KwH)	Gas (KwH)	Water (ltrs)	Total energy carbon emissions (tonnes CO₂)
Energy	837,607	392,316	2,742,000	453.906
% recycled energy	45%	N/A	N/A	
Comparison against 2012/13	-5.7%	-33.4%	-22.4%	-24.3%
	Taxi journeys (mls)	Trains (mls)	Flights (mls)	Total air & road travel carbon emissions (tonnes CO₂)
Travel	1,119 (12.06% hybrid)	138,264	58,135	23.982 (2012 – 25.867)
Comparison against 2012/13	n/a	+76.2%	+2.8%	n/a
	Total m² of building	Per m² (tonnes CO₂ per m²)		Total building carbon emissions (tonnes CO₂)
Building carbon emissions	4,598	0.10393		477.887
	General & kitchen waste	Photocopying & headed paper usage	Glass recycling	
Usage	9,984 bags	642,000 sheets	38,400 ltrs	
% recycled	67%*	100%	100%	
Comparison against 2012/13	+13.6%	-1.9%	+11.1%	

*Balance of waste is converted into green energy

Over the past year we have continued to make some changes to improve the environmental standing of the RSA. The sash windows on the ground floor have now been repaired and insulated to prevent both loss of heat and draughts. LED lighting has been installed in many more locations throughout the building. Smart meters are now in place for gas and electricity which ensure accurate readings are taken by our energy suppliers making monitoring of usage simpler. There is restricted flow on our taps for water use where possible and toilet cisterns are set to short flushes. Our white paper is made from 100% recycled products and staff are encouraged to print to photocopiers rather than printers which is more cost effective and kinder on the environment. Printers are being phased out slowly as we refurbish office space.

During August 2014 we shall be refurbishing part of the second floor office space. Environmental considerations will be made and implemented where possible. We shall continue to review our purchasing policies on a regular basis and to take into account environmental improvements as we

refurbish and maintain the House. We still continue to recycle as much as we can including plastic, paper and glass and all bathroom consumables are made from recycled products.

Our catering partner, Harbour & Jones, pride themselves on sustainability. Last year they established a campaign called Save the Orchards, which aims to not only support traditional British produce and farming methods, but also help our environment and communities.

FINANCIAL REVIEW

Overview

We are reporting a modest surplus on *Net incoming resources before other recognised gains and losses* for the year of £0.1m. This compares with a surplus in 2013 of £0.3m. The surplus of £0.1m is before an unrealised profit on investment assets of £1.2m; the same as in 2013. The resultant *Net movement of funds* is a surplus of £1.3m compared with a surplus of £1.5m last year.

Incoming resources

Total incoming resources increased by £0.3m from £9.4m to £9.7m. The RSA's principal funding sources are its Fellows, trading through RSA House, income generated from a wide range of sources for ARC projects, including grants and sponsorship, fundraising and investment income.

Under *voluntary income*, Fellowship subscription income rose from £3.9m to £4.2m. This was a challenging year and the year closed with a total of 26,077 Fellows. The growth in income came partly from a delay in the receipt of some Fellowship income from March 2013 as a result of the move to a new customer relationship management system. We are confident that the underlying trend is positive with net growth in numbers forecast for 2014/15. Over 80 per cent of Fellows pay their subscriptions under Gift Aid, a very high proportion of those eligible to pay in this way, and a significant element of our Fellowship income.

Voluntary income also benefited this year from a significant legacy from Mrs Muriel Latter, for which we are very grateful. This comprises £0.34m in cash. Whilst unrestricted, the legacy favoured investment in education and we are working on developing suitable opportunities to effectively utilise these funds as Mrs Latter wished.

Under *Activities for generating funds*, RSA Adelphi Enterprises Limited operates all the function spaces within John Adam Street, providing accommodation for business meetings, social events and weddings. The space and sales and marketing function for the hospitality function is managed for us by our catering partner, Harbour & Jones. The outcome for 2013/14 was a major improvement on the previous year: sales increased by 22 per cent from £1.7m to £2.1m and the contribution to the RSA's overheads was £0.5m versus £0.3m for 2012/13. This result marked a return of clients lost during the extended refurbishment of the ground floor and Great Room from December 2011 to July 2012, and a focus on winning new clients and building an excellent reputation. In addition, our new trading company, RSA Shipley Enterprises Limited, which offers consultancy services, achieved sales of £0.1m and a modest profit. The profits of each trading company are given back to the RSA under Gift Aid. External funding for our *Programme of projects* delivered through ARC was a little ahead of last year at £1.8m, reflecting success in fundraising and a number of large new projects. Funds raised for *Lectures and events* fell marginally by £39k (15 per cent). *Investment income* fell by 8 per cent from £0.6m to £0.5m.

Investments

Most of the RSA's funds are invested either in the Society's House in John Adam Street or in securities. During the year, £186k was withdrawn from investment funds to pay for the balance of the refurbishment work on the ground floor and Great Room of the RSA House. This was offset by an increase of £0.5m in the market value of investment funds. The investment managers, Cazenove, are targeted to achieve an ongoing annualised return of 6.5 per cent and with a maximum risk to capital in any one year of 7 per cent.

Investment assets also include £2.6m invested in freehold property which relates to two properties acquired through legacies, located in South West London, which are currently rented out. The valuation of these properties has been reviewed and a combined unrealised gain of £0.7m, arising since valuations in 2011/12, has been recognised.

Resources expended

Total resources expended increased to £9.6m from £9.1m with the increase being mainly within the *Programme of projects* (£0.2m) and *Lectures* (£0.1m), both of which form part of the RSA's charitable activities, and through the higher levels of activity in the hospitality function (£0.1m), which forms part of the *Activities for generating funds*. Charitable expenditure represents 86 per cent of total expenditure (excluding trading operations), in line with the previous year.

The *Cost of generating funds* increased from £3.2m to £3.4m. Net *Voluntary income* fell from £4.0m to £3.9m reflecting the lower level of legacy income this year. Costs within the RSA House rose by £0.1m reflecting the higher level of activity as we benefited from a year without disruption from refurbishment and were able to benefit from the new and more flexible upgraded space. The RSA continues to work with Harbour & Jones, our catering partners since February 2012, to develop the RSA's hospitality business.

Net incoming resources available for charitable application increased from £6.2m to £6.3m (2 per cent) whilst resources expended on our *Charitable activities* increased from £5.9m to £6.2m, reflecting increased expenditure on projects, lectures and fellowship support.

Governance costs remained at £0.2m and include the expenses associated with Trustee Board meetings, the AGM, Trustee elections, maintaining our constitution, external audit and a proportion of core executive management time.

Reserves policy

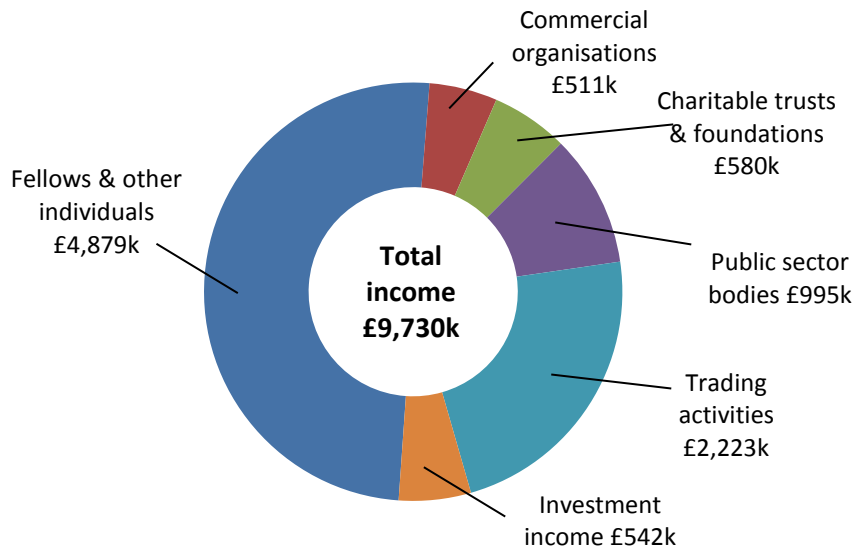
The Trustees have adopted a reserves policy which they consider appropriate, in order to ensure the continuing ability of the RSA to meet its objectives and obligations. Investment returns are required to fund the charitable activities; the policy also seeks to maintain an acceptable ratio between the 'free reserves'¹ and the level of 'unrestricted cash expenditure'². The Trustees created a designated fixed asset reserve to highlight the extent to which unrestricted funds are invested in the property in John Adam Street and other fixed assets and are therefore not available to meet short or medium term funding needs. In addition, this year the Trustees have created a designated legacy reserve of £1.1m 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. This year our unrestricted funds total £13.0m compared to £11.9m last year; of this sum, £7.5m (2013- £7.7m) is the designated fixed asset reserve and £1.1m in the designated legacy reserve, leaving a balance of £4.4m, an increase of £0.2m from £4.2m last year.

The Trustees have reviewed the reserves policy in the light of the current economic environment and guidance from the Charity Commission and have agreed to maintain the target for free reserves at three months' unrestricted cash expenditure. It is believed that three months is a realistic assessment of the time taken to make necessary adjustments should the RSA suffer a major change in its financial position. This year, our cover position is 7.1 months compared with 7.2 months last year. The levelling out in cover largely reflects the revaluation of our investment assets by £1.2m offset by the creation of the designated legacy reserve. The Trustees believe the position is healthy given the current economic uncertainty, but will continue to review the appropriateness of this ratio as the economic and political situation evolves.

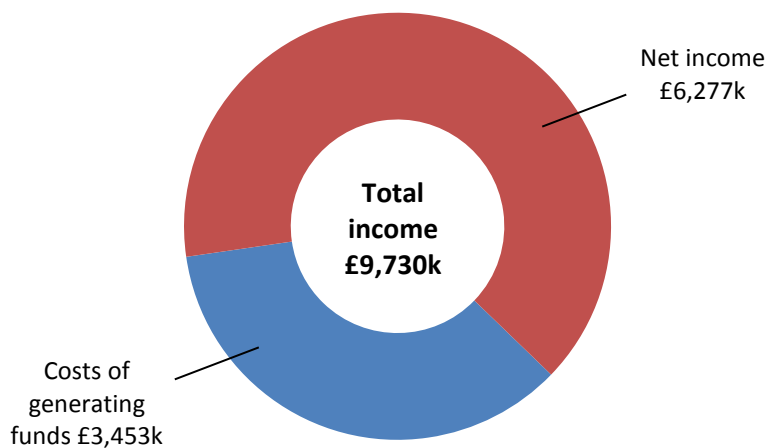
¹ 'Free reserves' are defined as unrestricted funds plus the Vaults appeal fund, plus unexpended Shipley income funds less the tangible fixed assets and the designated legacy reserve.

² 'Unrestricted cash expenditure' represents the operating costs for the year less the charge for depreciation and less the direct costs of catering which would not be incurred if activities ceased.

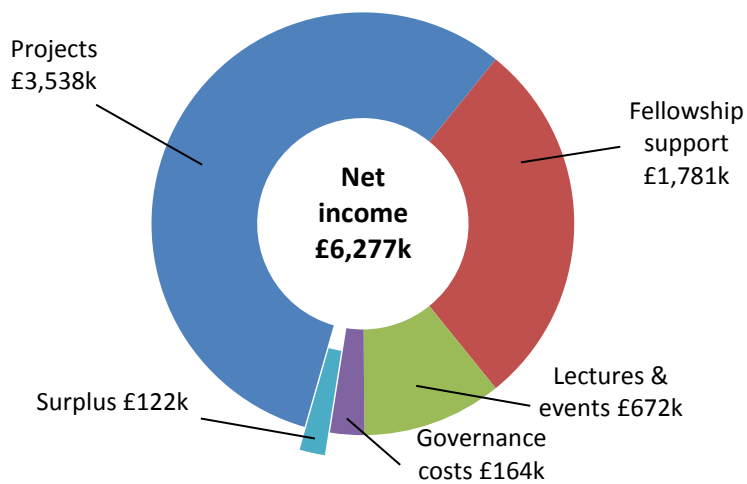
Where our income comes from



Cost of generating income



How we used net income



Independent auditors' report to the Trustees of the RSA (the Royal Society for the Encouragement of Arts, Manufactures and Commerce)

We have audited the consolidated financial statements of the RSA (Royal Society for the Encouragement of Arts, Manufactures and Commerce) for the year ended 31 March 2014 which comprise the consolidated Statement of Financial Activities, the Charity and Group Balance Sheets, the consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with the regulations made under 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 anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement (set out on page 30), the trustees are responsible for the preparation of the financial statements which give a true and fair view.

We have been appointed as auditors 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 under those Acts. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the charity's and group's affairs as at 31 March 2014 and of its incoming resources and application of resources in the year then ended; and
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been properly prepared in accordance with the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Matters on which we are required to 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) require 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
- Sufficient and proper accounting records have not been kept by the parent charity; or
- The financial statements are not in agreement with the parent charity's accounting records and returns; or
- We have not received all the information and explanations we require for our audit.

haysmacintyre
Statutory Auditor

26 Red Lion Square
London
WC1R 4AG

September 2014

haysmacintyre is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Group Statement of Financial Activities for the year ended 31 March 2014

	<i>Notes</i>	<i>Unrestricted Funds £'000</i>	<i>Restricted Funds £'000</i>	<i>Endowment Funds £'000</i>	<i>Total 2014 £'000</i>	<i>Total 2013 £'000</i>
Incoming resources	2					
Incoming resources from generated funds						
Voluntary income						
Fellowship donations		4,225	-	-	4,225	3,923
Other donations & legacies		582	19	-	601	817
Other sources		52	-	-	52	189
Activities for generating funds						
Trading income		2,223	-	-	2,223	1,716
Investment income		135	407	-	542	592
Incoming resources from charitable activities						
Program of projects		-	1,817	-	1,817	1,755
Program of lectures & events		219	-	-	219	258
Regional & network activities		51	-	-	51	91
Other income		-	-	-	-	20
Total incoming resources		7,487	2,243	-	9,730	9,361
Resources expended						
Costs of generating funds	3					
Costs of generating voluntary income						
Fellowship administration		764	-	-	764	696
Fundraising costs		179	-	-	179	162
Other		-	48	-	48	48
Costs of activities for generating funds						
Trading activities		2,441	-	-	2,441	2,245
Investment management costs		9	1	11	21	48
Net incoming resources available for charitable application		4,094	2,194	(11)	6,277	6,162
Program of projects		1,670	1,868	-	3,538	3,324
Program of lectures & events		672	-	-	672	589
Fellowship support		1,781	-	-	1,781	1,744
Governance costs		164	-	-	164	210
Total charitable expenditure		4,287	1,868	-	6,155	5,867
Total resources expended		7,680	1,917	11	9,608	9,066
Net outgoing/(incoming) resources before transfers		(193)	326	(11)	122	295
Gross transfers between funds	6	479	(479)	-	-	-
Net incoming/(outgoing) resources before other recognised gains and losses		286	(153)	(11)	122	295
Other recognised gains and losses						
Gains/(losses) on investment assets	8	825	81	315	1,221	1,175
Net movement of funds		1,111	(72)	304	1,343	1,470
Reconciliation of funds						
Total funds brought forward		11,905	2,466	10,055	24,426	22,956
Total funds carried forward		13,016	2,394	10,359	25,769	24,426

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 2014

	<i>Notes</i>	<i>Group 2014 £'000</i>	<i>Group 2013 £'000</i>	<i>RSA 2014 £'000</i>	<i>RSA 2013 £'000</i>
Fixed assets					
Tangible fixed assets	7	9,252	9,317	9,252	9,317
Investments	8	16,504	15,470	16,504	15,470
		25,756	24,787	25,756	24,787
Current assets					
Debtors	9	1,823	1,191	1,668	996
Short term deposits and cash at bank		1,051	966	832	805
		2,874	2,157	2,500	1,801
Creditors: amounts falling due within one year	10	(1,735)	(1,501)	(1,361)	(1,145)
Net current assets		1,139	656	1,139	656
Total assets less current liabilities		26,895	25,443	26,895	25,443
Creditors: amounts falling due after more than one year					
Deferred life Fellowship income		(1,126)	(1,017)	(1,126)	(1,017)
Total assets less liabilities		25,769	24,426	25,769	24,426
Unrestricted income funds	11	13,016	11,905	13,016	12,205
Restricted income funds	11	2,394	2,466	2,394	2,165
Endowment funds	11	10,359	10,055	10,359	10,056
Total funds		25,769	24,426	25,769	24,426

The Financial Statements were approved by the Board of Trustees on 7th July 2014 and were signed on its behalf by:



Vikki Heywood
Chair



Hanif Virji
Treasurer

The accompanying notes form part of these financial statements.

Group Cash Flow Statement for the year ended 31 March 2014

	<i>2014</i> <i>£'000</i>	<i>2013</i> <i>£'000</i>
Net outgoing/(incoming) resources from operating activities	(89)	83
Returns on investments and servicing of finance	542	592
Capital expenditure and financial investment	(368)	(560)
Increase/(decrease) in cash	85	115

Notes to Group Cash Flow Statement

	<i>2014</i> <i>£'000</i>	<i>2013</i> <i>£'000</i>
Reconciliation of net incoming resources to net cash inflow/(outflow) from operating activities		
Net incoming/(outgoing) resources for the year	122	295
Interest received and income from investments	(542)	(592)
Depreciation charges	620	571
Increase in debtors	(632)	(323)
Increase in creditors	343	132
Net cash inflow/(outflow) from operating activities	(89)	83

Reconciliation of capital expenditure and financial investment

Payments to acquire tangible fixed assets	(555)	(2,347)
Withdrawals from investments	187	1,787
Capital expenditure and financial investment	(368)	(560)

Reconciliation of net cash flow to movement in net funds

Increase in cash in the year	85	115
	966	851
Net funds at 31 March 2014	1,051	966

Analysis of changes in net funds

	<i>1 April</i> <i>2013</i> <i>£'000</i>	<i>Cash</i> <i>Flows</i> <i>£'000</i>	<i>31 March</i> <i>2014</i> <i>£'000</i>
Cash at bank	966	85	1,051
	966	85	1,051

The accompanying notes form part of these financial statements.

Notes to the Financial Statements 31 March 2014

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 Charities Act 2011, applicable accounting standards and under the historical cost accounting rules as modified by the revaluation of certain tangible fixed assets and the inclusion of fixed asset investments at market value; and follow the recommendations of Statement of Recommended Practice: "Accounting and Reporting by Charities" issued in March 2005.

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.

Incoming resources

All incoming resources are accounted for on a receivable basis, with income relating to specific periods apportioned over the accounting periods to which it relates. Fellows' life subscriptions are accounted for over a period of twelve years from receipt. Restricted income is used in accordance with specific restrictions imposed by donors.

Resources expended

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 headcount or floorspace.

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 1919 valuation and are not depreciated. These items are not considered heritage assets as defined in FRS 30.

Freehold premises:	200 years from 1978
Building improvements:	between 10 and 40 years
Furniture and fittings (includes computer equipment):	between 3 and 6.5 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.

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 fixed assets, and a designated legacy reserve to identify legacy receipts where there is an expectation to honour the 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 permanent endowment funds is required to be retained in perpetuity, while the income must be used for restricted charitable purposes. The capital of expendable endowments may be used in specific circumstances, while the income must be used for restricted charitable purposes. The capital element of expendable endowments is adjusted annually to ensure its value remains constant in real terms.

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 accruals or prepayments in the balance sheet.

Notes to the Financial Statements 31 March 2014 continued

2. Incoming resources

2014

	<i>Voluntary Income</i>	<i>Activities for generating funds</i>	<i>Investment income</i>	<i>Program of Projects</i>	<i>Program of Lectures & events</i>	<i>Regional and network activities</i>	<i>Other income</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Fellowship	4,225	-	-	-	-	-	-	4,225
Donations & legacies (individuals)	601	-	-	53	-	-	-	654
Commercial organisations	4	-	-	205	169	-	-	378
Charitable trusts & foundations	-	-	-	530	50	-	-	580
Public sector bodies	-	-	-	995	-	-	-	995
Trading activities	-	2,223	-	-	-	-	-	2,223
Fees income	48	-	-	34	-	51	-	133
Dividends, interest & rent income	-	-	542	-	-	-	-	542
	4,878	2,223	542	1,817	219	51	-	9,730

2013

	<i>Voluntary Income</i>	<i>Activities for generating funds</i>	<i>Investment income</i>	<i>Program of Projects</i>	<i>Program of Lectures & events</i>	<i>Regional and network activities</i>	<i>Other income</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>2,392</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Fellowship	3,923	-	-	-	-	-	-	3,923
Donations & legacies (individuals)	817	-	-	17	-	-	-	834
Commercial organisations	133	-	-	411	195	3	-	742
Charitable trusts & foundations	-	-	-	301	31	-	-	332
Public sector bodies	-	-	-	913	32	-	-	945
Trading activities	-	1,716	-	-	-	-	-	1,716
Fees income	56	-	-	113	-	88	-	257
Dividends, interest & rent income	-	-	592	-	-	-	-	592
Other sources	-	-	-	-	-	-	20	20
	4,929	1,716	592	1,755	258	91	20	9,361

Voluntary income includes Fellowship dues, unrestricted donations and legacies, fee income generated by the CEO, Journal and library.

Activities for generating funds comprises the income generated by the hire of conference rooms and provision of catering services, and from 2014, consultancy services provided by RSA Shipley Enterprises Limited.

Programs of projects and lectures & 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 RSA Regional Committees.

Any reclassifications made for 2014 have similarly been applied to the prior year comparative.

Notes to the Financial Statements 31 March 2014

3. Resources expended

	<i>Direct costs - Staff Cost</i>	<i>Direct costs - Other</i>	<i>Apportioned support costs</i>	<i>2014 Total</i>	<i>2013 Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Costs of generating voluntary income:					
Fellowship administration	349	100	315	764	696
Fundraising costs	46	56	77	179	162
Other		48		48	48
Cost of activities for generating funds	1,021	518	902	2,441	2,245
Investment management fees		21		21	48
Charitable activities:					
Program of Projects	1,610	864	1,064	3,538	3,324
Program of Lectures & events	218	159	295	672	589
Fellowship support	590	634	557	1,781	1,744
Governance Costs	73	91	-	164	210
	3,907	2,491	3,210	9,608	9,066

Direct costs are allocated to categories of activity as follows:

Cost of Generating Voluntary income comprises the cost of recruiting to and administering our Fellowship and unrestricted fundraising.

Cost of activities for generating funds comprises the costs associated with the hire of conference rooms and the provision of catering services.

Investment management costs comprises fees charged investment managers.

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

Fellowship support comprises the costs of the Journal, Library, Fellowship Networks and the costs incurred by our regional committees.

Governance costs include the expenses associated with Trustee Board meetings, Trustee elections, maintaining our constitution, external audit and a proportion of core executive management time. The external audit fee was £28,950 (2013 £24,650). Fees paid to the auditors for non audit services were £2,772 (2013 £4,549).

Any reclassifications made for 2014 have similarly been applied to the prior year comparative.

Where expenditure cannot be directly allocated it represents support costs (see note 4) and is apportioned on a basis consistent with the use of resources, for example headcount or floor space.

Resources expended exclude the value of work contributed by Fellows to the activities of the RSA.

Analysis of Allocated Costs

	<i>Fellowship administration</i>	<i>Fund raising costs</i>	<i>Cost of activities for generating funds</i>	<i>Program of projects</i>	<i>Program of Lectures & events</i>	<i>Fellowship support</i>	<i>2014 Total</i>	<i>2013 Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Establishment & Depreciation	125	16	665	413	91	232	1,542	1,471
Executive Management	41	11	37	121	58	83	351	328
Finance	31	3	37	102	18	39	230	211
Human Resources	17	2	21	57	10	22	129	121
Information Technology	92	5	55	152	27	81	412	369
External communications	9	40	87	219	90	101	546	520
2014 total	315	77	902	1,064	294	558	3,210	3,020
2013 total	270	76	866	1,004	274	530	3,020	

Notes to the Financial Statements 31 March 2014 continued

5. 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 4 (2013 - 4) Trustees amounted to £5,519 (2013 £8,660). Charitable funds have been used to buy indemnity insurance for Trustees at a cost of £8,056 (2013 £8,056).

Staff

The average number of staff employed during the year on a full time equivalent basis was 94 (2013 - 94). This was split across the organisation as follows:

	2014	2013
Cost of generating voluntary income	11	10
Cost of activities for generating funds *	-	9
Program of projects	33	29
Program of Lectures & events	6	5
Fellowship support	13	11
Governance	1	1
Support departments	30	29
	94	94

* Adelphi trading activities are now fully outsourced, with no staff directly employed by RSA

	2014	2013
	£'000	£'000
The cost of these individuals was as follows:		
Salaries	3,468	3,394
Employer's National Insurance contributions	372	349
Pension contributions	244	240
	4,084	3,983

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

	2014	2013
£60,001 to £70,000	2	3
£70,001 to £80,000	1	4
£80,001 to £90,000	3	2
£120,001 to £130,000	1	1

The number of higher paid employees accruing pension benefits was:

	2014	2013
a) Defined contributions scheme		
- group personal pension	6	9

The total contributions paid by the RSA into the defined contribution scheme for higher paid employees was £50,956 (2013: £65,199).

6. Transfers between funds

	Unrestricted	Restricted	Endowment	Total	Total
	Funds	Funds	Funds	2014	2013
	£'000	£'000	£'000	£'000	£'000
Program of projects	(51)	51	-	-	-
Funding of general RSA Program from Shipley restricted income fund	530	(530)	-	-	-
	479	(479)	-	-	-

Program of projects - Transfers from unrestricted funds to support Program of projects for those projects where external income has not been sufficient to fully fund the project.

Notes to the Financial Statements 31 March 2014 continued

7. 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					
At 1 April 2013	4,304	8,882	3,531	33	16,750
Transfers	-	-	-	-	-
Additions	-	188	367	-	555
Disposals	-	-	-	-	-
At 31 March 2014	4,304	9,070	3,898	33	17,305
Depreciation					
At 1 April 2013	676	3,878	2,879	-	7,433
Charge for the year	22	333	265	-	620
Disposals	-	-	-	-	-
At 31 March 2014	698	4,211	3,144	-	8,053
Net book values					
At 31 March 2014	3,606	4,859	754	33	9,252
At 1 April 2013	3,628	5,004	652	33	9,317

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 '8 John Adam Street' and 'The 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. The trustees do not consider it practicable nor useful to undergo periodic valuations of the premises which would involve considerable expense for no obvious benefit to the charity. 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 their 1919 valuation and are not depreciated.

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>2014 Total</i>	<i>2013 Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
UK	1,761	1,184	7,366	10,311	10,328
Overseas	235	136	840	1,211	928
Alternative investments	324	216	1,338	1,878	1,651
Freehold property	1,996	87	534	2,617	1,889
Bank deposits	64	142	281	487	674
	4,380	1,765	10,359	16,504	15,470

Freehold property includes two London properties owned directly and rented out, both acquired through legacies, both are in South West London. One was valued in June 2014 at £1,375,000 (2013 £700,000, an unrealised gain of £675,000 recognised in the year, the previous valuation was in March 2010), the second is included at the October 2013 Valuation of £495,000 (2013 £430,000 based on February 2012 valuation, an unrealised gain of £65,000).

Analysis of movement of investment assets

Investments at 1 April 2013	3,594	1,821	10,055	15,470	16,083
Net (withdrawals)/additions	(39)	(137)	(11)	(187)	(1,788)
Revaluation gain/(loss)	825	81	315	1,221	1,175
Investments at 31 March 2014	4,380	1,765	10,359	16,504	15,470

Notes to the Financial Statements 31 March 2014 continued

9. Debtors

	<i>Group</i> <i>2014</i> <i>£'000</i>	<i>Group</i> <i>2013</i> <i>£'000</i>	<i>RSA</i> <i>2014</i> <i>£'000</i>	<i>RSA</i> <i>2013</i> <i>£'000</i>
Trade debtors	664	691	354	564
Prepayments and accrued income	1,131	499	1,300	369
Other debtors	28	1	14	(15)
Subsidiary Debtor	-	-	-	78
	1,823	1,191	1,668	996

10. Creditors: amounts falling due within one year

	<i>Group</i> <i>2014</i> <i>£'000</i>	<i>Group</i> <i>2013</i> <i>£'000</i>	<i>RSA</i> <i>2014</i> <i>£'000</i>	<i>RSA</i> <i>2013</i> <i>£'000</i>
Trade creditors	526	270	524	261
Accruals	435	231	298	164
Project deferred income	405	606	405	606
Other creditors	163	166	134	140
RSA Hospitality income received in advance	192	228	-	-
RSA Consultancy income received in advance	14	-	-	-
	1,735	1,501	1,361	1,171

Project deferred income relates to continuing work or to activities due to be undertaken in the coming year. The project deferred income which was brought forward from the previous year has been released in the current year.

11. Funds

a) Unrestricted funds - movements in year

	<i>Balance</i>	<i>Income</i>	<i>Expended</i>	<i>Gain/(loss)</i>	<i>Transfers</i>	<i>Balance</i>
	<i>1 April 2013</i>					<i>31 March 2014</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Designated fixed asset reserve	7,679	-	(188)	-	-	7,491
Designated legacy reserve	-	428	(47)	65	609	1,055
General reserve	4,226	7,059	(7,445)	760	(130)	4,470
	11,905	7,487	(7,680)	825	479	13,016

b) Restricted income funds - movements in year

The restricted program of projects fund includes the following restricted income which has been received in the course of the financial year:

Big Lottery Fund £73315 (2013- £104,407)

The Shipley fund is an expendable endowment, the income from 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 Dick Onians Creativity fund is made up from restricted donations given for specific grants. The net fund balance of £19,000 is invested in a cash deposit account.

The other endowment funds relate to a number of trusts set up by individual donors in support of specific purposes such as named lectures, preservation of historic buildings, awards to artists and student designers etc.

Notes to the Financial Statements 31 March 2014 continued

11. Funds (continued)

b) Restricted income funds - movements in year (continued)

	<i>Balance</i> <i>1 April 2013</i> <i>£'000</i>	<i>Income</i> <i>£'000</i>	<i>Expended</i> <i>£'000</i>	<i>Gain/(loss)</i> <i>£'000</i>	<i>Transfers</i>	<i>Balance</i> <i>31 March 2014</i> <i>£'000</i>
Program of Projects	-	1,817	(1,868)	-	51	-
Shipleigh Fund	1,637	374	-	78	(530)	1,559
Vaults appeal Fund	583	-	(48)	-	-	535
<u>Individual Trusts greater than £5,000:</u>						
Sir John Stratton Scholarship	34	2	-	-	-	36
Arts Congress / Fidelity Trust	28	1	-	1	-	30
Transitions Project	26	-	-	-	-	26
Edward Boyle Fund	21	3	-	-	-	24
Dick Onians Creativity Fund	19	-	-	-	-	19
Lord Bossom Trust	20	2	-	-	-	22
Betro Trust	18	1	-	-	-	19
Edward Squires Fund	14	3	-	-	-	17
2013 Student Fund appeal	14	19	-	-	-	33
Reflection Riding Fund	13	1	-	-	-	14
Dick Onians Lecture Trust	8	1	-	-	-	9
Thomas Howard Trust	6	-	-	-	-	6
James Cranstoun Bequest	1	11	-	-	-	12
Trusts under £5k	24	8	(1)	2	-	33
	2,466	2,243	(1,917)	81	(479)	2,394

c) Endowment funds trusts settled for specific purposes - movements in year

	<i>Balance</i> <i>1 April 2013</i> <i>£'000</i>	<i>Income</i> <i>£'000</i>	<i>Expended</i> <i>£'000</i>	<i>Gain/(loss)</i> <i>£'000</i>	<i>Transfers</i> <i>£'000</i>	<i>Balance</i> <i>31 March 2014</i> <i>£'000</i>
Shipleigh expendable endowment	9,345	-	(11)	299	-	9,633
<u>Individual Trusts greater than £10,000:</u>						
James Cranstoun Bequest	282	-	-	6	-	288
Edward Squires Fund	76	-	-	2	-	78
Edward Boyle Fund	56	-	-	1	-	57
Angus Millar Trust	44	-	-	1	-	45
Sir John Stratton Scholarship	29	-	-	1	-	30
Dick Onians Lecture Trust	26	-	-	1	-	27
Lord Bossom Trust	26	-	-	1	-	27
Alfred Davies Bequest	14	-	-	-	-	14
Arts Congress / Fidelity Trust	11	-	-	-	-	11
R B Bennett Comm Prize	11	-	-	-	-	11
F Constable Lecture Fund	10	-	-	-	-	10
Joseph Paxton Memorial Fund	10	-	-	-	-	10
Sum of trusts less than £10k	115	-	-	3	-	118
	10,055	-	(11)	315	-	10,359

Notes to the Financial Statements 31 March 2014 continued

d) Total funds	<i>Balance 1 April 2013 £'000</i>	<i>Income £'000</i>	<i>Expended £'000</i>	<i>Gain/(loss) £'000</i>	<i>Transfers £'000</i>	<i>Balance 31 March 2014 £'000</i>
Unrestricted Funds						
Designated fixed asset reserve	7,679	-	(188)	-	-	7,491
Designated legacy reserve	-	428	(47)	65	609	1,055
General reserve	4,226	7,059	(7,445)	760	(130)	4,470
	<u>11,905</u>	<u>7,486</u>	<u>(7,680)</u>	<u>825</u>	<u>479</u>	<u>13,016</u>
Restricted income funds	2,466	2,243	(1,917)	81	(479)	2,394
Endowment Funds						
Expendable	9,345	-	(11)	299	-	9,633
Permanent	710	-	-	16	-	726
Total funds	<u>24,426</u>	<u>9,730</u>	<u>(9,608)</u>	<u>1,221</u>	<u>-</u>	<u>25,769</u>

e) Analysis of group net assets between funds	<i>Fixed assets £'000</i>	<i>Investments £'000</i>	<i>Current assets £'000</i>	<i>Liabilities £'000</i>	<i>Fund balances £'000</i>
Unrestricted Funds					
Designated fixed asset reserve	7,491	-	-	-	7,491
Designated legacy reserve*	-	1,055	-	-	1,055
General reserve	1,225	3,325	2,780	(2,861)	4,469
	<u>8,716</u>	<u>4,380</u>	<u>2,780</u>	<u>(2,861)</u>	<u>13,015</u>
Restricted income funds	535	1,765	94	-	2,394
Endowment Funds					
Expendable	-	9,633	-	-	9,633
Permanent	-	726	-	-	726
Total funds	<u>9,252</u>	<u>16,504</u>	<u>2,874</u>	<u>(2,861)</u>	<u>25,769</u>

* The trustees agreed to create a designated legacy fund to include legacies which, whilst technically unrestricted, were received with indications as to how the donor would prefer the funds to be utilised. The designated fund includes an amount £768k received as a legacy from Miss Patricia Tindale, net of £82k expenditure, plus investment gains of £65k, and a legacy of £334k received from Mrs Muriel Latter, less related legal fees.

12. Pension schemes

The Consolidated Statement of Financial Activities includes contributions by the charity to the Group Personal Pension scheme of £244k (2013: £240k)

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.

Notes to the Financial Statements 31 March 2014 continued

14. Related parties

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

RSA Opening Minds (RSAOM) was a separate company limited by guarantee which was considered related due to the involvement of the RSA in its governance. The trustees of the RSA did not consider it to be controlled by the RSA. RSAOM never traded, and the company was dissolved in August 2013.

15. Subsidiary undertakings

a) RSA Adelphi Enterprises Limited

The company principally operates a hospitality business within the RSA House. It also undertakes any other activity regarded as 'trading'. It is a wholly owned subsidiary and is incorporated in England and Wales. One member of the RSA Trustee Board sits on the board of directors but is 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	2014	2013
	£'000	£'000
Turnover	2,284	1,864
Cost of sales	(1,640)	(1,090)
Gross profit	644	774
Other expenses	(542)	(716)
Net profit	102	58
Bank interest	0	1
Profit for the year transferred by Gift Aid to RSA	(102)	(58)
Profit	-	-

ii) Summary of balance sheet for RSA Adelphi Enterprises Ltd	2014	2013
	£'000	£'000
Current Assets:		
Stocks	13	15
Debtors	277	258
Cash	219	161
	509	434
Creditors:		
Creditors	149	128
Advance deposit receipts	192	228
Owed to parent	168	78
	509	434
Net assets/Share capital	-	-

Notes to the Financial Statements 31 March 2014 continued

b) RSA Shipley Enterprises Limited

The company principally operates a consultancy business within the RSA House. It also undertakes 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 they round down to £0k.

i) Summary of profit and loss account for RSA Shipley Enterprises Limited

	2014
	£'000
Turnover	127
Cost of sales	<u>(81)</u>
Gross profit	46
Other expenses	<u>(33)</u>
Net profit	13
Profit for the year transferred by Gift Aid to RSA	<u>(13)</u>
Profit	<u><u>-</u></u>

ii) Summary of balance sheet for RSA Shipley Enterprises Ltd

	2014
	£'000
<u>Current Assets:</u>	
Stocks	-
Debtors	121
Cash	<u>-</u>
	121
<u>Creditors:</u>	
Creditors	38
Advance deposit receipts	14
Owed to parent	<u>69</u>
	121
	<u><u>-</u></u>

Net assets/Share capital

c) Reconciliation of subsidiary results to group reporting

	2014	2013
	£'000	£'000
<u>Group Reporting:</u>		
Incoming Resources from Activities for generating funds (as per note 2)	2,223	1,716
Cost of activities for generating funds - direct costs (as per note 3)	<u>(1,539)</u>	<u>(1,379)</u>
Contribution to RSA overheads	684	337
Cost of activities for generating funds - Support costs (as per note 4)	<u>(902)</u>	<u>(866)</u>
As reported in RSA Financial Statements	(218)	(529)
Add back support costs apportioned to activity for group reporting purposes	902	866
Add back direct costs incurred by parent allocated to activity for group reporting	<u>(35)</u>	437
Add back intercompany charges eliminated upon group reporting consolidation	<u>(534)</u>	<u>(716)</u>
	<u>115</u>	<u>58</u>
RSA Adelphi/Shipley Enterprises reported profit	115	58

16. Parent charity result

	2014	2013
	£'000	£'000
Incoming resources	7,508	7,629
Resources expended	<u>(7,500)</u>	<u>(7,392)</u>
Gift Aid income	115	58
Net incoming resources before other recognised gains	123	295
Other recognised gains	<u>1,221</u>	<u>1,175</u>
Net movement of funds	1,342	1,470