



IMPACT REPORT 2016

Including Trustees' Annual Report &
Financial Statements for the year ended
31 March 2016

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ADMINISTRATION

Patron

Her Majesty The Queen

President

Her Royal Highness The Princess Royal

Trustees

Vikki Heywood, CBE (Chairman)
Dr Suzy Walton (Deputy Chairman)
Sarah Ebanja (Treasurer)
Stephen Gleadle (Treasurer appointed October 2015)
Hanif Virji (Treasurer until October 2015)
Tony Cohen
Jackie Elliman
Peter Fell
Clive Grinyer
Keith Read, CBE
Keith Horsfall
Irene Campbell
Don Pinchbeck (resigned February 2016)

Constitution

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

The RSA is also registered in Scotland – Registration Number SC037784

Auditors

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Bankers

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Executive team

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Carol Jackson (Chief Operating Officer)
Nina Bolognesi (Director of External Affairs)
Oliver Reichardt (Director of Fellowship)
Rowan Conway (Interim Director of Research and Innovation)
Anthony Painter (Interim Director of Policy and Strategy – appointed September 2015)

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Surveyors and property consultants

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Investment managers

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CHAIRMAN'S STATEMENT

I remain delighted to be Chairman of the RSA because I believe it is exactly the kind of organisation the twenty-first century needs; namely one that can play a positive role in addressing some of the most complex challenges of our times.

In my statement last year, I wrote that our unique organisational form of Fellowship ensures we have the capacity to mobilise to achieve world impact. In addition, our broad mandate and independence provides a unique platform that enables our projects and programmes to deliver new ways of thinking, unlocking human creativity and influencing policy and behavior.

In a year of real achievement for the RSA, three projects in particular epitomise this approach.

Our Heritage, Identity and Place project in collaboration with the Heritage Lottery Fund wove together local knowledge and research to create a major, data-rich Heritage Index. This sparked a national conversation about the importance of place, with panel events in London, Greater Manchester, Bristol and Dundee, and led to the creation of a network of RSA Fellow heritage ambassadors across the country. Engagement by our Fellows was integral to the impact of this project and amongst many other acknowledgements the draft report was referenced in the Culture White Paper by Ed Vaizey, Minister of State at the Department for Culture, Media, and Sport.

It is widely accepted that our school system puts insufficient emphasis on harnessing our creativity, both in terms of children's capabilities and teachers' skills. Our approach, in our family of RSA Academy Schools, addresses this challenge and combines popular content, new thinking, innovative practice and the development of a network of school-based education innovators. The RSA Performing Arts Hub is a three year project aiming to improve pupil outcomes, teacher professional development, and cultural learning provision, through partnerships between the RSA Academies and performing arts organisations, such as the RSC and Birmingham REP. RSA Fellowship engagement continues to provide considerable support and insights into this vital area of our work.

Thirdly, after a year-long study, we published an entirely new model of how a Basic Income – an unconditional weekly allowance paid to every UK citizen – could better support people than the current complex system of tax and benefits. The core proposition underpinning the RSA's advocacy is that economic security is intrinsic to individual creativity. As a result of the research, the RSA is now firmly at the center of an ongoing global debate on a universal Basic Income. Our research was referred to in a parliamentary motion favouring a Basic Income pilot and we are receiving widespread international coverage, strengthening our network, our brand and our impact as a result. RSA Fellows in Scotland took Basic Income as the theme for the annual Angus Millar Lecture – a large audience gathered to hear Professor Guy Standing and RSA's Anthony Painter explore the topic, with a roundtable of invited attendees subsequently discussing what opportunities exist for taking this forward in Scotland.

More broadly, our research work has been extensively covered throughout the media, with frequent mentions in national broadsheets and regional press. The RSA's online presence continues to expand as we innovate our approach across social media, giving our research and ideas an ever deeper and wider reach. As one example, our sector-leading YouTube channel reached 527,717 subscribers this year.

Our impact as an organisation benefits in no small part from our Fellowship. I am pleased to report that the previous 12 months saw the largest increase in Fellows on record, with numbers fast approaching 28,000.

I want to end by extending my personal thanks to my fellow trustees and especially to Tony Cohen, Don Pinchbeck and Hanif Virji, who have left the Board during the last 12 months.

Vikki Heywood CBE

Chairman of the RSA

CHIEF EXECUTIVE'S INTRODUCTION

The RSA's 21st century enlightenment goal is to contribute to all people being able to lead lives of creativity and fulfilment. We do this principally through research and innovation, by being a platform for great ideas and through engaging deeply with our 27,700 Fellows.

In pursuit of our charitable mission the society can boast some important achievements in 2015/16. Among the highlights:

- It was our best ever year for Fellowship recruitment and engagement
- We successfully completed influential multi-year reports on drugs and alcohol recovery, on social networks and deprived communities and on the circular economy
- We held important conferences on the makers' movement and cities of learning
- We announced and resourced a major new initiative on economic literacy and citizen participation

This was in addition to continuing to increase the output of our research team, the best ever year for the RSA Student Design Awards, increasing our already sector-leading on-line presence, growing our family of Academy schools and making significant progress with our global ambitions.

Yet 2015/16 also had the feel of a transitional year. Rumbling like a drumbeat through the year has been our process of strategic renewal. The goals of that process are to increase our impact, to better align our work and to marshal more effectively our unique organisational resources behind new models of change.

In this challenging but rewarding process – which is in essence about being the most effective organisation we can be – one event stands out, a staff meeting towards the end of 2015. At the meeting a senior researcher from our ARC (action and research centre) and an engagement manager from our Fellowship team reported on our partnership with the Heritage Lottery Fund (mentioned by the chairman in her Introduction) – a project on heritage and place. In their presentation, Jonathan from ARC and Joanna from Fellowship brought to life the idea that the RSA can combine its assets to achieve great results. We were no longer talking about an aspiration but seeing what it could mean in practice.

More and more of our work now seeks this 'triple play' combining research and innovation, events and on-line content and innovative forms of Fellowship engagement. Together this represents a model of change which we are calling emergent impact, an approach which combines the patient, detailed and conceptually rich work of system thinking with the dynamic, adaptive approach of the social entrepreneur. With a number of important new projects starting out at the RSA, including our Inclusive Growth Commission and the Citizens' Economic Council, I am confident that by this time next year we will have many examples of emergent impact to describe and analyse.

As the RSA continues to combine high performance, strong project work and the continuous attempt to maximise our impact I am, as always, deeply grateful for the support of colleagues and Trustees (including those who moved on in 15/16) our partners and most of all, our fantastic Fellows.

Special personal thanks are reserved for the RSA chairman Vikki Heywood who has managed as always to combine unwavering support with an ability to ask the hard questions when they need to be heard.

Matthew Taylor

Chief Executive

ABOUT US AND OUR MISSION

The RSA (Royal Society for the encouragement of Arts, Manufactures and Commerce) mission is to enrich society through ideas and action. We believe that all human beings have the capacity for creativity which can be mobilised to deliver a better future for all. We call this a 21st century enlightenment.

Our History

The Royal Society for the encouragement of Arts, Manufactures and Commerce (RSA) was founded in 1754 as the Society for the encouragement of Arts, Manufacture and Commerce, it was granted a Royal Charter in 1847, and the right to use the term Royal in its name by King Edward VII in 1908.

Amendments to our charitable objectives to more accurately reflect current societal and economic challenges were agreed by RSA Fellows at the RSA's AGM on 6 October 2015 and then approved by the Privy Council. Our updated charitable objectives are:

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

The RSA was founded by Williams Shipley, a skilled artist, social reformer and inventor who hoped that the RSA would become a centre for intellectual advancements in the areas of arts and sciences. This was based on the idea of using 'premiums' to support improvements in the liberal arts and sciences, and to stimulate enterprise and innovation for the common good. In the 260 years since our foundation we have applied our mission to challenges and causes as diverse as agricultural innovation, public safety and sanitation, the education of girls, vocational skills and environmental conservation and corporate governance.

Throughout its history the RSA has adapted to the changing climate and new challenges. Through our modern programme of events, research, innovation and Fellowship engagement the RSA continues to create networks and opportunities for people to have the freedom and power to turn their ideas into reality - we call this the Power to Create. We believe that the 21st century is presenting us with challenges of increasing scale and complexity. However, even though creativity is in ever-greater demand, a vast resource of creative potential remains untapped. We believe that this potential can be released through new ideas, new forms of leadership, and new institutions that champion individual and collaborative creativity.

How we engage

The RSA combines a global platform for ideas, a wide-ranging and innovative research and action team, and an international Fellowship of nearly 28,000 social innovators. Together these elements – ideas, networks, and knowledge dissemination – combine with the RSA's heritage and independence to provide a powerful platform for change.

We engage in the following ways through:

- Innovation: the Action and Research Centre is an ideas, research (including through practice), and methods-led innovator.
- Dissemination: the events and digital platforms foster wide dissemination of knowledge and ideas.
- Acceleration: one aspect of the Fellowship is to act as a civic network of social change initiators and accelerators (including our Catalyst programme and local initiatives).

Our Areas of Work

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

- Creative Learning & Development
- Public Services & Communities
- Economy, Enterprise & Manufacturing

Cross-Cutting Competencies

The RSA has also developed a set of cross-cutting competencies that we aim to apply creatively across our work. These include skills in organisational change, as well as expertise in design, culture, creativity and behaviour change.

CREATIVE LEARNING & DEVELOPMENT

“To close the creativity gap: leading an approach to learning & development that enables everyone regardless of background to generate original, valuable ideas and make them happen.”

The RSA has throughout its history been at the forefront of learning and development realising that the Arts, Manufacturing and Commerce require skilled individuals to flourish. The Society became the first organisation to offer vocational qualifications on a national basis.

Today growing complexity and unpredictability mean our economy and society demand ever greater creativity from workers and citizens. Differing levels of confidence, inequalities of wealth and varying skills mean not all individuals are equally able to meet this challenge. We call this the 'creativity gap'. We are convinced that people of every age can learn to develop their creative capacities both as a means to help raise educational attainment and broader outcomes and as an important end in itself.

Through our programme of research and innovation, we aim to transform public, professional and political understanding and attitudes, so that families, schools, workplaces and other learning institutions prioritise and generate creative capacities. . To achieve this we ensure all our programmes relate to one or more of the following outcomes:

- Creative learners
- Creative educators
- Innovative institutions & systems

Key Projects and Impact Achieved:

RSA Academies

The RSA's partnership with RSA Academies is a key part of our programme.

Established as an independent charity in 2011, RSAA is a growing family of schools for pupils of all ages. Its mission is to provide an inspirational and creative education for all pupils which relates their learning to the wider world and provides experiences that broaden horizons, enabling them to develop the skills needed for success and personal fulfilment. To achieve this, we aim to help develop creative, resourceful teachers that provide challenging and stimulating teaching. Working with the RSA offers schools opportunities to participate in research and innovation, access networks that bring benefits to pupils and teachers, and increase profile and influence.

Activities relating to our five objectives (below) include the following:

Excellence in learning – An externally led peer-review has provided useful feedback and strengthened CPD for those involved in the process. This included identifying key strengths in areas such as work to support vulnerable pupils, and feedback that the schools correctly self-assess their teaching and learning, and leadership and management, as outstanding.

Pupils who are creative and turn their ideas into action – The schools have strong links with the RSA's Royal Designers for Industry and this year pioneered a project with the Helen Storey Foundation called Catalytic Teaching and Learning. This project saw artefacts from Helen's climate change-themed collection provoking many responses from schools, including an orchestra of recycled instruments, three films, and student-led assemblies.

The Children's Commissioner gave us a gold award for our 2015 Takeover Day, 65 students visited the RSA for workshops and a Dragons' Den-style judging competition focused on leadership and creativity. This resulted in the RSA Academy in Tipton creating a multi-faith museum.

The development of skills and networks for the future – We created opportunities for 16 students to engage with a variety of initiatives including the Pathways to Law programme. The RSA Academies Alumni Network was established with 200 former students becoming members.

All schools have continued with the Broadening Horizons mentoring programme, which is one of many ways in which RSA Fellows engage with the schools. We also had a partnership with Warwick University which included a joint lecture on recruitment challenges within the teaching profession.

Creative, resourceful teachers providing challenging and stimulating teaching – We carried out our first teacher questionnaire with all schools in the RSA Family in December 2015. 99% of teachers said they were passionate about their jobs and 78% feel empowered to try new approaches in the classroom.

The RSA Academies Teaching School Alliance was also formally launched in September at Ikon Gallery in Birmingham and has focused on recruiting its first cohort of trainee teachers for the academic year 2016/7.

Increased impact, locally and nationally – During 2015/16 the number of schools grew from five to seven as we welcomed Abbeywood First School and Church Hill Middle School in Redditch. There is now an all-through education offer across the RSA Family in the West Midlands from ages 3 to 18. Our plans for 2016/17 include growing the number of schools, developing a series of school 'commitments' relating to RSA strategic objectives, and extending our profile nationally.

RSA Academies' Performing Arts Hub

This is a three year project which aims to improve pupil outcomes, teacher professional development, and cultural learning provision through partnerships between the RSA academies and performing arts organisations. Schools have engaged with the RSC and Birmingham REP amongst others, co-designing integrated activity for students and CPD for teachers. Part-funded through a legacy donation, we have sourced match funding from the Arts Council and charitable trusts.

Pupil Design Awards

The RSA Pupil Design Awards ran for its second year in 2015/6 within five RSA Academies. We engaged with over 200 pupils, encouraging them to use design to solve real life problems by responding to one of three briefs. Pupils were mentored by previous RSA Student Design Award winners and submissions were judged by a panel including the Royal Designers for Industry. This project connects with a wider focus on design that includes working with our Academies to make best use of new digital manufacturing processes, creating a module in design thinking for student teachers, and developing longer term thinking on the future of design and technology in schools.

Beyond the School Gates: Developing the Roles and Connections of Supplementary Schools

In 2015, we led our second RSA Investigate-Ed to explore how supplementary schools can best help to improve outcomes for black and ethnic minority young people, supported by the Paul Hamlyn Foundation. The project enabled the RSA to engage with a diverse new group of practitioners and academics. Following two seminars, we conducted focus groups with supplementary schools' teachers. Following the report's launch, the RSAA teaching school alliance has enabled supplementary schools in the West Midlands to access their training opportunities. We are now in conversations with IntoUniversity to take forward our recommendations concerning higher education, and will continue to advocate for our eight policy recommendations.

Possibility Thinking in FE & Skills

At a time of significant change to skills policies, this project was designed as a provocation to the FE and skills sector to develop longer term 'what if' thinking about its future. In partnership with the Further Education Trust for Leadership, we convened summits for sector leaders in Glasgow, Manchester, and London, consulting with over 100 college principals and other stakeholders. An edited collection of commissioned essays, all offering challenges to current practice and outlining possibilities for new approaches, will be published at a lecture in June 2016.

Creative Public Leadership

In partnership with the World Innovation Summit for Education ((WISE), we explored how school systems around the world can create conditions for successful innovation that transform outcomes for all learners. Following interviews with 30 expert leaders and workshops in London, Qatar, and New Zealand, our report was launched at an RSA lecture in March.

We also saw the publication of the RSA's Power to Create in Schools pamphlet, including 12 design principles, which has been well-received and downloaded and disseminated widely.

Finally, for the first time ever in 2015, the RSA's education programme moved beyond the UK. In addition to our work with WISE (see above), we also produced a report on the social mission of international schools, spoke at several international events, and developed new collaborations with a number of non-UK partners. Although global relationship-building takes time, we have shown that the RSA's history, mission, and models of engagement can resonate globally, and that this work enriches and informs our UK-focused work. We are on track to meet our target for 25% of our programme to be internationally focused by 2017.

Objectives for 2016/17:

Our detailed objectives for 2016/17 are set out below. In addition, we will also explore how the creativity gap can be closed for post-16 learners. We will also continue to work on our programme with the RSA Academies, reaping the benefits of their practical involvement in our research and ideas.

Creative Learners:

RSA Pupil Design Awards: We are now seeking partners to open this competition to all schools in the West Midlands during 2016/17 before expanding across the UK and internationally. **RSA Academies' Performing Arts Hub:** Among several new programmes, 2016 will see an in-depth trial of CPD to integrate drama pedagogies to improve writing attainment at KS2, with over 40 teachers and 1200 children participating. An inquiry will seek to understand how arts and cultural engagement might help schools to develop a sense of identity and purpose that extends beyond exam success.

Creative Educators:

The RSA Academies Teaching School Alliance: This formally launched in September at Ikon Gallery in Birmingham and is currently focused on recruiting its first cohort of trainee teachers for the academic year 2016/7.

Creative Public Leadership

Following positive feedback on this project, we are exploring possibilities for in-depth work in a small number of jurisdictions, testing how our 'nine next steps' can best apply in specific contexts. We are also developing a programme for young education innovators based on the report's principles.

Creative Systems and Institutions:

City of Learning initiative: the project 'Possibility Thinking in FE & Skills' has fed directly into the RSA's plans to explore a Cities of Learning initiative in 2016/17, and is also informing a forthcoming pamphlet on the Power to Create and lifelong learning.

PUBLIC SERVICES AND COMMUNITIES

"We want 'to help bring about a shift in power to people and communities so that they can better meet their social and economic needs and aspirations"

From its origins in the eighteenth century and through the nineteenth century the RSA has been concerned with issues which contribute to a social, economic and democratic context in which arts, manufactures and commerce can thrive. For example, projects focused on issues of public safety, trade policy, urban infrastructure, education and public sanitation.

In those days the state was much smaller so innovation in these areas was not expressly focused on what we today call public services. Thus as the state grew in the nineteenth and twentieth century the pursuit of the RSA's mission has necessarily involved a refocusing on public policy and working with national and local governments. Also, the state, as we previously knew it, has been under a sustained unbundling. "Public services" are increasingly delivered through hybrid models or consortiums of the "public" and "private", from Government bodies to private companies, social enterprises and charities to community-owned businesses and employee-owned "mutuals".

It is in this context that the RSA is engaging with public services. In the present day austerity, an ageing population and shifting consumer demands make this a challenging time for those delivering and using public services. On the other hand, new technologies and the emerging 'social economy' make this a period of potentially great innovation. We believe the key to addressing these challenges lies in a shift in power to people and communities so that they can better meet their social and economic needs and aspirations. To achieve this we currently focus on three objectives:

- Demonstrating how the UK's cities and metro regions can capitalise on the assets of their citizens and communities
- Show how open, innovative institutions can release the creative capacity of people and communities;
- Test methods of design and delivery that employ innovative methods of community collaboration and network building.

Key Projects and Impact Achieved:

West Kent Whole Person Recovery

This was a five year programme working with a national treatment partner, CRI, on a payment-by-results (PbR) scheme to aid drug and alcohol recovery through peer support and social connectedness. The overall aim was to "test, develop, and disseminate" RSA's 'Whole Person Approach', building on the work of the RSA Commission on Illegal Drugs (2007) and subsequent small-scale piloting in West Sussex. A final public event was held in November 2015 and the final report published in December 2015.

All payment - by - results targets were achieved with 1,200 successful completions of treatment. RSA Fellows played a significant role in helping to design the programme and on the ground activity mobilised local communities across three hub sites in West Kent. Nationally the sector has increasingly integrated concepts and approaches first championed in the UK by the RSA, and our approach has been mainstreamed in many commissioning areas in England.

Connected Communities

This was a five year programme designed to test and develop new approaches to increase social inclusion and mental well-being in seven deprived neighbourhoods in England in partnership with the Centre for Citizenship, University of Central Lancashire (UCLan), and the London School of Economics. The final report was published in October 2015. The project was initially conceived to offer an evidence - based critique of the assumptions implicit in the Big Society agenda championed by the conservative government. The Big Society has been largely abandoned however despite this several local interventions have become embedded, including amongst parents groups and community organisers. The final report has been referenced by sector leaders, senior health officials and Whitehall departments (notably the Cabinet Office) and has recently been cited by the Office for National Statistics as influencing new data on social isolation, as part of their Understanding Society programme.

Heritage, Identity and Place

This was a second phase of work in partnership with the Heritage Lottery Fund (HLF). The aim of the project, (which began in 2015), was to link heritage into live devolution and culture policy debates. This was a very successful project for the RSA and our Heritage Index pioneered a new approach to considering assets and activity levels at a local scale. Our interactive maps, viewed over 15,000 times, helped generate extensive media coverage nationally and locally, subsequent council and third sector debates, and a parliamentary question. Fellows were integral to this project and we mobilised a network of 40 heritage ambassadors, supporting upwards of 20 local initiatives. Following engagement with Ed Vaizey, Minister of State at the Department for Culture, Media, and Sport, the draft report was referenced in the Culture White Paper.

Living Well

In partnership with the Open Public Services Network (OPSN), we designed an online tool to compare quality and access to primary care services between people with and without serious mental illness by Clinical Commissioning Group areas and local authorities. The aim was to increase the accessibility and use of public data, highlight issues, and publish new indicators for wider re-use. The new tool was able to present complex, sensitive data in simple ways, following focus groups with people with serious mental illness. We also brought together a high profile advisory panel, including Geraldine Strathdee, Clinical Lead for Mental Health, NHS England. The tool was published on the RSA website with further dissemination via Mind and BBC coverage. The report was launched at an RSA event with high profile speakers and policy and practitioner leads, including CEO of Mind, Paul Farmer FRSA. In welcoming the work, the Minister for Mental Health quoted it as important in the development of care quality indicators.

People-Shaped Localism

This was a three year partnership with Wiltshire Council, supporting the co - design of public service reorganisation through running local workshops and arts-based civic engagement. Three reports were published – volunteering, a handbook on 'creative gatherings', and the final report which was launched at the RSA. This was a complex project and was partly hampered due to changes in the plans of Wiltshire Council however the Creative Gatherings handbook and the final launch event were well received. The handbook has been circulated to a number of Fellows, with two thirds reporting that it increased their confidence to run workshops. It is being used in many different contexts, for example in regional events led by Fellows and the Performing Arts Hub programme of work.

Whole Community Self-Management

We held two half-day workshops in partnership with Macmillan, a leading national healthcare charity, building on the Whole Person Recovery and Connected Communities research, to identify what the RSA's 'Whole Person Approach' would look like in cancer care. The workshops brought together a range of professionals, delivery partners, and patients, to identify trends, issues, and opportunities to improve cancer care. Workshop outcomes have been fed back to Macmillan, which will feed into their future strategic thinking.

Nottingham Trent University

Working with Nottingham Trent University (NTU), the RSA is scoping the potential for a new 'civic think tank' for Nottingham. This explores how NTU can affect social change in the Nottingham area through its research, and development and deliver knowledge through co-production and experimentation. We spent five months working with civic leaders, the University and businesses to explore what a think tank for Nottingham could look like and will support the launch and first steps of this new endeavour as it develops in 2016. Nottingham Trent is now recruiting for a Head of the NTU think tank with support from the RSA. RSA Fellows played an important role acting as critical friends in the early stages of this project as it developed locally through workshops and small group sessions.

In summary, RSA Fellows continue to contribute actively to our projects to help amplify our impact, for example in the Heritage Ambassador programme. Ambassadors have been given tools and resources to promote heritage in their local area, leading to four local councils revising their strategy to incorporate heritage and place-making, and Chelmsford created their own heritage map. There are more than 150 Fellows involved in the programme alongside 40 ambassadors. Looking forward Fellows form a key part of our emerging and future programme of research and action.

Objectives for 2016/17:

Our detailed objectives for 2016/17 are as follows:

We want to help devolve strategic economic and social policy making powers to the most local level possible, supported by accountable and engaging democratic governance structures. We will do this through:

Inclusive Growth Commission – The legacy of the City Growth Commission has continued, and, with more places receiving devolution deals, we have set up the Commission to explore the research and policy impact of these changes.

Transitions – Building on previous RSA research, reputation, and networks in criminal justice this project aims to examine the future of prisons reform in the UK.

Heritage, Identity and Place – Our work has identified how communities are strengthened by an understanding of place-based approaches to planning. This includes a number of cities now incorporating heritage in their strategic plans. We aim to provide tools to strengthen the creative capacity of citizens in this important area.

Health as a Social Movement – We will work with NHS England to develop, test, and spread effective ways of mobilising people in social movements that improve health and care outcomes and show a positive return on investment.

ECONOMY, ENTERPRISE & MANUFACTURING

"We believe in an economy that enables all individuals to fulfil their creative potential so that everyone has basic economic security; the economy is environmentally sustainable; and that it supports and rewards meaningful and creative activity."

The world's economy is undergoing enormous change. New technologies, business models and aspirations are making the creativity of organisations, workers and even consumers more central to our future wealth. At the same time our challenges only seem to be growing. Resources are increasingly scarce. Inequality and poverty are an ongoing cause of human misery and the consequences of rapid technological change are great but unpredictable.

The RSA has historically driven change in the Arts, Manufacturing and Commerce through the provision of public lectures and awards, leading to widespread innovation including the Great Exhibition in 1851. More recently in 1936 the RSA founded the Faculty of the Royal Designers for Industry. The distinction 'Royal Designer for Industry' was to encourage a high standard of industrial design and to enhance the status of designers. It was inspired by the work of the Industrial Arts Committee founded in 1917. The distinction of RDI is still bestowed to this day and regarded as the highest honour to be obtained in the United Kingdom in the field of Industrial Design.

Today we believe that such creativity continues to underpin commercial progress in Arts, Manufacturing and Commerce which can still be used to address our biggest social and environmental challenges. We seek to release the *power to create* of as many people and organisations as possible to build a sustainable, fair and dynamic economy. To achieve this we focus on three objectives:

Key projects and impact achieved:

Our overall aim for 2015-16 was 'Unlocking creativity to enable a sustainable and inclusive, dynamic economy.'

We identified three key objectives to focus our work:

- To ensure that circularity – the complete recovery and reuse of all materials involved in the production process – is a powerful source of creative thinking among policy makers, companies and citizens.
- To promote the fabrication of goods by a wide range of small companies and individuals, as an increasingly important and valued aspect of the making economy, in the UK and beyond.
- To shape an economy that values responsible, socially inclusive creativity and that this idea has gained traction leading to practical changes in the economy.

During 2015/16, the programme evolved from Enterprise, Design and Manufacturing to Economy, Enterprise and Manufacturing reflecting two strategic decisions. The first was recognising design as a cross-cutting theme across all of the RSA's work. We report on design separately in the following section. The second, as we stated last year, was to widen the scope of our work to ask what an economy that enables every citizen and community to achieve their potential could look like.

The Great Recovery

In its fourth and final year, The Great Recovery project continued its investigation into the role design can play in the circular economy through a programme of practical investigations and events. Many events were held at the project's second home at Fab Lab London, a partnership which enabled us to test the potential for makerspaces to be hubs of circular economy innovation and bring the programme to new audiences.

Research areas this year included:

- The potential for circular economy principles to be applied to the decommissioning of oil and gas infrastructure. This work saw the project build stronger ties with RSA Scotland.
- Potential design interventions to tackle the large volume of furniture which is landfilled every year. The findings received press attention from both industry magazines and mainstream media, appearing as editorial pieces in The Telegraph, BBC magazine, and featuring on Radio 4's 'You and Yours'. Capitalising on this, we worked with film maker Paul Wyatt to create a half hour documentary, 'The Survivor Sofa', which is showing on the Community Channel and available on the web. It has already reached over 80,000 viewers. It is also touring a number of film festivals across the US and Europe this summer.

In March we launched the programme's final report, structured as ten lessons learnt about enabling design for a circular economy, alongside a series of recommendations for our Great Recovery network.

The Maker Movement

The RSA secured funding to examine the causes and consequences of the maker movement. The three main components were:

- Undertaking a study of makerspaces – open access fabrication workshops – to better understand their social and economic implications. We argued that makerspaces should be seen as sites for crafting worldviews and values, not just crafting objects in the narrowest sense. Our final report was well received by opinion formers in the maker community, who valued our modern reframing of making as a means by which people could gain 'mastery over technology'.
- Holding a 'Makers Summit' in December 2015 in the RSA's Great Room. This brought together leading thinkers to explore the potential of a new wave of small scale manufacturing in the UK. More than 120 attendees participated, alongside 30 high profile speakers – seven of whom were RSA Fellows. We discussed the impact of new technology, the promise and perils of running a maker business, and the implications of the maker movement for prosperity and sustainability. The Summit trended on Twitter throughout the day.
- Implementing a Student Design Awards brief entitled 'Making it Inclusive'. We asked students to design a new product or service that would enable more people to enjoy the benefits of making – either as producers or consumers. We received over 80 submissions and shortlisted eight entries. The winners will be announced in June.

Altogether, our work on making and manufacturing during the year has established the RSA's voice in a fast changing and topical debate, as well as positioning us to attract funders and partners for future maker-related projects.

Self-Employment

Building on our ground breaking research from the previous year on understanding the promise and challenges of self-employment, we focused on policy influence and real-world impact. We highlighted the personal issues facing the self-employed, such as access to pensions, mortgages, insurance, and welfare protection, which brought a new angle to the debate. Our report, *Boosting the Living Standards of the Self-Employed*, contained 18 recommendations, including pension enrolment for the self-employed and significant changes to Universal Credit. We worked with Fellows to turn these recommendations into a 'Charter for the Self-Employed', setting out a new vision for how the government could better support people who work for themselves.

A key achievement was influencing the government's consultation on self-employment, led by Julie Deane OBE. We held a round table event with the lead government official on the review, attended by several Fellows and experts in the field. The final report referenced the RSA's work and reflected many of our arguments, including our emphasis on personal challenges. Our recommendation to extend Statutory Maternity Pay to the self-employed was advocated.

Other achievements during the year included:

- The Chancellor promised to abolish flat rate Class 2 NICs for the self-employed, for which the RSA had called.
- The RSA was invited to a DWP steering group that will influence the treatment of self-employed workers under Universal Credit.
- The RSA's work was picked up in reports from other organisations including Bright Blue, Co-ops UK, and the Federation of Small Businesses.
- Finally, our self-employment animation ('Does it take money to make money?') has been viewed 10,000 times.

The Sharing Economy

We launched a new programme of work on the 'sharing economy'. This vibrant and high profile sector spans rapidly growing global businesses, such as Uber and Airbnb, and is based on connecting consumers and producers through online platforms and mobile phone apps to local not-for-profit initiatives in order to share resources amongst communities. Our interest is in how the sharing economy can fulfil its potential for positive social impact. The key to this is understanding how to achieve a fair balance of power and fair distribution of value created by these new business models. Our report 'Fair Share: Reclaiming power in the Sharing Economy' proposed a collaborative and consultative approach to fairly governing and regulating the sharing economy based on exploring and addressing the trade-offs for different interests and spheres including: consumers, workers, communities, the state, the economy, and the environment.

In addition to achieving good media coverage and endorsement from respected sharing economy experts, we participated in a BBC Newsnight debate about the impact of the sharing economy on the hotel industry and gave evidence to the BIS Select Committee enquiry into the digital economy.

Fellows have contributed to this work by participating in the project steering panel and at an extremely successful Engage event at RSA House that was themed around the Sharing Economy.

Basic Income

Following an extensive research analysis of the UK's tax and benefit system, the RSA published *Creative Citizen, Creative State*: the principled and pragmatic case for a Universal Basic Income in December 2015. The report was covered in the national press and broadcast media, and has been featured in a variety of international publications.

The RSA published an entirely new model of how a Basic Income – an unconditional weekly allowance paid to every UK citizen – could support people to a better extent than the current complex system of tax and benefits. The core proposition underpinning the RSA's advocacy of a Basic Income is that economic security is intrinsic to individual creativity in line with the RSA's worldview – the Power to Create.

This research was referred to in a parliamentary motion favouring a Basic Income pilot and has been featured at a major international conference in Switzerland, The Future of Work, at which the RSA was a partner. The report was the most downloaded RSA research report in 2015/16 and the launch blog its most read blog.

Also this year the Director of Economy, Enterprise and Manufacturing spoke alongside the Deputy Governor of the Bank of England and the Chairman of Lloyds Bank at the launch of 'BankingFutures', a programme of deliberative engagement between banking executives, investors, customers, and civil society representatives and has joined the steering group for the project.

Objectives for 2016/17

The overall change aim for the EEM programme is an economy that enables everyone to fulfil their creative potential, which we are pursuing through three programme areas:

- Exploring how entrepreneurs and the self - employed can be given greater financial security to flourish
- Examining how all citizens can be empowered to engage meaningfully in deciding the big economic questions of our time
- Providing access and skills for all to use new digital fabrication technologies to drive a renaissance in British manufacturing

This year we will be exploring how to increase the impact of practical mutual support schemes for the self-employed, and how to ensure that gig workers in the Sharing Economy experience rewarding work with fair wages and conditions.

The Citizens Economic Council: will demonstrate how citizens can be better informed and more engaged in deciding the big economic policy questions of our time.

We will also be developing projects on the Circular City – boosting resilience, employment and sustainability, through creating more circular supply chains within cities – and improving circularity in manufacturing focusing on the case studies of fashion and solar panels.

CROSS-CUTTING PRIORITIES

Our objectives for 2015/16 included:

- A design methodology, which mobilises our Student Design Awards (SDA), the Royal Designers for Industry (RDIs), and our insights into service design to help develop a distinctive RSA methodology.
- Organisational change expertise which enables us to identify and work on the organisational dimension of change.
- Behavioural change insights which inform all our work but are particularly focused on understanding the foundation of human creativity.
- Arts, culture and heritage both as social goods in themselves and as ways of thinking and acting that can generate many wider social and economic benefits.
- A global strategy, which aims to increase our insight, influence, and impact by working internationally with our partners and Fellows.

Student Design Awards

The RSA Student Design Awards continues to grow in scale and scope with a 16% increase in entries in 2015/16. The programme received a total of 901 entries (compared to 777 in 2014/15) and continues to receive entries from around the world, demonstrating the increasing global appeal and reach of the scheme. This year, the RSA Student Design Awards received significant financial support from a range of organisations and companies including Airbnb, GlaxoSmithKline, RBS, Unilever, Waitrose, and many more; further income has come from the substantial uplift in entries.

The 2015/16 briefs covered a range of social, environmental, and economic issues and many correlate with the work of the RSA, such as the sharing economy and user-centred healthcare. The RSA Student Design Awards team visited over 45 universities and colleges, in the UK and internationally to promote the programme reaching over 3000 students. In addition, the RSA's Head of Design was asked to speak at a number of events, most notably the British Council's Creative Economy Dialogues in Brazil (December 2015) and the American Institute of Graphic Arts (AIGA) Annual Conference in the United States (November 2015).

The 2015/16 winners are announced on 1 June 2016 with a Winners' Ceremony taking place at the RSA on Monday 20 June.

Royal Designers for Industry

In 2015, eight designers were appointed as Royal Designers for Industry (RDI or Hon RDI) for their design excellence and significant benefit to society:

- Michael Anastassiades RDI for his excellence and innovation in lighting design and supporting young designers.
- Kate Blee RDI for contributing her outstanding expertise in textiles to social investment projects and therapeutic public spaces.
- Ronan and Erwan Bouroullec Hon RDI for their influential work across products, furniture, and public spaces and impact on contemporary design culture.
- Kim Colin RDI for her sustained excellence in product design and applying design thinking to create thriving and sustainable enterprises.
- Niall McLaughlin Hon RDI for his innovative and contemplative spaces, and commitment to teaching and education to inform best practice.
- Karen Nicol RDI for pushing new boundaries in fabric and stitch design, promoting recycled textiles and designing for Fine Cell Work, which teaches creative needlework to prisoners.

- David Pearson RDI for his distinctive and innovative contribution to British publishing and commitment to design education.

Fashion designer Betty Jackson CBE RDI took over as Master of the RDI Faculty and will serve for two years. During her tenure she is keen to develop the contribution that Royal Designers make to the RSA, and to design education in particular through the RSA Student Design Awards, Pupil Design Awards, and family of RSA Academies.

Organisational change

The RSA has worked with a series of major public services partners on their institutional reform/organisational strategies. This has included the Metropolitan Police on a strategy for policing London 2020 and beyond. We have also worked with a variety of local authorities on developing a model of 'collective impact' where distinct organisations join forces collaboratively on a common agenda. The RSA's own emerging model of change was informed and led by the organisational change specialism.

Behaviour change

In 2015 the RSA identified 'behavioural hurdles' (social-psychological phenomenon that hinder our likelihood to change behaviour) in the areas of both financial capability and preventative health. Outputs included reports, public events, and speaking appearances at specialist conferences. We have seen our work in these two areas, respectively, taken up by a building society to develop better financial products, and by a personal training module to help gym-goers stick to their fitness-related behaviour change goals.

Arts, culture and creativity

Arts and culture is and has always been an important theme of the RSA's work. There are three dimensions to this; first, we are committed to undertaking research on the value of arts, culture and heritage to wider social and economic goals, for example, we are now on year three of our major partnership with the Heritage Lottery Fund exploring the role of heritage in place-shaping.

Second, the RSA's wider focus on the Power to Create puts the issue of human creativity – including cultural creativity - at the heart of all our work. Whether it is fostering creativity in schools, exploring new ways for citizens to engage with government and public services or exploring the relationship between economic policy and human flourishing, the RSA is deeply committed to an idea of the good life and the good society which has creativity at its heart. Our commitment to creativity is also exemplified in our Student and Pupil Design awards, our relationship with RSA's Royal Designers and our wider commitment to design based approaches.

Third, in all its work the RSA seeks to be aware of and sensitive to the role that arts, culture and heritage can play in social change. As the RSA seeks to develop strategic partnerships we will explore how they can reflect our commitment to the contribution of arts culture and heritage.

RSA Global

Our aim is to become a genuinely global organisation that enables the creativity of people, organisations, and corporations to drive social change relevant to local contexts. Our breadth, independence, and history uniquely place us to create new spaces between government, civil society, and markets. By having a regional presence on six of the seven continents we aspire to be locally embedded yet globally connected.

In 2015 we sought to become operationally ready to be a global organisation, create a cultural shift towards a more global perspective in our research and build a vibrant network of international Fellows.

We have improved our global communications and engagement with Fellows outside the UK

- This year saw a net increase of 170 new international Fellows, doubling last year's growth figures, supported by improved marketing and dedicated communications to global Fellows. We now have 2,500 international Fellows.
- We have grown the RSA Connector network to 37 countries. In Japan, Finland, Malaysia and Canada, connectors have been supported to develop networks and host events. We have also met groups of Fellows in cities including Santiago, Beirut, and the UAE.
- Our research and innovations are becoming increasingly global in nature
- Our UK-focused work is becoming better connected to global debates and practices, in particular projects on cities and self-employment. The report recommending a Universal Basic Income has enabled us to participate in vital global networks. This year, RSA staff have been keynote speakers and workshop leaders at 30 different international events in 17 countries.
- In 2015 we brokered 12 new global partnerships, including three commissions to undertake globally-focused research. Creative Public Leadership, our report on schools and innovation, has been disseminated widely, and a number of potential in-depth partnerships are emerging as a result. Our report on international schools has supported the strategic development of our partner ECIS and many of its schools. We have also secured a three-year partnership with ECIS, focusing on refugee education.
- The RSA Student Design Awards achieved its target of 25% non-UK entries. We received submissions from 30 countries.
- We have successfully created a new governance relationship with RSA US, laying the foundations for a replicable global architecture that fits the RSA's charitable objectives. Fellowship numbers in the US have increased, and with a dynamic new Chair and the recruitment of connectors in key US cities, we are well positioned to grow our network and partnerships across the US.
- RSA Australia/New Zealand has also grown its net Fellowship numbers, with connectors in seven cities organising several events and programmes, including the creation of reinventaustralia.net.au.

Objectives for 2016-17

Going forward we plan to integrate organisational change, behaviour change and arts, culture and creativity further into the work of our Action and Research centre. Our detailed objectives for 2016/17 for global and design challenges are as follows:

A global strategy, which aims to increase our insight, influence and impact by working internationally with our partners and fellows.

- Working closely with ECIS on a 3-year partnership focusing on refugee education
- Invest in systems to become legally, financially and technologically ready to operate as a global organisation
- Invest in creating a cultural shift towards a more global perspective through the RSA's content
- Invest in building a vibrant network of international Fellows through whom we can create impact

We want to build on the increasing recognition and reputation of the RSA Student Design Awards – we received over 900 entries from 19 countries in the 2015/16 year, a 16% increase in entry numbers from 2014/15. We also want to capitalise on the increasing international interest in the RSA Student Design Awards by linking up with partners such as AIGA in the United States, and global design communities DESIS and CUMULUS to embed the programme in higher education

We will set up an RSA Student Design Awards alumni network linked to Fellowship, which will serve to increase our engagement with designers of all disciplines and capitalise on the positive impact that the RSA has had in people's lives when they have been received an RSA Student Design Award

Apply open innovation methods across the organisation and use 'challenges' based on the RSA Student Design Awards methodology to bring fresh thinking to our work

FELLOWSHIP

William Shipley, the RSA's founder, wanted to engage 'Members from all Ranks, Professions and Trades' in 'Undertakings for Public Good'. The RSA continues to develop on this premise. The Fellowship plays a central role in the organisation, from choosing Trustees and engaging deeply with our work, to meeting up and sharing ideas.

The Fellowship grew strongly this year, with a net increase of 953 Fellows resulting in a total Fellowship at year-end of 27,729. This was the largest increase in one year on record. The most common way that potential new Fellows come to the RSA is now through the recommendation of other Fellows.

There were over 300 Fellowship events across the UK attracting over 3,000 people, and increased resources for Fellows to be able to host their own successful events and develop projects. Our networks, both thematic and area-based, continued to grow across the country and we are setting up a specific network for Life Fellows.

Our crowdfunding platform continued to grow successfully, raising nearly £200,000 for Fellows projects. This sits alongside our ongoing grant programme, Catalyst.

The Fellowship Council continued its invaluable role of bringing in the views of the Fellows to the organisation and supporting local activity.

Regional and Network Activities

2015/16 has been a productive year with Fellows leading initiatives and participating in events. Over 240 events were organised by Fellows and staff with 7700 attendees.

The Engage series of events have proved to be successful providing structured networking in addition to highlighting current RSA and Fellow projects. Other event formats developed this year included ongoing social meetups, streaming events, and activity that welcomes new Fellows. All of our regional and network activities balance the interests of our Fellows and showcase the RSA's three main areas of work, ensuring Fellows are connecting with each other and with the work of the RSA.

Highlights include networks in Bristol, Oxford, and Leeds, and the development of strategic partnerships with Impact Hub in Birmingham and DotForge in Manchester.

The Fellowship Council is an invaluable resource which continues to meet quarterly, providing a platform to share good practice and agree priorities for Fellow-led activity. Council members took on a variety of roles this year, including representation on the RSA Trustee Board, Nominations panel, Catalyst panel, and House Development Committee (an exciting project to enhance areas of RSA House for Fellows). During 2015, a group of Fellows from the Council and Trustee Board came together to explore the future local experience for UK Fellows. Recommendations, approved by the Trustee Board, will allow for greater Fellow-led activity and will be implemented in late 2016.

There were many events held throughout the year and a key one was the Power to Create conference. Fellows based in the East Midlands designed a conference in Nottingham with *Power to Create* as the central theme. This Fellow-led event brought together 125 participants to examine innovative approaches to social challenges. In addition to keynote speakers on the RSA's key themes, Fellows reflected on their own projects, engaged in speed networking, and set the agenda for an open 'unconference' session during the afternoon.

RSA Catalyst and Kickstarter (Grants and Crowdfunding)

RSA Catalyst continues to be popular amongst Fellows, with this year seeing record numbers of applications. The Grants on offer now include small grants of up to £2000 – designed to help catalyse a project - as well as a limited number of scaling grants of £10,000 – designed to take a working model to scale.

Examples of Catalyst funding during 2015/16 have included:

- Swarm: aims to develop young business apprentices across Norfolk, Suffolk, and Essex. Support is given to allow apprentices to become commercially aware, enterprising, and effective for their employers
- Buurtzorg in Britain: aims to create sustainable improvements in the quality and productivity of domiciliary care services and the working lives of those who provide them by adapting The Buurtzorg Model in an English context. This project is closely aligned to the Public Services and Communities work.

RSA-supported crowdfunding campaigns have raised over £165,000. We have been working to increase the numbers of projects that we can support as well as creating ways for Fellows who have run successful crowdfunding campaigns to mentor or advise Fellows entering the crowdfunding process.

Fellowship Engagement

RSA Fellows continue to be crucial to the impact we seek to achieve. This year we have been trialing a number of different methods to ensure that Fellows are deeply engaged in our work. Some contributions have been very specific such as Fellows providing valuable feedback and comments on draft RSA reports, or actively seeking change on the ground by working with each other on initiatives and projects.

The Heritage project saw the establishment of the Heritage Ambassador programme - Fellows working together to use the findings from our Heritage Index to promote heritage in their local areas, leading to a number of local councils revising their strategy to incorporate heritage and place - making.

The newly created Innovative Education network has over 300 members. Fellows have been advocates for our education work, speaking at conferences and writing articles for the RSA website.

Fellows have also made changes to the National Governors Association skills audit such that it now includes creative skills, and the current “creativity and innovation link governors” pilot project, running in 10 schools, emerged from this network.

Fellows have also played an ongoing role in shaping our influential work on Self Employment. They have shared their thoughts on our draft reports, fed into the development of our Self-Employment Charter, and also attended a roundtable event with the lead government official working on the Self-Employment Review.

Fellows' perspectives and expertise have greatly enhanced the quality of our ideas making our work more compelling through its grounding in experience.

IDEAS PLATFORM

The RSA public events programme presents the best in new ideas, critical thinking, and enlightened public debate. We provide a platform for thought leaders to explore the present and future challenges that society faces, and to inspire innovation and change.

In 2015/16, the events team worked closely with the teams in the RSA's three areas of focus to disseminate new RSA project research and action through a range of launch events, talks, discussion panels, and summits. They also curated and showcased leading ideas from around the world.

Public Services and Communities

Marking the conclusion of a number of projects in our Public Services and Communities work, we explored the power of community in creating health and wellbeing, the challenges facing the recovery sector, and the future of people-centered localism. We also launched the high-profile RSA Heritage Index with a panel debate on heritage, identity, and place.

Creative Learning and Development

In partnership with the Creative Learning and Development team, we scheduled events exploring new models of creative public leadership, global education systems, curriculum development and innovation, evidence-based approaches to improving educational outcomes, the future of higher education, and children's learning through digital media.

Economy, Enterprise and Manufacturing

In his annual Chief Executive's lecture, Matthew Taylor set out the themes that would inform the RSA's programme of future thinking on the economy, including the establishment of a Citizen's Economic Council to explore the aims and design principles for a resilient human welfare economy. Throughout the year, we welcomed high profile thinkers to discuss new economic models and ideas, and brought together an exciting line-up of 21st century manufacturers from the burgeoning 'makers movement' for the RSA Makers Summit, a day of high-impact presentations, debates, and a hands-on 'maker fair' showcase. We also marked the RSA's policy recommendations for a Universal Basic Income with a lively expert panel.

The events programme included a number of events with innovative formats. The Seven Dimensions of Climate Change series featured two specially curated events – one giving the stage to young voices, including students from RSA Academies, and another convening a group of award-winning poets to offer creative responses to this global challenge.

Highlights over the year included the President's Lecture with economist Sir Tony Atkinson and the Chairman's Lecture with political scientist Robert Putnam. RSA Medals were awarded to business leader James Timpson and policy design innovator Andrea Siodmok. Sir David Attenborough joined explorer Tim Flannery to close our Climate Change series on a high note, and we heard from leading industrial designer Paul Priestman at the Student Designs Award ceremony.

A number of events were programmed in collaboration with external partners to bring in funding support, expertise, fresh perspectives, and new audiences. Our partners included the World Bank, British Council, Philips Healthcare, Timpson Ltd, and the World Innovation Summit on Education (WISE).

A new RSA Animate featuring psychologist Professor Carol Dweck on 'growth mindsets' has been widely viewed and shared worldwide. Following his contribution to our climate change series, we worked again with spoken word artist George the Poet on the narration of the 'About the RSA' animation.

Our comprehensive online offer now includes a new '5 Minute Life Lessons' interview series and our social media offer has been expanded to include image/video sharing platform Instagram.

The RSA YouTube channel was rebranded for better user experience and clarity. The channel now has over half a million subscribers, and at the latest count RSA Animate videos have received over half a billion minutes of viewing time worldwide – a truly remarkable online achievement.

In 2016/17, we will continue to offer a balanced programme which features the very best in new thinking from around the world while supporting project teams with innovative, participative events that highlight new RSA research. We'll also be expanding our reach online with a major new Huffington Post/AOL partnership and a new dedicated RSA Events Facebook channel, which will allow us to stream RSA content via the increasingly influential Facebook Live.

Online activity

In the 2015-16 financial year we had 930,466 people visit the website, resulting in 1,417,087 sessions and 2,918,371 unique page views. This is the first full year of data for the new website, which we have used as a baseline for targets in the year ahead.

Digital content has been pivotal to the success of several landmark research outputs in the last year. The Digital Learning Age report which launched in May 2015 was supported by an online quiz and infographics which helped attract over 11,000 users to the project in 2015-16. Our Heritage project – which included interactive maps and a specially-design long-form essay – has attracted 16,000 users since September. The success of these high impact projects has prompted closer collaborations between ARC and the Digital team, and further innovations in the way we present content online. In addition to publishing reports on our website, we now also repurpose them for Medium – a growing online publishing platform, which offers a more convenient and enjoyable online reading alternative to a downloadable PDF file. From the time of our launch on Medium in December through to the end of March 2016, we achieved over 9,000 views for 6 reports, which represents a 160% increase on downloads of PDFs from our website for the same reports in this period.

On social media we surpassed ½ million subscribers on our YouTube channel in November – a massive milestone which reinforces our position as one of the most subscribed non-profit YouTube channels in the world. We finished the financial year on 527,717 subscribers. On Twitter, we increased the number of click-throughs to our content by 10% in 2015-16, compared to the previous year, and on Facebook we achieved 16% more followers.

TRADING COMPANIES

The RSA has two trading companies, RSA Shipley Enterprises Limited and RSA Adelphi Enterprises Limited. Profits made by the two trading companies are donated to the RSA charity to enable it to continue and develop its charitable work.

RSA Shipley Enterprises Ltd

RSA Shipley Enterprises Ltd (RSA Shipley) is the RSA's trading company offering a variety of research consultancy services and also a small amount of sponsorship opportunities.

A number of projects carried out by RSA Shipley have generated additional benefits over and above the provision of a service to partners. These projects, including the Metropolitan Police work, Philips Healthcare '*Picture of Health*' report, and the Heritage Lottery Fund, have generated very significant external interest and engagement for both RSA Shipley's partners as well as for the RSA. All of these high profile projects also developed the RSA's wider expertise, knowledge, methods, and reputation.

RSA Shipley augments the RSA's capabilities further, with the opportunity to undertake consultancy as well as to contribute to the funding of the RSA. We identified three key objectives:

1. Directly help organisations in the public, private, and voluntary sectors to adopt the Power to Create.
2. Deploy a creative method to facilitate change in public, voluntary, and commercial organisations. This includes enabling the RSA to develop its own thinking and activity beyond the RSA's three areas of focus as future opportunities emerge.
3. Even where an organisation accrues private benefit, there can often be an impact on the public good too. Our goal is to generate this wider public good which may also make some contribution to meeting the RSA's charitable aims.

Examples of work in 2015/16 include:

Metropolitan Police

The RSA worked with senior police leadership and a variety of stakeholders to consider the future of policing a global city in 2020. The final report, *Safer Together*, was published in October 2015. By mapping the changing demands for police time and resource from trends analysis of policing and public safety, a series of recommendations were published for the Metropolitan Police and its stakeholders to consider including a new public safety index for London, a new London Policing Impact Unit, deeper collective working with the public, private, and voluntary sectors and a series of recommended changes to organisational culture. A follow-up conference, *Safer Together*, was convened, involving London leaders from public, voluntary, and local organisations. RSA recommendations are currently being implemented by the Metropolitan Police and its partners.

Suffolk Collective Impact

The RSA was asked to assist Suffolk's local authorities to work more closely together and with others around a series of defined objectives and actions. By applying a methodology termed 'collective impact', the RSA was able to help the authorities put together collaborative public and private sector plans considering major hold ups such as housing in the context of greater devolution. A number of case studies were shared with Suffolk's leaders and a bespoke approach was developed. The work continues into 2016/17 and will widen further.

RSA House and RSA Adelphi Enterprises Ltd

RSA House combines Georgian splendour with high quality contemporary design. Designed by Robert Adam, for over 260 years this historic building has been home to some of the most creative thinkers, dedicated to shaping the future through ideas and action. Now, the venue plays host to the RSA's exciting and well-attended lecture programme, is a physical focus of activity for RSA Fellows, acts as a popular hospitality venue, and also houses the offices of the RSA and its trading subsidiaries.

Our premises – RSA House

A building of this size and age requires ongoing maintenance and this year saw the redecoration (including repairs) to the south elevation of the building. This work has to happen every five years, as is stipulated for a historic building by Westminster Council. We also replaced the air conditioning system in Durham Street Auditorium where many RSA events are held.

The RSA is committed to ensuring that as far as possible we behave sustainably, and our environmental data is included on page 46. We want RSA House to be fully accessible, and this year we purchased two new evacuation chairs which will assist people with mobility difficulties in the event of an emergency evacuation.

RSA Adelphi Enterprises Limited

The RSA's trading subsidiary, RSA Adelphi Enterprises Ltd ('RSA Adelphi'), with its catering partner Harbour & Jones Limited, operates RSA House as a hospitality venue with a unique mix of ten rooms. These include the Georgian splendour of the Great Room, housing the celebrated paintings '*The Progress of Human Knowledge*' by James Barry, the 18th century brickwork of the Vaults, previously a riverside warehouse, and the Durham Street Auditorium that preserves an 18th century cobbled street down to the Thames.

RSA Adelphi's hospitality business continued to grow in 2015/16 with external sales 38% higher than in 2014/15. Our clients include a wide range of corporates, public sector organisations and charities.

OUR THANKS

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

The RSA would like to extend very special thanks to the following organisations and individuals for their generous support in the last financial year. It is thanks to these donations that we can continue to make a difference.

The following individuals and organisations made financial contributions of £5,000 or more in the Financial Year 2015/16.

Corporate Supporters

Airbnb UK Ltd
Fazer
GSK
Philips Design Healthcare
Springetts Brand Consultants Ltd
The Royal Bank of Scotland Group plc
Timpson Ltd
Unilever UKCR LTD
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Mr E J Chumrow OBE MA
Mr William John Nicholls Westcott
Sir Robert Malpas CBE

Statutory & Other Organisations

Big Lottery Fund
British Council
Cambridge Assessment
Core Cities
Change, Grow, Live (formerly CRI)
Eden Project
Innovate UK
NHS England
Nottingham Trent University
Office for Disability Issues
West Midlands Arts Connect
Wiltshire County Council
World Innovation Summit for Education
World Bank

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Board of Trustees is the governing body of the RSA and consists of up to 12 members, of which five are directly elected to the Board by the Fellowship, two are elected by the Fellowship Council from within their number, and up to five Fellows are appointed by the Board. Trustees are elected or appointed for a three-year term, and may serve a second three-year term, save Fellowship Council Trustees who serve for the currency of the Fellowship Council. The Board met four times during 2015/16, as well as attending an additional annual away day. The Executive Team attends all Board meetings.

The Board has established three committees, each with specific terms of reference and functions delegated by the Board and with a Trustee appointed by the Board as Chairman: Audit and Risk (which has two external members), Nominations and Governance, and Remuneration. The Chief Executive and Chief Operating Officer attend all committee meetings. The external auditors attend one meeting a year of the Audit and Risk committee.

The Board appoints the directors of the RSA's two trading subsidiaries, RSA Adelphi Enterprises Ltd, and RSA Shipley Enterprises Ltd. They also monitor 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 Trustees to prepare financial statements for each financial year, which give a true and fair view of the charity's financial activities during the year and of its position at the year's end. In preparing these financial statements, the Trustees should follow best practice, and:

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

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

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, 14 Fellowship Councillors elected by local Fellows in their home regions, and 7 '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, and the terms of reference specify that at least one of the representatives would be either the Chair or the Deputy Chair of the Fellowship Council. The members of the Fellowship Council during 2015/16 have been as set out below:

RSA Regions	Chair of Region	Councillor of Region
East Midlands	Jeanne Booth	Rick Hall
East of England	Malcolm Noble	Peter Clitheroe (from November 2015) Tim Smith (up to June 2015)
Ireland	Vacant Chris McCracken (up to June 2015)	John McMullan
London	Philippa Holland	Anette Thorup
North East	Pauline Moger	Bill Gibbon
North West	Rod Hyde	Stephen Parry
Scotland	Ann Packard	Tanya Hine
South Central	Maurizio Fantato	Greg Slay
South East	Clem Henricson	Irene Campbell
South West	Ed Whitelaw	Phillippa Rose
Wales	Wiard Sterk	Kathy Seddon
West of England	Ted Fowler	Alan Bec (from November 2015) Allan Bosley (up to June 2015)
West Midlands	Keith Horsfall	Lorna Prescott
Yorkshire	Pamela Warhurst	Jackie Goodman
At Large Councillors	Erinma Ochu Pooran Wyncarczyk Kath Davies Kerrie Howard Chris Luffingham Steve Coles Nick Parker	Laura Pictor (from July 2015) Eric Woodcock Dan Stanley Alex Newberry Francesca Wakefield (up to May 2015) Megan Clatworthy (up to October 2015)

During the year we undertook a review of how best to support local Fellowship activity, resulting in changes to the way we work that better align with how the Fellows want to engage with the RSA in their local area. These changes will be implemented in time for the Fellowship Council elections in 2016.

The RSA really appreciates the huge commitment of time and energy given to the charity by its Fellows, and, in particular, those who have served on the Fellowship Council.

Risk Management

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

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

Statement of Public Benefit

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

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

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

- The extensive lectures programme is available to the public free of charge, both through in-person attendance and by accessing RSA content through the website in various formats;
- The results of the RSA's research are wide-ranging and are disseminated free of charge to all interested parties;
- Funding is offered for innovative new projects through RSA Catalyst;
- Innovation and creativity is encouraged through the RSA Student Design awards;
- The RSA's "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, and this is considered to be within the spirit of the RSA charter. The RSA operates throughout the whole of the United Kingdom and, through the website and approximately 2,500 Fellows abroad, around the world. Benefits are not confined to any particular group and the wider benefits of the RSA's activities are intended to include the public.

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.

Remuneration policy

The RSA operates a broad banded salary structure for all roles including Executive level roles based on job evaluation and benchmarking using Xpert HR. Pay levels are based upon paying 5% above the median level in order to enable us to attract the high quality staff that we require. The annual pay settlement is based on a basic award to reflect reward and market pay trends, what employees are experiencing in terms of inflation and affordability plus a performance award (generally a % increase, and for small number, plus a one off performance bonus) to reflect the performance rating individuals receive at their annual appraisal. The annual pay review is agreed by the Executive Management team and signed off by the Remuneration Committee and ultimately the Trustee Board as part of the annual budget.

Key management personnel

The Trustees consider that the Executive Team, as identified on page 3, comprise the Key Management Personnel. Executive pay is signed off on an individual basis by the Remuneration Committee based upon individual performance and comparisons Xpert HR's Annual Voluntary Sector Salary Survey for the relevant year. The cost of key management personnel including pension contributions by the RSA was £553k.

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 for 2015-16 are set out below and these will be updated every year.

Utilities-Units	Electricity Kwh	Gas Kwh	Water Ltrs	Total energy carbon emissions (tonnes CO2)-2015/16	Total energy carbon emissions (tonnes CO2)-2014/15
Energy	752,729	424,600			
Water			2,597,000		
% recycled energy	59.40%	n/a	n/a		
Tonnes	395	81	n/a	476	434
inc/(dec) on 2014/2015	5.1%	39.1%	-8.6%	9.6%	
Travel-Units	Mini Cabs (mls)	Trains (mls)	Flights (mls)	Total air & road travel + Train Travel Carbon Emissions (tonnes CO2)-2015/16	Total air & road travel Carbon Emissions (tonnes CO2)-14/15
Miles	1,101	86,454	28,063		
Tonnes	0.4	6.3	12.2	19	23
inc/(dec) on 2014/2015	31.2%	-29.9%	-39.8%	-18.0%	

	Total m2 of building	Per m2 (tonnes CO2 per m2)	Total building carbon emissions (tonnes CO2)-2015/16	Total building carbon emissions (tonnes CO2)-2014/15
Building carbon emissions	4,598	0.1035	495	457
inc/(dec) on 2014/2015	0.0%	4.9%	8.2%	
	Waste Recycled	White paper usage	Glass recycling for 2015/16	Glass recycling for 2014/15
Energy produced in Kwh	19,795	170	49,920	36,000
% recycled	28%	70%	100%	100%
inc/(dec) on 2014/2015	n/a	-29.2%	38.7%	

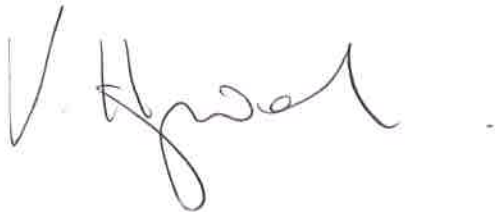
In August 2015 the south elevation side of the RSA building was repaired and repainted. This is a requirement from Westminster Council as we are a listed building in the centre of London.

Working with a historic building can be a challenge from an environmental perspective but we are continuing to make improvements on an ongoing basis. We regularly review and replace the types of lamps in use throughout the building, installing LEDs or low energy lamps. This year we shall be carrying out repairs to all our existing sash windows on the first floor which consist of meetings rooms to improve heat retention.

The majority of our recycling is paper and card and our recycling company informed us that we saved 157 trees over a 12 month period. This year we shall be recycling all of the food waste from the kitchens that cater to our hospitality business.

We were approached by students from Imperial College London to carry out a sustainability survey. As a result of their findings and recommendations, an internal Working Group has been formed to look at sustainable practices across the organisation.

Unfortunately our energy usage this financial year has increased. This is a result of our hospitality operations achieving a large uplift in the level of its business which means that more rooms are heated/air conditioned, the House is open for longer and we utilise more energy in the kitchens. This has meant that RSA Adelphi has made an increased contribution to the Charity but has increased electricity and gas consumption.



By order of the Board of Trustees

Vikki Heywood CBE

Chairman of the RSA

5 July 2016

FINANCIAL REVIEW

Net income/(expenditure)

We are reporting a small loss on *Net income/(expenditure) before net gains/(losses) on investments* for the year of £0.1m. This compares with a loss in 2015 of £0.2m. The split of the loss between funds reflects the decision by Trustees to spend £0.1m of designated legacy funds, in line with the wishes of the legators.

The deficit of £0.1m is before net losses on investments of £0.5m giving an overall *Net expenditure* of £0.6m as compared with *Net income* of £0.6m in 2015, which included a gain on investment assets of £0.8m.

Income and endowments

Income and endowments increased by £0.1m from £10.2m to £10.3m. The RSA's principal funding sources are its Fellows, trading through RSA House and consultancy work, income generated from a wide range of sources for ARC projects, including grants and sponsorship, fundraising, and investment income.

Under *Donations and Legacies*, Fellowship donations remained level at £4.5m. As there was a net increase in fellowship numbers of 964 during the year this reflects more fellows choosing to spread their donation over the year and a delay in retrospective gift claims pending completion of a redesign of our payments system.

Other donations and legacies were £304k and included a legacy of £250k received from the estate of Miss Greene and an amount of £25k bequeathed by Mr Ernest Chumrow. We are very grateful for both legacies which are dedicated to the general work of the RSA.

Income from other trading activities includes the trading activities of RSA Adelphi Enterprises Limited ('RSA Adelphi') and RSA Shipley Enterprises Limited ('RSA Shipley'). RSA Adelphi operates all the function spaces within John Adam Street, providing accommodation for business meetings, social events and weddings. The company had an excellent year with sales for 2015/16 of £3.1m, £0.9m (38%) higher than last year. RSA Shipley, which offers consultancy services achieved sales of £0.5m versus £0.8m in 2014/15, reflecting a reduction in income for ARC in general, and a small contribution to overheads. The profits of each trading company are given back to the RSA under Gift Aid.

Investment income of £0.5m shows a reduction of £0.1m reflecting lower rental income as a decision was taken to sell our two investment properties during the year.

Incoming resources from charitable activities fell from £2.0m last year to £1.5m this year reflecting some repositioning within ARC to work on larger, longer term projects and to focus primarily on the RSA's three main areas of interest. Having undertaken this repositioning, the outlook for 2016/17 looks strong. External funding for our *Programme of projects* delivered through ARC was £0.5m below last year at £1.4m and came from a range of funding sources. Funds raised for *Lectures and events and Regional and Network Activities* remained broadly level.

Expenditure

Total expenditure remained level at £10.4m. *Fellowship administration* costs remained at £1.0m. *Other expenditure on funds* reduced from £0.3m to £0.1m. Expenditure on *Trading Activities* increased by £0.3m to £3.5m due largely to much higher levels of activity in RSA Adelphi.

Expenditure on charitable activities fell by £0.2m due in total to the reduction in project activity levels described above. The expenditure on projects fell by £0.4m and includes fellowship engagement costs representing the 'triple play' described in the trustees report. Expenditure on *Programme of Lectures and Events* and *Fellowship support* both increased

by £0.1m. *Fellowship Support* included Catalyst grants for small innovative projects, in line with the RSA's objectives, totaling £87k. Charitable expenditure represents 84% of total expenditure (excluding trading operations) 1% higher than the percentage for the previous year.

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 there was a reduction in the market value of investment funds of £1.1m. The loss was partly offset by a realised gain of £0.6m on the sale of the RSA's two investment properties which had a book value of £1.9m giving the net loss of £0.5m in the *Group Statement of Financial Activities*. To put this loss in context, we had benefited from £3.2m in investment gains over the previous 3 years. The loss was potentially exacerbated by the timing of the transfer of funds to the new investment manager following the decision to retender the investment management contract which was awarded to CCLA. This is highlighted by the sale and purchase of investments within the *Group Cashflow Statement*. All funds from investments realised were reinvested. Following a change in investment manager, the RSA's funds are primarily invested in the COIF Charities Investment Fund which is designed to provide capital growth and raising income over 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. There are two designated reserves: a designated fixed asset reserve to highlight the extent to which unrestricted funds are invested in the property in John Adam Street and are therefore not available to meet short or medium term funding needs and 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.

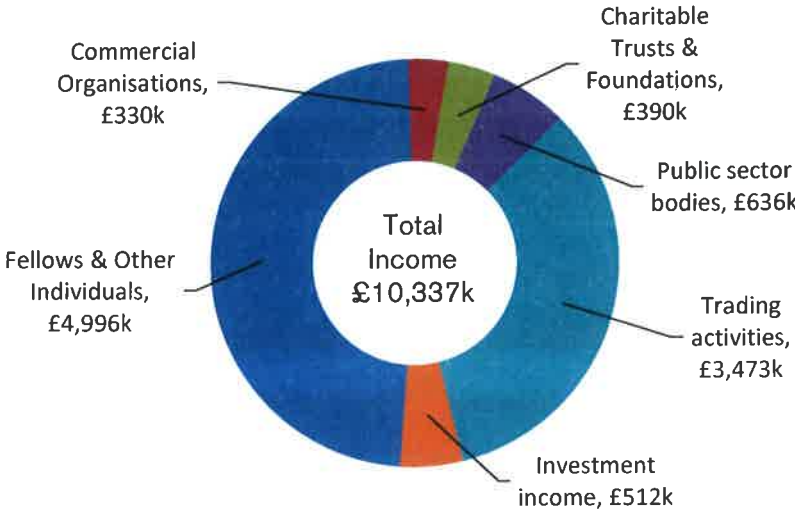
This year our unrestricted funds total £13.3m compared to £13.1m last year; of this sum, £7.7m, (£7.9m in 2015) is the designated fixed asset reserve and £1.1m is the designated legacy reserve, leaving a balance of £4.3m, an increase of £0.1m from £4.2m last year.

The Trustees have reviewed the reserves policy in the light of the current economic environment, possible future investment requirements (primarily in RSA House) and guidance from the Charity Commission and have agreed to maintain the target for free reserves at three months' unrestricted cash expenditure. Given the overall financial position of the RSA, it is believed that three months' reserves is a realistic sum to protect the organisation, should the RSA suffer a major change in its financial position. This year, our cover position is 6.4 months compared with 6.7 months last year. The drop in cover largely reflects the higher level of activity this year and the designation of a further £0.1m to the designated legacy reserve. If the legacy reserve is included in the total, the number of months' cover increases from 8.1 months to 8.2 months. The Trustees believe the position is healthy given the current economic uncertainty and future investment plans but will

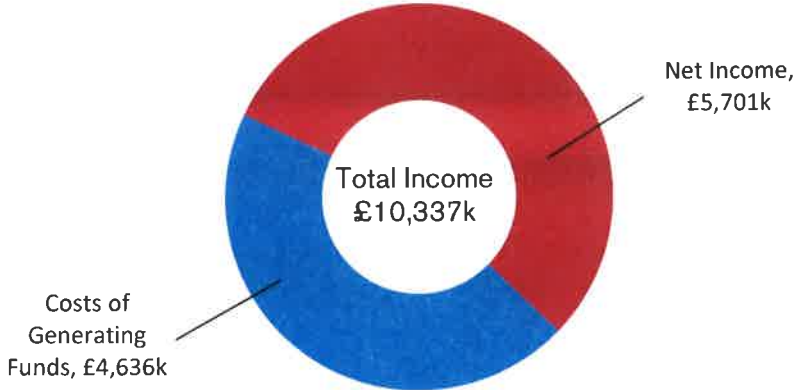
¹ 'Free reserves' are defined as unrestricted funds plus the Vaults appeal fund, plus unexpended Shipley income funds less the tangible fixed assets and the designated legacy reserve.

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

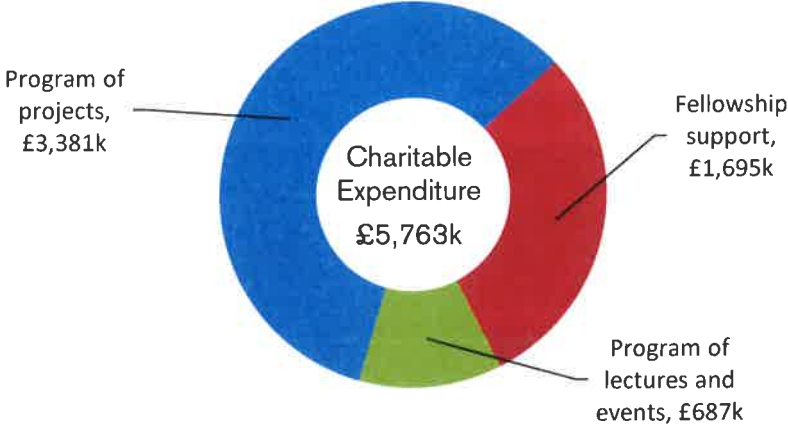
continue to review the appropriateness of this ratio as the economic and political situation evolves and our investment plans develop. Where our income comes from



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 2016 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) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 32, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the Financial Statements

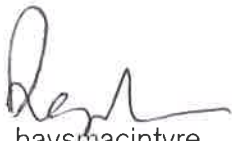
In our opinion, the financial statements:

- give a true and fair view of the state of the charity's and group's affairs as at 31 March 2016 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

5 July 2016

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 2016

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2016 £'000	Total 2015 £'000
Income and endowments from						
Donations and legacies						
Fellowship donations		4,484	0	0	4,484	4,462
Other donations and legacies		304	0	0	304	157
Income from other trading activities		3,473	0	0	3,473	2,981
Investment income		129	383	0	512	565
Incoming resources from charitable activities						
Program of projects		578	785	0	1,363	1,885
Program of lectures and events		53	59	0	112	100
Regional and network activities		18	2	0	20	45
Other income		69	0	0	69	55
Total income	2	9,108	1,229	0	10,337	10,250
Expenditure on						
Expenditure on raising funds						
Fellowship administration		979	4	0	983	971
Other		111	0	12	123	263
Trading activities		3,509	21	0	3,530	3,154
Expenditure on charitable activities						
Program of projects		2,468	881	32	3,381	3,831
Program of lectures and events		626	61	0	687	613
Fellowship support		1,679	16	0	1,695	1,600
Total expenditure	3	9,372	983	44	10,399	10,432
Net income/(expenditure) before net						
gains/(losses) on investments						
		(264)	246	(44)	(62)	(182)
Net gains/(losses) on investments						
		372	(1,088)	220	(496)	810
Net income/(expenditure)						
Transfers between funds		125	272	(397)	0	0
Net movement of funds						
		233	(570)	(221)	(558)	628
Reconciliation of funds						
Total funds brought forward		13,055	2,688	10,654	26,397	25,769
Total funds carried forward		13,288	2,118	10,433	25,839	26,397


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 2016

	Notes	Group 2016 £'000	Group 2015 £'000	RSA 2016 £'000	RSA 2015 £'000
Fixed assets					
Intangible assets	7	452	506	452	506
Tangible fixed assets	7	8,491	8,839	8,491	8,839
Investments	8	16,882	17,141	16,882	17,141
		25,825	26,487	25,825	26,487
Current assets					
Stock		12	12	0	0
Debtors	9	1,556	1,792	1,393	1,587
Short term deposits and cash at bank		959	638	475	571
		2,527	2,442	1,868	2,158
Creditors: amounts falling due within one year	10	(1,537)	(1,366)	(887)	(1,082)
Net current assets		990	1,076	981	1,076
Total assets less current liabilities		26,815	27,563	26,806	27,563
Creditors: amounts falling due after more than one year		(976)	(1,166)	(967)	(1,166)
Total assets less liabilities		25,839	26,397	25,839	26,397
Unrestricted income funds	11	13,288	13,055	13,288	13,055
Restricted income funds	11	2,118	2,688	2,118	2,688
Endowment funds	11	10,433	10,654	10,433	10,654
Total funds		25,839	26,397	25,839	26,397

The Financial Statements were approved by the Board of Trustees on 5th July 2016 and were signed on its behalf by:


Vikki Heywood
Chair


Sarah Ebanja
Treasurer

The accompanying notes form part of these financial statements.

Group Cash Flow Statement for the year ended 31 March 2016

	2016 £'000	2015 £'000
Net cash provided by (used in) operating activities	455	(416)
Cashflows from investing activities		
Dividend, interest and rents from investments	512	565
Proceeds from sale of property, plant and equipment	0	0
Purchase of property, plant and equipment	(407)	(735)
Proceeds of sale of investments	16,367	173
Purchase of investments	(16,606)	0
Net cash provided by (used in) investing activities	(134)	3
Cashflows from financing activities:		
Repayments of borrowings/inflows of new borrowings	0	0
Net cash provided by (used in) financing activities	0	0
Change in cash and cash equivalents in the reporting period	320	(413)
Cash and cash equivalents at the beginning of the reporting period	638	1,051
Cash and cash equivalents at the end of the reporting period	959	638

The accompanying notes form part of these financial statements.

Notes to the Financial Statements 31 March 2016

1. Accounting policies

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

Basis of preparation

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

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain tangible fixed assets and the inclusion of fixed asset investments at market value as stated in the relevant note(s) to these accounts.

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

Having considered the projections for the coming year, the risks affecting the RSA and its subsidiaries and the reserves position, the Trustees consider that there are no material uncertainties about the RSA's ability to continue as a going concern.

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.

Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was needed. No restatements were required. In accordance with the requirements of FRS 102 a reconciliation of net income/(expenditure) for the year is provided with the net income/(expenditure) under previous GAAP adjusted for the presentation of investment gains/(losses) as a component of reported income.

Reconciliation of reported net income

	£'000
Net income/(expenditure) as previously stated	(182)
Adjustment for gains/(losses) on investments now treated as a component of net income	<u>810</u>
2015 net income as restated	<u>628</u>

Income and endowments

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.

Expenditure

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

Operating Leases

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

Notes to the Financial Statements 31 March 2016

Fixed assets and depreciation

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

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

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

Intangible fixed assets represent investments made in the RSA's customer relationship management, content management and mailing systems and the RSA's website. These investments are depreciated over 3 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 2016 continued

2. Income and endowments

Split of income

2016

	<i>Donations and legacies</i>	<i>Income from other trading activities</i>	<i>Investment income</i>	<i>Program of projects</i>	<i>Program of lectures and events</i>	<i>Fellowship support</i>	<i>Other income</i>	<i>Total</i>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fellowship	4,484	0	0	0	0	0	0	4,484
Donations & legacies (individuals)	302	0	0	80	7	2	0	391
Commercial organisations	0	0	0	294	36	0	0	330
Charitable trusts & foundations	2	0	0	338	50	0	0	390
Public sector bodies	0	0	0	617	19	0	0	636
Trading activities	0	3,473	0	0	0	0	0	3,473
Fees income	0	0	0	34	0	18	69	121
Dividends, interest & rent income	0	0	512	0	0	0	0	512
	4,788	3,473	512	1,363	112	20	69	10,337

2015

	<i>Donations and legacies</i>	<i>Income from other trading activities</i>	<i>Investment income</i>	<i>Program of projects</i>	<i>Program of lectures and events</i>	<i>Fellowship support</i>	<i>Other income</i>	<i>Total</i>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fellowship	4,462	0	0	0	0	0	0	4,462
Donations & legacies (individuals)	157	0	0	47	0	0	0	204
Commercial organisations	0	0	0	380	75	0	0	455
Charitable trusts & foundations	0	0	0	315	25	0	0	340
Public sector bodies	0	0	0	1,114	0	0	0	1,114
Trading activities	0	2,981	0	0	0	0	0	2,981
Fees income	0	0	0	29	0	45	55	129
Dividends, interest & rent income	0	0	565	0	0	0	0	565
	4,619	2,981	565	1,885	100	45	55	10,250

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

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

From RSA Adelphi Enterprises Ltd., for the hire of conference rooms and the provision of catering services, £2,940k (2015 - £2,133k). From RSA Shipley Enterprises Ltd, for the provision of consultancy services, £533k (2015- £848k).

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

Fellowship support comprises all funding received towards supporting Fellowship networks and the income generated by RSA Regional Committees.

2015 breakdown of income

The breakdown of income between fund is set out below.

	<i>Donations and legacies</i>	<i>Income from other trading activities</i>	<i>Investment income</i>	<i>Program of projects</i>	<i>Program of lectures and events</i>	<i>Fellowship support</i>	<i>Other income</i>	<i>Total</i>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds	4,619	2,981	131	91	75	0	55	7,952
Restricted funds			434	1,794	25	45		2,298
Endowment funds			0	0	0	0		0
Total income	4,619	2,981	565	1,885	100	45	55	10,250

Notes to the Financial Statements 31 March 2016 continued

3. Expenditure

	Direct costs - staff cost	Direct costs - other	Apportioned support costs	2016 Total	2015 Total
	£'000	£'000	£'000	£'000	£'000
Expenditure on raising funds					
Fellowship administration	481	159	343	983	971
Other	52	37	34	123	263
Trading activities	1,416	1,109	1,005	3,530	3,154
Expenditure on charitable activities					
Program of projects	1,585	837	959	3,381	3,831
Program of lectures and events	367	121	199	687	613
Fellowship support	632	645	418	1,695	1,600
	4,533	2,908	2,958	10,399	10,432

Direct costs are allocated to categories of activity as follows:

Expenditure on raising funds comprises the cost of recruiting to and administering our Fellowship, unrestricted fundraising and fees charged by investment managers.

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

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

Fellowship support comprises the costs of the journal, library, Fellowship networks and the costs incurred by our regional committees.

The external audit fee was £22,750 (2015: £26,708). Fees paid to the auditors for non audit services were £3,031 (2015: £875).

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

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

Analysis of Allocated Costs

	Fellowship administration	Other expenditure on raising funds	Trading activities	Program of projects	Program of lectures and events	Fellowship support	2016 Total	2015 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Establishment and depreciation	154	10	721	448	82	195	1,610	1,567
Executive management	33	21	80	100	41	72	347	385
Finance	34	1	45	90	17	33	220	204
Human resources	36	1	46	93	17	34	227	190
Information technology	61	1	80	161	30	59	392	441
Governance	25	0	33	67	12	25	162	162
2016 Total	343	34	1,005	959	199	418	2,958	2,949
2015 Total	325	35	985	976	217	410	2,949	

2015 breakdown of expenditure

The breakdown of expenditure between fund is set out below.

	Fellowship administration	Other expenditure on raising funds	Trading activities	Program of projects	Program of lectures and events	Fellowship support	2015 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds	971	197	3,154	1,446	595	1,600	7,963
Restricted funds	0	51	0	2,385	18	0	2,454
Endowment funds	0	15	0	0	0	0	15
2015 Total	971	263	3,154	3,831	613	1,600	10,432

Notes to the Financial Statements 31 March 2016 continued

4. Trustee and staff costs

Trustees

Members of the Trustee Board and committees do not receive any remuneration for their services. Travel expenses were reimbursed to 8 (2015: 7) Trustees and amounted to £6,041 (2015: £3,814). Charitable funds have been used to buy indemnity insurance for Trustees at a cost of £6,996 (2015: £8,056).

Staff

The average number of staff employed during the year on a full time equivalent basis was 97 (2015: 96). This was split across the organisation as follows:

	2016	2015
Expenditure on raising funds	12	11
Trading activities*	15	16
Program of projects	31	31
Program of lectures and events	6	7
Fellowship support	12	11
Support departments	21	20
	97	96

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

The cost of these individuals was as follows:	2016	2015
	£'000	£'000
Salaries	3,714	3,659
Employer's National Insurance contributions	394	382
Pension contributions	325	284
	4,433	4,325
Agency Staff costs	196	264
Total Staff Costs	4,629	4,589

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

	2016	2015
£60,001 to £70,000	2	0
£70,001 to £80,000	2	3
£80,001 to £90,000	2	2
£90,001 to £100,000	1	0
£120,001 to £130,000	1	1

The number of higher paid employees accruing pension benefits was:

	2016	2015
Defined contributions scheme		
- group personal pension	8	6

The total contributions paid by the RSA into the defined contribution scheme for higher paid employees was £64,551 (2015: £51,023). The cost of key management personnel, defined as members of the Executive team, including pension contributions by the RSA was £553k.

Notes to the Financial Statements 31 March 2016 continued

5. Grants / Awards Paid & Payable	2016	2015
	£'000	£'000
Grant creditor at 1 April 2015	62	52
Grants approved before 31 March 2016 and payable within one year	308	203
Grants approved before 31 March 2016 and payable after one year	0	0
Grants paid/released during the year	(329)	(193)
Grant creditor at 31 March	41	62
Paid during year represented by:		
Grants	41	38
Awards	0	24
	41	62

6. Operating Leases

At 31 March 2016, the commitment for the next year under non-cancellable operating leases relating to equipment and the total outstanding commitment to the end of the leases were:

	2016	2015
	£'000	£'000
Within 1 year	21	11
Total commitment, including amounts payable within 1 year	24	11

Notes to the Financial Statements 31 March 2016 continued

7. Fixed assets	<i>Freehold premises</i>	<i>Building Improvements</i>	<i>Furniture & fittings</i>	<i>Intangible assets</i>	<i>Pictures, books & antiques</i>	<i>Total</i>
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 April 2015	4,304	9,333	3,642	728	33	18,040
Transfers	0	0	0	0	0	0
Additions	0	190	68	149	0	407
Disposals	(109)	(2,228)	(2,997)	(192)	0	(5,526)
At 31 March 2016	4,195	7,295	713	685	33	12,921
Depreciation						
At 1 April 2015	720	4,553	3,200	221	0	8,694
Charge for the year	22	360	225	203	0	810
Disposals	(109)	(2,228)	(2,997)	(192)	0	(5,526)
At 31 March 2016	633	2,685	428	232	0	3,978
Net Book Values						
At 31 March 2016	3,562	4,610	285	453	33	8,943
At 1 April 2015	3,584	4,780	442	507	33	9,346

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. It is a requirement of United Kingdom Accounting Standards that freehold buildings should be depreciated over their estimated useful lives. To meet this requirement a notional life of 200 years was attributed to the premises in 1978, and depreciation is therefore charged on that basis.

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

8. Investment assets

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

Analysis of investment assets	<i>Unrestricted funds</i>	<i>Restricted Funds</i>	<i>Endowment Funds</i>	<i>2016 Total</i>	<i>2015 Total</i>
	£'000	£'000	£'000	£'000	£'000
UK	1,469	459	3,109	5,037	6,697
Overseas	2,101	661	4,475	7,237	5,899
Alternative investments	24	8	52	84	1,880
Freehold property	1,215	383	2,586	4,184	2,383
Bank deposits	98	31	211	340	282
	4,907	1,542	10,433	16,882	17,141

The two freehold investment properties owned by the RSA were sold during the year for a total of £2,486k with realised gains totalling £616k recognised in the year.

Analysis of movement of investment assets			<i>2016 Total</i>	<i>2015 Total</i>
	£'000	£'000	£'000	£'000
Investments at 1 April 2015	4,504	1,983	10,654	17,141
Net (withdrawals)/additions	513	(31)	(441)	41
Revaluation gain/(loss)	(110)	(410)	220	(300)
Investments at 31 March 2016	4,907	1,542	10,433	16,882
Revaluation gain/(loss) 2015	119	381	310	810

Net (withdrawals)/additions includes £813k in realised losses on investments, together with the £616k gain on sale of investment properties highlighted above. The former relates to losses crystallised on the sale of investment assets as part of the transfer of funds to a new investment advisor. All of the proceeds from this sale were reinvested.

Notes to the Financial Statements 31 March 2016 continued

9. Debtors

	Group	Group	RSA	RSA
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Trade debtors	823	1,011	277	364
Prepayments and accrued income	387	665	357	641
Other debtors	346	116	346	114
Owed by RSA Adelphi \ RSA Shipley	0	0	413	468
	1,556	1,792	1,393	1,587

10. Creditors: amounts falling due within one year

	Group	Group	RSA	RSA
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Trade creditors	407	515	305	441
Accruals	158	187	98	168
Deferred project income	75	232	55	204
Other creditors	513	287	429	269
RSA Hospitality income received in advance	384	145	0	0
	1,537	1,366	887	1,082

Deferred project 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.

Notes to the Financial Statements 31 March 2016 continued

11. Funds

	<i>Balance</i> <i>1 April 2015</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 2016</i> <i>£'000</i>
Unrestricted funds						
Designated fixed asset reserve	7,875	0	(369)	0	190	7,696
Designated legacy reserve	1,020	0	(98)	191	0	1,113
General reserve	4,160	9,108	(8,905)	181	(65)	4,479
	13,055	9,108	(9,372)	372	125	13,288
Restricted income funds						
Programs	0	844	(869)	0	25	0
ShipleY Fund	1,851	366	0	(1,073)	(145)	999
Vaults Appeal Fund	487	0	(44)	0	0	443
<u>Individual Trusts greater than £5,000:</u>						
Sir John Stratton Scholarship	40	0	(39)	(1)	0	0
Arts Congress / Fidelity Trust	33	0	0	0	(33)	0
Edward Boyle Fund	28	0	(1)	(2)	63	88
Dick Onians Creativity Fund	19	0	0	0	(19)	0
Lord Bossom Trust	26	0	0	0	(26)	0
Betro Trust	22	0	0	0	(22)	0
Edward Squires Fund	20	1	(16)	(3)	85	87
Centenary Young Fellows	40	2	(10)	0	0	32
Student Appeal Fund	24	0	0	0	0	24
Reflection Riding Fund	16	0	0	0	(16)	0
Dick Onians Lecture Trust	10	0	0	(1)	49	58
Thomas Howard Trust	6	0	0	0	(6)	0
James Cranstoun Bequest	24	12	0	0	0	36
F H Andrews Bequest	2	0	0	0	10	12
General Award Fund	0	1	0	(3)	114	112
General Lecture Fund	0	1	(4)	(5)	200	192
Trusts under £5k	40	2	0	0	(7)	35
	2,688	1,229	(983)	(1,088)	272	2,118
Endowment funds						
ShipleY Expendable Endowment	9,858	0	(12)	236	1	10,083
<u>Individual Trusts greater than £10k:</u>						
James Cranstoun Bequest	316	0	0	(13)	0	303
Edward Squires Fund	85	0	0	0	(85)	0
Edward Boyle Fund	63	0	0	0	(63)	0
Angus Millar Trust	49	0	0	(2)	0	47
Sir John Stratton Scholarship	33	0	(32)	(1)	0	0
Dick Onians Lecture Trust	30	0	0	0	(30)	0
Lord Bossom Trust	30	0	0	0	(30)	0
Alfred Davies Bequest	15	0	0	0	(15)	0
Arts Congress / Fidelity Trust	12	0	0	0	(12)	0
R B Bennett Comm Prize	12	0	0	0	(12)	0
F Constable Lecture Fund	11	0	0	0	(11)	0
Joseph Paxton Memorial Fund	11	0	0	0	(11)	0
Sum of trusts less than £10k	129	0	0	0	(129)	0
	10,654	0	(44)	220	(397)	10,433
Total Reserves	26,397	10,337	(10,399)	(496)	0	25,839

Notes to the Financial Statements 31 March 2016 continued

b) Restricted income funds - movements in year

The restricted program of projects fund includes the following restricted income which has been received during the Big Lottery Fund £68,527 (2015: £101,000)

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.

In conjunction, with the RSA's legal advisers and with permission from the Charity Commission and, where appropriate, consultation with relatives of those connected to the funds, in 2015/16 most of the endowment funds were released to restricted funds. In addition, many of the restricted funds were then consolidated into three primary reserves; a general reserve, an events and lectures reserve and a design awards reserve. This restructure also included consolidation of the Dick Onians Creativity fund into the Dick Onians Lecture Trust.

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

c) Sir John Stratton Scholarship

In January 2015 the Board authorised the transfer of the Sir John Stratton Scholarship to the Royal College of Music (RCM) where it could be more appropriately utilised. The Charity Commission approved the transfer of the Sir John Stratton Scholarship to the RCM and the transfer was made during the year.

d) Analysis of group net assets between funds

	<i>Tangible & Intangible Fixed assets</i>	<i>Investments</i>	<i>Current assets</i>	<i>Liabilities</i>	<i>Fund balances</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Unrestricted Funds					
Designated fixed asset reserve	7,696	0	0	0	7,696
Designated legacy reserve*	0	1,113	0	0	1,113
General reserve	804	3,794	2,394	(2,513)	4,479
	8,500	4,907	2,394	(2,513)	13,288
Restricted income funds	443	1,542	133	0	2,118
Endowment Funds					
Expendable	0	10,083	0	0	10,083
Permanent	0	350	0	0	350
	0	10,433	0	0	10,433
Total funds	8,943	16,882	2,527	(2,513)	25,839

* 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.

12. Pension schemes

The Consolidated Statement of Financial Activities includes contributions by the Charity to the Group Personal Pension scheme of £324k (2015: £314k)

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 2016 continued

14. Related parties

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

15. Subsidiary undertakings

a) RSA Adelphi Enterprises Limited

The company principally operates a hospitality business within the RSA House. It 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

	2016 £'000	2015 £'000
Turnover	3,074	2,232
Cost of sales	(1,913)	(1,456)
Gross profit	<u>1,161</u>	<u>776</u>
Other expenses	(779)	(614)
Net profit	382	162
Bank interest	0	0
Profit for the year transferred by Gift Aid to RSA	(382)	(162)
Profit	<u><u>0</u></u>	<u><u>0</u></u>

ii) Summary of balance sheet for RSA Adelphi Enterprises Ltd

	2016 £'000	2015 £'000
<u>Current Assets:</u>		
Stocks	12	12
Debtors	420	357
Cash	421	67
Owed by Group	87	48
	<u>940</u>	<u>484</u>
<u>Creditors:</u>		
Creditors	71	10
Advance deposit receipts	393	144
Others	94	38
Owed to parent	382	292
	<u>940</u>	<u>484</u>
Net assets/Share capital	<u><u>0</u></u>	<u><u>0</u></u>

* Share capital of £100, not in the summary balance sheet above as it is rounded to £0k.

Notes to the Financial Statements 31 March 2016 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

	2016 £'000	2015 £'000
Turnover	533	848
Cost of sales	(451)	(585)
Gross profit	82	263
Other expenses	(72)	(63)
Net profit	10	200
Profit for the year transferred by Gift Aid to RSA	(10)	(200)
Profit	0	0

ii) Summary of balance sheet for RSA Shipley Enterprises Ltd

	2016 £'000	2015 £'000
<u>Current Assets:</u>		
Stocks	0	0
Debtors	155	274
Cash	64	0
	219	274
<u>Creditors:</u>		
Creditors	166	23
Advance deposit receipts	20	27
Owed to parent	33	224
	219	274
Net assets/Share capital	0	0

c) Reconciliation of subsidiary results to group reporting

	2016 £'000	2015 £'000
<u>Group Reporting:</u>		
Income from other trading activities	3,473	2,981
Expenditure on trading activities - direct costs	(2,525)	(2,039)
Contribution to RSA overheads	948	942
Cost of activities for generating funds - Support costs (as per note 3)	(1,005)	(1,294)
As reported in RSA Financial Statements	(57)	(352)
Add back support costs apportioned to activity for group reporting purposes	1,005	1,294
Add back direct costs incurred by parent allocated to activity for group reporting	135	(71)
Add back intercompany charges eliminated upon group reporting consolidation	(691)	(509)

RSA Adelphi/Shipley Enterprises reported profit

	2016 £'000	2015 £'000
16. Parent charity result		
Income and endowments	8,009	8,046
Expenditure	(8,463)	(8,590)
Gift Aid income from subsidiaries	392	362
Net income/(expenditure) before net gains/(losses) on investments	(62)	(182)
Net gains/(losses) on investments	(496)	810
Net movement of funds	(558)	628

