

# RSA

**Trustees' Annual Report and Financial Statements  
for the year ended 31 March 2008**

## Reference and administrative information

### Patron

HM The Queen

### President

His Royal Highness The Prince Philip, Duke of Edinburgh KG KT

### Trustees

Gerry Acher CBE LVO (Chair)  
Sir Paul Judge (Deputy Chair)  
Philip Goldenberg (Treasurer)  
Pamela Taylor OBE (Treasurer)  
Lord Best  
Sean Blair (Re-elected 3 October 2007)  
Naaz Coker  
Dr David McCoy (appointed December 2007)  
Louise Macdonald (elected 3 October 2007)  
Vicky Pryce  
Susan Steele  
Andrew Summers CMG (Re-elected 3 October 2007)  
David Young

### Constitution

The RSA is a charity governed by a Royal Charter. It is registered under the Charities Act 1993 – Number 212424  
The RSA is also registered in Scotland – Number SC037784

### Auditors

haysmacintyre, Fairfax House,  
15 Fulwood Place, London WC1V 6AY

### Bankers

Coutts & Co  
440 The Strand, London WC2R 0QS

### Pension Consultants

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

### Executive Team

Matthew Taylor (Chief Executive)  
Stephen King (Chief Operating Officer)  
Rachel O'Brien (Interim Programme Director)  
Belinda Lester (Fellowship Director)  
Nina Bolognesi (External Affairs Director)  
Carrie Walsh (Commercial Director)

### Principal office

8 John Adam Street, London WC2N 6EZ

### Solicitors

Bates, Wells & Braithwaite, Cheapside House, 138  
Cheapside, London EC2V 6BB

Bristows, 100 Victoria Embankment  
London EC4Y 0DH

Stone King, 39 Cloth Fair, London EC1A 7JQ

### Surveyors and Property Consultants

Mellersh & Harding, 43 St James's Place,  
St James's Street, London SW1A 1PA

### Investment Managers

Cazenove, 12 Moorgate, London EC2R 6DA

## WELCOME & KEY ACHIEVEMENTS

### Chairman's Statement

The past twelve months have constituted a significant period of change for the RSA, but it has maintained a high level of commitment to its principles. We remain an enlightenment organisation, dedicated to promoting human progress. At the same time, our methods for delivering that enlightenment – through our programme of research and our public events – have been transformed.

During the year the Trustee Board has worked with the Executive team to define a vision statement for the RSA in the 21<sup>st</sup> century. This is posted in full on our website and in summary is as follows: *In light of the new challenges and opportunities for the human race, the RSA seeks to develop and promote new ways of thinking about human fulfilment and social progress. We do this by providing a platform for ideas and debate, a programme of innovative research and development, and through the activities of our 27,000 strong Fellowship. By combining thought leadership, social engagement and powerful forms of collaboration, the RSA can make a vital and unique contribution to civic capacity.*

This year has been one of extraordinary development for the RSA, with some of our most ambitious ideas for transformation already showing some fruit. The RSA's reputation as London's premier venue for free lectures and discussions has continued to grow. In the last year, we have had more international high calibre speakers than ever before. The re - launch of the RSA Journal and our new website have won many plaudits from Fellows and external stakeholders.

The research programme is driven by the same enlightenment goals. Among our new projects, Changing Minds, which will explore some of the new developments in neuroscience and how this will affect policy and education, and the Prisoner Learning Network, which was launched by Jack Straw MP, Secretary of State for Justice, are just two examples of our Programme development.

We are especially proud of our education research and the impact it has made. Opening Minds has reached 175 schools so far, and its work has created a powerful network of teachers and pupils to make real changes to learning experiences across the country. Our Academy at Tipton, under the Chairmanship of Sir Mike Tomlinson, opened its doors in September. Although there was a risk in becoming involved in the building and running of a new school, it is a tremendous opportunity for the RSA to put its ideas into action and to showcase the working of our policies.

Fellowship numbers are in rude health and continue to rise with many new fellows being recruited by existing fellows and, importantly, our lapse rate remains at a low level. It is early days for our networks platform but it is beginning to capture our Fellows' imagination. I am most grateful to the many fellows who have offered ideas and also taken the time to engage with the initiatives of other Fellows and colleagues. The Fellowship has always been, and will always be, at the heart of the RSA. Many Fellows are excited at the prospects of engagement we now offer while others are happy to sit back and watch. Some, in certain of our regions, are finding

the new order challenging and I promise to work resolutely with those regions over my remaining period of office to help them benefit from the transformation.

The House has continued to excel with income targets having been surpassed. The House staff work exceptionally hard to deliver a first class experience to all who use and visit the RSA and I would like to pay tribute here to their professionalism. As we experience a downturn in the economy in this country this professionalism is particularly important.

I am most grateful to the Board of Trustees for their continued support this year. With such changes going on at the RSA, we are particularly aware of potential risks, financial or otherwise. Trustees will continue to address matters regularly and recommend actions to safeguard the reputation and the future of the organisation. I should also like to thank all our regional volunteers and our Council for their support and commitment.

During the year we welcomed David McCoy to the Board of Trustees and, more recently, have invited Luke Johnson to become a trustee and, with the approval of our AGM, our Deputy Chair. I warmly welcome both David and Luke and look forward to working with them over the coming year. Luke will take over from me as Chair during 2009 and he will bring an exciting new dimension as our plans and strategies come to fruition. We also welcomed Nina Bolognesi, Director of External Affairs, Belinda Lester, Director of Fellowship and Rachel O'Brien, Interim Director of Programme, to the senior executive team. I wish them all well as each has a key role to play in our development. I would like to say a heartfelt thanks to all RSA staff for their enthusiasm and hard work but I would particularly like to single out Matthew Taylor for special thanks. He has brought great energy, commitment and a renewed sense of purpose and innovation to the RSA - whilst ensuring that the organisation remains true to its founding principles.

At our forthcoming AGM Sir Paul Judge and Vicky Pryce retire as trustees and I thank them for their contributions. Sir Paul has served a full six year term first as Deputy Chair, then Chair and finally the last two years as Deputy Chair again. During his period as Chair he brought a tighter discipline to our programme setting out the 5 manifesto challenges, oversaw the immensely successful 250<sup>th</sup> Anniversary celebrations and growth in fellowship both at home and overseas. He spearheaded our risk work chairing our Risk Commission. I am delighted that his wise counsel will continue to be available to us all as Emeritus Vice President. Vicky has been a steady contributor and I look forward to this continuing as a member of our Council.

Whilst we have laid strong foundations for the future, the transformation work is not yet complete; further work is still needed on both our Programme and our Fellowship and Communications strategies. But, the goals are worth the effort and we are all excited by the prospect of the RSA being truly fit for the future.

Finally, I would like to take this opportunity to thank our President for his continued support and involvement in the work of the RSA; his constructively challenging approach is always refreshing and inspirational to us all.

Gerry Acher

## Chief Executive's Statement

What has my first full year at the helm of the RSA taught me? The news is good. Progress has surpassed our expectations. Even so some barriers to change have proven higher than we thought. When asked to speak about key issues facing non-profit organisations, I emphasise openness and the courage to be self-critical. This is a chance to practise what I preach.

Let's start with the unalloyed successes. The House has thrived. From weddings to political debates, visitors have been delighted by the quality of service. Income targets have been met and surpassed and with the opening of the new Gerard Bar there are more opportunities for our Fellows and friends to socialise and collaborate. By this time next year we hope to have an exciting plan to make the Great Room a truly spectacular venue.

The lecture programme has been exceptional. We can boast the biggest and best free lecture series in the UK. In an average week we host three packed events with more than 500 people coming through our doors. And now with edited videos on the website, our most popular lectures are getting through to a global audience. As well as the new website our revamped Journal is receiving plaudits from Fellows and beyond.

This time last year RSA Networks – the means by which we enable our Fellowship to become a powerful source of innovation and social capital – was but a glimmer in our eye. By next year I hope every Fellow understands the idea and that thousands are engaging. In just the first few months we have held successful Network events not only at HQ but in many regions. Hundreds of Fellows have offered ideas and engaged with the initiatives of their colleagues. In short order we have developed an exciting first set of projects ranging from hosting informed public debate about Severn Tidal Power to celebrating the importance of failure as a by-product of enterprise and a powerful way to learn. And behind all this our fantastic Fellowship team is recruiting and retaining the brightest and best: more women, more young people. Membership is at an all time high and attrition rates are falling.

In Programme, Opening Minds and the RSA Academy have made important further strides. Design Directions has had another good year and we are developing strong networks around Arts & Ecology and experimenting with personal carbon trading. There are exciting new projects underway on prison learning, shareholder activism and 'pro-social behaviour'. And, in the pipeline, new initiatives on cognition and public service reform. It is important always to be sure we are adding value, but we are keen to do more thinking about enterprise, innovation and manufacturing.

The areas of challenge reflect the scale of our ambition and, to be honest, have exposed some issues the Society has ducked for too long. There is real enthusiasm in our Fellowship for the networks idea but we are building from a very low base of activity. Networks will succeed but to do so means simultaneously addressing complex issues of infrastructure, process and culture. We know the direction of travel but no one can be sure of the destination. Progress thus far has relied on the support and ideas of our early adopters among the Fellowship. Scaling up will be the real test.

It has been a tough year for our Programme. We have been setting higher expectations, including that projects engage more fully with Fellows. Among the successes some projects have not made the grade. We are setting the bar high; projects that have the rigour expected in more conventional research institutes but with an RSA mission and methodology that is powerful and distinctive.

Let me end with some richly deserved praise. To my Trustees who have not only backed radical change but recognised that it takes time. To the Society's staff - from the chefs to the lectures team to the accounts department - who have accepted the challenges, delivered our successes and bought in to the transformational potential of the RSA. And to all the kind Fellows who have approached me after events, around the House, and sometimes just walking down the street to offer words of encouragement. In the words of a Fellow of twenty years standing 'at last this is becoming the Society I always hoped it would be'. We are on a long journey. On those days when the climb looks daunting, kind words like these put a spring in our step.

Matthew Taylor

## ACHIEVEMENTS

### Platforms

The RSA provides platforms to engage with the public and its Fellows. It can disseminate its work through its free lecture and event programme, the RSA Journal (print and online), the website and Vision, and access to the archive and library. These platforms have massively improved since last year, in their reach, accessibility and design.

### Lectures and events

RSA events have always been free and open to the public. The lecture programme has gone through an exciting period of expansion in recent months and is now recognised as one of the leading event programmes in the UK.

The number of events has increased by over 50% in the last year and the variety of formats has diversified to include talks, debates and the new *RSA Screens* series – preview screenings of the best in international documentary films with exclusive director Q&A sessions.

Our *RSA Thursday* series has successfully established itself on the London events scene, offering a unique weekly topical debate on current affairs, ideas and culture. We have responded quickly to unfolding news stories at home and abroad, and international affairs have been a strong focus of *Thursdays*, with expert commentators coming together to debate events from Burma to Beijing, Russia to the USA.

Our keynote lectures continue to feature internationally renowned speakers. Highlights from the past year include a lecture from one of the world's most exciting public intellectuals, Steven Pinker; dynamic presentations from figures at the cutting-edge of debate on the internet age, such as Clay Shirky and Jonathan Zittrain; Kofi Annan's keynote address marking the launch of the Humanitarian Response Index; an inspirational "call to action" on the issue of human trafficking from actress and activist Emma Thompson.

We have worked hard to align our keynote speakers with our projects, which improves debate within the RSA. One of the best examples of working collaboratively in this way was an important speech on confidence in the criminal justice system by the Secretary of State for Justice, Rt Hon Jack Straw MP, which marked the launch of the Prison Learning Network and brought together an influential audience of policymakers and practitioners, Fellows and interested members of the public.

Another highlight of close co-operation between the event and project teams is Arts & Ecology Exchanges, an innovative series of discussions bringing together artists, environmentalists and scientists to examine ways in which the arts sector can move forward with positive environmental solutions.

### The Journal

The Journal was re-launched in March 2008: we print four issues a year, and publish an extra four on-line. The design of the journal has been improved, and the contents are focussed on the Fellows' requirements, as found through our readership survey. The features in the print and online journals are from internationally famous contributors but still focus on the core

aims of the RSA. As we have cut the length and frequency of the print journal, we are saving some print, paper and environmental costs.

The print journal will be seeded with compelling reasons to go online and access the additional or standalone material.

In addition, we publish the Journal online between the quarterly print Journal in order to sustain dialogue with the Fellowship. This is designed to compensate for the two dropped issues in terms of both frequency of contact and level of content being provided for them.

Content will be heavily cross-linked to relevant RSA projects or Fellows' own projects on the Networks platform.

The ability to publish quickly through the online channel also means the content can be updated much more quickly than is the case for the print Journal. This allows the RSA to respond quickly with thought pieces and commentary on issues that are raised in the media.

### **Our new website**

The website has been re-launched and includes new features to enable users to access more information on our projects, events and articles. The new design follows extensive consultation with fellows, who were instrumental in the new design, usability and content. The website has increased its audience reach in the last twelve months and many more files have been downloaded from our site. In May 2008, the first phase of the new RSA website went live. It includes some new features and functions which are key to our new mission for the 21<sup>st</sup> century Fellowship:

- Who We Are, a short introductory video by chief executive, Matthew Taylor
- Meet a Fellow, an opportunity to see the diverse range of individuals that make up our Fellowship
- The Fellows' Directory, where Fellows can search and enjoy a privileged social networking site
- Vision, our new free video lecture series which captures our most brilliant speakers and shares them with a global audience.
- A Virtual Tour of the historic RSA House
- An interactive Timeline of the RSA's 250-year history and famous Fellows

The Network Platform will go live in the summer. It has been developed in close collaboration with Fellows and shows how well this project development with Fellows can work. It is a space for all Fellows to share ideas, create new projects and make new connections with other fellows.

### **Archive and Library**

The RSA Archive holds the records of the Society's administration from its foundation in 1754 to the present day. These are made available to Fellows and to members of the public. 124 people visited in person in the last year, and we answered a further 405 enquiries by e-mail, post and telephone.

The Archive is used for a variety of purposes. Academics in many different fields use us, and research published this year has been on topics ranging from sculpture to the relationship between the Society and the Huddersfield Mechanics Institution in providing examinations in

the Victorian era. We also receive many enquiries from family historians who have ancestors who were Fellows. Other requests are less easily classifiable; for example an American owner of a winery whose 18<sup>th</sup> century ancestor was awarded a medal for wine by the Society contacted us, and he is now building a museum showcase for the winery which will include the display of a replica medal.

Two items from the Archive were loaned out during the year to significant exhibitions. An Adelphi lottery ticket formed part of a very popular display about the Adam brothers at Sir John Soane's Museum and a self-portrait by James Barry, the artist responsible for the 'Progress of Human Knowledge and Culture' sequence in our Great Room, formed part of an exhibition of work by British and Irish artists at the Museum of Fine Arts at Ghent.

The RSA Library holds recently published books, DVDs, journals, magazines and newspapers, with our book and DVD stock available to be borrowed by Fellows. 1326 items were borrowed last year and we have seen increased take-up of the computer terminals available to Fellows in the Library.

## Fellowship

The year 2007/8 was the year we really started to put Fellows back at the heart of all we do. The work of the Fellowship Department was key for example to the success of events such as the Network Development Day in November. Since the Networks project started we have been working with the team to ensure that potentially interested Fellows are drawn into the process. The past year has seen our database of Fellows used to greater effect than ever before. Email is rapidly becoming the communication method of choice - quick, easy to target and environmentally sound. We can now bring information to Fellows on a very wide range of topics. The Department has worked hard over the year to gather as many email addresses as possible and we now have 75% of the Fellowship covered against 63% in 2006/7.

Due to the increasing importance of the Fellowship database Stuart Honeysett was appointed as Database and CRM Manager. Since February Stuart has been working to make the database central to the recording of all the RSA's contacts across all departments and particularly to make it the gateway to the 'Fellows only' areas of the website. This will enable Fellows to maintain their own records at one easily accessed central point.

Fellowship recruitment continued to be an area of considerable achievement: targeted with taking the Fellowship to 27,000 in 2007/8, we actually finished the year on 27,194 - a year on year increase of 3.7%. Subscriptions continue to be the major source of income for the RSA, and in 2007/8 this amounted to £4.03 million, just over budget by around 0.4%. To achieve this growth we recruited 2,412 new Fellows and achieved our targeted gender split of 35% female, 65% male (compared with 26% and 74% respectively across the whole Fellowship); further improvements to these figures are targeted for the coming year. We continued to expand the age range of new Fellows which now stands at 46 against 47 last year, however overall the average age of the entire Fellowship is unchanged at 57. This gender and age diversity is something we will continue to work on in the coming year. More than two thirds of all new Fellows come to us from our research team who send invitations to those that they have identified as being potential Fellows; this has given us the ability to recruit new Fellows from diverse sectors that colleagues in other departments have identified as being central to their work.

The Fellowship department's contribution to the engagement of Fellows continues with the ever popular New Fellows events. Over the year we experimented with format and content refining the event to reflect the needs of the audience as well as enabling new initiatives such as Networks to be effectively showcased. A further series of Fellows events outside London with informal gatherings taking place in Cambridge, Newcastle and Glasgow were very successful and will continue in 2008/9.

## Networks

The RSA Networks project was conceived as an engine of change for the organisation, empowering its Fellows to develop dynamic new social networks to promote and deliver positive social change. Our ambition was that, through embarking on the journey, we would have a clear sense of how to make the RSA a modern, exciting and dynamic catalyst for civic innovation, with the Fellowship network at its centre.

At the very early stage of the project, it became apparent that using social media was a natural and useful tool to support networking activity. After some initial scoping of existing networking platforms, we concluded that the project would be best supported through building our own platform. This provided an invaluable opportunity to model the new kinds of interactions between Fellows and the organisation we were looking for in the process of the website development itself. It has been a collaborative, open innovation process, incorporating improvements and adding functions following feedback from Fellows and staff both via the site and in workshop sessions. The first beta version was launched on 22<sup>nd</sup> November 2007 and there have been three further iterations since. As of August 2008, we will be launching the final version of this platform which will be a cutting edge social networking site which Fellows can use to connect and collaborate with each other. The current networks platform has 650 users and more than 90 projects have been proposed. The platform has facilitated lots of face to face interaction between Fellows through the meeting function on the site which in itself have inspired networks to develop and created opportunities for Fellows to meet.

We recognised that Fellows are successful, busy people who, though not lacking in ambitions, might lack the time to fulfil them. Although we knew enthusiasm was there, we suspected that emerging networks would need active facilitation and support in order to achieve real change. Over the course of October 2007, we trained 12 RSA staff members as ‘network facilitators’ covering topics such as core facilitation skills, features of effective networks and effective behaviour in networks. As well as this, we developed an RSA Networks core team in anticipation of a rise in demand. This team is now made up of four full-time employees and will shortly be expanding to six as we appoint two outreach workers to facilitate networks in the regions.

An early priority was to provide an opportunity for a large group of Fellows to come together and develop ideas for networks and what they might deliver. On 22<sup>nd</sup> November 2007, we brought together 1% of the Fellowship, around 270 Fellows, at the RSA House in London to think about the question: “What might RSA Networks do and how might they deliver?” In keeping with the project’s key principles of openness and collaboration, we organised the day using open space techniques, allowed participants to set the agenda and gather around issues that are of interest and relevance to them. At the close of the day, some 69 network proposals had been written up and were loaded onto the website. Fellows were encouraged to continue their conversations with each other and with RSA staff, both online and offline. ‘The Glory of Failure’ project emerged from this event and since then there has been lots of interest on the networks platform, as well as a huge response to an article in the Journal. A network of RSA Fellows are working to form new partnerships to deliver an imaginative and engaging campaign to explore the positive aspects of failure, and to better promote a healthy sense of ambition, creativity, and innovative spirit.

The original vision of the RSA networks project was bold and challenging. This work reflects the RSA's determination to remodel itself in the light of massive social change that is rendering the traditional role of membership organisations obsolete. We are determined to do more to make the RSA a fertile ground for our Fellows seeking to work together to tackle some of the biggest challenges faced by society: a catalyst for civic innovation.

Over the course of the next year, we will be working with the RSA regions to re-imagine governance in the context of a more networked organisation. We will continue to learn about the best ways of providing support online to Fellows seeking to work together, evolving the interactive dimensions of the website to create a truly useful, inspiring resource. And we are continually developing and refining a wider package of support, from event formats to partnerships and funding, to support our Fellows in their desire to change the world.

## Programme

There has been a great deal of movement in Programme, some projects concluding, some continuing. We stated in our last impact report that we intended to involve Fellows more closely in our projects. Our Fellows will be key to facilitating this, but we welcome feedback from all sources. For each current project, fellows are encouraged to review the project aims and contribute ideas through the network.

In the last twelve months we have reviewed each existing project, in order to focus on the outcomes, impacts and achievements in each case. Some projects had lost focus, and we needed to decide what their future would look like. The process has been hard, but very beneficial. We are changing the structure of the programme as a whole, as well as radically redesigning our projects. Each project has a clear direction, some have a shorter lead-time, and all aim to make a unique contribution to the public policy debate.

For each current and future project, the Programme team will

- Review and diversify methods
- Improve on project development and planning
- Bring projects in on budget and on time
- Increase and plan around milestones and outputs across Programme
- Develop the structure and skills to deliver networked projects

The RSA has a unique contribution to make in the world of think tanks. The journey it takes to develop policy ideas, through active input from Fellows, can be seen as a real contribution to participative democracy.

In the next year, the Programme team will

- Build stability and strategic capacity
- Improve team and project management
- Increase cross project working and interdisciplinary work
- Improve flow of decision making, information and communication between the executive team and others
- Improve information and communication with Fellowship

## Current Projects

### *Arts & Ecology*

#### **Key achievements 2007/08**

RSA Arts & Ecology, a partnership project with Arts Council England, set out last year to develop its existing website, introducing a blog and showcasing our work with 150,000 visits over the year. This has resulted in a greater ambition to launch an entirely new site with all the functions to make it truly participatory. This is currently being built and is one of the key objectives for the forthcoming year.

Alongside our UK based commissions, the focus of our work has been in developing five new partnerships. Over the year we have therefore set up a range of joint ventures in Afghanistan; in India; in virtual space with ZKM; and with Animate Projects to commission

seven one-minute films. We are also excited to be working with the Young Vic and People's Palace on the development of a performance and related debate focusing on deforestation in Brazil.

We have continued to place the spotlight on artists and to include them in debates and events, conferences and conversations. These took place over the year at the RSA, in art galleries, at a major conference in India, at the Venice Biennale and at the annual conference of the Chartered Institute of Water and Environmental Management.

To explore ways to reduce the carbon footprint in the arts community, we supported the launch of Julie's Bicycle, a new organisation to challenge and support the music industry in addressing their carbon footprint.

### **Highlights from the year**

Turner prize winning artist Jeremy Deller initiated the 'Bat House Project' in the form of a national competition to design a bat house. The aim is to highlight threatened species and the need for architects, builders, planners and conservationists to work together to produce environmentally friendly building design. We had over 200 detailed entries from 24 countries, including Belarus, South Korea and Nigeria. The winning designs were displayed at the RIBA. The winners are two students, Jorgen Tandberg and Yo Murata, for their "beautiful, poetic and unexpected" design. There is a dedicated website at [www.bathouseproject.org](http://www.bathouseproject.org).

Two artists, Kayle Brandon and Heath Bunting, spent six weeks at international arts organisation KHOJ in New Delhi, joining artists from Europe and India. Amongst a number of projects they produced a free broadsheet to raise environmental issues, and organised a Cola making workshop with local vendors to introduce a sustainable model of micro economy. This has led to the development of a major arts and environment festival which will take place throughout the centre of Delhi next year.

With RSA Fellow and Director of PAL, Susan Benn, we ran a workshop in Ahmedabad, India involving artists and designers for the first time in the 40-year history of a UNESCO conference. Around 1500 delegates were able to discuss new ways to deliver environmental education. As a result of demonstrating the value of art and design perspectives, they are now a part of the new UNESCO Charter as the organisation continues to develop educational initiatives across the world.

### **Plans, targets and outcomes for 2008/09**

The project will be re-launched in the autumn as the [Arts & Ecology Centre](#) with increased ambitions and staff, responding to the rapidly growing interest and opportunities. The new website, ten new artworks and artists' placements, a continuing free advisory service, a series of six commissioned articles, a new Arts & Ecology Day and more debate will combine to grow the engagement of artists and the interface between artists and environmental issues and their human impact.

The campaign will include the development of an Arts & Ecology Day. The Bat House which will be built this year at the WWT London Wetland Centre as an aesthetic home for bats and an educational visitor attraction for people. In Bristol, Heather & Ivan Morison will be

involving local people in constructing an artwork which will also serve as a discussion space on environmental issues. The Young Vic Christmas play, developed with People's Palace, will focus on environmental issues and we will be supporting related debate at the theatre and at the RSA with Brazilian and UK politicians, artists and environmentalists. The commissioned films with Animate will be shown in galleries and websites in the UK and internationally.

### *Opening minds*

#### **Key activities 2007/08**

Interest in Opening Minds from schools across the country continues to grow. The Education team spent a busy year telling teachers about the competence-led curriculum at events and conferences, supported schools to implement Opening Minds through training and consultancy, and distributing hundreds of reports and resources on- and off-line.

Following last year's Opening Minds Impact Conference, the RSA released a new film profiling two schools' use of Opening Minds and an accompanying brochure. This new resource takes its place alongside the existing reports and guides to implementation already available.

The team ran another packed conference for practitioners this year focused on the hot topic of assessment. The delegates heard the national perspective from QCA, as well as the view from the coal-face through presentations and interviews with students, teachers and head teachers in six Opening Minds schools.

The Education team continue to visit and be in close communication with as many schools using Opening Minds as possible. However, as numbers grow, we have to find new ways to stay in touch. This year the RSA conducted its first Opening Minds schools survey. This ensured the team continue to understand how Opening Minds is being implemented across the country, and helps us plan our future support for schools.

#### **Impacts**

- We know of 175 schools using Opening Minds
- Over 250 schools have bought Opening Minds materials in the last year
- 200 delegates at the Opening Minds conference, many of whom represent schools planning to use Opening Minds in the future

#### **Case Studies:**

In November 2007, the RSA Education team worked with a cluster of primary schools in Norfolk whose students go on to attend secondary schools which use Opening Minds. They wanted to understand how to better equip their pupils to make the most of the new learning opportunities they would experience using Opening Minds.

The team worked with around 150 staff from 5 primary schools. The RSA team used their knowledge and experience of Opening Minds to facilitate the group to decide how they wanted to change their practice. Each school came away with practical ideas about how to make learning even more creative and dynamic for children, fostering the competences and personal qualities they would need to thrive in their futures.

### **Plans, targets and outcomes for 2008/09**

- We will continue to raise the profile of Opening Minds, and to grow the number of schools using it
- We will launch the new Opening Minds website
- We will support schools using Opening Minds to develop effective assessment regimes

### *The RSA Academy at Tipton*

#### **Key activities 2007/08**

The Academy will open in September 2008 and all of this last year has been focussed on meeting this deadline – which is not one that can be altered or delayed. The key milestone was the signing of the Funding Agreement by the RSA and by the Secretary of State for Children, Schools and Families and this was achieved in March 2008.

Sponsoring an Academy was an enormous commitment for the RSA to make and as sponsors we have been involved in the planning of everything from the architects' drawings for the new building to the establishment of the Academy Trust, the body which has legal responsibility for the Academy. We have been fortunate to have been able to rely on the services of Sir Mike Tomlinson, an RSA Council Member, to help us through the process and we are delighted that he has agreed to chair the Trust.

Sir Mike will also chair the Academy's Governing Body which has a crucial role to play in supporting the Principal, Michael Gernon. The West Midlands Fellowship will be strongly represented on this group.

The Academy has taken the Opening Minds curriculum framework as its guiding principle in all things – from the design of the new building to the 6 hour day which will be divided into 2 sessions each lasting 3 hours.

### **Plans, targets and outcomes for 2008/09**

- Opening the Academy on 1 September 2008, followed by the formal Opening Ceremony on 4 November 2008. Both of these dates are significant for the RSA but we hope that they will also be important for the people of Tipton as they will mark the culmination of several years' work and be a symbol of the high hopes and huge expectations we have for the Academy. Autumn 2008 will also mark the beginning of the construction phase for the new building which is due for completion in 2010.
- Planning must also begin for the Training and Development Centre we want to establish on the campus. The Academy will aim to become the Centre of Excellence for Opening Minds, attracting national and international visitors together with staff from other schools who will come to the Academy to learn from our work and then transfer it to their own schools. In this way the Academy will become the hub of research and development for Opening Minds.

## Carbon

### Key achievements 2007/08

CarbonDAQ has been redesigned, this time with a carbon exchange included, so that communities and networks can experiment with different forms of incentive as a way to cut their emissions. Individuals can now set up their own groups, choosing their own incentives and targets. Members of the Student Climate Action Project are amongst the first to experiment with the system. They have developed a central pot of prizes, such as theatre and travel tickets and issued shares in them to all participants. Shares are tradable for carbon credits, so those with the lowest emissions and the most spare credits get the biggest share of the bounty.

Cardiff was the centre of attention for CarbonLimited's analysis of the likely social impact of a form of personal carbon trading. A large, deliberative citizens' forum was held with a representative group from across Cardiff and the Vale of Glamorgan. The research, which was supported by Cardiff City Council and the Energy Saving Trust, uncovered important themes which brought into question the deliverability of a mandatory form of personal carbon trading in the immediate term. However, the findings showed a number of popular aspects and a possible way forward for the idea, involving the provision of carbon allowances without the trading market as originally conceived. Full details will be available with CarbonLimited's final report due in June.

Further afield, as part of its effort to stimulate wider debate, CarbonLimited held a series of events in the United States intended to generate interest and new ideas about personal carbon trading. Amongst these were speaking engagements at the Press Club in Washington DC and the Carnegie Council for Ethics in International Affairs in New York, helping to generate interest amongst the international media, including the New York Times.

### Plans, targets and outcomes for 2008/09

- The final report on CarbonLimited's analysis of the idea for a system of personal carbon trading.
- A pilot demonstrating the feasibility of the existing loyalty card network to capture the relevant information to enable accurate and real-time personal carbon accounting, in CarbonDAQ.
- An analysis of a series of active networks experimenting with ideas for a personal carbon allowance system to achieve group-wide emissions reductions.

## *Drugs Commission*

### **Key achievements 2007/8**

Following the enormous success of the RSA Drugs Commission report we have been designing and mobilising a second stage of the project that would pilot some of these ideas.

The over-riding message of the RSA Drugs Commission report was that drugs policy should be part of the mainstream of social policy and drug users should be treated like any other users of public services. People experiencing problems with drugs have not forfeited their rights to effective public services – in fact they need effective services more than the average citizen. Our objective is to make drug services more effective by tailoring them more closely to individual needs.

The challenges we have faced this year have been how to design the project with the right balance of policy development and practical field work; how to find support for the project and how to identify the right partners to work with.

We are delighted to be working with the successful social care agency inControl and to be supported by the Tudor Trust and the Wates Foundation.

### **Plans, targets and outcomes for 2008/09**

We want to explore the potential for individual budgets in drugs treatment. The project will last one year. We will:

- prepare a scoping paper setting out the case for individual budgets – moral, practical and economic;
- host a stakeholder conference bringing together all the organisations and interested parties who would have to collaborate for individual budgets to be feasible in drug services, to test the water and assess the readiness of the field for this idea;
- conduct a feasibility study of individualised budgets, working with selected Drug and Alcohol Action Teams and inControl in different areas of the country.
- present a research report to government and all the agencies involved in delivering the national drug strategy.

## *Design*

Design Directions is the UK's leading student competition for social design. This year, we set projects to explore themes such as health, communities, climate change and how we create an inclusive equitable society for all.

### **Key achievements 2007/08**

Key partners, sponsors and project collaborators contribute to building the RSA's brand of socially-focused design and none more so this year than NESTA with whom we developed four challenging student briefs. Alex Bone's design for a user-focused ileostomy bag came about in response to a brief looking at long-term health conditions and it already has a patent pending. Vicki Costello from NESTA's Innovation Challenges Programme said: "NESTA's close collaboration with the RSA Design Directions...has played an important role in introducing social innovation to a new audience of design students and their tutors..."

demonstrating the powerful potential for designers to make real, wide ranging contributions to social issues.”

With over 40 awards made across the scheme this year, there is clear evidence of the appetite amongst young designers to focus on real issues and create design responses that make a difference to everyday life. Another patent pending sits with Northumbria University’s Christopher Holden, whose design for ‘MediDome’, a redesign of the conventional needle and syringe, aimed at eliminating needlestick injuries and fear of needles and injections, is already in the process of being commercialised. Graham Hobson, Commercialisation Manager at Northumbria University said, “Northumbria University is seeking to patent, develop and commercialise...Medidome and the fact that it has received this award from the RSA underlined its potential to us and the worth of developing it in this way.”

This year also saw progress on past winning RSA projects. Ian Walton and Eoin McNally’s ‘Glo Pillow’ project from 2006 was featured as a Time Magazine ‘Invention of 2007’ and, with assistance from an RSA Fellow, the product is now due to go into production. Amanda Smith and Sarah Ginn’s ‘TemPlate’ project from 2007, and Ines Sanchez Calatrava’s Recycled Water Closet (RWC) project from the same year, both won Ideal Home Show Concept Products awards. Amanda and Sarah are seeking to produce a working prototype and patent on the technical process of their ceramic plate, which they could license. Ines also won the New Designers Audi Foundation Award for her inclusive and sustainable portfolio of which her RWC was a key project.

In July 2007 we once again collaborated with the National Council for Graduate Entrepreneurship on RSA Flying Start, three days of workshops followed by 12 months mentor support for 60 design graduates who wished to start their own design-led enterprises. Made possible by RSA Fellow Dr Trefor Campbell, his support also provided a £15,000 award as a cash injection for the best business idea to emerge from the workshops.

The RDI Summer School programme continued to challenge and inspire its participants, and the RDInsights series of monthly podcasts by Royal Designers remained one of the most popular downloads on the RSA website. Meanwhile, in November 2007, Mike Dempsey stepped down after an energetic two year Faculty Mastership to be succeeded by design engineer Chris Wise. Following the election of six Royal Designers and six Honorary Royal Designers in 2007, there are now 119 RDIs and 53 Honorary RDIs.

## Ongoing projects

These projects have been continuing at the RSA. As they develop they will have new targets and look for new partners.

### Risk

The Commission's first report was on risk and childhood, asking how we should develop young people's risk management skills.

As well as a major launch event featuring speakers such as David Willetts MP, broadcaster and journalist Libby Purves, Dame Denise Platt and Lord Lindsay, the report received widespread media coverage including a major feature in the *Sunday Telegraph*.

The authors of the report, Dr Nicola Madge and Dr John Barker of Brunel University won the Roger Miller Award from the Association of Insurance and Risk Managers for their work.

The commission is now seeking support for a research report and conference which will examine the risks we face in old age and ask what we need to do in earlier life to mitigate them, as individuals, communities and at a public policy level.

### Water

The RSA's water project continues to provide water and sanitation infrastructure to improve the lives of rural people in Andhra Pradesh, India.

In the first pilot village Tadinanda implementation of physical infrastructure has been completed with new drainage roads and water supply installed. In Juvvalapalem and Pratalamareka technical surveys have been finished and micro-financing has been arranged for the community's share of the capital costs. Socio-economic data was benchmarked in December and physical work should start in mid-2008.

Meanwhile, we are continuing our efforts to identify and engage supporters who can enable our partners, the Byrraju Foundation, to offer these improvements to all 200 villages in which they work.

## New projects in progress

### *Prison Learning Network*

#### **What is the Prison Learning Network?**

Improving offender learning and skills is critical to reducing re-offending, building a safer society and saving money. The RSA's work in mainstream education shows that working in partnership with practitioners captures experience and innovation for real change.

The Prison Learning Network will bring together a unique group including prison governors, probation staff, teachers, and those working on the frontline to give offenders desperately needed skills.

**Already this year**, we have been out visiting prisons and projects, and learning from professionals about the innovations and challenges across the system.

Our advisory board, chaired by Professor Malcolm Grant, Provost of UCL, has met to make key decisions about the project and commission expert authors.

In March, launching the Network, Secretary of State for Justice Rt Hon Jack Straw MP delivered a captivating lecture and responded to some challenging questions at the RSA. Speaking to a 200 strong audience, Jack Straw called for greater community engagement as a way to promote and strengthen confidence in the criminal justice system. He emphasised the importance of education in reducing re-offending and welcomed the RSA initiative.

Over the coming year, the Network will be continuing the debate through a series of working groups, lectures and policy papers.

#### **Plans, targets and outcomes 2008/09**

- Create a Network of practitioners from the frontline of offender learning and skills services
- Establish six working groups to identify and promote best practice and innovation
- Commission and publish six expert papers to identify barriers and solutions to further progress
- Stimulate a wider public debate on offender learning and skills (through lectures and events at the RSA)
- Organise a conference (Spring 2009) to disseminate the lessons from the working groups.

## *Future Schools Network*

### **What is the Future Schools Network?**

In 1999/2000, the RSA released the first Opening Minds reports, arguing that the knowledge economy made change to curriculum in schools vital. Since then, the pace of economic, social and technological change has continued, while we continue to learn about intelligence and the process of learning.

Building on the ethos and approach of Opening Minds, the RSA has begun to develop a network of innovative schools whose purpose is to create a model of schooling fit for the 21<sup>st</sup> century.

Called the Future Schools Network, the concept was developed by the team working closely with schools and educationalists. The RSA then invited Opening Minds schools to form the network, and to begin developing our shared vision of the Future School.

The invitation received an enthusiastic response from schools. We sought to capture that energy, challenging network members to identify what needed to change if we were to best serve the educational needs of young people growing up into an uncertain future. Leaders from 25 schools came together with academics, educationalists and experts from business and social networking to identify the priorities for change in schooling. They established key themes in which to develop innovative practice in schools:

- Schools without boundaries
- Creating and maintaining a culture of innovation
- The role of the teacher and learner

### **Key Achievements**

It is early in the development of the Future Schools Network, but already we have:

- 52 schools in the network who share our ambition to develop the future school
- Agreed themes for practice development

The network will work with schools to pioneer new practice and create a compelling, practical vision of a future school.

### **Plans, targets and outcomes 2008-9**

- We will support the development and evaluation of innovative practice in network schools
- We will work with experts to explore the themes identified by the network, disseminating their work through papers and events

## *The Manchester Curriculum*

### **What is the Manchester Curriculum?**

The Manchester Curriculum is a radical and innovative way of making education more relevant and powerful to students and to the city.

The RSA is collaborating with Manchester City Council to create a 'Manchester Curriculum' – a curriculum based on the rich social, economic and cultural resources within Manchester. We believe that this type of localised curriculum will improve motivation and attitudes towards learning within the City of Manchester's schools, contributing to social cohesion, raised aspirations and improved levels of attainment.

The curriculum will be based on the principles of Opening Minds with an emphasis on the development of skills, abilities and competences.

#### **Plans, targets and outcomes for 2008/09**

- Work will begin with a short, focussed feasibility study which will test the rationale for a localised curriculum. This should be completed by July and in addition to desk research will include the establishment of a consortium of partners which will include schools, the local universities, public services and business and enterprise. The intention throughout the work is to draw on the local expertise existing within the city, including Fellows.
- We will identify up to four schools to work with us to trial a pilot project during the summer of 2009.

## Developing Projects

The RSA's Programme tackles some of the most difficult global and local social challenges facing us today. Working in a variety of different disciplines, we combine radical new thinking with practical action to deliver positive social change.

At the heart of our current thinking is what we have called the social aspiration gap: the gap between what we believe to be a good society and the sort of society that the decisions we currently make will produce. Much of our new work emphasises the role of civic innovation and developing a more sophisticated account of the role that the voluntary actions of citizens – individually and collectively – can play in bringing about social progress. But if we are to successfully encourage this innovation we need to think both about the type of people we need to be and about the sorts of institutional contexts and forms of collective organisation that we need.

Four new projects from the RSA will address these questions.

### *Pro-social behaviour*

The RSA's pro-social behaviour programme will examine the best evidence and thinking about positive behaviour change and what implications this has for institutions and policy interventions. The programme is underpinned by the RSA's belief that, in order to achieve the society most of us say we want, citizens need to play a greater role: that we need to be more self sufficient, altruistic and engaged.

There is evidence that central and local government has begun to think more deeply about these issues and what implications they have for policy and practice. While this is welcome, we need to avoid simply bolting 'behaviour change' on to an existing set of assumptions, working practices and institutions which remain unreformed.

The first stage of this programme is to work with Manchester City Council, developing our thinking while looking at the practical implications this could have in a local authority context.

### *Cognition*

Major social change occurs when profound challenges are matched by the emergence of powerful new solutions. In the face of many of today's social challenges a set of new solutions are being proposed. These solutions revolve around our ever growing knowledge about the brain and our growing desire to shape our neurological processes. We are entering a period of neurological reflexivity; a time when we can consciously seek to affect a rewiring of our own and others' brains in order to cope better with the demands of today's and tomorrow's world.

A major new RSA project seeks to develop a cogent and accessible intellectual framework (bringing together science, social science, ethics, public policy) through which the wider public can understand, interpret, debate and exploit these new possibilities.

- Firstly, by taking the debate about the potential of new brain science to assist social progress out of the academy or the laboratory and into the public arena.

- Secondly, by investigating the public policy implications of what we know about the ways in which individual's cognitive capacity can be enhanced.
- Finally, we will work with leading thinkers to explore how we can enhance our understanding of the relationship between brain plasticity and major shifts in the way we think about the world.

### *Tomorrow's Investor*

Tomorrow's Investor is the first project of its kind to look at investor accountability from the perspective of ordinary citizens.

Much of the money invested in company equities is held on behalf of ordinary citizens, saving for their retirement or for their life events. Yet those citizens have little consciousness of their role as owners.

Tomorrow's Investor starts with the idea that the informed lay perspective is a missing element in the corporate system. It aims to kick-start a conversation, not only amongst professionals, but also with the citizens who, in aggregate, are the owners of so many of our large companies. Its results should inform decision-making at all levels of corporate governance. The first stage of the project will involve a deliberative forum preceded by a share tracking exercise to find out just what people know about how their investments work and what additional information they would need to get more involved.

### *2020 Public Services Trust*

Established as a Trust and awaiting Charitable Status, the 2020 Public Services Trust is a cross party initiative. It aims to:

- Build an engaged cross party network of practitioners, policy makers and academics to explore key medium- to long-term issues across and within sectors
- Develop a space for public debate and engagement on what a long-term progressive cross party agenda for public services would look like

In its first year, the trust will have a twin track work programme: first, the establishment of a practitioner seminar network and, second, a major Commission on the medium to long term future of public services. The Trust will be based at the RSA and we intend to develop work together on an evolutionary basis but with the aspiration that the partnership will last the duration of the commission and beyond.

### **Completed projects**

The Ethical Futures project concluded with a successful conference in December. More than 200 people packed the RSA's Great Room all day to listen to a range of eminent speakers explore the ethical implications of new developments in genetics and nanotechnology. An edited volume in which some of the world's leading thinkers reflect on these themes is forthcoming.

## RSA House

The RSA's Grade I listed House in John Adam Street is an asset that does not fit strictly within its charitable objectives. The costs of maintaining the building are covered by the income of RSA Adelphi Enterprises, the business which operates the food and beverage outlets on the premises.

The RSA was pleased to be a finalist in this year's Wrapit awards and was awarded 4 stars by Westminster Council for the food hygiene rating.

This year, 81,656 visitors used the facility. The building hosted 64 weddings and 4 Civil Partnership Ceremonies.

This year, the improvements to the House have been as follows;

- We have completed the removal of internal walls on the 2nd floor and parts of the 3rd floor thus creating open-plan offices with the aim of improved communication between departments
- New carpets have now been installed throughout all the public areas in line with the adopted House Design Guide
- Complete refurbishment of the Gerard Bar including cooling system installation.

## House Statistics

2,910	events
53,536	guests
12,927	canapes were served
3,116	wedding breakfasts were served
47,808	cups of tea and coffee were drunk by our guests in our meeting rooms.
2,908	enjoyed private dining
30%	of our initial enquiries came via the RSA website
17%	from fellowship
17%	from repeat business

## Feedback from our guests 2006/7

- 72% of our customers believe we offer value for money.
- 91% believed our operational support was excellent
- 75% commended us on the quality of our catering
- 88% singled out our rooms as a real strength for RSA House

## Plans and targets 2008/9

- Achieve total income revenues of £3.2 million.
- At least 70 private events (weddings) with an average spend of £7,200 per event.

- Increase room occupancy by 10% by maximising client's needs and by increased marketing opportunities.
- Continue to develop the reputation for good customer service, whilst raising awareness of RSA House as a unique and inspirational venue suitable for a wide range of events.
- Enable the RSA staff and Fellows to enjoy working and meeting in a safe 19<sup>th</sup> Century Georgian House.
- Continue to reduce waste and energy consumption and improve recycling within the house by 5%

### **Environmental ethos of The RSA**

The RSA practises what it preaches when it comes to hosting events.

- The house produces 120 bags a week of rubbish, of which 75 bags are recycled
- We use eco-friendly detergents wherever possible. Micro fibre cloths which require less washing and are longer-lasting.
- Our taxi firm uses Toyota Prius' [electric cars] wherever possible. If that is not feasible, then they plant trees to offset their carbon emissions.
- Low energy wattage bulbs are used wherever possible in rooms for public use.
- All the male toilets use a water management system.
- Nearly all food is supplied from within Britain; only fish from sustainable stocks are used
- The House team use mugs not plastic cups for drinks machines.

## OUR THANKS

Financial support is crucial in helping the RSA to attain its goals. The RSA would like to extend very special thanks to the following for their generous support in the last financial year. It is thanks to these donors that we can continue to make progress.

The following individuals and organisations made financial contributions of £500 or more in the financial year 2007-08.

### Corporate Supporters

A4E Group  
Advance Plasma Power Limited  
Aircraft Medical Limited  
Animate Projects  
Biffa Waste Services Ltd  
BT plc  
CABE  
Cambridge University Press  
Care Services Improvement Partnership  
Channel Four Television  
Cisco Systems Ltd  
Crest Nicholson PLC  
De La Rue Security Print  
Eddie Squires Bursary Fund  
Evoke  
GlaxoSmithKline  
Helix Arts  
Hill Dickinson LLP  
Innovaro Ltd  
John Lewis Partnership  
Lewis Moberly  
LOCOG  
Mark Wilkinson Furniture Limited  
More4  
NCR Finance Solutions Group Ltd  
New Philanthropy Capital  
Penguin Books  
Pentagram  
Rolls Royce  
Royal & Sun Alliance  
Royal Mail Ltd  
Sigma Technology Management Limited  
Skills for Care  
Social Care Institute for Excellence  
Springetts Brand Consultants Ltd  
Starbucks Coffee Co (UK) Ltd  
The Mind Gym  
The Technology Partnership plc  
T-Mobile (UK) Ltd  
Vodafone Group Services Ltd

Waitrose Limited  
Wolff Olins Ltd

### Individual Supporters

Mr Bryan Foster  
Mr G S Glass  
The Lord Marland of Odstock  
Mr A J Leek  
Mr Bruce Bossom  
Mr E D Mason  
Mr F R Brake  
Mr G F H Burne  
Mr James Miller  
Mr R Storey  
Mr Richard Peskin  
Mr W J I Dodwell  
Mr John Holland  
Mrs Zena Morgan  
Mr R M Webb  
Sir Alan Ayckbourn  
Sir Robert Malpas

### Trust, Foundations & Grant-Making Organisations

British Olympic Foundation  
Calouste Gulbenkian Foundation  
Chartered Inst. of Marketing Char. Trust  
Comino Foundation  
Esmee Fairbairn Charitable Trust  
George Cadbury Fund  
Great Britain Sasakawa Foundation  
The Hon HMT Gibson's Charity Trust  
The John McAslan Family Trust  
Rubery Owen Charitable Trust  
Runnymede Trust  
Taylor Family Foundation  
The Alan Evans Memorial Trust  
The Camellia Foundation  
The Chear Foundation  
The Chelwood 2000 Charitable Settlement

The Edge Foundation  
The G M Morrison Charitable Trust  
The John Pontin Charitable Trust  
The Mercers Company  
The Paul Hamlyn Foundation  
The Tudor Trust  
The Wates Foundation  
The Worshipful Company of Carmen  
The Worshipful Company of Tin Plate  
Workers  
The Worshipful Company of Weavers  
The Sammermar Trust  
Turquoise Mountain

#### **Statutory & Other Organisations**

Arts Council of England  
DEFRA  
Design Council  
Helen Hamlyn Centre  
Home Office

Innovation Forum  
Khoj International Artists' Association  
National Patient Safety Agency  
NESTA  
Oxfam GB  
People's Palace Projects  
The British Museum  
The Ceramic Industry Forum  
The Young Vic  
ZKM, Centre for Art and Media

#### **Gifts in Kind**

British Airways plc

#### **Legacies**

Mrs Nesta Howells  
Mrs Sheila Jack  
Miss Florence Peak

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

## **Structure, governance and management**

The governing body of the RSA is the Board of Trustees which comprises fourteen members and meets four times a year, plus an annual conference to review strategy and performance. Trustees are elected or appointed for a three year term and may serve a second three year term. The Chief Executive and the Chief Operating Officer attend all Board meetings.

Six Trustees are directly elected by the Fellows. The remaining eight Trustees, including the four Officers, are appointed by the Board, with the concurrence of Fellows at the AGM. Each new Trustee attends an induction day and is provided with a pack of information about the RSA and their responsibilities. Additional training is provided if appropriate.

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

The Executive Team attend all Finance & Operations committee meetings. The Chief Executive and Chief Operating Officer both also attend all the other committee meetings. The external auditors attend a meeting of the Audit, Risk and Governance committee.

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

The Board appoints the directors of the trading subsidiary, RSA Adelphi Enterprises Limited, and monitors its performance. The directors of the subsidiary meet as necessary.

### **Statement of Trustees' responsibilities**

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

- select suitable accounting policies and then apply them consistently;
- make judgements 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 trustees are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charity and which enable them to ascertain the financial position of the charity and which enable them to ensure that the financial statements comply with the Charities Act 1993 and regulations made under s.44 of that Act. The trustees are responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Advisory Council**

The Advisory Council members bring to the table creative ideas in order to help develop and guide a relevant, forward-looking and well-balanced programme of activities to deliver the RSA's new 21st century manifesto. The Advisory Council meets three times a year both in plenary session and in break-out groups according to manifesto challenge area. Members of the Advisory Council also act as advocates for the RSA and its work; and help to make contacts and find funding to support the programme.

### **Risk management**

A full risk assessment is undertaken in order to identify the major risks to which we are exposed under the headings: Governance; Commercial; Financial; Public Profile; Programme; Fellowship; and Fundraising. The risk register summarises potential risks which have been assessed as to their likelihood and potential impact. Existing and new control systems have been identified to limit each of these risks. The risk register is reviewed regularly by the Audit, Risk and Governance committee and annually by the Board.

## Financial review

### Overview

Overall we have *Net Outgoing Resources* of £(0.3)m compared with £(0.7)m in 2007. This is before unrealised losses on investment assets £(0.3)m. Resultant *Net Movement of Funds* is £(0.6)m - the same as last year.

However, the deficit this year is a consequence of (a) our one-off investment to fund our contribution towards the RSA Academy (£1m gross £0.9m net after donations received) - any further donations or commitments for donations received before 31 August 2008 will be applied in the relevant accounting period to reduce further this net expenditure (forward commitments currently are £0.3m) and (b) a decision taken by Trustees to close our Defined Benefit Pension Scheme with a consequent cost of £(0.1)m (this outlay is repaid in under three years by avoiding the costs of continuing to maintain the scheme). Excluding the impact of these two items, we have net incoming resources of £0.7m compared with £(0.7)m in 2007. The decisions taken last year to tighten controls relating to project expenditure have proved a success and will remain in place during 2008/09.

### Incoming resources

*Total Incoming Resources* grew from £7.7m last year to £9.2m. Our principal funding sources are our Fellows, RSA Hospitality, donations, grants and sponsorship and investment income.

Under *Voluntary Income* fellowship subscriptions grew 12% from £3.6m to £4.0m, through a combination of increased annual subscriptions and an increase in the number of Fellows. At the end of the year the number of Fellows had grown from 26,119 (31 March 2007) to 27,194. Over 70% of Fellows pay their subscriptions under Gift Aid, which is almost all of those eligible to pay in this way. It is an important component of this source of funds. During the year the RSA successfully resisted a challenge from HMRC which sought to disqualify the Society from eligibility to recover Gift Aid (the costs of professional advice in this area was £25k). Donations remained flat at £0.2m.

Under *Activities for Generating Funds* RSA Hospitality operates all the function spaces within the RSA House, providing accommodation for business meetings and weddings. We have enjoyed a successful year with turnover at £2.8m compared with £2.3m achieved last year. The profit from these activities is all passed to the RSA and used for charitable activities.

*Project Grants and Sponsorship* increased from £0.7m to £0.8m while *Lecture Donations and Sponsorship* remained flat at £0.1m and *Investment Income* also remained flat at £0.5m.

### Investments

Most of the RSA's funds are invested either in the RSA House in John Adam Street or in securities. During the year the market value of investments fell from £12.8m to £12.0m; within this the Shipley portfolio fell from £11.0m to £10.3m after withdrawals and unrealised investment losses of £(0.3)m. The investment mandate for the Shipley expendable endowment remained unchanged. Cazenove are targeted to achieve a 6.5% total return and with a maximum risk to capital in any one year of 7%. This year they achieved a 0.5% total return (2007 - 5.6%) because of the decline in global equities and property.

## Resources expended

*Total Resources Expended* rose from £8.4m to £9.4m. But this includes the £1.0m gross Academy investment.

Overall the *Costs of Generating Funds* remained flat at £5.8m. Net Voluntary Income rose from £0.6m to £1.4m. Gross margins on our catering operations improved from 39% to 45%.

Resources expended on our continuing *Charitable Activities* rose from £2.5m to £3.5m. This includes all the expenditure on our programme of projects; lectures; and responding to public consultations, as well as the £1.0m RSA contribution to set up the RSA Academy at Tipton.

The costs of governance include the expenses associated with Trustee Board meetings, Trustee elections, maintaining our constitution, external audit and a proportion of core executive management.

## 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; and the policy also seeks to maintain an acceptable ratio between the 'free reserves' and the level of 'unrestricted cash expenditure'.

Last year 'free reserves' were defined as unrestricted funds plus the Vaults appeal fund less the tangible fixed assets. 'Unrestricted cash expenditure' was the operating costs for the year less the charge for depreciation. As stated in last years Annual Report the Trustees have considered the suitability of this ratio and its component parts. Free reserves have been redefined to include unexpended Shipley income funds which are expendable at Trustees discretion. (£0.9m) Unrestricted cash expenditure now excludes the direct costs of catering which would not be incurred if activities ceased. (£0.6m)

The Trustees continue to consider that free reserves should not fall below three months' unrestricted cash expenditure. This year, our cover position (as redefined) is 4.2 months (excluding Academy 6.0 months) compared with 5.6 months last year.

## Statement of Financial Activities for the year ended 31st March 2008

### Statement of Financial Activities for the year ended 31st March 2008

	2008	2007
<b>Incoming Resources</b>	£'000	£'000
Fellowship	4,016	3,573
Other Voluntary Income	777	488
RSA Hospitality	2,848	2,303
Project Grants & Sponsorship	846	713
Lecture Donations & Sponsorship	134	113
Investments	507	476
Other Income	28	70
<b>Total Incoming Resources</b>	<b>9,156</b>	<b>7,736</b>
<b>Resources Expended</b>		
Fellowship, Journal & Library Expenditure	1,376	1,423
Other Voluntary Expenditure	2,043	2,069
RSA Hospitality	2,350	2,318
Academy	1,000	-
Programme of Projects	2,188	2,122
Lectures & Conferences	356	385
Investment Management Costs	8	6
Governance Costs	107	104
<b>Total Resources Expended</b>	<b>9,428</b>	<b>8,427</b>
Net incoming/(outgoing) resources	-272	-691
Net gains/(losses) on investments & pensions	-350	131
<b>Net movement in funds</b>	<b>-622</b>	<b>-560</b>
<b>Balance Sheet as at 31 March 2008</b>	2008	2007
<b>Assets &amp; Liabilities</b>		
Fixed Assets	6,882	6,845
Investments	12,001	12,766
Net current assets	1,433	1,190
Other net liabilities	-658	-521
	<b>19,658</b>	<b>20,280</b>
<b>Funds</b>		
Unrestricted Funds	8,043	7,379
Restricted Funds	1,902	3,122
Endowment Funds	9,713	9,779
	<b>19,658</b>	<b>20,280</b>
<b>Key statistics</b>	2008	2007
Voluntary Income Growth	18%	8%
Charitable Expenditure Growth	41%	-23%
Fundraising Costs as a percentage of total expenditure	3%	6%
Governance Costs as a percentage of total expenditure	1%	1%
Charitable Expenditure as a percentage of total expenditure (excluding RSA Hospitality)	50%	41%

## **Investment policy**

The investment policy remained unchanged and is set out below.

### **Return Objective**

An annual total return target of 6.5% per annum: 4% real return plus 2.5% to preserve real capital value over the investment cycle.

### **Risk**

Minimise the level of risk required to meet the return objectives, subject to achieving a prudent level of diversification across asset classes and geography wherever possible. The RSA is willing to accept a degree of deviation from the Strategic Asset Allocation where the investment manager feels there is the tactical opportunity to improve returns on a risk adjusted basis.

### **Liquidity Requirement**

There are no specific liquidity requirements aside from being able to meet drawdowns associated with the total return target of 4% per annum.

### **Time Horizon**

A perpetual time horizon has been set for investments but is reviewed by the ARG annually.

### **Social, environmental and ethical considerations**

The Trustees seek to avoid investing directly or indirectly in the financial assets of institutions known to operate policies or have objectives that are incongruent with the aims of the RSA.

The Shipley Expendable Endowment is managed by Cazenove Capital Management (CCM) who use a rigorous investment process including analysis of both financial and non-financial factors. Research into the social, environmental and ethical (SEE) stance of companies is integrated within their process. When CCM's assessment indicates that a company's approach to SEE issues could have an adverse impact on shareholder value, it is their duty to try to reduce this risk. They highlight the assessment of the SEE risks to the company thereby promoting best practice. If this 'dialogue' proves futile and the risk increases, they can sell the holding. The Shipley Expendable Endowment receives information on Socially Responsible Investment (SRI) research and engagement as part of its quarterly reports from CCM.

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

We have audited the financial statements of the RSA (Royal Society for the Encouragement of Arts, Manufactures and Commerce) for the year ended 31 March 2008 which comprise the consolidated Statement of Financial Activities, the Charity and Group Balance Sheets, the consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity's trustees, as a body, in accordance with the regulations made under the Charities Act 1993. 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 described in the Statement of Trustees' Responsibilities the charity's trustees are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Opinion**

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charity's and group's affairs as at 31 March 2007 and of its incoming resources and application of resources in the year then ended; and
- have been properly prepared in accordance with the Charities Act 1993.

**haysmacintyre**  
**Registered Auditors**  
**21 July 2008**

**Fairfax House**  
**15 Fulwood Place**  
**London**  
**WC1V 6AY**

## Group Statement of Financial Activities for the year ended 31 March 2008

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2008 £'000	Total 2007 £'000
<b>Incoming resources</b>	3					
<b>Incoming resources from generated funds</b>						
Voluntary income		4,793	-	-	4,793	4,061
Activities for generating funds		2,848	-	-	2,848	2,303
Investment income		111	359	37	507	476
<b>Incoming resources from charitable activities</b>						
Project grants & sponsorship		98	748	-	846	713
Lecture donations & sponsorship		134	-	-	134	113
Other income		28	-	-	28	70
<b>Total incoming resources</b>		<b>8,012</b>	<b>1,107</b>	<b>37</b>	<b>9,156</b>	<b>7,736</b>
<b>Resources expended</b>	4					
<b>Costs of generating funds</b>						
Costs of generating voluntary income		3,331	88	-	3,419	3,492
Fundraising trading: costs of goods sold & other costs		2,350	-	-	2,350	2,318
Investment management costs		-	-	8	8	6
<b>Charitable activities</b>						
Academy Project		-	1,000	-	1,000	-
Programme of projects		688	1,500	-	2,188	2,122
Lectures and conferences		356	-	-	356	385
<b>Governance costs</b>		107	-	-	107	104
<b>Total resources expended</b>		<b>6,832</b>	<b>2,588</b>	<b>8</b>	<b>9,428</b>	<b>8,427</b>
<b>Net incoming/(outgoing) resources before transfers</b>		<b>1,180</b>	<b>(1,481)</b>	<b>29</b>	<b>(272)</b>	<b>(691)</b>
Gross transfers between funds	7	(516)	763	(247)	-	-
<b>Net incoming/(outgoing) resources before other recognised gains and losses</b>		<b>664</b>	<b>(718)</b>	<b>(218)</b>	<b>(272)</b>	<b>(691)</b>
<b>Other recognised gains and losses</b>						
Gains/(losses) on investment assets	9	-	(502)	152	(350)	394
Actuarial losses on defined benefit pension scheme		-	-	-	-	(263)
<b>Net movement of funds</b>		<b>664</b>	<b>(1,220)</b>	<b>(66)</b>	<b>(622)</b>	<b>(560)</b>
<b>Reconciliation of funds</b>						
Total funds brought forward		7,379	3,122	9,779	20,280	20,840
<b>Total funds carried forward</b>		<b>8,043</b>	<b>1,902</b>	<b>9,713</b>	<b>19,658</b>	<b>20,280</b>

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 categories of Incoming Resources and Resources Expended have been revised to better reflect the activities of the group. Comparatives for 2007 have been amended accordingly.

The accompanying notes form part of these financial statements.

## Group and Charity Balance Sheets as at 31 March 2008

	Notes	Group 2008 £'000	Group 2007 £'000	RSA 2008 £'000	RSA 2007 £'000
<b>Fixed assets</b>					
Tangible fixed assets	8	6,882	6,845	6,882	6,845
Investments	9	12,001	12,766	12,001	12,766
		<b>18,883</b>	<b>19,611</b>	<b>18,883</b>	<b>19,611</b>
<b>Current assets</b>					
Debtors	10	1,102	863	1,784	1,176
Short term deposits and cash at bank		2,870	1,876	1,766	1,115
		<b>3,972</b>	<b>2,739</b>	<b>3,550</b>	<b>2,291</b>
Creditors: amounts falling due within one year	11	(2,539)	(1,549)	(2,117)	(1,101)
<b>Net current assets</b>		<b>1,433</b>	<b>1,190</b>	<b>1,433</b>	<b>1,190</b>
<b>Total assets less current liabilities</b>		<b>20,316</b>	<b>20,801</b>	<b>20,316</b>	<b>20,801</b>
<b>Creditors: amounts falling due after more than one year</b>					
Deferred life Fellowship income		(658)	(559)	(658)	(559)
<b>Total assets less liabilities excluding pension asset</b>		<b>19,658</b>	<b>20,242</b>	<b>19,658</b>	<b>20,242</b>
Pension asset		-	38	-	38
<b>Total assets less liabilities including pension asset</b>		<b>19,658</b>	<b>20,280</b>	<b>19,658</b>	<b>20,280</b>
<b>Unrestricted income funds</b>	12	<b>8,043</b>	<b>7,379</b>	<b>8,043</b>	<b>7,379</b>
<b>Restricted income funds</b>	12	<b>1,902</b>	<b>3,122</b>	<b>1,902</b>	<b>3,122</b>
<b>Endowment funds</b>	12	<b>9,713</b>	<b>9,779</b>	<b>9,713</b>	<b>9,779</b>
<b>Total funds</b>		<b>19,658</b>	<b>20,280</b>	<b>19,658</b>	<b>20,280</b>

The Financial Statements were approved by the Board of Trustees on 21 July 2008 and were signed on its behalf by:

Gerald Acher  
Chairman

Philip Goldenberg  
Treasurer

The accompanying notes form part of these financial statements.

## Group Cash Flow Statement for the year ended 31 March 2008

	2008 £'000	2007 £'000
<b>Net incoming/(outgoing) resources from operating activities</b>	<b>573</b>	<b>(624)</b>
<b>Returns on investments and servicing of finance</b>	<b>507</b>	<b>476</b>
<b>Capital expenditure and financial investment</b>	<b>(86)</b>	<b>(474)</b>
<b>Increase/(Decrease) in cash</b>	<b>994</b>	<b>(622)</b>

## Notes to Group Cash Flow Statement

	2008 £'000	2007 £'000
<b>Reconciliation of net incoming resources to net cash inflow/(outflow) from operating activities</b>		
Net incoming resources for the year	(272)	(691)
Interest received and income from investments	(507)	(476)
Depreciation charges	464	451
(Increase) in debtors	(239)	(74)
Increase in creditors	1,089	211
The defined benefit pension fund payment in excess of charge	-	(45)
Write off pension scheme asset	38	-
<b>Net cash inflow/(outflow) from operating activities</b>	<b>573</b>	<b>(624)</b>

### Reconciliation of capital expenditure and financial investment

Payments to acquire tangible fixed assets	(501)	(403)
Payments to acquire investments	415	(71)
<b>Capital expenditure and financial investment</b>	<b>(86)</b>	<b>(474)</b>

### Reconciliation of net cash flow to movement in net funds

Increase/(decrease) in cash in the year	994	(622)
Net funds at 1 April 2007	1,876	2,498
<b>Net funds at 31 March 2008</b>	<b>2,870</b>	<b>1,876</b>

### Analysis of changes in net funds

	<i>1 April</i> 2007 £'000	<i>Cash</i> <i>Flows</i> £'000	<i>31 March</i> 2008 £'000
Short term deposits	423	541	964
Cash at bank	1,453	453	1,906
	<b>1,876</b>	<b>994</b>	<b>2,870</b>

The accompanying notes form part of these financial statements.

## Notes to the Financial Statements 31 March 2008

### I. Accounting policies

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

#### *Basis of preparation*

The financial statements have been prepared in accordance with the Charities Act 1993, applicable accounting standards and under the historical cost accounting rules as modified by the revaluation of certain tangible fixed assets and the inclusion of fixed asset investments at market value; and follow the recommendations of Statement of Recommended Practice: "Accounting and Reporting by Charities" issued in March 2005.

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

#### *Incoming resources*

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

#### *Resources expended*

Expenditure is charged on an accruals basis, inclusive of irrecoverable VAT. The costs of generating voluntary income include expenditure directly incurred in supporting the Fellowship and incurred in seeking voluntary contributions. The costs of activities in furtherance of the RSA's objects include costs directly incurred in undertaking those activities. Where costs cannot be directly attributed to particular categories they have been allocated to activities on a headcount basis.

#### *Tangible fixed assets and depreciation*

Tangible fixed assets costing more than £500 are capitalised and included at cost including any incidental costs of acquisition. Tangible fixed assets are stated at cost with the exception of certain pictures, books and antiques which are stated at 1919 valuation and are not depreciated. 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
Plant and machinery:	between 3 and 40 years
Furniture and fittings:	between 5 and 6 <sup>1</sup> / <sub>2</sub> 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.

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.

## Notes to the Financial Statements 31 March 2008 continued

### 1. Accounting policies (continued)

#### *Pension costs*

For defined contribution 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.

### 2. Subsidiary undertakings

#### *RSA Adelpi 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. Two members of the RSA Trustee Board sit on the board of directors but are not remunerated for this service.

The taxable profits are donated to the RSA each year by gift aid. The RSA's investment in the share capital is £100, represented by 100 shares of £1 each.

The financial information relating to the subsidiary is set out below:

	2008	2007
	£'000	£'000
Turnover	2,999	2,476
Expenditure	(1,923)	(1,801)
Profit for the year transferred by Gift Aid	1,076	675
	<hr/>	<hr/>
Aggregate assets	1,615	1,257
Aggregate liabilities	1,615	1,257
Reserves	-	-
	<hr/>	<hr/>

## Notes to the Financial Statements 31 March 2008 continued

### 3. Incoming resources

2008

	Voluntary income	Activities for generating funds	Investment income	Project grants and sponsorship	Lecture donations & sponsorship	Other income	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fellowship	4,016	-	-	-	-	-	4,016
Donations and legacies from individuals	264	-	-	71	10	-	345
Companies & commercial organisations	180	-	-	288	62	-	530
Charitable trusts and foundations	30	-	-	246	60	-	336
Public sector bodies	95	-	-	143	-	-	238
Trading activities	13	2,848	-	-	-	-	2,861
Unrestricted funds' bank deposit interest	-	-	111	-	-	-	111
Endowment funds' dividends & interest	-	-	394	-	-	-	394
Defined benefit pension scheme gains	-	-	-	-	-	-	-
Other sources	195	-	2	98	2	28	325
	<b>4,793</b>	<b>2,848</b>	<b>507</b>	<b>846</b>	<b>134</b>	<b>28</b>	<b>9,156</b>

2007

	Voluntary income	Activities for generating funds	Investment income	Project grants and sponsorship	Lecture donations & sponsorship	Other income	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fellowship	3,573	-	-	-	-	-	3,573
Donations and legacies from individuals	218	-	-	113	-	-	331
Companies & commercial organisations	5	-	-	310	83	-	398
Charitable trusts and foundations	11	-	-	122	29	-	162
Public sector bodies	1	-	-	168	-	-	169
Trading activities	15	2,303	-	-	-	-	2,318
Unrestricted funds' bank deposit interest	-	-	89	-	-	-	89
Endowment funds' dividends & interest	-	-	360	-	-	-	360
Defined benefit pension scheme gains	-	-	25	-	-	-	25
Other sources	238	-	2	-	1	70	311
	<b>4,061</b>	<b>2,303</b>	<b>476</b>	<b>713</b>	<b>113</b>	<b>70</b>	<b>7,736</b>

## Notes to the Financial Statements 31 March 2008 continued

### 4. Resources expended

	Direct costs £'000	Apportioned support costs £'000	2008 Total £'000	2007 Total £'000
<b>Cost of generating funds</b>				
Costs of generating voluntary income	2,537	882	3,419	3,492
Fundraising trading: costs of goods sold & other costs	1,485	865	2,350	2,318
Investment management costs	8	-	8	6
	<b>4,030</b>	<b>1,747</b>	<b>5,777</b>	<b>5,816</b>
<b>Charitable activities</b>				
Academy Project	1,000	-	1,000	-
Programme of projects	1,500	688	2,188	2,122
Lectures and conferences	218	138	356	385
	<b>2,718</b>	<b>826</b>	<b>3,544</b>	<b>2,507</b>
<b>Governance costs</b>	<b>107</b>	<b>-</b>	<b>107</b>	<b>104</b>
	<b>6,855</b>	<b>2,573</b>	<b>9,428</b>	<b>8,427</b>

Resources expended exclude the value of work contributed by Fellows to the activities of the RSA and by secondees from project sponsors. Governance costs include the expenses associated with Trustee Board meetings, Trustee elections, maintaining our constitution, external audit and a proportion of core executive management. The external audit fee was £22,000 (2007 £21,000). Fees paid to the Auditors for non audit services were £17,510 (2007 £3,200).

### 5. Support costs broken down by activity

	Cost of generating voluntary income £'000	Fundraising trading £'000	Programme of projects £'000	Lectures and conferences £'000	2008 Total £'000	2007 Total £'000
Establishment	448	439	350	70	1,307	1,184
Executive and programme management	217	212	169	34	632	643
Finance	63	62	49	10	184	201
Information technology	85	84	66	14	249	187
Human resources	21	20	16	3	60	103
External communication and marketing	48	48	38	7	141	168
	<b>882</b>	<b>865</b>	<b>688</b>	<b>138</b>	<b>2,573</b>	<b>2,486</b>

Direct expenditure is allocated to categories of activity. Where expenditure cannot be directly allocated it represents support costs and is apportioned on a basis consistent with the use of resources, by reference to the number of staff and consultants working on each activity.

## Notes to the Financial Statements 31 March 2008 continued

### 6. Trustee and staff costs

#### Trustees

Members of the Trustee Board and committees do not receive any remuneration for their services. Travel expenses reimbursed to 8 (2007 9) Trustees amounted to £1,650 (2007 £4,400). Charitable funds have been used to buy indemnity insurance for Trustees at a cost of £7,875 (2007 £7,950).

#### Staff

The average number of staff employed during the year, on a full time equivalent basis, was 103 (2007: 98) and the cost was:

	2008	2007
	£'000	£'000
Salaries	3,253	3,104
Employer's National Insurance contributions	331	316
Pension contributions	208	212
	<b>3,792</b>	<b>3,632</b>

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

	2008	2007
£60,001 to £70,000	1	2
£80,001 to £90,000	-	1
£120,001 to £130,000	1	-

The number of higher paid employees accruing pension benefits was:

	2008	2007
a) Defined benefits scheme	-	-
a) Defined contributions scheme - group personal pension	2	3

The total contributions paid by the RSA into the defined contribution scheme for higher paid employees was £18,300 (2007: £16,000).

### 7. Transfers between funds

	<i>Unrestricted Funds</i>	<i>Restricted Funds</i>	<i>Endowment Funds</i>	<i>Total 2008</i>	<i>Total 2007</i>
	£'000	£'000	£'000	£'000	£'000
Programme of projects	(1,002)	1,002	-	-	-
Transfers from Shipley Fund	260	(260)	-	-	-
Inspiring the Future Expendable Endowment	226	-	(226)	-	-
Endowment Fund Balances	-	21	(21)	-	-
	<b>(516)</b>	<b>763</b>	<b>(247)</b>	<b>-</b>	<b>-</b>

Programme of projects - Transfers from unrestricted funds to support programme of projects

Transfers from Shipley Fund - Transfers from expendable Shipley Fund for unrestricted expenditure

Inspiring the Future Expendable Endowment - Expendable endowment funds transferred to unrestricted funds

Endowment Fund Balances - Prior year adjustment of opening balances

## Notes to the Financial Statements 31 March 2008 continued

### 8. Tangible fixed assets

	<i>Freehold premises</i>	<i>Plant and machinery</i>	<i>Furniture &amp; fittings</i>	<i>Pictures, books &amp; antiques</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cost or valuation					
At 1 April 2007	4,304	5,931	1,199	33	11,467
Transfers	-	-	-	-	-
Additions	-	387	114	-	501
Disposals	-	-	-	-	-
At 31 March 2008	<b>4,304</b>	<b>6,318</b>	<b>1,313</b>	<b>33</b>	<b>11,968</b>
Depreciation					
At 1 April 2007	546	3,065	1,011	-	4,622
Charge for the year	21	328	115	-	464
Disposals	-	-	-	-	-
At 31 March 2008	<b>567</b>	<b>3,393</b>	<b>1,126</b>	<b>-</b>	<b>5,086</b>
Net book values					
<b>At 31 March 2008</b>	<b>3,737</b>	<b>2,925</b>	<b>187</b>	<b>33</b>	<b>6,882</b>
At 1 April 2007	3,758	2,866	188	33	6,845

The freehold properties at 2, 4, 6 & 8 John Adam Street and 18 Adam Street are listed as historic buildings. 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 improvements and 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 1919 valuation and are not depreciated.

## Notes to the Financial Statements 31 March 2008 continued

### 9. Investment assets

Analysis of investment assets	Unrestricted	Restricted	Endowment	2008	2007
	funds	Funds	Funds	Total	Total
	£'000	£'000	£'000	£'000	£'000
Investments in Government and other listed securities and Charities Official Investment Funds at market values					
UK	-	783	4,772	5,555	6,315
Overseas	-	101	662	763	1,544
Alternative investments	-	646	4,242	4,888	4,284
Freehold property	735	-	-	735	600
Bank deposits	-	23	37	60	23
	<b>735</b>	<b>1,553</b>	<b>9,713</b>	<b>12,001</b>	<b>12,766</b>
Analysis of movement of investment assets					
Investments at 1 April 2007	600	2,389	9,777	12,766	12,301
Net additions/(withdrawals)	135	(334)	(216)	(415)	71
Revaluation gain	-	(502)	152	(350)	394
Investments at 31 March 2008	<b>735</b>	<b>1,553</b>	<b>9,713</b>	<b>12,001</b>	<b>12,766</b>

### 10. Debtors

	Group	Group	RSA	RSA
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Trade debtors	624	585	142	108
Prepayments and accrued income	439	203	419	203
Other debtors	39	75	30	77
Subsidiary Debtor	-	-	1,193	788
	<b>1,102</b>	<b>863</b>	<b>1,784</b>	<b>1,176</b>

### 11. Creditors: amounts falling due within one year

	Group	Group	RSA	RSA
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Trade creditors	117	459	91	341
Accruals and project awards	1,611	351	1,591	326
Project deferred income	200	157	200	157
Other creditors	343	258	235	277
RSA Hospitality income received in advance	268	324	-	-
	<b>2,539</b>	<b>1,549</b>	<b>2,117</b>	<b>1,101</b>

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

## Notes to the Financial Statements 31 March 2008 continued

### 12. Funds

a) Unrestricted funds - movements in year	Balance 1 April 2007 £'000	Income £'000	Expended £'000	Gain/(loss) £'000	Transfers £'000	Balance 31 March 2008 £'000
General reserves	7,205	8,012	(6,832)	-	(342)	8,043
House Maintenance Fund	174	-	-	-	(174)	-
	<b>7,379</b>	<b>8,012</b>	<b>(6,832)</b>	<b>-</b>	<b>(516)</b>	<b>8,043</b>

### b) Restricted income funds - movements in year

	Balance 1 April 2007 £'000	Income £'000	Expended £'000	Gains £'000	Transfers £'000	Balance 31 March 2008 £'000
Programme of projects	-	748	(2,500)	-	1,752	-
Shipleigh fund	2,048	326	-	(486)	(1,010)	878
Vaults appeal fund	868	-	(47)	-	-	821
Dick Onians Creativity fund	25	2	(9)	-	-	18
Betro Trust	16	1	(1)	(2)	3	17
Lord Bossom Trust	16	2	(2)	(2)	4	18
James Cranstoun Bequest	10	9	(8)	-	1	12
Reflection Riding Fund	9	-	-	-	-	9
Sir John Stratton Scholarship	21	2	-	(2)	2	23
Dr Swiney's Bequest	37	4	-	(4)	7	44
Edward Boyle Fund	13	2	(2)	(1)	2	14
Edward Squires Fund	3	2	(1)	(1)	1	4
Angus Millar Trust	-	1	(1)	-	1	1
Forum Trusts	-	2	(2)	-	-	-
Other Trusts	56	6	(15)	(4)	-	43
	<b>3,122</b>	<b>1,107</b>	<b>(2,588)</b>	<b>(502)</b>	<b>763</b>	<b>1,902</b>

Conditional income has been received and spent in respect of the programme of projects. The net assets of the projects are nil.

The Shipleigh fund is an expendable endowment, the income from which is used to support the RSA's programme of projects in furtherance of its charitable objects.

The Vaults Appeal fund of £1,972,000 was utilised in financing the capital expenditure associated with the Vaults development in 1989 and accordingly, the appropriate depreciation is charged to the fund from unrestricted funds.

The Dick Onians Creativity fund is made up from restricted donations given for specific grants. The net fund balance of £18,000 is invested in a cash deposit account.

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

## Notes to the Financial Statements 31 March 2008 continued

### 12. Funds - continued

c) Endowment funds trusts settled for specific purposes - movements in year	Balance 1 April 2007 £'000	Income £'000	Expended £'000	Gains £'000	Transfers £'000	Balance 31 March 2008 £'000
Shipleigh expendable endowment	8,765	-	(8)	219	-	8,976
Inspiring the Future expendable endowment	226	-	-	-	(226)	-
Betro Trust	8	-	-	(1)	-	7
Lord Bossom Trust	27	-	-	(3)	-	24
James Cranstoun Bequest	254	37	-	(23)	-	268
Reflection Riding Fund	9	-	-	(1)	-	8
Sir John Stratton Scholarship	30	-	-	(3)	-	27
Dr Swiney's Bequest	77	-	-	(7)	-	70
Edward Boyle Fund	58	-	-	(5)	-	53
Edward Squires Fund	79	-	-	(7)	-	72
Angus Millar Trust	45	-	-	(3)	-	42
Dick Onians Trust	26	-	-	(2)	-	24
Forum Trusts	59	-	-	(5)	-	54
Other Trusts	116	-	-	(7)	(21)	88
	<b>9,779</b>	<b>37</b>	<b>(8)</b>	<b>152</b>	<b>(247)</b>	<b>9,713</b>

d) Total funds	Balance 1 April 2007 £'000	Income £'000	Expended £'000	Gains £'000	Transfers £'000	Balance 31 March 2008 £'000
Expendable endowment funds	8,991	-	(8)	219	(226)	8,976
Permanent endowment funds	788	37	-	(67)	(21)	737
	<b>9,779</b>	<b>37</b>	<b>(8)</b>	<b>152</b>	<b>(247)</b>	<b>9,713</b>
Unrestricted funds	7,379	8,012	(6,832)	-	(516)	8,043
Restricted income funds	3,122	1,107	(2,588)	(502)	763	1,902
<b>Total funds</b>	<b>20,280</b>	<b>9,156</b>	<b>(9,428)</b>	<b>(350)</b>	<b>-</b>	<b>19,658</b>

e) Analysis of group net assets between funds	Fixed assets £'000	Investments £'000	Current assets £'000	Liabilities £'000	Fund balances £'000
Expendable endowment funds	-	8,976	-	-	8,976
Permanent endowment funds	-	737	-	-	737
	-	<b>9,713</b>	-	-	<b>9,713</b>
Unrestricted funds	6,061	735	3,944	(2,697)	8,043
Restricted income funds	821	1,553	28	(500)	1,902
<b>Fund balances at 31 March 2008</b>	<b>6,882</b>	<b>12,001</b>	<b>3,972</b>	<b>(3,197)</b>	<b>19,658</b>

e) Parent charity results	2008 £'000	2007 £'000
Incoming resources	6,255	5,403
Resources expended	(8,395)	(6,733)
Gift Aid income	1,076	639
Net incoming resources before other recognised gains	(1,064)	(691)
Other recognised gains	(350)	131
Net movement of funds	<b>(1,414)</b>	<b>(560)</b>

## Notes to the Financial Statements 31 March 2008 continued

### 13. Pension schemes

The RSA operated two pension schemes for its employees in the financial year ended the 31st of March 2008. A defined benefit scheme which is now closed to new entrants, provided benefits based on final pensionable salary. The assets of the scheme were held separately from those of the charity and were invested with Scottish Widows plc. Contributions were determined by a qualified actuary from the above insurance company on the basis of triennial valuations using the projected unit method. During the course of the financial year the RSA has commenced the process of closing the scheme and the associated costs of this have been accrued within the financial statements.

The RSA also operates a group personal pension scheme. The employer contributions are in the range of 5% to 10% and the employee contributions are 5% of pensionable salary. The assets of this scheme are invested with Scottish Equitable plc.

The Consolidated Statement of Financial Activities includes contributions by the charity to the defined contribution pension schemes of £191,000 (2007: £181,000)

### 14. 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.

### 15. Related parties

There were no related party transactions, other than with the subsidiary company and advantage has been taken of the exemption available from disclosing these details.