

IMPACT

2019–20
Impact Report
and Financial Accounts

For the year ended 31 March 2020

Contributors

Patron

Her Majesty The Queen

President

Her Royal Highness
The Princess Royal

Trustees

Tim Eyles
Chair

Peter Fell,
Deputy Chair
until September 2019

Philippa Wilson
already trustee,
became Deputy Chair
from October 2019

Ian Coleman

Sarah Ebanja,
Treasurer
until September 2019

Jill Humphrey,
Co-Treasurer
from October 2019

Stephen Gleadle,
Treasurer

Nick Parker

Andrea Kershaw

Lucy Griffiths

Jan Portillo

Saleh Saeed
until September 2019

Charlotte Oades
from October 2019

Kully Thiarai
until September 2019

Shonagh Manson
from October 2019

John Towers,
RSA Academies Chair
from October 2019

Principal office

8 John Adam Street,
London WC2N 6EZ

Executive team

Matthew Taylor,
Chief Executive

Anthony Painter,
Chief Research
and Impact Officer

Natalie Carsey,
Chief Operating Officer

Nina Bolognesi,
Director of External
Affairs
until July 2019

Oliver Reichardt,
Director of Fellowship
until July 2019

Rowan Conway,
Director of Innovation
and Development
until August 2019

Auditors

Moore Kingston Smith LLP,
Devonshire House,
60 Goswell Road,
London EC1M 7AD

Bankers

Coutts & Co,
440 The Strand,
London WC2R 0QS

Pension consultants

SecondSight (formally
Foster Denovo Limited),
2 Hamm Moor Lane,
Weybridge,
Surrey KT15 2SA

Surveyors and Property Consultants

MHBC,
4 St Paul's Churchyard,
London EC4M 8AY

Solicitors

Russell-Cooke,
2 Putney Hill,
London SW15 6AB

Collyer Bristow,
4 Bedford Row,
Holborn,
London WC1R 4T

Investment managers

CCLA, Senator House,
85 Queen Victoria Street,
London EC4V 4ET

Contents

	Page no.
1 Chair and chief executive's introduction	2–3
2 About us	4–6
3 Our strategy	7–9
4 Goals, performance and future objectives	10–15
5 Our approach – resolving the challenges of our time	16–17
6 Creative learning and development	18–19
7 Economy, enterprise and manufacturing	20–21
8 Case study: Economic security impact accelerator	22–23
9 Public services and communities	24–25
10 Design and innovation	26–27
11 Case study: RSA Student Design Awards	28–29
12 Our global community: proactive problem solvers	30–35
13 Environmental reporting	36–37
14 Our thanks	38–39
15 Finance review	40–45
16 Objectives, risks, governance and management	46–51
17 Independent auditors' report	53–55
18 Financial statements	56–68

2019–20 started with the RSA looking expectantly at what the future might hold. A strategic review allowed us to look critically at how best to combine our staff, Fellows, resources, assets and networks to ensure that we rise to the challenges of our time. In doing so, we could not have imagined that by the end of the financial year, amongst those challenges, would be Covid-19.



**RESOLVING
CHALLENGES
OF OUR TIME**

We would like to begin by acknowledging the hard work of our staff and the continued support of our Fellowship as the RSA navigates the challenges of Covid-19 and closing RSA House. While the financial statements included here will not reflect the significant challenges presented to the RSA by Covid-19, it is worth highlighting that almost a third of the RSA's turnover comes from the RSA's hospitality and venue business, through its trading subsidiary, RSA Adelphi Enterprises, the profits of which support the RSA's core charitable work.

Despite these challenges, the RSA has been able to respond quickly and robustly to the Covid-19 crisis, standing by its mission of uniting people and ideas to resolve the challenges of our time. We launched a campaign – **Bridges to the Future** – through which we have sought to bring people together to unlock ideas and innovation in the areas of society that must thrive so we can live well – to identify how the world could, and should, change after this pandemic.

We identified five areas where we believed this change to be critical if society is to thrive: **Fair education, People led health, care and local services, Stronger economic support for individuals and families; Invest in communities at scale and A future that protects people and planet.**

We are exploring each of these five areas in detail to unlock what's needed to shape our recovery and identify a path or a bridge to the future. Crucially, this RSA campaign brings together our ideas and the skills, expertise and energy of our community, bringing this collective capacity to bear in shaping the world after Covid-19. This has drawn on all of the varied strengths of the RSA, including Fellows, partners and those who participate in our public events programme.

The global response to the terrible death of George Floyd has reinforced our commitment to diversity and inclusion, which we made clear through a statement to all our Fellows. This is also though, an opportunity to reflect on what we can improve on and where we can do better. Working with staff and Fellows the board is developing a set of concrete commitments to tackle racism and exclusion building on existing work. This is important work, the RSA fundamentally cannot achieve the ambition of creating a better world in which everyone is able to participate, when Black and minority ethnic communities continue to be held back by systemic racism.

Meanwhile as part of our wider strategic plan, informed by our strategic review, we are developing two programmes: the first, **The Future of Work**, exploring the shifts in the labour market, caused by technology and other drives, with a goal of ensuring that everyone, regardless of background or starting point, can pursue good work in an age of technological change. The second, to be approved by the board shortly, is currently entitled **Regenerative Futures**, and will look at the cultural and psychological dimensions of our relationship with the natural world, and how to shift each level of this relationship to one that is better for people and planet.

During 2020–21 we anticipate building on these two programmes with at least two more, ensuring that the RSA remains relevant and central to resolving some of the key challenges facing today's globalised world.



Tim Eyles



Matthew Taylor

A handwritten signature in blue ink that reads "Tim Eyles".

A handwritten signature in blue ink that reads "Matthew Taylor".

REALISING



We are the RSA. The royal society
for arts, manufactures and commerce.
We unite people and ideas to resolve
the challenges of our time.

We are the RSA.
The royal society for
arts, manufactures
and commerce.

We're committed to a future that works for everyone. A future where we can all participate in its creation.

The RSA has been at the forefront of significant social impact for over 250 years. Our proven change process, rigorous research, innovative ideas platforms and diverse global community of over 30,000 problem solvers, deliver solutions for lasting change.

We invite you to be part of this change. Join our community. Together, we'll unite people and ideas to resolve the challenges of our time.

Find out more at thersa.org

We define our ambitions as:

Our vision

A world where everyone is able to participate in creating a better future.

Our purpose

Uniting people and ideas to resolve the challenges of our time.

We are

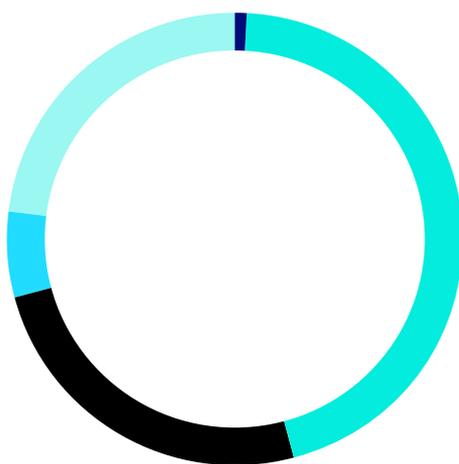
A global community of proactive problem solvers.

Our values

We share the following values and behaviours, and ask all our Fellows to embrace them too:

Open	We are a proactive global community driven to solve the world's problems.
Optimistic	We are confident that together, we can resolve the challenges of our time.
Pioneering	We are curious, creative and courageous, and inspire others to improve how they think and act.
Rigorous	We act with integrity and purpose, making informed, evidence-based decisions.
Enabling	We are generous, collaborative, and encourage others to succeed.

How we're funded



We're funded by our Fellows. Most of our income comes from membership fees, which we treat as charitable donations. We also earn substantial income from our hospitality business and receive grants to support particular projects.

After we refurbished three floors of the RSA House in Autumn 2018, our overall income grew 5 percent to £12.1m in the year 2019–20 thanks to a boost in trading activity.

Impact of Covid-19

We anticipate a significant drop of income for 2020–21, mainly due to Covid-19. RSA House has been closed for several months. Our strategy has also evolved, including new programmes developed in response to the pandemic.

We are grateful to our Fellows, who continue to underpin our work through subscriptions. For a detailed breakdown of our finances please see page 57.

In November 2018, we began to review our strategy for the future of the RSA.

The challenge was how we could leverage the significant assets of the RSA for ever greater real-world impact. Our hypothesis was that we could deliver this by better deployment of the RSA's resources, centred around one central approach.

The RSA's previous strategy ran from 2015–20 and concentrated on impact in three thematic areas with the following aims:

Creative learning and development

We believe everyone has a right to a complete and generous education – not only of the head, but the hand and the heart. Through education, we will help everyone play a more active role in economic, social, cultural and intellectual life.

Public services and communities

We believe a shift is needed to empower people and communities. We will help everyone to achieve their needs and aspirations, both socially and economically.

Economy, enterprise and manufacturing

We believe society should ensure basic economic security for all, and support everyone to fulfil their potential. We will help build an economy that's environmentally sustainable, and encourages meaningful, creative activity.

RSA outcome statements

Our programmes are measured against four outcomes. They must:

Convene reasoned debate

Enable people to realise change

Influence key organisations

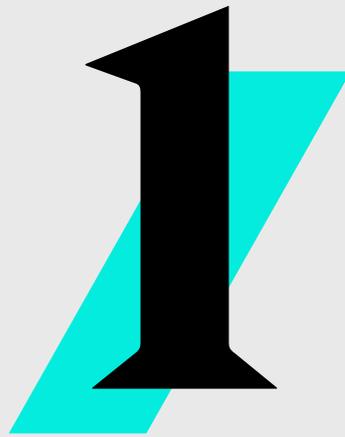
Demonstrate practical solutions

We believe these are the most effective ways for us to achieve real-world social change.

In July 2019 we established the building blocks for a more ambitious future for the RSA. Together, we can embrace this new vision, purpose and set of values to focus on programmes that will make a meaningful difference on a global scale.

Our programmes

All our programmes do three things:



**Bring together
an ever-evolving
collection of
projects with
a shared vision**

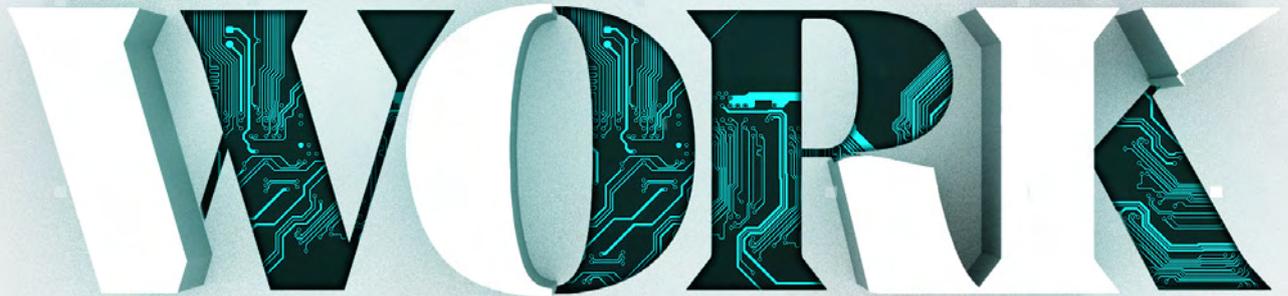


**Focus on a clear,
measurable
end-goal that
aligns to our
strategy**



**Leverage all
our assets and
resources to make
change happen**

Future



programme

We will help everyone thrive in the workplace during the current technological revolution.

In February 2020 the trustee board approved our first programme, focusing on the **Future of Work** with the impact goal of ensuring that everyone can pursue good work in age of technological change; this builds on the work we carried out previously as part of the Future Work Centre.

In defining what it meant to work together in programmes, it was agreed that programmes would have a clear measureable impact goal.

A second programme – **Regenerative Futures** – is also under development and is expected to receive board approval shortly.

A number of further programmes are under development, as funding permits, given the challenges caused by Covid-19.

By the end of the 2020–21 financial year, the RSA will seek to have between three and five programmes deploying the RSA's approach to change and its wide-ranging assets, from the community and resources of the Fellowship, to capabilities in research and design, and its high-profile digital platforms.

Covid-19

In March 2020 in order to respond to the rapidly developing situation produced by the global SARS-CoV-2 pandemic and consequent Covid-19 breakouts, the RSA responded with its Bridges to the Future campaign. This sought to bring people together to unlock ideas and innovation in the areas of society that must thrive so we can live well – to identify how the world could, and should, change after this pandemic.

We have identified five areas where we believe this change is critical if society is to thrive:

- 1 Fair education**
- 2 People led health, care and local services**
- 3 Stronger economic support for individuals, workers and families**
- 4 Investing in communities at scale**
- 5 A future that protects people and planet**

These areas are designed to prepare the ground for long-term programmes of change by building a participative process that connects key funders, policymakers and our Fellows.

4 Goals, performance and future objectives

Our goals 2019–20

We set a series of goals for our three core areas. Here's how we have delivered against them:



Creative learning and development

2019–20 goals

To promote an inclusive education

Our outcomes

Schools Without Walls report showcased 11 inspirational schools that engage with 'the world beyond the school gates'. We encouraged others to follow suit.

Pinball Kids investigated the startling rise in school exclusions in recent years. Our system-level analysis made recommendations at both school and government level.

2019–20 goals

To develop a cultural and creative education

To pursue lifelong learning

Our outcomes

Learning About Culture is the UK's largest ever study of the value and impact of arts education. We delivered five promising arts interventions over 8000 pupils at 400 schools. The Education Endowment Foundation is now evaluating these.

Our **Arts Rich Schools** report put the spotlight on schools that have successfully made the arts a central focus of school life.

We grew our **RSA Pupil Design Awards** to involve 30 schools.

Cities of Learning is our new model for learning and skills provision, which brings together strong civic leadership, local provision, and 'digital badging' technology. In 2019–20 we launched a major pilot in collaboration with City & Guilds and UFI.

Valuing Arts Rich Schools

Economy, enterprise and manufacturing

2019–20 goals

To develop a new social contract

To understand how the financial ecosystem must evolve in order fund pro-social initiatives

Our outcomes

Our flagship report **Building a Social Contract** (June 2020) concludes the first phase of our **Future of Work** programme. Building on extensive research and consultancy on the fast-changing workplace – involving employers, employees and regulators – we conducted several months of workshops to inform the report. Our data-driven work on how Covid-19 is affecting job losses also featured in multiple media outlets.

We ran a three-year programme to support new, community-owned banks across the UK, with several new institutions now at various stages of FCA accreditation. This led to a report evaluating a new, pro-social financial ecosystem. We are now curating a long-term programme to empower people and places including through financial services.





2019–20 goals

To enable connection between citizens and policymakers as new technology develops

To develop conversations around universal basic income

To create a circular economy and manufacturing programme

Our outcomes

As part of our **Forum for Ethical AI** initiative, we facilitated a series of citizen debates about automated decision-making systems. We released our final report in October 2019, and the European Research Initiative has since included our work on its list of approved tools.

We conducted practitioner and patient research in a similar vein for NHSX, which informed their forward strategy. We are also helping BT to develop collaborative solutions for disinformation issues and are investigating citizen-led approaches to facial recognition and track and trace technology.

We have played a crucial role in the universal basic income conversation, which has rapidly accelerated in response to Covid-19. We conducted highly influential data-driven analysis on the subject as part of our **Bridges to the Future** project and have run exploratory projects to design on-the-ground pilots in Scotland.

Our **Make Fashion Circular** project with Ellen MacArthur Foundation helps build a circular economy in the fashion industry. With a working title **Regenerative Futures**, we are scoping out a broader programme for other industries.

Bringing citizens together to identify ways to ensure ethical AI

Public services and communities

2019–20 goals

To tackle economic insecurity

To tackle health inequalities and reducing loneliness

To reduce regional inequalities and inspiring democratic reform

To reduce local inequalities and build sustainable neighbourhoods

Our outcomes

Our **Making Home** project explores how new policies and housing models can improve the economic security of young people. Working with a housing association, we spoke to 50 young people in Manchester about their experiences and supported these findings with a national survey.

Our two-part **Heritage and Inclusive Growth** project partners with the British Council to work on a new heritage and inclusive growth ecosystem, and with National Heritage Lottery Fund to refresh the Heritage Index. The report will launch in 2020–21.

Our **Radical Home Care** report looks at the role and provision of home care. We continue to support Wellbeing Teams, and are committed to improving the home care model to improve quality of life for both staff and care recipients.

Our **One Powerhouse** project built spatial blueprints for the North, Midlands, South West and South East regions. We engaged with key members in government, working with major planning consultancies Aecom, Barton Willmore and Atkins. We also led the International Week of Democratic Innovation in Manchester (with 300 attendees from over 25 countries).

We co-created an initiative to implement recommendations made in a ground-breaking series of reports by the Food, Farming and Countryside Commission, a new independent charity. This project is backed by the Esmée Fairbairn Foundation.

Improving the home care model to improve quality of life.



Performance

Our key performance targets for the 2019–20 financial year included:

Fellowship in numbers	2019–20	2019–20 target	% to target
Total Fellowship number	30,220 —	30,333	99.6%
New Fellows	3,085 ▼	3,250	94.9%
Losses	(2,569) ▲	(2,625)	102.2%
Unique attendees at Fellowship events	3,139 ▼	4,000	78.5%
Engagement with content	2019–20	2019–20 target	% to target
RSA Events video views (Including Replay and Spotlight)	4,014,542 ▲	2,530,000	159%
Blog article views	548,086 ▲	520,000	159%
Total report and Medium report downloads	77,252 ▲	75,000	159%
Digital and social media impact	2019–20	2019–20 target	% to target
Unique page views – THERSA.ORG	2,820,167 ▼	3,360,000	84%
Number of subscribers – YouTube	620,526 —	620,000	100%
Twitter followers on @thersaorg	72,624 —	72,800	100%
Twitter engagement (retweets, mentions, favourites)	146,575 ▲	100,000	147%
Facebook followers	99,184 —	101,000	98.5%
Facebook engagement (likes, shares, comments)	123,318 ▼	155,000	83%
Media impact	2019–20	2019–20 target	% to target
Media (national, regional, digital)	763 ▲	414	184%
RSA original podcast downloads	69,695 ▲	60,000	116%
RSA Events podcast downloads	460,981 —	460,884	100%

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

Our objectives for 2020–21

Our trustee board has agreed key objectives for the 2020–21 financial year. Based on these, our board is working on multi-year targets for the RSA as a whole. These objectives are:

Our impact

1. We will develop between four and five multi-year, impactful global programmes of change with a sustained funding base. We will measure the impact of these goals and sub-goals through KPIs based on our four high-level outcomes of:

Convening reasoned debate

Enabling people to realise change

Influencing key organisations

Demonstrating practical solutions

How we achieve impact

2. We will place our Fellows and the wider communities we convene through our idea platforms, and other communication channels at the heart of our programmes. This will include, building networks in our programme areas, as well as supporting Fellows with their own initiatives when aligned to the programmes of change adopted by the RSA.
3. We will seek to put the RSA approach of 'think like a system, act like an entrepreneur' at the heart of all we do. Producing a learning journey for all staff and supporting Fellows and partners to understand the RSA approach as a core element to realise effective change.
4. We will embed sustainability, diversity and inclusion at the heart of all we do. This includes our programmes, Fellow, partners, people and other strategies.
5. Impact is only possible through the involvement of our Fellows and partners. Ensuring their engagement and ongoing support is critical to our success which we will seek to continuously develop and demonstrate.

How we underpin the RSA

6. Our programmes will be sustained by both external and internal funding. We will seek to grow external programmatic funding year on year through a diverse mix of partners.
7. We will build resilience through the growth of unrestricted income in, and beyond, existing Fellowship and hospitality income. This will mean:
 - a. Regrowing the hospitality income as Covid-19 allows
 - b. Developing a corporate partnership programme
 - c. Prioritising increasing the diversity of Fellows, whilst maintaining sustained Fellowship growth
8. We will also seek to grow the RSA brand. Developing a clear marketing and communications strategy, growing recognition of the RSA as a social change maker and increasing the impact and effectiveness of the RSA idea platforms. We will create a more participatory digital platform that enables greater engagement and involvement in our programmes.
9. We will strengthen our position as a global organisation and expand our global Fellowship. This will include supporting the development of our two global affiliates (RSA US and RSA Oceania).
10. We will embed programmatic working throughout the RSA and ensure we work as one combined focused organisation.

Resolving the challenges of our time

Sometimes change feels hard-won, a gradual chipping away of the status quo. In other moments, it is like an unstoppable tide. Or as historian Christopher Hill wrote of the English radicals of the 1640s, like “a door that opens widely... and then suddenly closes.”

Our approach

We've spent the last 260 years mastering, convening and leading change. It is in our DNA. We've learned that creating change is complex, and societal change hits the high notes of this complexity.

Because a society is a living system; active, dynamic, sometimes fragile, sometimes entrenched. Therefore to create societal change more than just a thorough understanding of the challenge is needed; an inherent comprehension of the system in which change will occur is also required. Without knowledge of the forces maintaining the status quo, any effort to spark change will falter at first touch.

And that's not all. Timing is everything. The conditions for change need to be harnessed for lasting impact to be created, including:

1. A pre-existing demand, support and capacity for change.
2. The existence of political alliances, practical policies and innovations that are ready to be deployed.
3. An ability to put in place measures to embed the change.

A single event can provide the trigger that activates these conditions. Another can throw them all off course. So those leading change need agility, readiness and entrepreneurialism at the heart of their approach.

It's that artful combination of thinking like a system and acting like an entrepreneur, that, when combined with our committed community of over 30,000 Fellows, makes the RSA approach distinct and enables us to work collaboratively on some of society's biggest challenges.

The RSA living change model

Change is not linear. Our model for change embraces the reality that anything can happen along the way, and often does. From serendipity to calamity our model charts a path accordingly, to realise long-term social change. We start at the heart, knowing what we want to achieve, but open to how we get there and what our first move might be.

This is a true living model. Organic like nature. Systemic like society. Creative like our human nature. We base the visual of our model on the Fibonacci sequence: not only offering a compelling visual of the system but also showing how complex structures can emerge from simple patterns and rules.

We're able to counter the intertwined complexity of the form by drawing from a suite of methods across it, and each of which are proven to play a critical part in achieving change.

The resulting model with its six core elements is the closest we've ever come to capturing our process for change, alongside the complex reality of the system we operate in and we'll be piloting it through the rest of 2020.

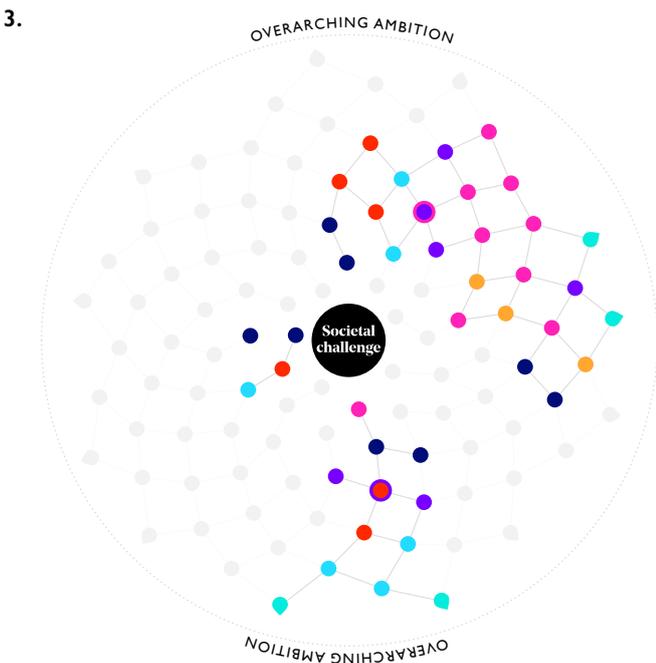
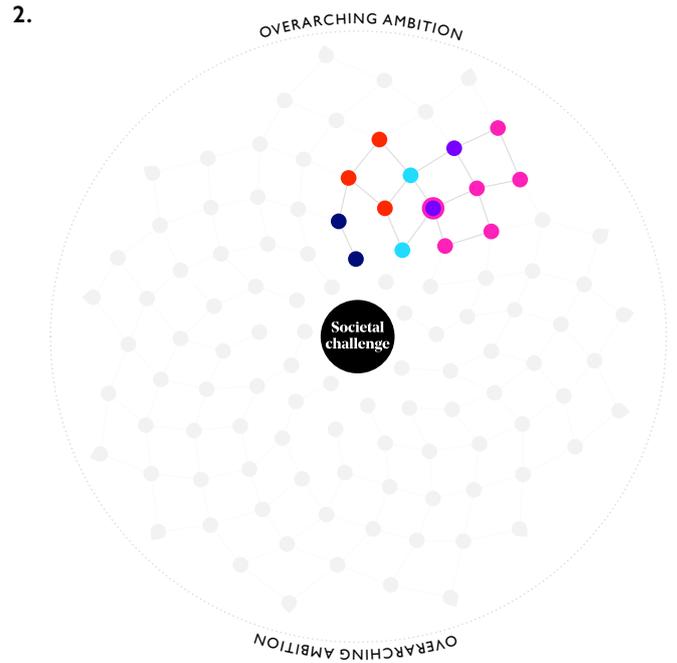
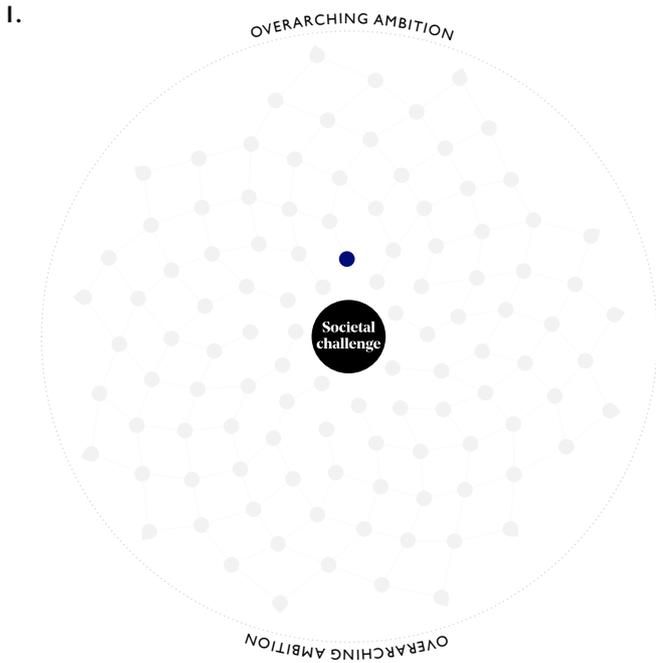
The practice

Our model shows our process in action. Six elements uniquely combined. Their sequence and proliferation all dependent on the challenge we face, what we discover along the way and the external factors that bear down on us.

From a clear purpose, every step is dependent on what we know at a specific point in time to reach the change we all need.

To drive meaningful impact, change has to be sought in this way. Live and living it.

This is the first time we have socialised our current thinking in this way. It's very much in beta and we will continue to work on it and test it in our work over the coming year.



- Gain knowledge
 - Spot opportunities
 - Build movements
 - Test interventions
 - Develop ideas
 - Track learning
 - Goal/outcome achieved
-
- Blockers
 - Accelerators

This sequence of illustrations shows the unique make up a change programme could take.

From the start, it pulls whichever method is appropriate to take it to the next step. Every step we make to the perimeter offers us clarity and realisation of the goal that can be achieved. It illustrates how we overcome 'blockers', agents which disrupt the process. How we capitalise on 'accelerators', events which enhance the process. It shows how we combine methods, running them in parallel to wield more potency.

**THE
GREAT
CONVER-
SATION**

**OF
MANKIND**

Goal:

Everyone should receive a complete and generous education – an education of the head, hand and heart – so they can play a full part in the economic, social, cultural and intellectual life and join the **‘great conversation of mankind’**

During 2019–20 our impact highlights included:

Inclusive education

- In partnership with the Educational Collaborative For International Schools, we launched our **Schools Without Walls report**. The report showcased 11 inspirational schools committed to engaging beyond the school gates for the benefit of their pupils and the wider community. The report demonstrated the way schools can shape their communities, whether tackling severe poverty or creating energising civic action.
- Our **Pinball Kids project** investigated the startling rise in school exclusions in recent years. We surveyed 331 local authorities and 1,500 practising teachers, conducted around 50 interviews and held two system-change workshops with policymakers, young people that were excluded and their families, and a variety of professionals working with young people. We found that to prevent unnecessary exclusions of vulnerable pupils, we need to rebuild relationships between school staff and pupils, schools and families, and schools and public services.

Lifelong learning

- In collaboration with City & Guilds and UFI, we launched a major pilot of the RSA's **Cities of Learning model**; a new model for learning and skills provision, bringing together strong civic leadership, local provision, and digital badging technology.
 - Future Creators in Brighton are working with 15 learning providers including schools, FE, voluntary sectors and arts organisations. They have developed 40 distinct badges for young learners.
 - RIO in Plymouth have a network of 23 employers, 14 schools and several non-formal learning providers and have issued more than 350 badges to young learners.

- The London **Boroughs of Learning competition** ran from autumn 2019 and has awarded grants and in-kind support to teams in Westminster, Waltham Forest and City of London (Culture Mile).

Cultural and creative education

- **Learning About Culture** is the UK's largest ever study into the impact of arts-based learning for children, particularly those experiencing disadvantage. In 2019–20, our partners delivered five promising arts interventions to more than 8000 pupils in 400 schools. The interventions are now being evaluated by the Education Endowment Foundation, with results due in late 2020.
- **The RSA Pupil Design Awards** saw another year of growth, with 30 schools involved in the 2019 programme. Participants received mentoring from previous Student Design Award winners and finalists. The awards are growing, with 50 schools registered for 2020.

Goals for 2020–21

With the move to programmatic working our goals are to build two long-term programmes:

- **Inclusive education**
Rooted in our work on social exclusion within the Pinball Kids project, the programme will explore partnerships with local authorities to unlock practical opportunities for change.
- **The learning society**
We will focus on supporting a learning society. Drawing on the Cities of Learning model, and wider growth in this area.

7 Economy, enterprise and manufacturing



Goal:

To help create an economy that enables everyone to have basic economic security and to fulfil their creative potential, is environmentally sustainable, and which supports and rewards **meaningful and creative activity.**

In 2019–20 we developed major projects in the following areas:

- **The Future of Work**
- **Technology and society**
- **Manufacturing and the circular economy**
- **People, power and places**

The future of work

- **The Future Work Centre** is a multi-funder collaboration with Friends Provident Foundation, Google.org, Taylor Wessing, Harbour Foundation and an RSA Fellow, and is being formalised into the **RSA's Future of Work programme**. Building on last year's widely read **Four Futures of Work report** we worked with stakeholders to develop recommendations for a new social contract. We also partnered with Skills Development Scotland to develop their future work strategy and with Carnegie UK Trust to bring employers together to understand the intersection of good work and productivity.

Technology and society

- We concluded our **Forum for Ethical AI**, sponsored by DeepMind, which brought citizens and experts together to deliberate the use of automated decision-making systems in public spaces. Our toolkit for engagement has informed similar projects as far afield as Peru and Kenya. In addition, we worked with BT on disinformation and were featured in NHSX's forward strategy for our work on the use of artificial intelligence in medical technology.

Manufacturing and the circular economy

- Our **Cities of Making project**, a collaboration with universities, accelerated our involvement in this fast-emerging sector and focused on manufacturing within three key cities.

People, power and places

- Our work on local, inclusive economies delivered results and sparked new ideas. Our support for the Community Banking movement saw new institutions spring up across the UK, who are at various stages of the process of seeking FCA approval. Our work on collective, group-based CDC pensions found its way onto the statute book. We end the year more concerned than ever about how financial services can work with public services and civil society to improve local economies – recovering from Covid-19.

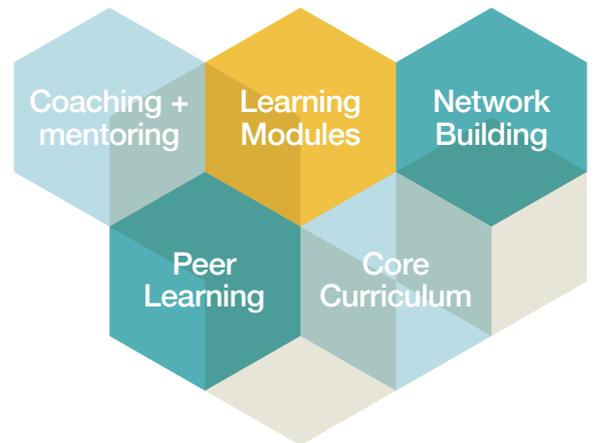
Goals for 2020–21

- Over the coming year we seek to build on the work of **the Future Work Centre**, by delivering a fully-fledged Future of Work programme that engages and convenes RSA Fellows' networks in ever more creative and impactful ways alongside the continued use of our research, design and innovation skills.
- Working with our Public services and communities team to deliver a programme that articulates a vision of empowered local economies – rooted in people, power and place and the work of RSA Fellows on the ground – that also builds on our community banking, public services, citizen tech and civil society convening expertise.
- Working alongside our Design and innovation team to build on the work of Cities of Making as well as our **Make Fashion Circular project** (a project led by our Design and innovation team) to co-create an holistic programme on how to achieve a regenerative future.

Economic security impact accelerator

THE FUTURE OF WORK

During 2019–20 we delivered the **future work focused Economic security impact accelerator**. A unique partnership between the RSA, ALT/Now, the Mastercard Center for Inclusive Growth and the Mastercard Impact Fund to explore the action needed to combat economic insecurity in the future of work.



The accelerator took a cohort of 12 social entrepreneurs from a range of diverse organisations on an impact journey, helping them understand how they might work together to take on the complexities of the economic insecurity challenge from their various business perspectives, radically scaling their social impact. Participating organisations included: Trezeo, a pro-social fintech firm for freelancers and Enrol Yourself, an online peer to peer learning movement. The programme included; internal learning sessions, retreats, external speakers and pitch sessions at Mastercard HQ and at a final ‘demo day’ event.

Almost all the social entrepreneurs in the cohort have now undertaken new, long-term collaborations for change as a result of this work. One organisation, in collaboration with the RSA, is in an advanced stage of securing a new round of funding for their work. Participants received a real sense of community and belonging from participation. As one remarked:

The subsequent report **The Impact Entrepreneur: Building a New Platform for Economic Security in Work**, considered the fundamental shift from the old model of a ‘job for life’ providing security for most of the workforce, to one where security has become a commodity increasingly reserved for the highly skilled and networked. The report outlined the case for the ‘impact entrepreneur’ – entrepreneurs who want to take on population-level challenges – and the need to provide a strong field of people working on law, funding systems, regulations, norms and public services is critical to underpin this.

This (programme) has been an eye opener. I never thought I would find my tribe: now I have.

Goal:

To help bring about a shift in power to people and communities so that they can better meet their social and economic needs and aspirations.

A **Shift**

in power

We see a society where citizens, businesses and governments work together in policy and in practice, to tackle inequalities of income and wealth, of health and wellbeing and of place, power and exclusion: a new social settlement that reconciles welfare with opportunity and social action.

During 2019–20 our impact highlights included:

Innovation in democracy programme

- We supported Dudley Council, Test Valley Council and the Greater Cambridge Partnership, to run citizens' assemblies. The RSA also led a **deliberative democracy 'peer-learning workshop'**, engaging over 30 different councils across the country. The recommendations from the citizen's assemblies in Dudley, Test Valley and Cambridge are being activated by the councils. Romsey's town centre plan, shaped by its citizen assembly, has been nominated for **National Planning Awards 2020**.

International week for Democratic Innovation

- In January 2020, the RSA hosted the **International Week for Democratic Innovation** at the People's History Museum in Manchester. The RSA partnered with various organisations during the week, including The Open Society Foundation, OECD, The Democracy R&D Network, DCMS and MHCLG. The week received over 300 attendees from over 25 countries.

One Powerhouse:

- **Our One Powerhouse project** saw us working in partnership with major planning consultancies Aecom, Barton Willmore and Atkins. We engaged in meetings with Sir Edward Lister (PM's Chief of Staff) and Liam Booth-Smith (Special Adviser to the PM) and hosted **One Powerhouse receptions** at all major Party conferences. Outputs from this project, include regional spatial blueprints for the North, the Midlands, the South West and the South East, and the project has already featured as a main story in the Yorkshire Post.

Transform programme – self-managing teams

- **The Transform programme** supports RSA Fellow initiatives and is currently supporting Wellbeing Teams that provide a self-managing approach to home care support. As part of the programme we released the **Radical Home Care report**, which examined the challenges facing social care in the UK and how 'self-managed' teams can address them. The report was based on case studies of innovation in social care from across the country.

Food, Farming and Countryside Commission

- **The RSA Food, Farming and Countryside Commission** was an independent inquiry that took place from November 2017 to April 2020 to think afresh about food origin, support for farming and investment in rural communities. Drawing on the assets and expertise of the RSA, the commission produced a series of widely acclaimed and influential reports, including its final report **Our Future in the Land**, and a field guide featuring case studies of good practice and stories of change.

Goals for 2020–21

- With the move to programmatic working, we aim to focus on a significant programme on **people, power and places**, underpinned by previous work in this area and with participation and engagement at its centre. This will focus on building strong citizen-led community and public services to alleviate inequalities, enable fair access as well as exploring the future of health and social care.

During 2019–20 the former RSA Design and RSA Lab teams transitioned to a new Design and innovation function. This was undertaken to fully enable design and innovation methods to underpin all future programmes. This RSA’s approach to change will allow us to deliver our mission and create even greater impact in the world.

This year we delivered the first version on an **RSA Playbook** formalising this approach, to enable internal and external audiences to access the thinking and practice that underpins it.

In 2019–20 our highlights included:



Image: © Claire Dillon, Limerick School of Art and Design, 2019/20 RSA Student Design Awards Brief 9: Moving Pictures Finalist, Animation 'Think, Change, Live.'

Make Fashion Circular

- In conjunction with the Ellen MacArthur Foundation and building on the RSA's history in design for a circular economy, we harnessed the **RSA Student Design Awards** and our wider network, to run design challenges, workshops and events, to inspire the next generation of design talent to join the movement for change.
- We secured funding for a second piece of work on the future of fashion which is being codesigned with Fellows and will explore fashion consumption.
- We also secured funding to use our accelerator building and convening skills with circular fashion entrepreneurs. We hope this work will gather pace next year and will develop into a programme in this space.

RSA Royal Designer's for Industry

- We continued to support the work of the RSA's Royal Designer's for Industry (RDI's). Incoming RDI Master Mark Major oversaw the nominations process and the new RDIs were announced and celebrated at an awards ceremony at RSA House in November. These included: Paule Constable, Tom Gauld, Adam Lowe, Kim Avella, Johanna Gibbon, Michael Marriott, and honorary RDI Elora Hardy.

Deployment of the RSA approach to change

- The approach underpins many of our current projects and programmes including: the **Economic security impact accelerator**, **Retail sector lab**, **Future Work Centre** and design of our **Public Service Innovation** work funded by Accenture.

- We worked with the **Cities of Learning team** on visioning workshops with potential cities; with the **Pinball Kids team** to deliver systems mapping and strategy workshops; and with the Head of RSA Scotland on innovation in health and social care with NHS Scotland.
- We led sessions on the **RSA's model of change** at a variety of conferences and gatherings, including the International Systems Innovation conference, Public Service Transformation Academy, Human Learning Systems event, National Association of Local Councils.

BBC Radio 4's the Fix (presented by Matthew Taylor)

- This series focused on problem debt in Barking and Dagenham Council CEO Chris Naylor committed to implementing the winning intervention, which was developed and tested by a team led by our **Head of Design and Innovation**.
- Series three aired in January–February and was the Radio Times' Pick of the Week.

Goals for 2020–21:

- The development of a new **Regenerative Futures programme**, building on our approach to change and existing work on circular economy. To deliver practical interventions that tackle social and environmental challenges in tandem.
- Ensuring design and innovation is embedded in and throughout all programmes, the **RSA's approach to change**.
- Continued global expansion of the **RSA Student Design Awards**, aligning competition briefs with wider RSA programmatic areas.



RSA Student Design Awards

Now in its 96th year,
the RSA Student Design Awards
is a global competition that challenges
undergraduate and postgraduate students,
from anywhere in the world, to apply
their skills and creativity to tackle complex
social and environmental issues through
design thinking.



The 2019–20 Student Design Awards received entries from **782 students**, with **19 countries** and **97 universities** represented, showing the impact of increased global engagement.

The nine competition briefs aligned with RSA strategic programme areas and were developed in partnership with industry partners to ensure they reflected pressing real world problems. We collaborated with university and college educators to engage and support students and embed briefs into curricula.

This year we revised the judging criteria, panels and process for greater inclusion. We co-designed new competition submission criteria with stakeholders, delivered a new evaluation framework and collaborated with RSA Fellowship Engagement on our first ever open call for judges, resulting in increased diversity of panels, finalists and winners.

There was a total of 18 winning projects and a further 18 commended students. The winning projects each received a share of the prize fund to use in support of their projects and future design career.

2019–20 also saw the RSA partner with the Ellen MacArthur Foundation with two briefs focusing on fashion and its role in the circular economy. This forms part of a multiyear programme of work, between the RSA and the EMF – Fashion Circular Initiative.

18

Winning projects



19

Countries entered

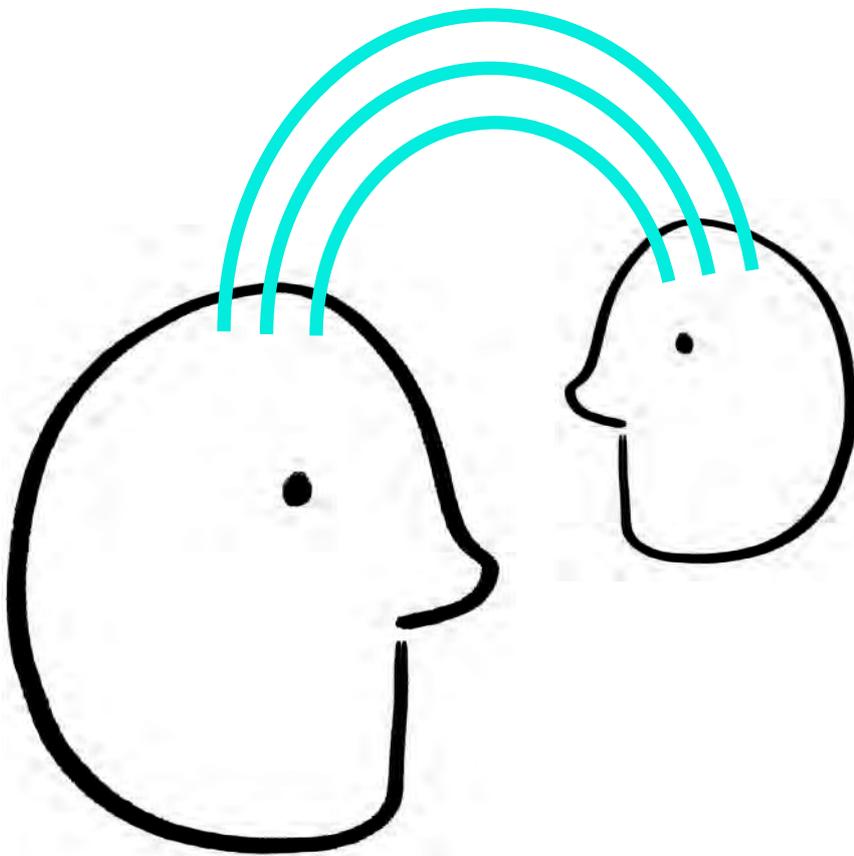


97

Universities

12 Our global community: proactive problem solvers

Our global community is critical to how the RSA achieves impact. From our global community of proactive problem solvers, made up of over 30,000 RSA Fellows, to our wider communities participating in activities from our public events programme to our online platforms.



Fellowship

Our global community of Fellows are core to who we are. They share our vision and values and together we work to resolve the challenges of our time.

Key highlights for 2019–20 included:

Growth of our UK wide Fellowship Engagement programme

- Fellowship events activate our network and provide inspiration to participants.
- In 2019–20, we worked with RSA Fellows and other collaborators to deliver 244 events across the UK, with 83 percent taking place outside of London. There were 3,265 attendees with 2,667 unique attendees.
- Our Friday Conversations event series in Rawthmells in RSA House gave 69 Fellows the opportunity to share a social change project or ideas with our community.

Supporting Fellow-led projects

- We continued to support Fellows through our £100,000 Catalyst grant programme, smaller local grants and more targeted scaling through our Transform programme. The Transform programme is supported by the Community Savings Bank Association (www.csba.co.uk) and Wellbeing Teams (<https://wellbeingteams.org>), and is aligned to our cross-cutting themes. We also undertook a fast track Covid-19 Catalyst round to support the work of Fellows on the ground during the crisis.

Growth of partnership events

- 2019–20 saw a continued growth in the number of partnership events, expanding our reach to new audiences. These included; an RSA Wales/Cymru, RSA Scotland and Indycube day-long event on basic income, and RSA Engage events in Brighton and Swansea in collaboration with UnLtd.

Expansion of Fellow-led networks and groups

- In recent years the number of Fellowship networks and groups has grown, and there are now more than 40 across the globe. Many networks are making change happen locally; others harness skills within the Fellowship to create social impact.
- In 2019–20, the first Fellowship Networks Day at RSA House brought together 56 FRSA's involved in organising Fellowship activity by place or theme. Some attended in person and others joined us online from as far as Japan and Peru. The day resulted in the development of an online community of practice.

Further development of our online events programme

- Events included a 'town hall' session for Fellows based across Germany, a global Friday Conversations event with FRSA speakers joining from the US and Peru, and a participatory session exploring the Future of Work programme's four futures of work.

Goals for 2020–21

Further improving and enhancing Fellowship engagement and experience

- In November 2019, work began on a Fellowship Roadmap to better understand how to meet the needs of current and potential Fellows and improve the journey and engagement experience throughout the Fellowship lifecycle. The RSA has contracted Membership Matters to make recommendations on how best to deliver the RSA's Fellowship offer.
- The goal is the realisation of an ever more engaged and diverse Fellowship, supported by the RSA to make impact in their communities around the world. A global Fellowship offer that supports the RSA's programmatic work and, through engagement, increases the RSA's overall impact. A Fellowship better able to collaborate on a Fellow-to-Fellow basis.

Over 40 Fellowship networks operate around the globe.

12 Our global community – proactive problem solvers

Our ideas platforms are a key asset in how we deliver impact. They include our award winning RSA Journal, our public events programme, our voice in national and local media, and the RSA's online platforms which include our website, podcasts and social media presence.



Ideas Platforms

Key highlights for 2019–20 included:

Public events programme

Our events programmes last year included over 100 free public lectures, talks, debates, workshops and screenings, providing a platform for exploring today's social challenges. Highlights this year included:

- Record levels of online engagement for this year's **Albert Medal event**, featuring an inspirational address from Parkrun founder and social health changemaker Paul Sinton-Hewitt. This included a targeted social media campaign to the Parkrun Community, boosting live views and engagement.
- The **RSA Minimate**, featuring TIME's editor-at-large Anand Giridharadas, became one of our most high-impact animated series launches of recent years, amassing more than 80,000 views thanks to a launch campaign capitalising on Anand's strong online following, a timely Davos tie-in and a range of formats adapted for mobile viewing.
- Our YouTube channel continues to grow and this year our subscribers grew to over 700,000.

Over 100 free public lectures, talks, debates, workshops and screenings.

Our YouTube channel grew to over 700,000 subscribers.

Podcasts

We have run two main podcasts series during 2019–20:

- **Polarised**, which featured notable names such as Nobel Prize winner Esther Duflo, Francis Fukuyama and leading social psychologist Jonathan Haidt.
- Responding to Covid-19 we launched a new podcast series, **Bridges to the Future**, now with over 30,000 subscribers. Featuring conversations with David Miliband, Rutger Bregman, Pragya Agarmal and Daisy Fancourt. This has been a companion to a wider online events series involving our research teams and Fellows, alongside some of the world's greatest thinkers and do-ers. The series has received a hugely positive response, both on social media and in traditional media.

Online platforms

- The RSA's global reach continues to grow, through the increased digital footprint of our owned channels and in particular the global audience to the RSA events YouTube channel.
- The **RSA Shorts animations series** – featuring original audio content from the public programme – continues to attract millions of views worldwide, and has received several prestigious awards, including a Webby (Oscars of the internet) in May 2020, for RSA Shorts: World Changing Ideas.

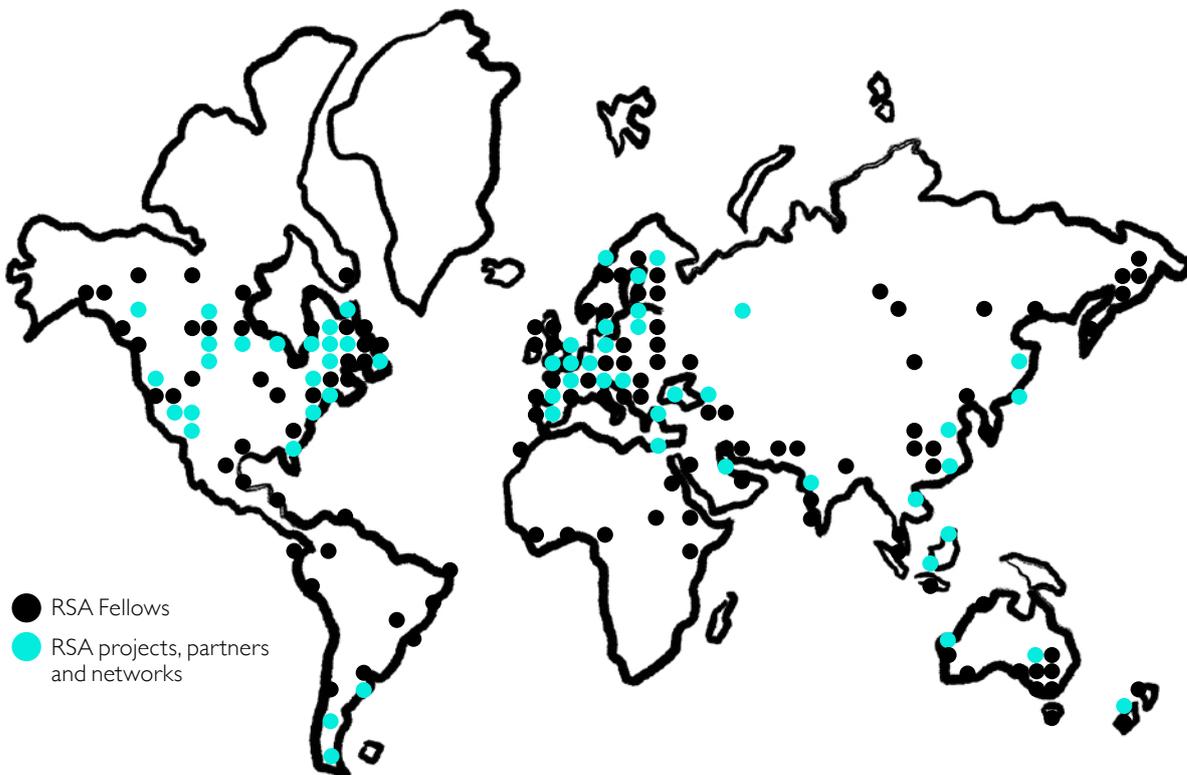
12 Our global community – proactive problem solvers

In 2019–20, our global community grew to 30,220 RSA Fellows, with global Fellows representing 35 percent of net new joiners across the year. We support our global Fellows through grants supporting local networks across the globe.

Through our two affiliates organisations **RSA US** and **RSA Oceania**, registered as separate entities in their respective jurisdictions, we are actively seeking to grow our global communities further in the coming years.

RSA US

The **RSA US** formalised its regional footprint onboarding ambassadors in nine key city hubs, including Pittsburgh, NYC, Washington DC, Chicago, San Francisco, Seattle, Boston, Philadelphia, Los Angeles and hosting events for Fellows in these cities.



Our affiliates

Key achievements include:

A new generation of Fellows

We ran a diversity and recruitment campaign to recruit a new generation of Fellows in the US. We now have over 1,050 Fellows. In 2020–21, we are looking to grow our Fellowship by 20 percent, recruiting Fellows aligned with key programmatic themes.

Future of Work accelerator

Our work on inclusive growth and the future of work led to Matthew Taylor being appointed to New Jersey's Future of Work Task Force. We have received funding to support the development of a Future of Work accelerator for the state.

Systems entrepreneurs in residence

As part of the **Future of Work programme**, we are onboarding two 'systems entrepreneurs in residence' to support R&D and grow collaborative networks related to worker power and economic security and emerging ownership schemes.

Mentorship pilot

We ran two cycles of a mentorship pilot to support connections and stronger ties within our Fellowship, helping Fellows navigate areas for development and career transitions. We are now expanding our mentorship scheme to Canada and Latin America.

Inclusive growth in action report

Our Inclusive Growth Accelerator in Chicago led to the creation of the **Inclusive growth in action report**, which we are developing into a standardised workshop to support the regional development of inclusive growth initiatives across the US. The Community Foundation Opportunity Network led by Terry Mazany FRSA has invited us to introduce this work to their network to help support regional strategies for economic mobility.

RSA Oceania

RSA Oceania is registered in Australia but supports Fellows in Australasia, Melanesia, Micronesia and Polynesia (excluding Hawaii). Aside from the UK and US, Oceania has the largest concentration of Fellows globally, with more than 460 Fellows in the region.

Key achievements include:

- In 2019–20, RSA Oceania delivered an ambitious programme of activity, including 31 online and in-person events and a two-week roadshow of engagement across six regions in Australia and New Zealand.
- We have built a programme of work around inclusive growth in New Zealand, working with local partners to deliver a one-day summit in Wellington and a follow-up workshop for policy-makers and practitioners, mapping place-based solutions to local challenges. As part of this scope of work, we supported the RSA's wider thematic area in Public Services and Communities with field work for the Inclusive Growth and Health report, introducing the RSA's research to a wide range of stakeholders and potential partners in New Zealand.
- Following the summit, a steering committee (led jointly by RSA Oceania and EDNZ) was developed to advance the initiatives discussed at the conference and to develop a community of practice around inclusive growth in NZ.
- In October 2019, the steering committee hosted an innovation workshop, which focused on developing place-based inclusive growth scenarios, with an emphasis on the Māori economy. The workshop preceded the EDNZ 2019 Annual Conference, which also provided an opportunity for through its Public Service and Communities team to speak alongside Helen Clark, former Prime Minister of New Zealand.

Outside the UK and US, Oceania has the highest concentration of RSA Fellows.

We regard the minimisation of our impact on the environment as one of our important management tasks. The Society's environmental policy is available on our website and our practices described under Sustainability and Accessibility.

The RSA recognises the climate emergency and wider environmental issues, such as waste, pollution and biodiversity loss, as leading challenges of our time. Within our research work we continue to explore responses to these challenges. For example; the circular economy and the wider context of ensuring a regenerative future.

To ensure that the RSA is harnessing all its assets to meet this challenge, an internal **staff sustainability group** has been formed. The role of this group is to advise on developments that can be made to our research programme and to help progress our organisational sustainability.

We aim for our investment assets to be managed in both a sustainable and ethical manner, through the COIF Charities Ethical Investment Fund. A member of staff sits on the advisory panel that supports the setting of the ethical criteria applied by the fund. During 2019–20 with the support of the RSA, the fund lowered its investment in

fossil fuels with the undertaking that for all companies involved in any form of fossil fuel extraction the fund will not invest where a company derives more than 10 percent of revenue from extracting and refining coal, oil or gas. The fund also seeks to make investment decisions based on environmental, social and corporate governance impact.

RSA House

There are many challenges to managing an historic building from a sustainable and environmental perspective, but we continue to make improvements and changes where and when possible, with 90 percent of our energy being from renewable sources.

During our daily operations we continue to recycle as many products as possible. These include; all paper and cardboard, glass, tins and any appropriate food packing. All food waste from our commercial business is recycled.

We continue to make improvements and changes, with 90 percent of our energy being from renewable sources.

Utilities-units	Electricity-kW h	Gas-kW h	Water-ltrs	Total energy		Water-ltrs
	2019–20	2019–20	2019–20	2019–20	2018–19	2018–19
Energy	621,215	416,402	n/a	1,037,617	930,726	n/a
Water	n/a	n/a	2,828,000	n/a	n/a	3,206,000
% Recycled energy	90	n/a	n/a	90	84	n/a
Energy in tonnes CO₂	326	79	n/a	405	357	n/a
% inc/(dec) on 2018–19	15%	6%	-12%	11%	n/a	n/a
Travel-units	Car mileage (miles)	Mini cabs (miles)	Trains (miles)	Flights (miles)	Total air, road and train carbon emissions (CO ₂)	
	2019–20	2019–20	2019–20	2019–20	2018–19	2018–19
Miles	19,296	3,855	153,954	103,137	280,242	381,203
Tonnes	6	1	10	28	45	128
% inc/(dec) on 2018–19	-31%	63%	-17%	-38%	-26%	n/a
Waste	Waste recycled (kgs)		White paper usage (boxes)		Glass recycling (ltrs)	
	2019–20		2019–20	2018–19	2019–20	2018–19
Volume	20,975		62	98	13,000	12,000
% Recycled	48%		71%	75%	100%	100%
% inc/(dec) on 2018–19	-1%		-37%	n/a	8%	n/a
Building	Total m ² of building		Per m ² (tonnes CO ₂ per m ²)		Total building carbon emissions (CO ₂)	
	2019–20		2019–20		2019–20	2018–19
Building carbon emissions	4,598		0.098		450	485
% inc/(dec) on 2018–19	0%		0%		7%	n/a

Financial support is crucial to the RSA's ability to make a difference. All Fellows support the RSA through their annual Fellowship fee and by actively engaging with our work, including the projects and initiatives of other Fellows.

**A VERY
SPECIAL
THANKS**

The RSA would like to extend very special thanks to the following organisations and individuals for their generous support in the last financial year. It is because of this support that we can continue our work.

Those named below made contributions of £5,000 or more in the financial year 2019–20.

Corporate supporters

ACCA
Accenture
Bank of America Merrill Lynch
British Telecommunication Plc
Four Communications
Legal & General Group plc
Natracare
Openreach
Philips Electronics Nederland BV
Royal Mail
Taylor Wessing

Trust, foundations and grant-making

A New Direction
Artswork
Ashden Trust
Betty Messenger Charitable Foundation
Big Change Charitable Trust
British Council
Carnegie UK Trust
Chartered Institute of Marketing
Comino Foundation

Curious Minds
Design Council
Education Endowment Foundation
Esmée Fairbairn Foundation
Four Acre Trust
Foyle Foundation
Friends Provident Foundation
Google.org
Harbour Foundation
JJ Charitable Trust
Luminate
Marketing Trust
Mastercard Center for Inclusive Growth
National Lottery Heritage Fund
Omidyar Network UK Ltd
Paul Hamlyn Foundation
Pears Foundation
People's Postcode Lottery
Skills Development Scotland
The Arts Council England
The Further Education Trust for Leadership
The Health Foundation
The Innovation in Politics Institute
The Mighty Creatives
The Open Society Foundations
The Sir Hugh and Lady Sykes Charitable Trust
The Wolfson Foundation
Ufi VocTech Trust
UK National Innovation Centre for Ageing
WorldSkills UK

Statutory and other organisations

City & Guilds
Independent Press Standards Organisation
London Borough of Tower Hamlets
Network Rail
NHS Scotland
NHSX
Office for Disability Issues
One Manchester
University College London
West London Alliance

Individual supporters and legacies

Mr John Makepeace OBE

Financial



The RSA's overall financial health remains strong with a closing reserve position of £30m including free reserves of £6.8m.

Unrealised losses were principally due to a fall in market prices in March 2020 due to the Covid-19 crisis.

Overall income for the year grew 5 percent to £12.1m largely due to higher trading activity following completion of the House refurbishment project in autumn 2018.

Costs increased to £13.2m largely as a result of spending designated and restricted funds received and taken to income in previous years. We also increased trading activity costs linked to the increase in income.

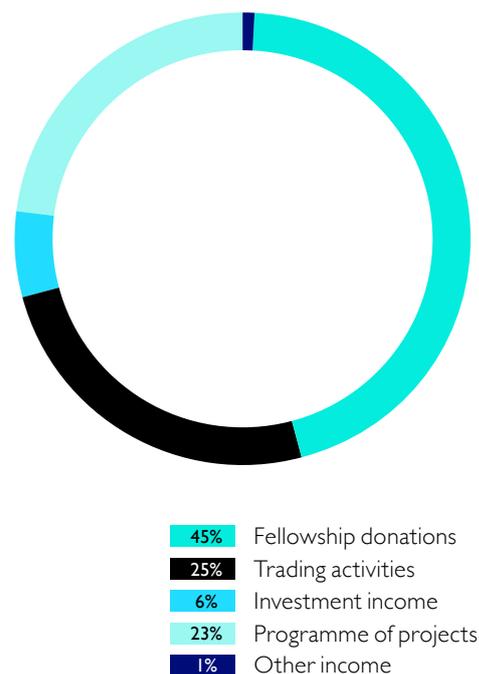
Net expenditure was £1.1m and unrealised losses on investments were £0.5m (2018–19: £1.4m gain) which has led to the fall in reserves from £31.7m to £30.0m. Unrealised losses were principally due to a fall in market prices in March 2020 due to the Covid-19 crisis.

Net income (expenditure)

The overall deficit is £1.1m (2018–19: £4k). This comprises net expenditure of £0.3m on general funds and £0.8m on designated and restricted funds in relation to legacy spend, fixed asset reserves and programme delivery.

The net expenditure is before net losses on investments of £0.5m (2018–19: net gain £1.4m) giving an overall net expenditure of £1.6m (2018–19: net income £1.4m).

Income



The RSA's principal funding sources are its **Fellows (45 percent)**, **trading through RSA House hospitality business (25 percent)** and income generated from a wide range of **stakeholders for our programme of Research and Impact projects (23 percent)**.

Overall income increased by £591k from £11.5m to £12.1m. **The biggest area of growth (£961k) came from trading activities.** This includes the trading activities of RSA Adelphi Enterprises Limited (RSA Adelphi) and RSA Shipley Enterprises Limited (RSA Shipley). RSA Adelphi operates all the function spaces within John Adam Street, providing accommodation for business meetings, social and corporate events and weddings.

RSA Shipley offers consultancy services. The profits of each trading company are given back to the RSA under Gift Aid. The level of activity for RSA Adelphi increased in 2019–20 as it was trading for the full year whereas in 2018–19 it was closed for redevelopment until October.

The level of activity in RSA Shipley remained low (£62k) in line with our strategy to focus on charitable projects.

Fellowship donations remained stable in the year at £5.5m (2018–19: £5.4m).

Other donations and legacies reduced by £70k to £52k (2018–19: £122k) partly due to donations of £67k for the House redevelopment in 2018–19. We are very grateful for these generous contributions to the work of the RSA.

Investment income was £669k (2018–19: £671k).

Income from charitable activities fell by £327k as we delivered on restricted projects for which income was received last year.

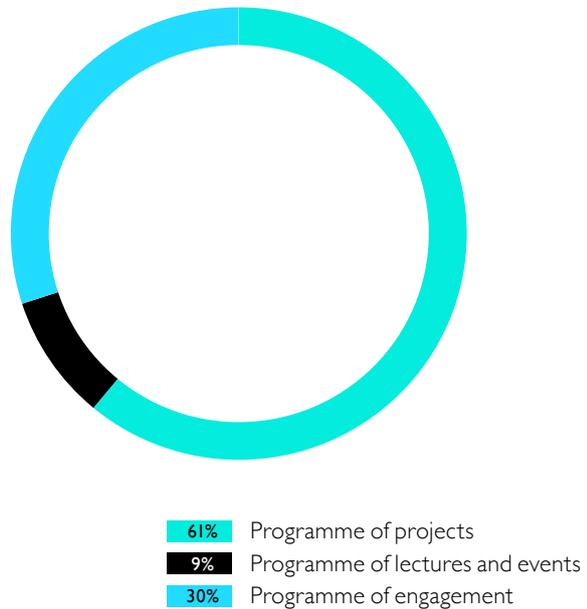
Expenditure

Total expenditure increased by £1.7m to £13.2m (2018–19: £11.5m).

Expenditure on raising funds increased by 7 percent (£273k) due to the increased cost of sales as a result of the increased income in RSA Adelphi. The cost of raising funds as a percentage of income remains in line with the previous year at 36 percent.

Expenditure on charitable activities represents 88 percent of total expenditure (excluding trading operations) (2018–19: 85 percent). The increase is largely due to increased spending of restricted project funds.

How we spent our funds on charitable activities



Investments and investment policy

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

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

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

The RSA has a seat on the CCLA Ethical Advisory Committee which enables us to be part of an important conversation on fossil fuel divestment. We believe that this is the best way in which we can invest our funds in a sustainable way and exert the most influence on the companies in which we invest given the size of our portfolio.

During the year there were net losses in the market value of investment funds of £541k (2018–19: gain of £1,373k). This loss was mainly due to a fall in market prices at the end of March 2020 due to the Covid-19 crisis.

Reserves policy

The trustees have adopted a reserves policy, which they consider appropriate, to ensure the continuing ability of the RSA to meet its objectives and obligations. The policy also seeks to maintain an acceptable ratio between free reserves and the level of unrestricted cash expenditure.

Unrestricted funds consist of general fund reserves of £8.0m (2018–19: £8.4m); designated legacy reserves of £0.6m (2018–19: £0.8m) and a designated fixed asset reserve of £7.5m (2018–19: £8.0m) giving a total of £16.1m (2018–19: £17.3m).

The designated fixed asset reserve consists of the freehold property in John Adam Street and improvements to that property.

The designated legacy reserve is those legacies received by the RSA which, whilst technically unrestricted, include clear preferences expressed by the legators as to how the funds might be used. They are typically used to support the programme of projects, allowing us to produce short pieces of work which form the basis for gaining wider fundraising and support or providing match funding for funds received from third parties. This year we used £195k from the legacy fund.

During 2017–18, the RSA gained permission from the Charity Commission to take a loan of up to £3.5m from the Shipley Expendable Endowment Fund to fund the redevelopment of the RSA House. Of this, £2.5m was used and was transferred to general funds in 2018–19. Repayment began in 2019–20 with the transfer of £250k from general funds to the endowment, and will continue over the next nine years, paid for by the return on the redevelopment of the RSA House.

During the year £281k of investment income was transferred from Shipley restricted funds to unrestricted funds in line with the fund's aim of furthering the RSA's charitable objects. In response to Covid-19 the trustees made it easier for funds from the Shipley Expendable Endowment Fund to be accessed in circumstances of extreme need.

Free reserves are defined as unrestricted funds, unexpended Shipley restricted income funds, less fixed assets and the designated legacy reserve. This reflects those funds that the RSA could draw on in a situation of need.

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

This year our closing free reserves were £6.8m, with a cover position (ie free reserves compared with unrestricted cash expenditure) of 8 months (2018–19: 11 months). The fall is due to a change in how we calculate unrestricted cash expenditure: previously we excluded salaries which were funded from restricted income. We now include all salaries as they would be payable even if restricted income falls.

The trustees have reviewed the reserves policy in the light of the current economic environment and guidance from the Charity Commission and have agreed to maintain the minimum level of free reserves at three months' unrestricted cash expenditure. Given the diversity of the RSA's income streams, and the further funds potentially available to the organisation from within the Shipley Expendable Endowment Fund in extreme circumstances, it is believed that three months of reserves is a realistic sum to protect the organisation should the RSA suffer a major change in its financial position.

The RSA achieves its charitable objects in several ways which include providing grants, providing nonfinancial support, and carrying out research.

Grant making policy

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

There is no set allocation of the annual budget for overall grant expenditure; rather, the RSA identifies the desired impact and the most appropriate method of delivery. Where grants are the most appropriate funding mechanism, the RSA sets out specific criteria for each grant upfront. These criteria vary from grant to grant and they are made available on the RSA's website where open calls are invited.

Applications are then assessed against these criteria and awards made considering:

- Funds available
- Ability to deliver the objectives of the programme
- The quality of applications.

The period for which grants are awarded depends upon the programme but typically lasts under one year. Grants are monitored regularly, and appropriate progress reports are required from recipients. Grants approved and payable during 2019–20 included £100k for grants to Fellows for Catalyst projects, £192k to our international affiliates, £100k for RSA Academies and £385k for projects which include Learning About Culture (£200k), Cities of Learning (£140k) and Student Design Award grants (£22k).

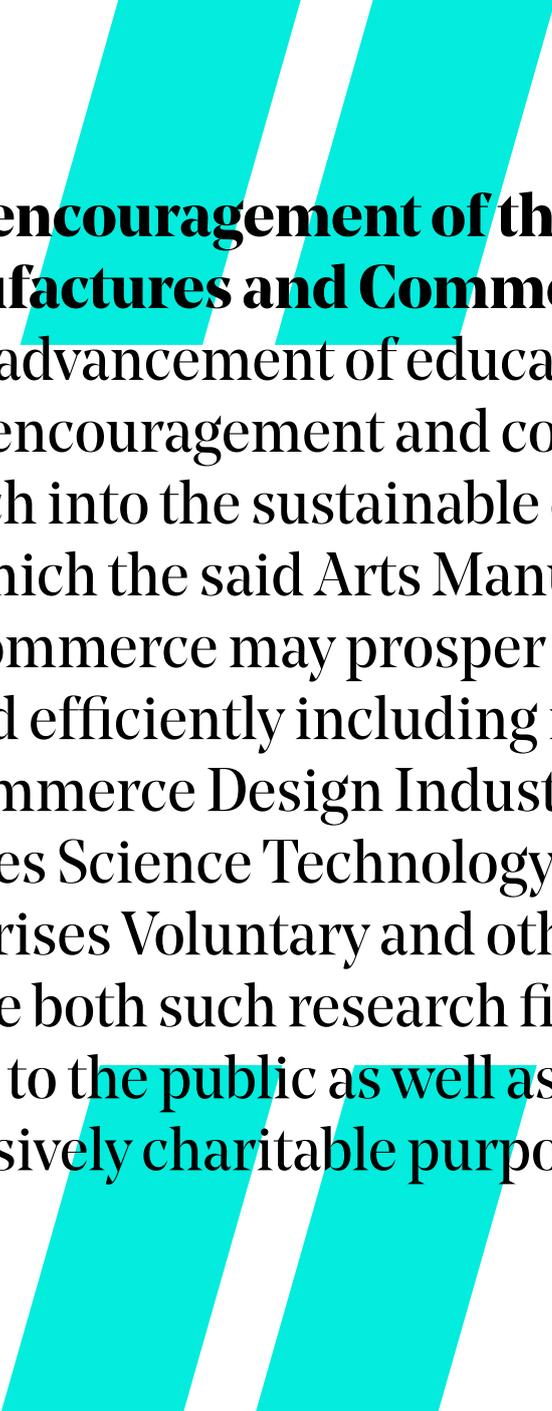
Fundraising disclosure

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

Professional fundraisers are only used in making grant applications that are outside of its expertise. The last time this occurred was in 2017–18 with respect of the funding applications received on behalf of the RSA to cover some of the redevelopment of basement levels -1 and -2, which were being redeveloped into an expanded library and coffee house space. No professional fundraisers were used 2018–19 or 2019–20. All such applications are reviewed by the RSA with funds received directly by the RSA.

The RSA monitors fundraising compliance through its internal audit processes; all third parties working with the RSA are required to sign and indemnify the RSA through a data sharing agreement where data is shared. It is the RSA's policy not to share the data of its Fellows without consent, except where necessary, for example with its mailing house to enable Fellows to receive copies of the journal or governance mailings, such as for the renewal of subscriptions or voting as part of the annual AGM.

The RSA
approaches
fundraising
through
the lens of
broadening
and growing
its Fellowship.



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

Our charitable objects

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

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

The trustee board

The board of trustees is the governing body of the RSA and consists of up to 14 members, of which five are directly elected to the board by the Fellowship, a further two by the Fellowship Council from within their number, up to five Fellows elected by the board and two by RSA affiliates or other international representations. Trustees are elected or appointed for a three-year term, and may serve a second three-year term, except for Fellowship Council trustees who serve for the currency of the Fellowship Council, which is two years. The board met four times during 2019–20, as well attending

two additional annual away days. Day-to-day management of the RSA is delegated to the executive team by the trustees; the executive team attend all board meetings.

The board has established three permanent committees, each with specific terms of reference and functions that are delegated by the board, and with a board-appointed trustee as chairman: Audit and Risk (which has three external members), Nominations and Governance (which includes three members from the Fellowship Council), and Remuneration. The chief executive and chief operating officer attend all committee meetings. The external auditors attend one meeting a year of the Audit and Risk Committee.

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

All trustees and directors receive a full induction programme upon joining the RSA and are regularly updated on relevant issues through the board and committee structures. Trustees have noted the Charity Governance Code now in its third edition as published in 2017 and agree to the principles it contains. Its principles are incorporated into the trustee induction programme.

Fellowship representation

An important part of the governance of the RSA's relationship with its Fellows is the Fellowship council. The Fellowship council formally comprises 21 elected and six co-opted Fellows. The Fellowship council elects two representatives to the board of trustees, and the terms of reference specify that at least one of the representatives

would be either the chair or the deputy chair of the Fellowship Council. Additionally, for the first time, the 2018–20 council has agreed, on a trial basis, to appoint Global Fellowship councillors; these global positions are not enshrined currently within the RSA's bylaws and are therefore not eligible to stand for the trustee board or to be chair or deputy chair.

The members of the Fellowship council for 2019–20 were:

	2018–2020
Specialism	Thematic councillors
Creative learning and development	Lucy Griffiths, Chris McLean
Economy, enterprise and manufacturing	Jan Floyd-Douglass, Ann Thorpe
Public services and communities	Brian McLeish (Claire Haigh resigned)
Area	Area councillors
Central	Peter Clitheroe, Rachel Sharpe, (Jay Singh-Sohal resigned)
Ireland	Gerry Scullion, Suzanne Lyle (Kieran McGeown resigned)
London	Bhavani Esapathi, Kuki Taylor, Ann Longley
North	Sharon Jandu, Maurice Ward, (Pamella Ball resigned)
Scotland	Neil McLennan, Lesley Martin
South East	Caroline Clark, Don Mclaverty, Jim Zalles
South West	Michelle Preston, Nick Parker (Stephen Horscroft resigned)
Wales	Leonie Ramondt, Rachel Lewis
Global	Hosan Lee, Enrique Mendizibal and Marion Lawie

Principal risks and uncertainties

The trustees and management adopted in May 2019 a formal Risk Policy and Statement which sets out an approach to risk as well as the board's appetite for risk under the headings Financial and Governance, Environmental and Reputational, Charitable Work and Fellowship, RSA Global and the RSA House. The risk register itself considers the major risks to which the RSA is exposed; comprising operational, financial, environmental, governance, and law and regulatory risks in line with the Risk Policy Statement. The risk register summarises these potential risks and assesses their likelihood and potential impact. Controls have been identified to limit each of the risks, and responsibility for their management allocated to nominated individuals or directors, and the director charged with supervision. The risk register is regularly reviewed by the Audit and Risk Committee with a different area of the business reviewed in-depth at each quarterly meeting. Once a year the full register is reviewed by the trustee board who formally consider it in the manner set out in the Risk Policy.

The risk register grades all risk as either Low, Medium, High or Immediate and Urgent. At the end of 2019–20 there were four risks marked as Immediate and Urgent. These are associated with two current principle risks; the strategic move towards programmatic funding made more difficult in the Covid-19 crisis and the temporary loss of income from the trading subsidiary RSA Adelphi Enterprises due to the RSA House's temporary closure. As a new virus, it's unclear how long the threat will last so we have planned for a significant period of closure. A subset of the trustees including the chair, deputy chair and treasurers are meeting with the executive team on a six weekly basis as to agree business decisions.

Notwithstanding that the RSA is likely to experience a significant reduction in income and this could continue for an indeterminate period, the trustees are of the view that the business is stable and has the ability to make controlled savings where required. The RSA is also afforded protection because Fellowship income currently remains stable and the RSA is afforded long-term protection by its endowment and freehold occupancy of 8 John Adam Street.

Apart from the risks directly arising from Covid-19 wider risks from the RSA being an organisation which aims to provide a unique platform for new ways of thinking, creating and influencing, the RSA needs to be ahead of the competition in the ideas which it showcases, how it presents those ideas, and how it uses those ideas to gain broad influence and mobilise them for real world impact. The flow of funding for the RSA's charitable work, its ability to attract partners to work with and the capacity to continue to build its Fellowship base all depend on the success of standing out from the crowd. This requires investment in digital technology and continued exploration of new methods of drawing in ideas, and new forms of presentation and dissemination including maintaining a clear voice in a crowded marketplace.

Objectives, risks, governance and management

Trading subsidiary risks are monitored both through the respective boards as well as generally covered by the group risk management policy and statement. Apart from the matters arising from its closure due to Covid-19 the primary risks for RSA Adelphi Enterprises Ltd are the ensuring of ongoing quality standards and ensuring forward bookings. This is monitored through monthly as well as more formal quarterly meetings with CH&Co, who run Adelphi Enterprises Ltd on the RSA's behalf on a commission basis. CH&Co conduct six monthly internal audits covering health and safety as well as food hygiene and general standards. Once a year the RSA Adelphi Enterprises Ltd reviews the audit outcomes. The primary risk for RSA Shipley Enterprises Ltd is the need to control its costs and ensure all projects run profitably; this is achieved through project forecasting and time recording to ensure each project makes a profitable contribution.

Day-to-day management of the RSA is delegated by the board of trustees to the executive team.

Covid-19 and going concern

The RSA's three main income streams have each been impacted in different ways by Covid-19:

- Membership income has fallen slightly but not as much as we originally feared. We conservatively forecast a fall compared to budget.
- Our change programme has adapted to address the challenges posed by Covid-19 and our funders have responded favourably. However, in recognition of the tough funding environment we have reduced the expected contribution from our change programme.
- The largest impact is on our hospitality business which has temporally closed. We have prepared forecasts based on an eight-month closure and monitor the situation on an ongoing basis.

Overall, we anticipate a fall in income of almost £6m. This will be covered by:

- Direct cost savings of around £2m;
- Staff cost savings of around £2m and
- £2m will be funded from unrestricted reserves.

Our unrestricted reserves are sufficient to cover this whilst remaining within our reserves policy. In the event more significant losses arise we are lucky to have our endowment which can be used in exceptional circumstances such as these. As a result, the trustees are comfortable that the group will continue to be a going concern for the foreseeable future.

Remuneration policy

The RSA operates a broad banded salary structure for all roles including executive level roles, based on job evaluation and benchmarking using XpertHR. Pay levels are based upon paying 5 percent above the median level in order to enable us to attract the high-quality staff that we require. The annual pay settlement is based on an award to reflect trends in reward and market pay, the inflationary environment and ensuring the affordability of all employees who have passed their probationary period and are not subject to a formal capability or conduct process (generally a percentage increase). The annual pay review is agreed by the executive team, signed off by the remuneration committee and then ultimately approved by the trustee board as part of the annual budget.

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

Key management personnel

The trustees consider that the executive team, as identified on the inside cover, comprise the key management personnel. Executive pay is signed off on an individual basis by the people and remuneration committee based upon individual performance and comparisons provided by XpertHR's annual Voluntary Sector Salary Survey for the relevant year.

Statement of public benefit

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

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

- The extensive lectures programme is available to the public free of charge, both through in-person attendance and by accessing RSA content through the website in various formats;
- The results of the RSA's research are wide-ranging and are disseminated free of charge to all interested parties;
- Funding is offered for innovative new projects through RSA Catalyst;
- Innovation and creativity are encouraged through the RSA Student Design awards and RSA Pupil Design Awards;
- The RSA's hands-on projects, such as those in education, and building communities, have direct charitable benefit;
- The RSA Fellowship is diverse, engaged, and influential, and its work, which is given voluntarily, contributes to the capacity of the Society to pursue its charitable objectives.

Objectives, risks, governance and management

The trustees review the activities of the Society against its aims on an ongoing basis and are satisfied that all activities continue to be related to those aims. No specific issues of detriment or harm have been identified. Ultimately, wider society will benefit from the charity's activities, and this is in keeping with the spirit of the RSA charter. The RSA operates throughout the whole of the United Kingdom and, through the website and approximately 3,000 Fellows abroad, around the world. It has affiliate non-profit organisations in Australia and the United States. Benefits are not confined to any group and the wider benefits of the RSA's activities are intended to include the public.

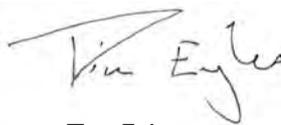
Statement of trustees' responsibilities

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

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

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

By order of the board of trustees



Tim Eyles
Chair of the RSA
22 July 2020

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

We have audited the financial statements of The RSA for the year ended 31 March 2020 which comprise the statement of financial activities, the charity and group balance sheets, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable in law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard Applicable in the UK and Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- Give a true and fair view of the state of the charity's affairs as at 31 March 2020, and of its incoming resources and application of resources, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005, and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- The trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate
- The trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt on the charity's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Other information

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

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

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

- The information given in the trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- The charity has not kept adequate accounting records

- The financial statements are not in agreement with the accounting records and returns
- We have not received all the information and explanations we required for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 52, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

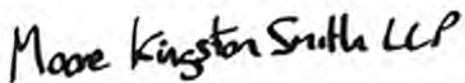
As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is enough and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charity and charity's trustees as a body, for our audit work, for this report, or for the opinion we have formed.



Moore Kingston Smith LLP,
Statutory Auditor

Devonshire House,
60 Goswell Road,
London EC1M 7AD

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

Group statement of financial activities for the year ended 31 March 2020

	Notes	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	2020 Total £'000	2019 Total £'000
Income and endowments from:							
Donations and legacies							
Fellowship donations		5,489	-	-	-	5,489	5,417
Other donations and legacies		52	-	-	-	52	122
Trading activities		3,077	-	-	-	3,077	2,116
Investment income		218	-	449	2	669	671
Charitable activities							
Programme of projects		225	-	2,540	-	2,765	3,076
Programme of lectures and events		38	-	-	-	38	54
Other income		33	-	-	-	33	76
Total income	2	9,132	-	2,989	2	12,123	11,532
Expenditure on:							
Raising funds							
Fellowship administration		1,108	27	-	-	1,135	1,241
Other		66	-	-	-	66	23
Trading activities		2,871	342	-	-	3,213	2,877
Charitable activities							
Programme of projects		2,146	260	2,994	-	5,400	4,288
Programme of lectures and events		755	18	-	-	773	834
Programme of engagement		2,467	82	70	-	2,619	2,273
Total expenditure	3	9,413	729	3,064	-	13,206	11,536
Net income/(expenditure) before net gains/(losses) on investments		(281)	(729)	(75)	2	(1,083)	(4)
Net gains/(losses) on investments	8	(142)	-	(61)	(338)	(541)	1,373
Net income/(expenditure) Transfers between funds		(423)	(729)	(136)	(336)	(1,624)	1,369
	11	31	-	(281)	250	-	-
Net movement of funds		(392)	(729)	(417)	(86)	(1,624)	1,369
Reconciliation of funds							
Total funds brought forward		8,420	8,841	3,833	10,572	31,666	30,297
Total funds carried forward		8,028	8,112	3,416	10,486	30,042	31,666

All incoming and outgoing resources derive from continuing operations. The group has no gains and losses other than those recognised in this statement of financial activities. The accompanying notes form part of these financial statements.

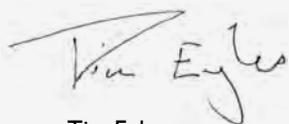
Group cash flow statement for the year ended 31 March 2020

	2020 £'000	2019 £'000
Reconciliation of net cash provided by/(used in) operating activities		
Net outgoing resources for the year before net gains/(losses) on investments	(1,083)	(4)
Interest received and income from investments	(669)	(671)
Depreciation	658	599
Amortisation	160	151
(Increase)/Decrease in debtors	32	159
Increase in stock	(3)	(3)
Increase/(Decrease) in creditors	(314)	149
Net cash provided by (used in) operating activities	(1,219)	380
Cash flow from investing activities		
Dividend, interest and rents from investments	669	671
Proceeds from sale of property, plant and equipment	-	-
Purchase of property, plant and equipment	(413)	(3,375)
Proceeds from sale of investments	1,150	-
Purchase of investments	(4)	(43)
Decrease in cash held in portfolio	-	2,500
Net cash provided by/(used in) investing activities	1,402	(247)
Change in cash and cash equivalents in the reporting period	183	133
Cash and cash equivalents at the beginning of the reporting period	2,037	1,904
Cash and cash equivalents at the end of the reporting period	2,220	2,037

Group and charity balance sheets for the year ended 31 March 2020

	Notes	Group 2020 £'000	Group 2019 £'000	RSA 2020 £'000	RSA 2019 £'000
Fixed assets					
Intangible assets	7	129	271	129	271
Tangible fixed assets	7	10,809	11,072	10,809	11,072
Investments	8	17,081	18,768	17,081	18,768
		28,019	30,111	28,019	30,111
Current assets					
Stocks		19	16	-	-
Debtors	9	1,299	1,331	1,173	1,165
Short term deposits and cash at bank		2,220	2,037	1,726	1,299
		3,538	3,384	2,899	2,464
Creditors: amounts falling due within one year	10	(1,407)	(1,724)	(1,085)	(1,201)
Net current assets		2,131	1,660	1,814	1,263
Total assets less current liabilities		30,150	31,771	29,833	31,374
Creditors: amounts falling due after more than one year	10	(108)	(105)	(70)	(105)
Total assets less liabilities		30,042	31,666	29,763	31,269
Unrestricted funds – charity		15,860	16,864	15,861	16,864
Unrestricted funds – trading subsidiaries		279	397	-	-
Restricted funds		3,418	3,833	3,417	3,833
Endowment funds		10,485	10,572	10,485	10,572
Total funds	11	30,042	31,666	29,763	31,269

The financial statements were approved by the board of trustees on 22 July 2020 and were signed on its behalf by:



Tim Eyles
Chair



Steven Geadle
Treasurer

The accompanying notes form part of these financial statements.

Notes to the financial statements

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

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain tangible fixed assets and the inclusion of fixed asset investments at market value as stated in the relevant note(s) to these accounts. The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest thousand pounds. The charity constitutes a public benefit entity as defined by FRS 102.

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

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

The RSA has an affiliation agreement with RSA Australia + New Zealand (RSA ANZ) headquartered in Australia, a separate corporation established for

charitable purposes under the laws of the Commonwealth of Australia. As per the articles of incorporation of RSA ANZ, RSA appoints half of the members of the board of trustees as well as the Chair of the board, and therefore holds control in the organisation's governance structure. RSA ANZ is not consolidated on a line by line basis, as this would not materially affect the figures reported in, or presentation of, the consolidated accounts.

Going concern

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

In particular, the trustees have considered the impact of Covid-19 on the group's ability to continue as a going concern. The RSA's three main income streams have each been impacted in different ways by covid-19:

- Membership income has fallen slightly but not as much as we originally feared. We conservatively forecast a fall compared to budget.
- Our change programme has adapted to address the challenges posed by Covid-19 and our funders have responded favourably. However, in recognition of the tough funding environment we have reduced the expected contribution from our change programme.
- The largest impact is on our hospitality business which has temporality closed. We have prepared forecasts based on an 8-month closure and monitor the situation on an ongoing basis.

Overall, we anticipate a fall in income of almost £6m. This will be covered by:

- direct cost savings of around £2m;
- staff cost savings of around £2m; and
- £2m will be funded from unrestricted reserves.

Our unrestricted reserves are sufficient to cover this whilst remaining within our reserves policy. In the event more significant losses arise we are lucky to have our endowment which can be used in exceptional circumstances such as these.

As a result, the trustees are comfortable that the group will continue to be a going concern for at least 12 months after the approval of the financial statements.

Income and endowments

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

Expenditure

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

Operating leases

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

Intangible assets and amortisation

Intangible assets costing more than £500 are capitalised and included at cost including any incidental costs of acquisition. Amortisation is calculated on the cost of the intangible assets on a straight line basis over the expected useful life of 3–5 years.

Tangible fixed assets and depreciation

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

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

Freehold premises

200 years from 1978

Building improvements

between 10 and 40 years

Furniture and fittings

between 3 and 5 years

Investments

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

Stocks

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

Cash and cash equivalents

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

Financial instruments

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

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

Basic financial assets

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

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, are initially recognised at

transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

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

Funds

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

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

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

During 2017–18, the RSA gained permission from the Charity Commission to take a loan of up to £3.5m from the Shipley Expendable Endowment Fund in order to fund the redevelopment of the RSA House. £2.5m was transferred to general funds during 2018–19 and repayment of the loan commenced in 2019. The Charity Commission has given us until 2023 to repay it. It will be paid for by the return on the redevelopment of the house.

Pension costs

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

Judgements and key sources of estimation uncertainty

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

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

Critical judgements

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

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

Notes to the financial statements

continued

2. Income and endowments

Split of income 2020	Donations and legacies £'000	Income from other trading activities £'000	Investment income £'000	Programme of projects £'000	Programme of lectures and events £'000	Other income £'000	2020 Total £'000
Fellowship	5,489	-	-	-	-	-	5,489
Donations and legacies (individuals)	17	-	-	63	-	-	80
Commercial organisations	35	-	-	436	9	-	480
Charitable trusts and foundations	-	-	-	2,007	-	-	2,007
Public sector bodies	-	-	-	232	-	-	232
Trading activities	-	3,077	-	-	-	-	3,077
Fees income	-	-	-	26	30	33	89
Dividends, interest and rent income	-	-	669	-	-	-	669
	5,541	3,077	669	2,764	39	33	12,123

2019	Donations and legacies £'000	Income from other trading activities £'000	Investment income £'000	Programme of projects £'000	Programme of lectures and events £'000	Other income £'000	2019 Total £'000
Fellowship	5,417	-	-	-	-	-	5,417
Donations and legacies (individuals)	117	-	-	134	2	-	253
Commercial organisations	5	-	-	847	28	-	880
Charitable trusts and foundations	-	-	-	1,910	-	-	1,910
Public sector bodies	-	-	-	163	-	-	163
Trading activities	-	2,116	-	-	-	-	2,116
Fees income	-	-	-	22	24	76	122
Dividends, interest and rent income	-	-	671	-	-	-	671
	5,539	2,116	671	3,076	54	76	11,532

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

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

From RSA Adelphi Enterprises Ltd., for the hire of conference rooms and the provision of catering services, £3,015k (2018–19: £1,931k).

From RSA Shipley Enterprises Ltd., for the provision of consultancy services, £62k (2018–19: £96k).

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

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

3. Expenditure

2020 Expenditure on:	Direct costs: staff cost £'000	Direct costs: other £'000	Apportioned support £'000	2020 Total £'000
Raising funds				
Fellowship administration	548	282	305	1,135
Other	19	10	37	66
Trading activities	1,347	1,143	723	3,213
Charitable activities				
Programme of projects	2,121	2,123	1,156	5,400
Programme of lectures and events	338	92	343	773
Programme of engagement	1,059	948	612	2,619
Total expenditure	5,432	4,598	3,176	13,206

2019 Expenditure on:	Direct costs: staff cost £'000	Direct costs: other £'000	Apportioned support £'000	2020 Total £'000
Raising funds				
Fellowship administration	630	345	266	1,241
Other	11	7	5	23
Trading activities	1,166	780	931	2,877
Charitable activities				
Programme of projects	2,047	1,341	900	4,288
Programme of lectures and events	480	174	180	834
Programme of engagement	885	955	433	2,273
Total expenditure	5,219	3,602	2,715	11,536

Direct costs are allocated to categories of activity as follows:

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

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

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

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

The external audit fee was £26k (2018–19: £29k). Fees paid to the auditors for non audit services were £4k (2018–19: £3k).

Where expenditure cannot be directly allocated it represents support costs (see analysis of apportioned support costs on page 64) and is apportioned on a basis consistent with the use of resources, for example the number of full time equivalent staff or floor space. Costs relating to external communications have been included in the direct costs of the activities which they support.

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

Notes to the financial statements

continued

3. Expenditure – continued

Analysis of apportioned support costs

2020	Fellowship administration £'000	Other expenditure on raising funds £'000	Trading activities £'000	Programme of projects £'000	Programme of lectures and events £'000	Programme of engagement £'000	Total £'000
Establishment	44	-	547	152	29	83	855
Executive management	25	37	12	150	150	125	499
Finance	35	-	24	125	24	59	267
Human resources	81	-	56	292	56	138	623
Information technology	80	-	56	291	56	138	621
Governance	40	-	28	146	28	69	311
Total	305	37	723	1,156	343	612	3,176

2019	Fellowship administration £'000	Other expenditure on raising funds £'000	Trading activities £'000	Programme of projects £'000	Programme of lectures and events £'000	Programme of engagement £'000	Total £'000
Establishment	66	-	793	230	44	125	1,258
Executive management	24	5	16	87	29	46	207
Finance	36	-	24	118	22	53	253
Human resources	50	-	35	165	30	74	354
Information technology	51	-	36	170	31	77	365
Governance	39	-	27	130	24	58	278
Total	266	5	931	900	180	433	2,715

4. Trustee and staff costs

Trustees

Members of the trustee board and committees do not receive any remuneration for their services. Travel expenses were reimbursed to 5 (2018–19: 9) trustees and amounted to £5k (2018–19: £11k). Charitable funds have been used to buy indemnity insurance for trustees at a cost of £8k (2018–19: £7k).

Staff

The headcount during the year was 162 (2018–19: 168). In addition 18 (2018–19: 18) staff who assist with public lectures and front of house services were on casual contracts.

4. Trustee and staff costs – continued

The average number of staff employed during the year on a full time equivalent basis was 117 (2018–19: 108). This was split across the organisation as follows:

	2020 No.	2019 No.
Expenditure on raising funds	12	12
Trading activities*	8	8
Programme of projects	44	39
Programme of lectures and events	9	7
Programme of engagement	21	18
Support departments	23	24
	117	108

* Trading activities includes RSA front of house staff who contribute to services provided by RSA Adelphi Enterprises Limited and programmes staff working to generate funds through RSA Shipley Enterprises Limited.

The cost of these individuals was as follows:

	2020 £'000	2019 £'000
Salaries	4,642	4,517
Employer's National Insurance contributions	466	452
Pension contributions	364	362
	5,472	5,331
Agency staff costs	210	127
Total staff costs	5,682	5,458

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

	2020 No.	2019 No.
£60,001 to £70,000	3	2
£70,001 to £80,000	1	2
£80,001 to £90,000	5	3
£90,001 to £100,000	1	1
£100,001 to £110,000	1	-
£110,001 to £120,000	-	-
£120,001 to £130,000	-	1

The number of higher paid employees accruing pension benefits was:

	2020 No.	2019 No.
Defined contributions scheme – group personal pension	11	9

The total contributions paid by the RSA into the defined contribution scheme for higher paid employees was £79k (2018–19: £69k). The cost of key management personnel, defined as members of the executive team, including employer's national insurance and pension contributions by the RSA was £540k (2018–19: £651k).

Termination payments for the year totalled £61k (2018–19: £28k).

Notes to the financial statements *continued*

5. Grants/awards paid and payable

	2020 £'000	2019 £'000
Grant creditor at 1 April	34	54
Grants approved before 31 March and payable within one year	777	643
Grants paid/released during the year	(777)	(663)
Grant creditor at 31 March	34	34

Grants approved before 31 March and payable within one year:

	2020 £'000	2019 £'000
Grants		
Grants to Fellows, including Catalyst grants	100	92
Grants		
International affiliates	192	166
Grants		
RSA Academies	100	100
Grants		
Programme of projects	363	258
Awards		
Student Design Awards	22	27
Projects inc SDAs	385	285
Total	777	643

The total number of grant recipients was 67 (2019: 96), including the following institutions in receipt of grants totalling £100k or more:

	2020 £'000	2019 £'000
RSA Academies	100	100
Education Endowment Foundation	200	200
RSA – USA	140	-

6. Operating leases

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

	2020 £'000	2019 £'000
Within one year	10	14
In 2–5 years	8	16

The rental expense charged to the Statement of Financial Activities for the year was £18k (2019: £17k).

7a. Intangible fixed assets

	£'000
Cost or valuation	
As at 1 April 2019	583
Additions	18
Disposals	-
As at 31 March 2020	601
Amortisation	
As at 1 April 2019	312
Charge for the year	160
Disposals	-
As at 31 March 2020	472
Net book values	
As at 1 April 2019	271
As at 31 March 2020	129

7b. Tangible fixed assets

	Freehold premises £'000	Building improvements £'000	Furniture and fittings £'000	Pictures books and antiques £'000	Total £'000
Cost or valuation					
As at 1 April 2019	4,957	10,031	576	33	15,597
Additions	8	332	55	-	395
Disposals	-	-	-	-	-
As at 31 March 2020	4,965	10,363	631	33	15,992
Depreciation					
As at 1 April 2019	698	3,520	307	-	4,525
Charge for the year	29	516	113	-	658
Disposals	-	-	-	-	-
As at 31 March 2020	727	4,036	420	-	5,183
Net book values					
As at 1 April 2019	4,259	6,511	269	33	11,072
As at 31 March 2020	4,238	6,327	211	33	10,809

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

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

Notes to the financial statements

continued

8. Investment assets

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

Analysis of investment assets

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2020 Total £'000	2019 Total £'000
UK	574	235	1,287	2,096	3,491
Overseas	2,822	1,157	6,326	10,305	9,853
Alternative investments	702	287	1,573	2,562	3,679
Freehold property	281	115	629	1,025	1,032
Bank deposits	299	123	671	1,093	713
	4,678	1,917	10,486	17,081	18,768

Analysis of movement of investment assets

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2020 Total £'000	2019 Total £'000
Investments at 1 April 2019	6,218	1,978	10,572	18,768	19,852
Net withdrawals	(1,150)	-	-	(1,150)	(2,527)
Net additions	2	-	2	4	70
Transfers	(250)	-	250	-	-
Revaluation loss	(142)	(61)	(338)	(541)	1,373
Investments at 31 March 2020	4,678	1,917	10,486	17,081	18,768
Revaluation gain 2019	454	145	774	1,373	

The Shipley Expendable Endowment Fund used to fund the redevelopment of the RSA House. £2.5m was transferred to general funds during 2018–19. Repayment of the loan commenced in 2019–20 and will take place over the next 9 years, paid for by the return on the redevelopment of RSA House.

9. Debtors

	Group 2020 £'000	Group 2019 £'000	RSA 2020 £'000	RSA 2019 £'000
Trade debtors	781	758	558	550
Bad debt provision	(30)	(27)	(20)	(20)
Prepayments	223	218	223	212
Accrued income	201	72	168	68
Other debtors	124	310	124	310
Owed by RSA Adelphi/RSA Shipley	-	-	120	45
	1,299	1,331	1,173	1,165

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

10. Creditors: amounts falling due within one year

	Group 2020 £'000	Group 2019 £'000	RSA 2020 £'000	RSA 2019 £'000
Trade creditors	653	370	542	322
Accruals	203	205	187	188
Deferred project income	123	446	106	446
Taxation and social security	129	127	127	127
Other creditors	123	194	123	118
RSA hospitality income received in advance	176	382	-	-
	1,407	1,724	1,085	1,201

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

Creditors: amounts falling due after more than one year

	Group 2020 £'000	Group 2019 £'000	RSA 2020 £'000	RSA 2019 £'000
RSA hospitality income received in advance	108	105	70	105

11. Funds

a) Movement in funds

	Balance 1 April 2019 £'000	Income £'000	Expended £'000	Gain/ (loss) £'000	Transfers £'000	Balance 31 March 2020 £'000
Unrestricted funds						
Designated fixed asset reserve	8,034	-	(534)	-	-	7,500
Designated legacy reserve	807	-	(195)	-	-	612
General reserve	8,420	9,132	(9,413)	(143)	31	8,027
	17,261	9,132	(10,142)	(143)	31	16,139
Restricted income funds						
Food, Farming and Countryside Commission	62	516	(578)	-	-	-
Other programs	787	2,023	(2,373)	-	-	437
Shipleigh Fund	2,182	406	-	(37)	(281)	2,270
Individual Trusts greater than £5k:						
Edward Boyle Fund	120	4	-	(3)	-	121
Edward Squires Fund	84	5	-	(4)	-	85
Dick Onians Lecture Trust	81	3	-	(2)	-	82
James Cranstoun Bequest	75	14	-	-	-	89
F H Andrews Bequest	17	1	-	-	-	18
General Award Fund	132	6	(43)	(5)	-	90
General Lecture Fund	256	9	(70)	(8)	-	187
Angus Millar Trust	37	2	-	-	-	39
	3,833	2,989	(3,064)	(59)	(281)	3,418

Notes to the financial statements

continued

11. Funds – continued

a) Movement in funds

	Balance 1 April 2019 £'000	Income £'000	Expended £'000	Gain/ (loss) £'000	Transfers £'000	Balance 31 March 2020 £'000
Endowment funds						
ShIPLEY Expendable Endowment	10,129	2	-	(326)	249	10,054
Individual trusts greater than £10k:						
James Cranstoun Bequest – end	383	-	-	(13)	1	371
Angus Millar Trust – end	60	-	-	-	-	60
	10,572	2	-	(339)	250	10,485
Total reserves	31,666	12,123	(13,206)	(541)	-	30,042

b) Restricted income funds

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

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

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

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

c) Endowment funds

The endowment funds are trusts set up by individual donors in support of specific purposes such as named lectures and preservation of historic buildings. £406k income arising from the expendable endowment was included in restricted funds in accordance to the requirements of the funds.

d) Analysis of net assets between funds

	Tangible and intangible Fixed assets £'000	Expended £'000	Current assets £'000	Liabilities £'000	Fund balances £'000
Unrestricted funds					
Designated fixed asset reserve	7,501	-	-	-	7,501
Designated legacy reserve	-	612	-	-	612
General reserve	3,437	4,065	2,039	(1,515)	8,026
	10,938	4,677	2,039	(1,515)	16,139
Restricted income funds	-	1,919	1,499	-	3,418
Endowment funds					
Expendable	-	10,055	-	-	10,055
Permanent	-	430	-	-	430
	-	10,485	-	-	10,485
Total funds	10,938	17,081	3,538	(1,515)	30,042

12. Pension schemes

The Consolidated Statement of Financial Activities includes contributions by the Charity to the Group Personal Pension scheme of £364k (2019: £361k).

13. Taxation

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

14. Related parties

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

None of the trustees have been paid remuneration.

Trustee Phillipa Wilson serves as a trustee of the Girls' Network who received a Catalyst grant from the RSA of £2k in the year to 31 March 2020 (2019: £5k).

15. Subsidiary undertakings

a) RSA Adelphi Enterprises Limited

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

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

i) Summary of profit and loss account for RSA Adelphi Enterprises Limited (company number: 02784581)

	2020 £'000	2019 £'000
Turnover	3,110	2,027
Cost of sales	(1,905)	(1,492)
Gross profit	1,205	535
Other expenses	(935)	(172)
Net profit	270	363
Bank interest	1	-
Gift Aid paid to RSA	(376)	(203)
Net movement in funds	(105)	160

ii) Summary of balance sheet for RSA Adelphi Enterprises Ltd

	2020 £'000	2019 £'000
Current assets:		
Stocks	17	16
Debtors	188	195
Cash	472	661
Owed by group	-	10
	677	882
Creditors:		
Creditors	111	48
Payments received on account	214	336
Owed to group	82	-
Other creditors	12	134
	419	518
Net assets/Share capital	258	364

Notes to the financial statements *continued*

15. Subsidiary undertakings – continued

b) RSA Shipley Enterprises Limited

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

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

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

	2020 £'000	2019 £'000
Turnover	62	89
Cost of sales	(27)	(35)
Gross profit	35	54
Other expenses	(15)	(20)
Net profit	20	34
Gift Aid paid to RSA	(34)	(70)
Net movement in funds	(14)	(36)

ii) Summary of balance sheet for RSA Shipley Enterprises Ltd

	2020 £'000	2019 £'000
Current assets:		
Debtors	58	17
Cash	23	77
	81	94
Creditors:		
Creditors	22	4
Owed to parent	38	57
	60	61
Net assets/Share capital	21	33

c) Reconciliation of subsidiary results to group reporting

	2020 £'000	2019 £'000
Income from trading activities	3,077	2,116
Expenditure on trading activities – direct costs	(2,489)	(1,945)
Contribution to RSA overheads	588	171
Expenditure on trading activities – support costs	(724)	(931)
As reported in RSA consolidated financial statements	(136)	(760)
Add back support costs apportioned to activity for group reporting purposes	723	931
Add back direct costs incurred by parent allocated to activity for group reporting	666	420
Add back intercompany charges eliminated upon group reporting consolidation	(963)	(194)
RSA Adelphi/Shipley Enterprises reported profit	290	397

16. Parent charity result

	2020 £'000	2019 £'000
Income and endowments	10,008	9,609
Expenditure	(11,383)	(10,011)
Gift Aid income from subsidiaries	410	273
Net income/(expenditure) before net gains/(losses) on investments	(965)	(129)
Net gains/(losses) on investments	(541)	1,373
Net movement of funds	(1,506)	1,244

17. Financial instruments

	Group 2020 £'000	Group 2019 £'000	RSA 2020 £'000	RSA 2019 £'000
Carrying amount of financial assets				
Debt instruments measured at amortised cost	1,075	1,113	950	953
Instruments measured at fair value through profit or loss	15,988	18,055	15,988	18,055
	17,063	19,168	16,938	19,008
Carrying amount of financial liabilities				
Measured at amortised cost	1,049	769	852	628

Notes to the financial statements
continued

18. Comparative statement of financial activities

	Notes	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	2019 Total £'000
Income and endowments from:						
Donations and legacies						
Fellowship donations		5,417	-	-	-	5,417
Other donations and legacies		56	-	66	-	122
Trading activities		2,116	-	-	-	2,116
Investment income		227	-	428	16	671
Charitable activities						
Program of projects		526	-	2,550	-	3,076
Program of lectures and events		54	-	-	-	54
Other income		76	-	-	-	76
Total income	2	8,472	-	3,044	16	11,532
Expenditure on:						
Raising funds						
Fellowship administration		1,216	25	-	-	1,241
Other		21	-	2	-	23
Trading activities		2,562	315	-	-	2,877
Charitable activities						
Programme of projects		2,261	171	1,856	-	4,288
Programme of lectures and events		817	17	-	-	834
Programme of engagement		2,222	48	3	-	2,273
Total expenditure	3	9,099	576	1,861	-	11,536
Net income/(expenditure) before net gains/(losses) on investments		(627)	(576)	1,183	16	(4)
Net gains/(losses) on investments	8	368	86	145	774	1,373
Net income/(expenditure)		(259)	(490)	1,328	790	1,369
Transfers between funds		2,500	608	(581)	(2,527)	-
Net movement of funds		2,241	118	747	(1,737)	1,369
Reconciliation of funds						
Total funds brought forward		6,179	8,723	3,086	12,309	30,297
Total funds carried forward		8,420	8,841	3,833	10,572	31,666

