



IMPACT REPORT 2019

Including Trustees' Annual Report &
Financial Statements for the year ended
31 March 2019

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ADMINISTRATION

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President

Her Royal Highness The Princess Royal

Trustees

Vikki Heywood, Chair (until October 2018)

Tim Eyles, Chair (appointed October 2018)

Peter Fell (Deputy Chair)

Ian Coleman

Sarah Ebanja (Treasurer)

Stephen Gleadle (Treasurer)

Nick Parker (elected January 2019)

Sue Siddall (until January 2019)

Andrea Kershaw (appointed January 2019)

Lucy Griffiths (elected January 2019)

Jan Portillo

Saleh Saeed

Kully Thiari

Philippa Wilson

Auditors

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

Bankers

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

Pension consultants

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

Surveyors and Property Consultants

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

Constitution

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

The RSA is also registered in Scotland – Registration Number SC037784

Principal office

8 John Adam Street, London WC2N 6EZ

Executive team

Matthew Taylor (Chief Executive)

Carol Jackson (Chief Operating Officer, until February 2019), Natalie Carsey from March 2019

Nina Bolognesi (Director of External Affairs)

Oliver Reichardt (Director of Fellowship)

Rowan Conway (Director of Innovation and Development)

Anthony Painter (Director of ARC)

Solicitors

Russell Cooke, 2 Putney Hill,
London SW15 6AB

Ashurst LLP, Broadwalk House,
Appold Street, London EC2A 2HA

TLT LLP, One Redcliff Street
Bristol BS1 6TP

Investment managers

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

CHAIR'S INTRODUCTION



As I said when, having been confirmed as chair, I spoke to the RSA's AGM in October last year for the first time: given the polarising circumstances in which we find ourselves, the need for the RSA has never been greater.

For over each of the last three centuries, the RSA has been at the forefront of both thinking and bringing about much needed change and now, in its fourth century, the need is just as acute.

During the 18th century we strove to understand the implications of the beginning of the industrial revolution for Britain, and the kind of

society that was required to deal with the challenges of the time. We did this through the granting of a Premium Award Scheme in areas as broad as Agriculture, Polite Arts, Manufacture, Colonies and Trade, Chemistry and Mechanics.

During the 19th and 20th century we extended this work, responding to the increasing complexity of the industrial process by raising the profile of design. The RSA's legacy from this time is represented not only by the Great Exhibition, but also the changes that the RSA brought to examinations, patents and the movement of design away from being a purely artistic endeavour.

Now in the 21st century, as this Impact Report demonstrates, we continue to think again about the challenges facing society, whether that is through the Food and Farming Commission we are running, our work into the areas of technology and artificial intelligence and what it means for work, or projects in other key areas such as inequality and loneliness. Of course, we maintain our ongoing interest in education, trying to understand what kind of education system is needed to prepare citizens for life in a fast-changing world.

As the Chief Executive will mention, the Trustee Board and Executive Team are part-way through a Strategic Review which looks at where the RSA will position itself in the times we find ourselves in. In particular, understanding what it means to have a common purpose of *uniting people and ideas to resolve the challenges of our time* and how we bring that about as a *global community of active problem solvers* with the vision of *enabling everyone to participate in creating a better future*.

The Trustees wish to thank all those who make the RSA possible, from the hard work of staff without which the RSA would not work, to the Fellows who both support and take part in so much of the work we undertake.

Whilst we live in many ways at cross-roads in terms of a sea change for society and how it is formed; my belief is that the RSA can profoundly shape those changes for good.

Tim Eyles
Chair

CHIEF EXECUTIVE'S STATEMENT



I am writing this introduction in the midst of a strategic review of the RSA's mission, impact and organisation. This provides an opportunity to reflect on the progress since our last review back in 2014/5. That had three broad change objectives; to strengthen collaboration across the organisation, to achieve greater alignment around our mission and, most important, to increase our impact. In reading this report, the progress is tangible and impressive.

First, under the admirable leadership of (ARC Director) Anthony Painter and Rowan Conway (Director of Innovation and Development), we have moved from having a multiplicity of projects, many of them small and short-lived, to fewer, larger, more ambitious programmes of work. For example, Cities of Learning, the Food and Farming Commission and Learning about Culture are among the largest projects ever undertaken here, while our Future of Work programme has seen us develop multiple strands of work under the same unifying theme. In these troubling and dangerous times, analysis and ideas are not enough; all the work generated by our ARC team is single-minded in its focus of achieving substantive change.

Alignment has been further progressed in the work of the external affairs team, under Nina Bolognesi. Without sacrificing the widely acknowledged quality and reach of our events, Journal and online content, our output has more and more reinforced and amplified the RSA's core interests and outputs. There are many reasons our many partners want to work with us, but our capacity – unusual to think tanks - to engage large audiences directly is a strong one. The development of new outputs, including the RSA Podcast 'Polarised', and the new video format Minimate, are typical of the inventiveness of Nina's team.

Second, guided by Oliver Reichardt (Director of Fellowship) and our Fellowship Council, we have continued to advance our aspiration that our Fellows be change makers, and that we mobilise their ideas and efforts as part of our unique impact model. On the one hand, we have seen powerful Fellow-led initiatives like the regional bank programme and the growth of vibrant networks like those (nearly a thousand strong) dedicated to sustainability, while, on the other, every RSA project seeks to engage Fellows directly as partners.

Third, we can also demonstrate growing impact, ranging from the part we have played in the rollout of my Good Work report for the Government, to the adoption by the Bank of England of a richer approach to public engagement. But while these policy shifts are always welcome, just as important is the continuous impact we achieve from our partnership work with a range of institutions, practitioners and communities. For example, while a major project we are now starting on the circular economy in the fashion industry will no doubt generate recommendations, it's more important role is to work with the industry to develop new insights, capacities and systems. Similarly, while our support for Fellows often results in direct impacts (for example, though our Catalyst seed funding

programme), it also contributes to the wider capacity of the Fellowship to be an agent of change in civil society.

The 2019 strategic review, under the dynamic stewardship of our new Board Chair Tim Eyles, picks up on the themes of its predecessor, and will no doubt see the Society committing to another step change in its ambition. These are exciting times.

It is also important to emphasise that the advance towards our strategic goals takes place alongside incremental progress in areas ranging from Fellowship recruitment, to increasing our global profile and presence, to strengthening the organisation's infrastructure.

As always, I am deeply grateful for the continued support of colleagues, Board members, and Fellows as I move well into my second decade as RSA Chief Executive. As I have said before in this report, such a length of tenure requires of me that I continually and critically assess that the organisation is still progressing. It is for others to judge, but I believe this impact report answers that question strongly in the affirmative.

Finally, there is one member of the Executive who served in 2018/19 I have not mentioned. Our friend and colleague Carol Jackson was an integral part of the RSA's progress across the seven years she served as Chief Operating Officer. We were all deeply saddened by her untimely death just a few days after her retirement. Among Carol's last achievements was to work with the Board and project lead Oliver Reichardt to deliver the highly successful Rawthmells development of our London HQ. It is fitting to have this lasting reminder of Carol's great contribution.

Matthew Taylor
Chief Executive

ABOUT US AND OUR MISSION

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

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

This year we have been able to invest in improving the RSA House with our new Rawthmells Coffee House and facilities, and today our commitment to be a convener – able to bring individuals and organisations together in pursuing change – is more important than ever.

Our Priorities

The RSA focuses on three key areas of work where we seek to make an impact. The *Portfolio of projects* in the statutory accounts comprises action and research work focussed on these three areas as well as a *Programme of Lectures and Engagement*, and our global work (forming part of *Projects and Engagement*) which strongly align with the ideas represented below.

Creative Learning and Development Everyone should receive a complete and generous education – an education of the head, hand and heart – so that they can play a full part in the economic, social, cultural and intellectual life of the nation and join the 'great conversation of mankind'.

Public Services and Communities We seek to help bring about a shift in power to people and communities so that they can better meet their social and economic needs and aspirations.

Economy, Enterprise and Manufacturing We want to help create an economy that enables everyone to have basic economic security and to fulfil their creative potential, is environmentally sustainable and which supports and rewards meaningful and creative activity.

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

How we engage

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

The RSA engages others through:

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

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

Our Fellowship

Thanks to the support of our Fellows, a global network of almost 30,000 people who share our values, the RSA has been at the forefront of social change for over 260 years. This year the Fellowship increased by around 400 Fellows and today our impact is greater than ever. Fellows have access to some of the best ideas, brightest thinkers, most innovative projects, a diverse network of like-minded people and a platform for social change.

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

There were 305 Fellowship events in the UK in 2018-19, with over 5,334 attendances.

233 of our UK events were held outside of London, with over 3,522 attendances.

We ran 23 online events in 2018-19, to increase the accessibility and global reach of our Fellowship activity.

RSA events connect and inspire people: 82% of attendees at Fellowship events felt they had met people and made new connections at the event, and 84% felt they learned about new and interesting ideas.

KEY PERFORMANCE INDICATORS

Each financial year The Trustee Board agrees key performance targets with the Executive Team for the year ahead, through which it monitors performance. For 2018-2019 these included:

| Fellowship in numbers | 2018/19 | 2018/19 Target | % to Target |
|--|----------------|-----------------------|--------------------|
| Total Fellowship number | 29,708 | 29,782 | 100% |
| New Fellows | 3,050 | 3,000 | 102% |
| Losses | (2,659) | (2,500) | 106% |
| Unique attendees at Fellowship events | 4,395 | 4,395 | 101% |

The Fellowship is an important element of how the RSA delivers change. Last year we had a net increase of 391 Fellows, a little below our revised target of 500.

| Engagement with content | 2018/19 | 2018/19 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 | 105% |
| Total report & Medium report downloads | 77,252 | 75,000 | 103% |
| Digital and Social Media impact | 2018/19 | 2018/19 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 | 2018,19 | 2018,19 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 people | 2018/19 | 2018/19 Target | % to Target |
|----------------------------------|----------------|-----------------------|--------------------|
| Voluntary staff turnover | 19% | 15.0% | 127% |
| Hours CPD | 2.3 | 14.0 | 17% |
| Sick absence | 0.8% | 1.9% | 43% |
| Diversity of staff (BAME) | 19.8% | 22% | 90% |

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

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

CREATIVE LEARNING & DEVELOPMENT

Impact 2018-19

Our vision is of an inclusive education system from which the most disadvantaged and vulnerable benefit just as much as everyone else, and which enables the development and recognition of those academic, ethical, technical, and vocational skills which people need to fully participate in society.

Key highlights for 2018-19 are:

- An independent evaluation of the RSA and RSA Academies project ‘A Whole School Approach to Mental Health’ found statistically significant positive effects on school staff’s mental health awareness and literacy. The project

focused on training all staff in mental health awareness and was evaluated by the Anna Freud National Centre for Children and Families. We are working with participating schools and the Pears Foundation to develop the next phase of this work for the academic year 2019/20.

- The findings from research by the RSA and the University of Winchester on young people’s ability to solve some of the biggest challenges of our time through social action were warmly welcomed by the charity sector and covered by Schools Week. At the launch of the final report, entitled ‘Teenagency: how young people can create a better world’, we announced a new RSA and RSA Academies collaboration to explore how the types of high-quality social action explored in the ‘Teenagency’ report can be developed in primary schools. The ‘RSA4 Primary Youth Social Action’ programme is supported by the Pears Foundation.
- Cities of Learning was named one of the world’s most inspiring education innovations at

Fellow-led Innovative Education Network

At the end of 2018, the Innovative Education Network relaunched with 40 people participating in an energetic online event. Over 1,000 people have now signed up to receive updates from the network. Over the preceding year, Thematic Fellowship Councillors Dr Christine Mclean and Lucy Griffiths worked with a small group of Fellows and staff to develop a network purpose and structure. To provide focus, there are three initial task groups: Life-Readiness with links to Cities of Making (118 members), Accountability and Assessment with links to the Ideal School Exhibition (65 members), and STEAM in Education with links to Learning about Culture (32 members). The Network ran an event in November 2018 aiming to connect the Brighton education community. It featured a contribution from the Cities of Learning pilot. Another, similar, event is planned to take place in Plymouth in summer 2019.

HundrED's annual innovation summit in Helsinki. Following three years of research and prototyping of the approach in three UK cities, formal pilots of the Cities of Learning model– in Brighton and Plymouth – began in early 2019. The RSA is also due to start work in London and Greater Manchester to set up new Cities of Learning. The programme is supported by partners including Ufi Charitable Trust, City & Guilds and A New Direction.

- Over 330 schools signed up to be part of national trials to find out if different cultural learning approaches can help boost primary pupils' achievement. This is part of the Learning About Culture programme in partnership with the Education Endowment Foundation (EEF), and supported by the Arts Council, Paul Hamlyn Foundation, the Wolfson Foundation and the Foyle Foundation.
- We also launched The Evidence Champions Network in partnership with Arts Council Bridge Organisations to develop the use of evidence and evaluation by cultural learning practitioners. 90 Champions were recruited from across the cultural learning sector and have participated in webinars, action learning sets and twilight events. The Cultural Learning Evidence Champions Handbook was launched to support practitioners everywhere to confidently use evidence and evaluation.
- We launched a new project exploring how schools and their partners can be supported to reduce non-essential exclusions and provide better support for pupils who are excluded. Pinball Kids, supported by the Betty Messenger Charitable Foundation and Esmée Fairbairn Foundation, received national media coverage in January when we published data on exclusion figures gathered from a Freedom of Information request.
- Having started in just five schools, the Pupil Design Awards are now working with over 25 schools across the country. Supported by Comino Foundation and the Four Acre Trust, the Pupil Design Awards is a competition challenging secondary school pupils to design a product, service or campaign that tackles a pressing social problem. An estimated 1,000 secondary pupils are participating in this year's competition. They are being supported to develop their social designs by mentors, who are former RSA Student Design Award winners, and by their teachers who receive free professional development as part of the project.

Event: My School, My Mission

Mission - the shared purpose and values that give a school its distinct identity - is a critical source of strength to a school community. In a thought-provoking and uplifting event, Julian Astle, the RSA's former director of education, discussed the importance of mission to excellent schooling with a group of educators - Mike Fairclough from West Rise Junior school, Nicola Noble from Surrey Square school, Jo Saxton from Turner Schools, and Stephen Tierney from BEBC Multi-Academy Trust. Each belongs to a school shaped and guided by a very distinctive sense of mission, ranging from a focus on building character, to developing 21st century skills and capabilities, to prizing a knowledge-rich education.

Case study: Performing Arts Hub

The RSA, in conjunction with its sister charity RSA Academies, set up the Performing Arts Hub. The hub is a network of educators and artists working collaboratively on projects that enhance teaching, learning and research in arts-based education with objectives to:

Close the attainment gap - to contribute to schools' efforts to closing attainment gaps by developing targeted arts interventions for disadvantaged students which increase engagement and participation, develop cultural capital and self-efficacy, and strengthen creative capacities.

Support creative careers - to support students with a particular interest in pursuing careers in performing arts (including technical careers) by offering bespoke opportunities to develop their knowledge, skills, networks and leadership qualities.

Develop teachers' professional networks - to develop teachers' capacity to commission and co-create, with performing arts organisations, interventions that contribute to schools' objectives and take advantage of industry insight and resources



As a network the Performing Arts Hub has run a number of creative gatherings to consider the role of arts in education. These have covered the role of storytelling, history, art and the role of disability.

Goals for 2019/2020

Our work for 2019/20 will continue to explore the key aims we have of:

Making education inclusive: We want to ensure that all children benefit from an excellent education. In the current schooling system, issues such as exclusion, poor quality provision, and under-performance disproportionately affect the most disadvantaged pupils. The Pinball Kinds is our first project under this theme and is investigating how schools and their partners can be supported to reduce non-essential exclusions and provide better support for pupils who are excluded.

Exploring new models for lifelong learning: RSA Cities of Learning is a new, place-based, model for the provision of education, skills and training which looks beyond traditional academic qualifications. It aims to create new 'ecosystems' of learning by bringing existing but disparate provision in our partner cities together with innovative new approaches such as skills badges and digital learning platforms. The project is attracting interest and funding from a growing number of cities and was featured as one of 9 exemplars in a recent report by the Innovation Unit and the World Innovation Summit for Education on local learning ecosystems.

Supporting high quality cultural and creative education: Our Learning about Culture Programme is the UK's largest ever study of cultural learning. The programme is a partnership between the RSA and the Education Endowment Foundation which involves five 'gold standard' trials of arts education interventions, the development of an Evidence Champions Network for arts education, and an investigation of existing high quality 'arts rich' provision in schools. The RSA is working with partners to build together a cultural and education sector that is as committed to self-improvement as it is to ensuring access.

Catalyst Grant: MeeTwo Kids (£10,000 Scaling Award)

MeeTwo provides peer support services for children and teenagers who are anxious about issues related to school, friends, family or health. The RSA awarded a £10,000 Catalyst Scaling Grant to support the replication of their free app for teenagers – MeeTwo – into an app with a sustainable revenue stream designed specifically for younger children (under the age of 13), entitled MeeTwo Kids. Learning from experience, the team are developing this app as a Minimum Viable Product – a pared-down version of a product designed to satisfy the initial needs of early adopters who can feed into the ongoing development process as the product evolves. This method means that effective support for children can begin swiftly, as the group behind the app can start measuring impact and analysing data to get a better understanding of the concerns of the app users as early as possible. MeeTwo Kids is intended to provide children with on-demand support in addition to unique opportunities to develop emotional and social literacy, through showing young people how they can help themselves by helping each other. Through this work, the team aims to (1) develop the supporting infrastructure to be able to support 20,000 young people through the app by end of 2019, and (2) better understand youth anxiety and mental health issues, so that they can continue to improve technological support options and share insights with clinicians, academics, teachers and parents in a way that is ethical and safe. The team behind MeeTwo also ran a successful crowdfunding campaign via RSA Kickstarter, securing over £10,000 to develop a 'Mental Help' Handbook for Teenagers with a unique support directory for schools, created by teenagers for teenagers.

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

PUBLIC SERVICES AND COMMUNITIES

Impact 2018-19

Our vision is of a society where citizens, businesses and governments work together, in policy and in practice, to tackle inequalities of income and wealth, of health and well-being and of place, power and exclusion: a new social settlement that reconciles welfare with opportunity and social action.

Key highlights in terms of our impact during 2018-19 have been:

- The Food, Farming and Countryside Commission published its interim report following a 7-month UK bike tour engaging Fellows and citizens, local media and politicians. This has led to the RSA hosting the UK launch of global EAT/Lancet Commission on sustainable food and farming; working with UK food & farming leaders in developing a UK plan for more sustainable farming and food systems; and giving evidence to a series of parliamentary committees, sector councils and APPGs.
- Our work on Basic Income has taken a significant step forward with a pilot scheme being carried out in Fife, Scotland. Combining participatory workshops with detailed financial modelling, this experimental approach has garnered the interest of many other local authorities who are keen to explore the model in their own contexts.
- We published a report on innovation in the public sector called Move Fast and Fix Things which gained widespread media coverage and has led to significant follow-up work with the LGA, Northern Ireland Innovation Lab and several other key players.
- We are working with WorldSkillsUK to identify best practice in further education from case studies around the world. This work has attracted significant interest from the skills minister in government and has engaged the Skills Funding Agency throughout the project.
- Other projects have included work on young people and mental health; housing options in Greater Manchester; and the launch of a campaign on deliberative democracy following the Chief Executive's annual lecture in July.

Event: The Stories of Extraordinary Lives

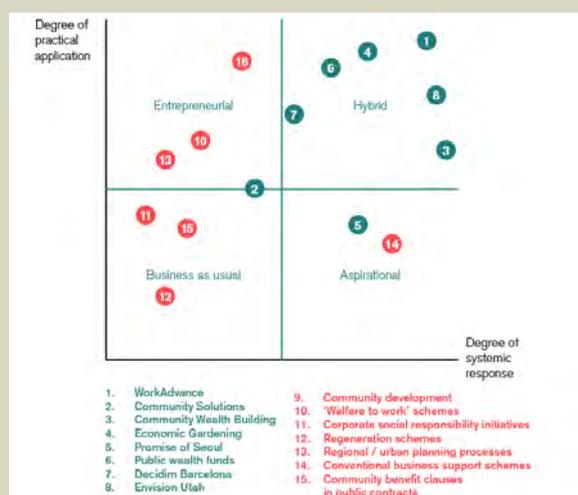
The RSA's director of Public Services & Communities Ed Cox joined forces with journalist, writer and critic John Harris to host an evening of story-telling by ordinary people living extraordinary lives. Bringing a range of experience from across the UK, our narrators - Sally Bonnie, Inspire Women Oldham; Nairn McDonald, Kilwinning Community Council; Ed Hamer, ecological farmer; and Saskia O'Hara, Focus E15 social housing campaign - explored the 'new giants' facing 21st century Britain: inequality, isolation, intolerance, disempowerment and climate change. Their stories revealed the everyday realities of local communities responding to these challenges with courageous and innovative efforts for change.

Goals for 2019-2020

With its new Director, Ed Cox, the Public Services & Communities Team spent several months during 2018 travelling the UK listening to the ideas and the concerns of RSA Fellows and other interested parties and then reflecting on how these could be developed into a programme for change. We also conducted a public opinion poll to gain further insights about our priorities for future work. Recollecting William Beveridge's five 'Giant Evils', people told us that the 21st Century Giants we needed to address were inequality, loneliness, intolerance, disempowerment and climate change.

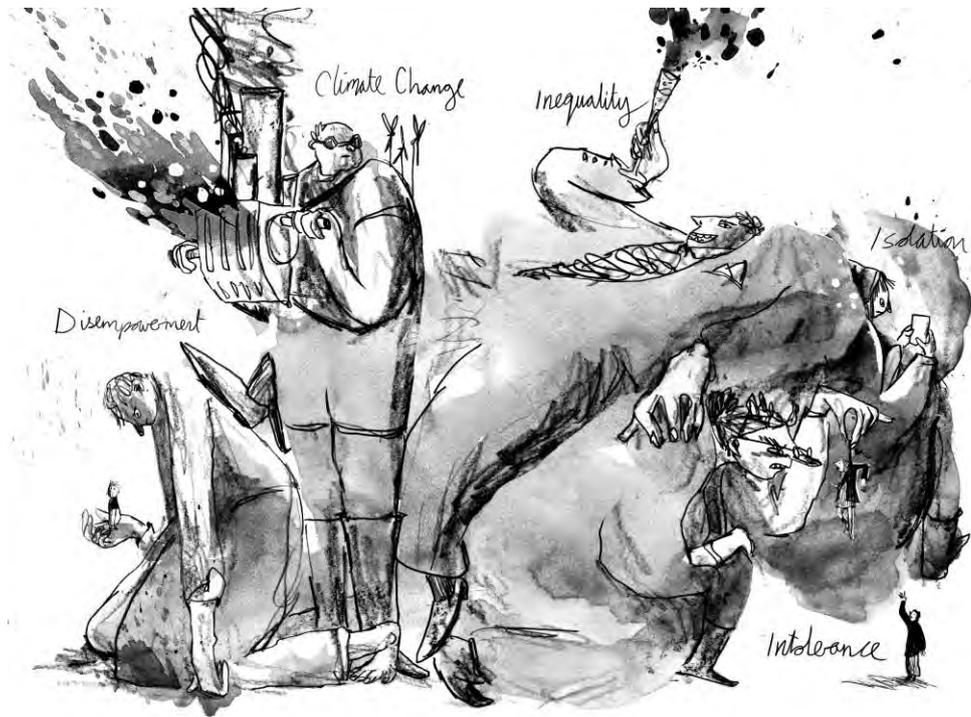
Case study: Inclusive Growth In Action

We continue to work on inclusive growth and recently published a new report Inclusive Growth In Action setting out 8 case studies of innovative practice from around the world based on interviews and analysis of those countries, and initiatives where inclusive growth has moved beyond rhetoric and strategy to transformational change on the ground. One of the critical insights we have developed about inclusive growth through this research is the importance of combining both practical application with systemic design. This has led us to a matrix which can be used to assess different types of inclusive growth intervention.



Our recommendations in many ways reiterated those of the 2016 Inclusive Growth Commission concerning the importance of place-based approaches to local economic development and a fundamental reset of the relationship between Whitehall and the town hall. This message has increasing traction as government looks to deliver its post-Brexit 'Shared Prosperity Fund' via the network of local enterprise partnerships and metro mayors.

This work has also formed the basis for significant RSA global engagement, including an Inclusive Growth Summit in New Zealand and presentations in Australia, Singapore and to the Global Think Tank network. We are also now developing a 'Partners-in-Change' network across 8 global cities being led by colleagues in RSA US acting as a foundational framework for policy agencies and practitioners in this space.



Based on these we are now developing four main themes of work.

Tackling economic insecurity: We want to tackle economic insecurity by ensuring that every household has the foundations for a decent livelihood: a basic income, opportunities to learn new skills, somewhere to call home, and good physical and mental health. If notions of 'inclusive growth' are to be anything other than wishful soundbites, then towns and cities across the country need the courage and entrepreneurialism to experiment with radical ideas and action on the ground.

Tackling health inequalities and reducing loneliness: Our work is focused on reducing health inequalities and social isolation by moving to a new social settlement that broadens access, deepens value and raises the quality of our public services. We are working with partners to apply our unique Lab methodology – think like a system, act like an entrepreneur – to develop a new programme of work exploring fresh approaches to tackling loneliness. And we are working in partnership with the Health Foundation, to address the ways in which health can be an 'asset' for promoting a more inclusive economy.

Reducing regional inequalities and inspiring democratic reform: The UK is far from united and has greater levels of regional inequality than any other European nation. We want to explore a comprehensive devolution agreement between central and local government in England that gives combined authorities and reconstituted regions the kinds of power and fiscal freedoms currently only afforded to the devolved nations. But democratic transformation doesn't stop there. Following the RSA's chief executive, Matthew Taylor, summer lecture we are developing a shared campaign for deliberative democracy as a "gateway reform" in the transformation to a new democratic system.

Reducing local inequalities and building sustainable neighbourhoods: A new social settlement will ensure everyone can live in prosperous, inclusive and sustainable places. At the local level, we are developing the idea of RSA Places, building on our Inclusive Growth Network, and we are developing a major programme of work building on our 'Heritage Index' and exploring the relationships between heritage, culture and inclusive growth.

Catalyst Grant: Proxy Address (£2,000 Seed Award)

Catalyst funding has supported Fellows who have sought to ensure equality of access to public services through simple and effective ideas to overcome barriers affecting those experiencing homelessness. For an individual to access the fundamental support structures needed to regain independence and overcome homelessness, often an address is required for administrative purposes. ProxyAddress is an initiative designed to prevent the issue of denial of support to those who do not have a fixed address, by doing exactly what its name states: providing a stable proxy address to be used as a means of identification during periods of upheaval. The RSA awarded ProxyAddress a £2,000 Catalyst Seed Grant to run a live trial with several local authorities with a view to establishing a low-cost system that requires minimal intervention from external parties once up and running. RSA Catalyst funding is supporting the development and hosting of a secure database of allocated addresses and the creation of a website to ensure appropriate local authority access. The initiative uses long-term vacant addresses with a view to ensuring that people affected by homelessness can retain access to vital services, maintaining or securing receipt of benefits and financial inclusion, and circumventing the stigma impacting those who are excluded from society through often unavoidable circumstances. ProxyAddress is also participating in the Future Work Centre's Economic Security Impact Accelerator, via which its impact will be enhanced through the creation of a network for change developed with the support of a cross-departmental team of RSA staff and partners.

ECONOMY, ENTERPRISE & MANUFACTURING

Impact 2018-19

During 2018/19, across some of the most challenging and rapidly changing dimensions of human experience, the RSA Economy, Enterprise and Manufacturing Team's work pushed new boundaries.

Our methods diversified, our audiences grew, and our purpose became clearer and more focussed. Our work is more closely aligned than ever with the centuries' old RSA traditions of embracing not fearing technology, of rooting out the most innovative interventions from the ground - and putting these interventions and technologies to the service of humanity and our planet.

Our current programmes reach policymakers, practitioners and the public as follows:

The Future Work Centre: building on the RSA's long-standing work in the space, and on the insights from Matthew Taylor's review of modern work for Theresa May's government, the centre launched in 2018. The Age of Automation articulated our goal to create a new social settlement between employers, employees and the government in an age of radical technologies. This was a theme of the follow-up essay, curated for the opening of RSA's Rawthmells Café, Automation on Our Own Terms. It was followed by The Field Guide to the Future of Work, a collection of essays from leading thinkers in the space, and crucial original data on how in the age of automation, women are losing out. February saw the launch of our inaugural Future Work Awards, which valorised more than 30 worker tech and voice initiatives from around the world, some of which graduated onto an Impact Accelerator carefully designed to scale their impact. Thus, we moved from the classic think tank position of analysing the market for change, to actually shaping that market and creating the conditions for change.

2018/19 was rounded off by the release of the highly successful Four Futures of Work, a pathbreaking piece of analysis that outlined four visions for the future of work in 2035. The launch piece was viewed 20,000 times in the three days following release and has already become a foundational part of the international conversation on the future of work.

Inclusive Finance: 2018/19 saw our work at the vanguard of a new approach to financial services and financing social change take flight. The RSA has been at the epicentre of a

Fellow-led International Development Network

In 2018-19, the Fellow-led International Development Network focused on the circular economy, growing their membership to 301 people, and collaborating with Fellows based across the globe. The Network identified a need to collect in a single resource examples of circular economy initiatives in the Global South. They set up an online library and invited Fellows to contribute, creating engagement and collaboration opportunities through three events. Two took place online, bringing together Fellows and speakers based in a variety of locations including Thailand, Norway, Kenya and France. A lively in person event in November 2018 used a world café format and welcomed speakers Sir Richard Jolly FRSA (former Deputy Director of UNICEF), Richard Swannell FRSA (Director of Development at WRAP) and Murielle Diaco (Founder of Djouman). The crowd-sourced collection of library entries provides a learning resource and encourages collaboration and the championing of circular principles. The library was included in the African Circular Economy Network's newsletter.

movement to create regional, community-owned banks in conjunction with fellows and with practitioner bodies on the ground that is beginning to yield results, with potential banks entering initial stages of approval. Accompanying pieces of research included *Cashing Out*, a report on the deleterious social impacts of a disorderly 'dash from cash' in a world of ever-more digitalised payments. We have high hopes that the regional bank agenda and the development of a national network of such banks will come to represent the RSA's approach to changemaking in its purest form.



Source: *Cashing Out*, RSA

Tech and Society: a second thread emerged from previous RSA work on new technological platforms and democratic deliberation: our Forum for Ethical Artificial Intelligence. This brought key questions about our future to the public. Its success resulted in the development of a diverse programme of work around the intersection of technology and society, *Power in the New Economy*, examining the regulation of technology platforms when it comes to hate speech and the narrative around data ownership, controlled for multiple perspectives.

Circular economy and manufacturing: *Cities of Making*, an international collaboration between academics, practitioners and the RSA, builds on our rich tradition in the manufacturing space. Examining the role of maker spaces in modern urban development, we hope to use this work as a lever to platform RSA Fellows and other local manufacturers, and to investigate the intersection of local manufacturing policy and the circular economy.

These programmes sit in service of an invigorating RSA vision of our economy and society. As such, we have continued to play a leading role in crucial debates around the economic architecture of the future: on the move towards a universal basic income, on the need to address the growing economic insecurity of the many and on other aspects of tax and benefit reform.

Case study: Four Futures of Work: Coping with uncertainty in an age of radical technologies

Previous studies on the future of work have focussed on the impact of technology on job losses alone. But there are far broader effects, including the impact of technological shift on surveillance, AI-led recruitment practices and the growth of gig platforms, which would not exist without the powerful algorithms that underpin them.

Commentators tend to misrepresent technological change; to overreach in their predictions. Uncertainties like the health of the global economy, the level of net migration to the UK, advances in digital technologies like the 'Internet of Things' and the rise in the east and west of blockchain: these are all essential but elusive points of a complex and developing future picture.

To bring all this context and all these uncertainties to the table in a credible way we deployed a method known as morphological analysis, informed by expert input and advised on by our project partners Arup. The results of this were modelled by the RSA's Future Work Centre to produce four detailed snapshots of what our labour market could look like in 2035.



The report launch piece received more than 20,000 reads in 3 days. It featured in media outlets from The Financial Times to The Guardian and continues to be shared widely. It is already acting as a foundational framework for policy agencies and practitioners in this space.

Future Work Awards

At the inaugural Future Work Awards ceremony event, Charles Leadbeater led a stimulating conversation with four inspirational award winners, each pursuing innovative approaches to good work. Nat Whalley from worker platform Organise, Joanna Beaufoy, from citizen-led public services innovator Bayes Impact, Sarah de Heusch Ribassin from freelance cooperative SMart, and Jonathan Finkelstein from digital credentials service Credly, shared honest and practical insights into the joys and challenges of forging new paths through the world of work, in pursuit of greater security, flexibility and fairness.

Goals for 2019-2020

- Our mission to further refine our strategic purpose and objectives, to diversify our content and methods, and grow our influence and impact on the ground, continues. Going forward, this will involve:
 - A second round of the **Future Work Centre**. A new social contract is the object of the Future Work Centre; ensuring a second round of programming will get us closer to that goal.
 - Developing our **inclusive finance programme**. Alongside our work on developing more regional banks, we aim to curate a new programme of work, understanding how the financial ecosystem must improve and evolve in order to fund pro-social initiatives, from individual asset building to community interventions to the strictures of the UN Sustainable Development Goals. This will be an ambitious stream of work that reflects our pioneering work in this space.
 - Delivering **Tech and Society**. Pushing the boundaries of citizen and policymaker engagement will be the key task of this programme over the next year.
 - Crafting the **Circular Economy and Manufacturing programme**. We aim to curate a flagship programme, with elements of market shaping and accelerator work, platforming grass-roots initiatives and policy analysis.
 - We will continue to develop our work on Universal Basic Income, on asset and wealth building, and on innovative fiscal policy that speaks to an invigorating RSA vision for the economy of the future.

Catalyst Grant: Bread Funds UK (£2,000 Seed Award)

Bread Funds UK received a £2,000 Catalyst Seed Award from the RSA to set up a pilot to support self-employed people in the UK finance the recuperation of lost earnings incurred through sickness or injury – funds to which they otherwise wouldn't have recourse due to the nature of their work. The pilot replicates support schemes established by Dutch co-operative De BroodfondsMakers, who have established over 300 bread funds with over 14,000 members in the Netherlands. This pilot is designed to offer an alternative to income protection insurance – held by only a small proportion of self-employed people in the UK – building community through self-organisation, trust and mutual support. The Catalyst Award was granted following work carried out by RSA Action and Research Centre researchers in the period preceding development of the RSA's Future Work Centre, after which the Fellows behind Bread Funds UK were pointed towards Catalyst as a potential opportunity to test this support intervention. Bread Funds UK have already carried out feasibility studies into the viability of this work. The Catalyst Award has directly funded promotion to recruit members to the pilot group scheme, improvements to software used in the pilot phase, and the cost of development work carried out by an Assistant Project Manager delivering the pilot. The Catalyst Award to Bread Funds UK is intended to establish proof of concept for social infrastructure designed to enhance and support modes of working outside of the employer/employee relationship, in line with the aims of the Future Work Centre.

DESIGN

Impact 2018-19

In 2018-19, RSA Design delivered the flagship RSA Student Design Awards programme, supported the RDI Faculty transition to a new independent RDI Association, and co-delivered a design-led programme of Future Work Centre activity with the RSA Lab.

The 2018/19 RSA Student Design Awards featured 10 project briefs that challenged participants to tackle big societal issues through design thinking, including two briefs proposed by SDA Alumni. The programme included new partnerships with Network Rail, Twitter, NHS England and the Ellen MacArthur Foundation and launched in September 2018 with events in Helsinki and London. The RSA Student Design Awards continues to expand into new regions and increase alumni engagement via input into the programme design (using Wazoku to crowdsource brief topics), participation in judging and Pupil Design Awards mentoring. The 2018/19 competition received 705 entries from 118 universities in 25 countries around the world.

In 2018, the new independent RDI Association formed and now manages its own governance and nominations. RDI Master Tristram Carfrae successfully oversaw the nominations process and the new RDIs were announced in November and celebrated at an Awards Ceremony at the RSA, with an address by Morag Mysercough RDI.

The 2018 RDIs were: Marion Deuchars (visual communication), Es Devlin (theatre design), Ben Terrett (service design) and Honorary RDIs: Ferran Adrià (design for innovation in gastronomy), Shigeru Ban (architectural design), Glenn Murcutt (architectural design). The wider RDI Faculty have been instrumental in design features in the new RSA Coffeehouse and four delivered masterclasses with the British Council in Saudi Arabia as part of Saudi Design Week 2018.

Following a successful collaboration on the RSA Student Design Awards and talks by senior RSA staff at their annual Summit, the RSA was approached by Ellen MacArthur Foundation to partner on a 2-year programme of 'Make Fashion Circular' design challenges, events and network building activities. A joint bid to fund this work was successful and will commence in May 2019.

Goals for 2019/20

- Work in horizontal teams across the organisation to build the RSA's design thinking capability and embed the RSA's approach to change across major strategic programmes.
- Deliver a successful first year of 'Make Fashion Circular' activity with the Ellen MacArthur Foundation and design an impactful programme of activity for phase 2.
- Identify and realise new partnership opportunities for the RSA Student Design Awards, including multi-year funder relationships and engagement opportunities for SDA alumni.
- Continue scaling the RSA Student Design Awards globally.

GLOBAL

- The RSA's aim to be a global organisation. In 2018/19 we continued to maintain and develop our international presence as follows:
 - Deepening relationships with key stakeholders in regions with a strong fellowship presence.
 - Embedding a function of global research and insights for RSA strategic projects.
 - Strengthening international fellowship engagement opportunities.

Impact 2018 – 2019

- 421 new Fellows joined the International Fellowship this year, consistent with the number joining from the previous year. The global Fellowship has grown to 2,900, representing 10% of the total Fellowship and a 4.03% increase on the previous year.
- RSA US has grown its Fellowship to 933 (up from 834) and continues to deliver against its three-year strategy for impact. It has maintained its presence in a number of key cities throughout the US but also completed three research projects: partnered with Nuns & Nones to explore and share research around religiously-owned land and building assets in the US; worked with the city of Chicago to develop a shared, binding mission for more inclusive growth policies; and developed a social change “cookbook” focused on the art of collaboration. It also curated a highly successful Future of Work Summit in Pittsburgh for regional leaders from across the country to grow relationships and share best practice co-designed with the RSA's Future of Work Centre. It is currently developing a partner in change programme for global cities - a two-year learning and acceleration programme that will support cities in their development trajectory and strengthen their place-based strategies for inclusive growth.
- RSA ANZ Fellowship has decreased slightly to 436 (down from 444). It is also continuing to deliver against its strategic and operational plan and focused its attention on developing its presence by convening Fellows around RSA thought leadership. It has run an events series on inclusive growth, deliberative democracy, gender equality and launched three podcasts.
- RSA ANZ also hosted a two-week roadshow in Australia, visiting Melbourne, Auckland and Sydney and delivering an Inclusive Growth Summit in Wellington for 120 delegates, which included local economic practitioners. It presented at a further 20 events with individual policy makers and potential partners which set the tone for exploring further future collaborations.
- The RSA continues to work on replicating our model of change via our hubs in Japan, Peru, Thailand, Finland, Singapore through Fellow-led delivery of events on topics which include circular design, social enterprise, innovation and disruption.
- The Global Think Tank Network was formed after a successful summit in March 2018 and was designed and delivered by the RSA. It now consists of five global institutions some of which have partnered with the RSA on strategic research projects. Alt/Now (Canada) is a partner on the Mastercard project to accelerate UK winners of the global Future of Work Awards; Demos Helsinki (Finland) is a research partner on the Health Foundation funded project on Health and Inclusive Growth. We will be developing our relationship with the Wales Centre for Public Policy and Das Progressive Zentrum (Germany) in the coming months.

ENVIRONMENTAL REPORTING AND POLICY

Trustees regard the minimisation of our impact on the environment as one of our most important management tasks. The RSA's Environmental Policy is available on our website (www.thersa.org/about-us/environmental-policy) and our practices are described in our sustainability section (www.thersa.org/hire-rsa-house/sustainability-and-accessibility). The key performance indicators for our environmental data for 2018-19 are set out below and will be updated each year.

| Utilities-Units | Electricity-Kwh | Gas-Kwh | Water-Ltrs | Total Energy Carbon Emissions (tonnes CO2) | | Water-Ltrs |
|--------------------------|-----------------|---------|------------|--|-----------|------------|
| | 2018/19 | 2018/19 | 2018/19 | 2018/19 | 2017/18 | 2017/18 |
| Energy | 537,683 | 393,043 | n/a | 930,726 | 1,071,865 | n/a |
| Water | n/a | n/a | 3,206,000 | n/a | n/a | 2,968,000 |
| % Recycled Energy | 84 | n/a | n/a | 84 | 0 | n/a |
| Tonnes | 282 | 75 | n/a | 357 | 440 | n/a |
| % inc/(dec) on 2017/2018 | -20% | 7% | 8% | -13% | n/a | n/a |

| Travel-Units | Car Mileage (miles) | Mini Cabs (miles) | Trains (miles) | Flights (miles) | Total Air, Road & Train Travel Carbon Emissions (tonnes CO2) | |
|--------------------------|---------------------|-------------------|----------------|-----------------|--|---------|
| | 2018/19 | 2018/19 | 2018/19 | 2018/19 | 2018/19 | 2017/18 |
| Miles | 27,961 | 2,358 | 185,409 | 165,475 | 381,203 | 140,595 |
| Tonnes | 10 | 1 | 63 | 54 | 128 | 31 |
| % inc/(dec) on 2017/2018 | n/a | 33% | 213% | 117% | 171% | n/a |

| Waste | Waste Recycled (kgs) | White Paper Usage (Boxes) | Glass Recycling (Ltrs) |
|--------|----------------------|---------------------------|------------------------|
| | 2018/19 | 2018/19 | |
| Volume | 21,100 | 98 | 80 |
| | | | 12,000 |
| | | | 32,000 |

| | | | | | |
|--------------------------|------|-----|-----|------|------|
| % Recycled | 62% | 82% | 75% | 100% | 100% |
| % inc/(dec) on 2017/2018 | -31% | 22% | n/a | -63% | n/a |

| Building | Total m2 of building | Per m2 (tonnes CO2 per m2) | Total Building Carbon Emissions (tonnes CO2) | |
|---------------------------|----------------------|----------------------------|--|---------|
| | 2018/19 | 2018/19 | 2018/19 | 2017/18 |
| Building Carbon Emissions | 4,598 | 0.1035 | 485 | 471 |
| % inc/(dec) on 2017/2018 | 0% | 0% | 3% | n/a |

It can be challenging to manage a historic building from an environmental perspective, but we do continue to make improvements where possible. The installation of energy efficient lighting during the development process was a step in the right direction. The House Development Project, completed in October 2018, is proving to be a huge success. More visitors and Fellows are coming to the House to meet in Rawthmells and talk about new ideas whilst having a cup of coffee and a bite to eat.

A new landing was added to the staircase where you will find our accessible lift, which has been refurbished to enable it to provide access to the new entrance of Rawthmells, with easy access to all areas on both levels. We have relocated our Kitchens in the vaults, increasing overall capacity and allowing for the development of commercial business.

The House Development project took almost 10 months to complete. During this time, a small temporary kitchen and cafe were set up to enable us to provide a food and beverage offer to our clients, Fellows and visitors. As a result, our corporate business was greatly reduced during this time, with 3 floors effectively out of use. This is reflected in our reported energy consumption, with less electricity usage than the previous year. Our gas consumption however was slightly higher, possibly a result of a warm year which required an elevated level of air conditioning. It should be noted that because of the improved monitoring of travel, a large increase in the volume of all forms of travel has been recorded.

RSA Global is continuing to grow and there has been an increased necessity to travel internationally to engage with fellows and the public, involving, alongside the national travel required to run effective projects. We continue to recycle as many products as we can, including used toner cartridges, glass, paper and cardboard. 80% of our printing paper is made of 100% recycled material.

FUTURE PLANS

In 2018 it was agreed by the Trustee Board to extend the previous three-year plan (agreed in 2015) to allow Tim Eyles, who has now joined, to have the time and space to review the RSA's future strategy. This has meant that we have continued to build on the impact we make in the world through the research that we do, the partnerships and collaborations that we establish, the reach of our work through our ideas platform and the support, engagement, activities and enthusiasm of the growing number of RSA Fellows. We set out our detailed objectives by area in the sections above, but the overall aims are to:

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

The Strategic Review led jointly by the Trustee Board and Executive Team is now underway and will form the underpinning for the RSA's strategy from April 2020. The review has been tasked to understand how the RSA might better use its combined assets to better bring about real-world change.

Phase 1 of the Review has now been completed with the agreement by the Board that the RSA needs to see itself as *a global community of active problem solvers* with the common purpose of *uniting people and ideas to resolve the challenges of our time* and the vision of *enabling everyone to participate in creating a better future*.

The Board has also agreed that the RSA should achieve this through:

- Convening reasoned debate.
- Enabling people to realise change.
- Influencing key organisations.
- Demonstrating practical solutions.

Aligned with this, the Trustee Board has agreed a new set of values for the RSA:

- Open - *Always transparent and honest, we welcome new thinking and different perspectives.*
- Optimistic - *We are confident that together, we can resolve the challenges of our time.*
- Pioneering - *We champion curiosity, creativity and courage to inspire better ways of thinking and doing.*
- Rigorous - *Rooted in evidence-led thinking, we act with integrity and purpose.*
- Enabling - *Through generosity and collaboration, we help others succeed.*

Phase 2 of the review is to test the proposition that by being clearer about identifying key programmes with clear goals, and then in turn organising around those programmes, the RSA will be better able to serve its charitable purpose. It will do this by bringing together the RSA's key strengths of its Fellows, research, wider partners and ideas platform to enable the change agreed in Phase 1 of the review. Phase 2 will also start to seek to identify those areas which the RSA might wish to make change in over the coming years.

OUR THANKS

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

The RSA would like to extend very special thanks to the following organisations and individuals for their generous support in the last financial year. It is thanks to these donations that we can continue to make a difference. The following individuals and organisations made contributions of £5,000 or more in the Financial Year 2018/19.

Corporate Supporters

Royal Mail
Openreach
Taylor Wessing
Mastercard Center for Inclusive Growth
Barclays Bank Plc
Chartered Institute of Marketing
Bodywise (UK) - Natracare
Blum
Symphony
Blanco
Philips
Twitter

Trusts, Foundations & Grant Making

Luminate Group
Omidyar Network UK Limited
Google.org
Harbour Foundation
Friends Provident Foundation
King Baudouin Foundation (US)
The Esmée Fairbairn Foundation
The Wolfson Foundation
Pears Foundation
Four Acre Trust
Comino Foundation
Betty Messenger Charitable Foundation
Marketing Trust
The Kitchen Education Trust
Hugh and Lady Sykes Charitable Trust
The Health Foundation
The Further Education Trust for Leadership
WorldSkills UK
Paul Hamlyn Foundation
Foyle Foundation

The Tides Foundation
Templeton Religion Trust
Blueprint Trust
Education Endowment Foundation
Education Collaborative for International Schools
Ashden Trust
Innovate UK
Constance Travis Charitable Trust
The Arts Council England

Statutory & Other Organisations

NHS England
City & Guilds
University College London
West London Alliance
Office for Disability Issues
Network Rail
One Manchester
British Council
British Telecommunication Plc
Department for Culture Media and Sport
International Baccalaureate Schools and Colleges Association

Individual Supporters & Legacies

Mr Michael Jeremy Pugh Davies
Ms Alison Jane Bevis
Mr Francis Robert Brake
Dr Mahfouz Marei Mubarak Bin Mahfouz
Mr Paul Ramsbottom
Dr Neil Earl Cross
Mr Patrick McIntosh
Mr Philip Arthurton Virgo
Mrs Annette Eva Haworth
Sir Robert Malpas

FINANCIAL REVIEW

The RSA's overall financial health remains strong with a closing reserve position of £31.7m including free reserves of £7.3m.

Overall income for the year grew 3% to £11.5m despite lower trading activity due to the House refurbishment project which was completed in the Autumn.

Overall costs remained stable with usage of general and designated funds being off-set by gains on restricted project income resulting in a breakeven position for the year.

Unrealised gains on investments were £1.4m which has led to the increase reserves from £30.3m to £31.7m

Net income/(expenditure)

The overall deficit for the 2018-19 is just £4k and an improvement from the previous year of £265k (2017-18: £269k). This comprises of *net expenditure* of £1,203k on unrestricted funds, net restricted income of £1,183k and endowment income of £16k.

The *net expenditure* of £1,203k on unrestricted funds, before gains on investments, includes expenditure of £576k from designated funds in relation to legacy spend and fixed asset reserves. The *net income* from restricted funds of £1,183k is in relation to restricted project income to be spent in 2019-20.

The *net expenditure* of £4k is before net gains on investments of £1,373k (2017-18: £510k) giving an overall *net income* of £1,369k for 2018-19 (2017-18: £241k).

Income and endowments

Overall *income and endowments* increased by £328k from £11.2m to £11.5m. The RSA's principal funding sources are its Fellows, trading through RSA House and income generated from a wide range of stakeholders for ARC projects, including grants and sponsorship, and investment income. The main growth in income came from funding for our *Program of projects* with an increase of £717k (2017-18: £500k) and *Donations and legacies* (including Fellowship income) £244k (2017-18: nil) with a reduction in income from *Trading Activities* of £627k (2017-18: £400k), as expected following the refurbishment project of the RSA House which impacted on sales.

Under *Donations and legacies*, the increase of £410k (2017/18: £200k) in Fellowship donations reflects an increase in Fellows and an increase in Gift Aid returns.

Other donations and legacies reduced by £165k to £122k (2017-18: £287k) and included donations of £67k (2017-18: £262k) for the House redevelopment and £13k from individual donations. We are very grateful for these generous contributions to the work of the RSA.

Income from trading activities includes the trading activities of RSA Adelphi Enterprises Limited ('RSA Adelphi') and RSA Shipley Enterprises Limited ('RSA Shipley'). RSA Adelphi operates all the function spaces within John Adam Street, providing accommodation for business meetings, social and corporate events and weddings. RSA Shipley offers consultancy services. The level of activity for RSA Adelphi was reduced by the impact of the House redevelopment, which was completed in October 2018. The profits of each trading company are given back to the RSA under Gift Aid.

Investment income was £671k (£2017-18: £718k).

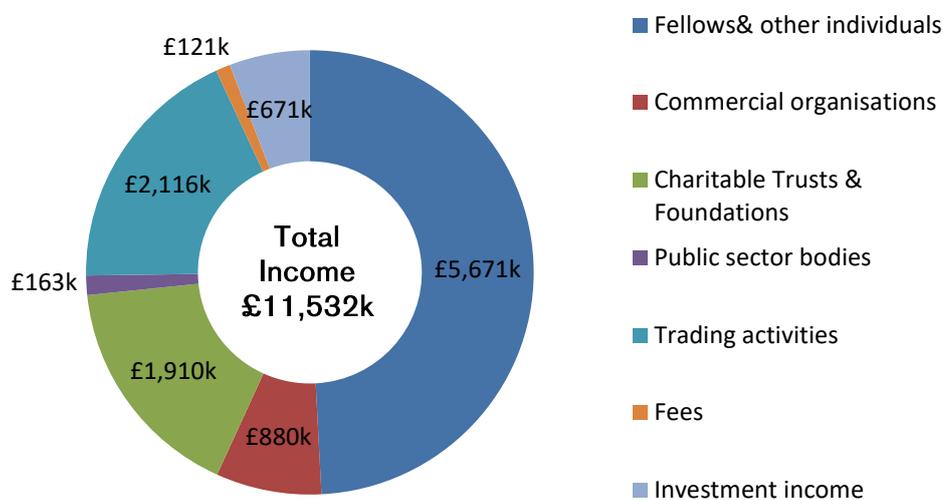
Income from charitable activities increased by £757k to £3.2m this year as we successfully repositioned ARC to work on larger, longer-term projects with funding from a wide range of sources. Funds raised for *Lectures and events* and the *Regional and network activities* also increased by £21k this year and are included in the above.

Expenditure

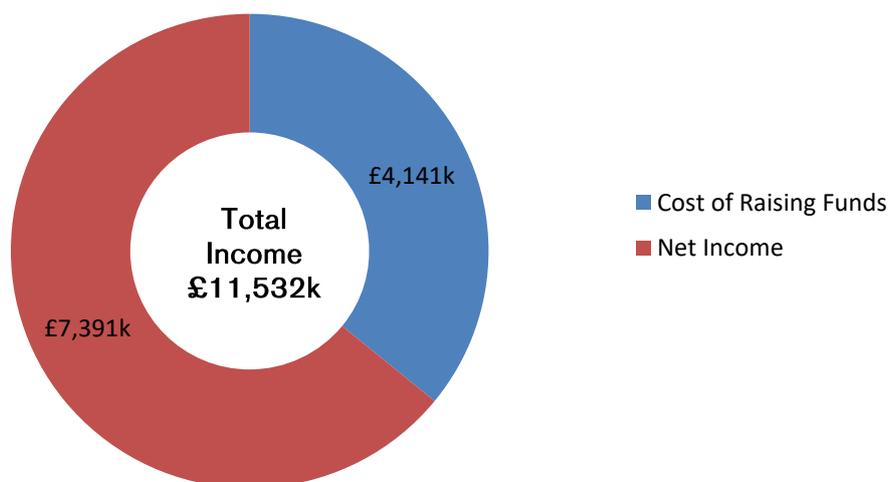
Total expenditure remained consistent with the previous year at £11.5m (2017-18: £11.5m). *Expenditure on raising funds*, excluding trading, decreased by £79k. *Expenditure on trading activities* increased by £103k due to increased depreciation in relation to the House development project.

Expenditure on charitable activities remained consistent at £7.4m (2017-18: £7.4m). Charitable expenditure represents 85% of total expenditure (excluding trading operations) in line with the previous year.

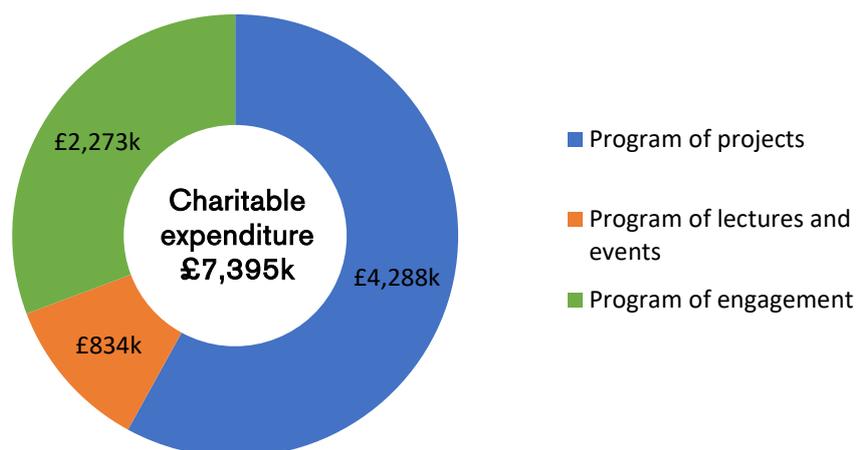
Where our income comes from



Cost of raising funds



How we spent our charitable funds



Investments and investment policy

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

Of those funds invested in securities, the majority were moved in July 2018, to be invested in the COIF Ethical Charities Investment Fund (a move from the CCLA's ordinary COIF Fund), which aims to provide a long-term total return comprising growth in capital and distributions. The portfolio is an actively managed, diversified portfolio of assets designed to help protect both present and future beneficiaries from the effects of inflation. It consists primarily of equities but also includes property, bonds and other asset classes.

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

The RSA as part of its move to the Ethical COIF Fund received 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 gains in the market value of investment funds of £1,373k (2017-18: £510k).

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. Investment returns are required to fund the RSA's charitable activities; the policy also seeks to maintain an acceptable ratio between free reserves and the level of unrestricted cash expenditure.

Closing unrestricted funds comprise of a general fund reserve of £8.4m (2017-18: £6.2m); a designated legacy reserve of £0.8m (2017-18: £0.8m) and a designated fixed asset

reserve of £8m (2017-18: £7.9m), totalling £17.3m (2017-18: £14.9m). The designated fixed asset reserve is to fund the investment in the freehold property in John Adam Street and building improvements to that property. The funds in the designated legacy reserve are for those legacies received by the RSA which, whilst technically unrestricted, include clear preferences expressed by the legators as to how the funds might be utilised. These are used to support the early stages of specific projects within the Action & Research Centre, allowing us to produce short pieces of work which form the basis for gaining wider fundraising and support. This year we used £83k 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. £2.5m was transferred to general funds during 2018-19. Repayment of the loan will commence in 2020 and will take place over the following 13 years, paid for by the return on the redevelopment of the house.

Free reserves are defined as unrestricted funds, unexpended Shipley restricted income funds, less the fixed assets and the designated legacy reserve. The calculation of free reserves reflects those funds that the RSA could draw on in a situation of serious need. Unrestricted cash expenditure represents the operating costs for the year, less the charge for depreciation, 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 £7.3m, with a cover position of 11 months (2017-18: 13 months). The free reserves cover is calculated by comparing free reserves with current levels of unrestricted expenditure excluding relevant hospitality costs, designated expenditure, depreciation and amortisation.

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

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 sets programme deliverables and the appropriate method of delivery will be determined within that programme's budget. Where grants are appropriate as a funding mechanism, the RSA sets out specific entitlement criteria for each programme at its launch. These criteria vary from programme to programme and are made available on the RSA's website where open calls are invited.

Applications are then assessed against these criteria and awards made considering: funds available, ability to deliver the objectives of the programme, and the quality of applications. The period for which grants are awarded depends upon the programme but typically lasts

under one year. Grants are monitored regularly, and appropriate progress reports are required from recipients. Grants approved and payable during 2018-19 included £93k for grants to Fellows for catalyst projects, £147k to our international affiliates, £100k for RSA Academies and £284k for projects including Student Design Award grants.

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. An example in 2017-18 was 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. All such applications are reviewed by the RSA with funds received directly by the RSA. No third-party fundraisers are used by the RSA.

The RSA monitors fundraising compliance through its own internal audit processes; in 2017-18 it completed a full review of those processes as part of its General Data Protection Policy process. All third parties working with the RSA are required to sign and indemnify the RSA through a data sharing agreement where data is shared. It is the RSA's policy not to share the data of its Fellows without consent, except where necessary, for example with its mailing house to enable Fellows to receive copies of the journal or governance mailings, such as for the renewal of subscriptions or voting as part of the annual AGM.

OBJECTIVES, GOVERNANCE AND MANAGEMENT

Our Charitable Objects

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

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

The Trustee Board

The Board of Trustees is the governing body of the RSA and consists of up to 12 members, of which five are directly elected to the Board by the Fellowship, a further two by the Fellowship Council from within their number, and up to five Fellows elected by the Board. Trustees are elected or appointed for a three-year term, and may serve a second three-year term, save for Fellowship Council Trustees who serve for the currency of the Fellowship Council, which is two years. The Board met four times during 2018-19, as well attending an additional annual away day. Day-to-day management of the RSA is delegated to the Executive Team by the Trustees; the Executive Team attend all Board meetings.

The Board has established three permanent committees, each with specific terms of reference and functions 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. In addition, the Board created a House Works Committee in 2016 for the purposes of managing the updating and redevelopment of the three lower floors of 8 John Adam Street; this Committee was disbanded following the successful completion of the redevelopment. The Chief Executive and Chief Operating Officer attend all committee meetings save for the House Works Committee, which the Chief Executive did not attend. The external auditors attend one meeting a year of the Audit and Risk Committee.

The Board appoints the directors of the RSA's two trading subsidiaries, RSA Adelphi Enterprises Ltd, which has one external non-executive director, and RSA Shipley Enterprises Ltd. 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 Bye-Laws 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 2018/19 were:

| | 2016-2018 | 2018-2020 |
|---------------------------------------|--|--|
| Specialism | Thematic Councillors | |
| Creative Learning and Development | Lucy Griffiths, Alex Bell | Lucy Griffiths, Chris McLean |
| Economy, Enterprise and Manufacturing | Ian Coleman, Eric Woodcock | Jan Floyd-Douglass, Ann Thorpe |
| Public Services and Communities | Steve Trevillion, Lorna Prescott | Claire Haigh, Brian McLeish |
| Area | Area Councillors | |
| Central | Edward Boott, Hasmita Chavada, Peter Clitheroe | Peter Clitheroe, Jay Singh-Sohal, Rachel Sharpe |
| Ireland | Kieran McGeown, Suzanne Lyle | Kieran McGeown, Suzanne Lyle |
| London | Bhavani Esapathi, Judy Rees, Amy Pryor | Bhavani Esapathi, Kuki Taylor, Ann Longley |
| North | Rod Hyde, Sharon Jandu, Pauline Moger | Sharon Jandu, Pamela Ball, Maurice Ward |
| Scotland | Rachael Brown, Tanya Hine | Neil McLennan, Lesley Martin |
| South East | Maurizio Fantato, Caroline Clark, Clem Henricson | Caroline Clark, Don Mclaverty, Jim Zalles |
| South West | Alan Bec, Chris Luffingham, Michelle Preston | Michelle Preston, Nick Parker, Stephen Horscroft |
| Wales | Leonie Ramondt, Phill Burton | Leonie Ramondt |
| 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 2018-19 there were no risks marked as 'Immediate and Urgent' or 'High'.

Trading subsidiary risks are monitored both through the respective Boards as well as generally covered by the Group risk management policy and statement. 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 & 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.

The trustees consider the primary long-term risk for the RSA as lying in the competitive and changing environment in which it works and has looked at ensuring its continued role and relevance through the Strategic Review, which was commenced in November 2018 as a collaboration between the Trustee Board and Executive Team.

As 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.

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

Remuneration policy

The RSA operates a broad banded salary structure for all roles including Executive level roles, based on job evaluation and benchmarking using Xpert HR. Pay levels are based upon paying 5% above the median level in order to enable us to attract the high-quality staff that we require. The annual pay settlement is based on an award to reflect 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 % increase). The annual pay review is agreed by the Executive Management 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 page 3, comprise the Key Management Personnel. Executive pay is signed off on an individual basis by the Remuneration Committee based upon individual performance and comparisons provided by Xpert HR's Annual Voluntary Sector Salary Survey for the relevant year.

Statement of Public Benefit

The Trustees confirm that they have complied with the duty 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.

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.

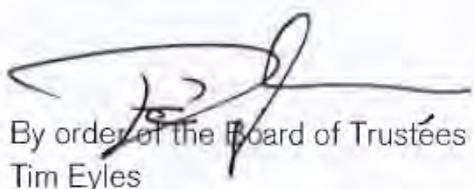
Statement of Trustees' Responsibilities

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
24 July 2019

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 2019 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 2019, and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005, and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is 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; or
- 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 twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we report by exception

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 36, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Our objectives are to obtain reasonable assurance about whether the financial statements 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:

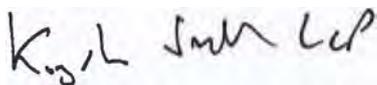
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is enough and appropriate to provide a basis for our opinion. The risk of not detecting a 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.



Kingston Smith LLP, Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

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

GROUP STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2019

| | Notes | General Funds £'000 | Designated Funds £'000 | Restricted Funds £'000 | Endowment Funds £'000 | 2019 Total £'000 | 2018 Total £'000 |
|--|----------|---------------------------|------------------------------|------------------------------|-----------------------------|------------------------|------------------------|
| Income and endowments from: | | | | | | | |
| Donations and legacies | | | | | | | |
| Fellowship donations | | 5,417 | 0 | 0 | 0 | 5,417 | 5,007 |
| Other donations and legacies | | 56 | 0 | 66 | 0 | 122 | 287 |
| Trading activities | | 2,116 | 0 | 0 | 0 | 2,116 | 2,743 |
| Investment income | | 227 | 0 | 428 | 16 | 671 | 718 |
| Charitable activities | | | | | | | |
| Program of projects | | 526 | 0 | 2,550 | 0 | 3,076 | 2,360 |
| Program of lectures and events | | 51 | 0 | 0 | 0 | 51 | 31 |
| Regional and network activities | | 3 | 0 | 0 | 0 | 3 | 4 |
| Other income | | 75 | 0 | 0 | 0 | 75 | 54 |
| Total income | 2 | 8,472 | 0 | 3,044 | 16 | 11,532 | 11,204 |
| Expenditure on: | | | | | | | |
| Raising funds | | | | | | | |
| Fellowship administration | | 1,216 | 25 | 0 | 0 | 1,241 | 1,253 |
| Other | | 21 | 0 | 2 | 0 | 23 | 89 |
| Trading activities | | 2,562 | 315 | 0 | 0 | 2,877 | 2,775 |
| Charitable activities | | | | | | | |
| Programme of projects | | 2,261 | 171 | 1,856 | 0 | 4,288 | 4,516 |
| Programme of lectures and events | | 817 | 17 | 0 | 0 | 834 | 648 |
| Programme of engagement | | 2,222 | 48 | 3 | 0 | 2,273 | 2,192 |
| Total expenditure | 3 | 9,099 | 576 | 1,861 | 0 | 11,536 | 11,473 |
| Net income/(expenditure) before net gains/(losses) on investments | | (627) | (576) | 1,183 | 16 | (4) | (269) |
| Net gains/(losses) on investments | 8 | 368 | 86 | 145 | 774 | 1,373 | 510 |
| Net income/(expenditure) | | (259) | (490) | 1,328 | 790 | 1,369 | 241 |
| Transfers between funds | 11 | 2,500 | 608 | (581) | (2,527) | - | - |
| Net movement of funds | | 2,241 | 118 | 747 | (1,737) | 1,369 | 241 |
| Reconciliation of funds | | | | | | | |
| Total funds brought forward | | 6,179 | 8,723 | 3,086 | 12,309 | 30,297 | 30,056 |
| Total funds carried forward | | 8,420 | 8,841 | 3,833 | 10,572 | 31,666 | 30,297 |

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 2019

| | 2019 £'000 | 2018 £'000 |
|---|---------------|---------------|
| Reconciliation of net cash provided by/(used in) operating activities | | |
| Net incoming/(outgoing) resources for the year before net gains / (losses) on investments | (4) | (269) |
| Interest received and income from investments | (671) | (718) |
| Depreciation | 599 | 462 |
| Amortisation | 151 | 276 |
| (Increase)/Decrease in debtors | 159 | 67 |
| (Increase)/Decrease in stock | (3) | 5 |
| Increase/(Decrease) in creditors | 149 | 244 |
| Net cash provided by (used in) operating activities | 379 | 67 |
| Cashflows from investing activities | | |
| Dividend, interest and rents from investments | 671 | 718 |
| Proceeds from sale of property, plant and equipment | 0 | 0 |
| Purchase of property, plant and equipment | (3,375) | (810) |
| Proceeds from sale of investments | 0 | 2,500 |
| Purchase of investments | (43) | (8) |
| (Increase)/Decrease in cash held in portfolio | 2,500 | (2,500) |
| Net cash provided by (used in) investing activities | (246) | (100) |
| Cash and cash equivalents at the beginning of the reporting period | 1,904 | 1,937 |
| Cash and cash equivalents at the end of the reporting period | 2,037 | 1,904 |

GROUP AND CHARITY BALANCE SHEETS
FOR THE YEAR ENDED 31 MARCH 2019

| | Notes | Group 2019 £'000 | Group 2018 £'000 | RSA 2019 £'000 | RSA 2018 £'000 |
|---|-------|------------------------|------------------------|----------------------|----------------------|
| Fixed assets | | | | | |
| Intangible assets | 7 | 271 | 268 | 271 | 268 |
| Tangible fixed assets | 7 | 11,072 | 8,451 | 11,072 | 8,451 |
| Investments | 8 | 18,768 | 19,851 | 18,768 | 19,851 |
| | | 30,111 | 28,570 | 30,111 | 28,570 |
| Current assets | | | | | |
| Stocks | | 16 | 12 | 0 | 4 |
| Debtors | 9 | 1,331 | 1,491 | 1,165 | 1,134 |
| Short term deposits and cash at bank | | 2,037 | 1,904 | 1,299 | 1,713 |
| | | 3,384 | 3,407 | 2,464 | 2,851 |
| Creditors: amounts falling due within one year | 10 | (1,724) | (1,676) | (1,201) | (1,398) |
| Net current assets | | 1,660 | 1,731 | 1,263 | 1,453 |
| Total assets less current liabilities | | 31,771 | 30,301 | 31,374 | 30,024 |
| Creditors: amounts falling due after more than one year | 10 | (105) | (4) | (105) | 0 |
| Total assets less liabilities | | 31,666 | 30,297 | 31,269 | 30,024 |
| Unrestricted funds - charity | 11 | 16,864 | 14,629 | 16,864 | 14,629 |
| Unrestricted funds - trading subsidiaries | 11 | 397 | 273 | 0 | 0 |
| Restricted funds | 11 | 3,833 | 3,086 | 3,833 | 3,086 |
| Endowment funds | 11 | 10,572 | 12,309 | 10,572 | 12,309 |
| Total funds | | 31,666 | 30,297 | 31,269 | 30,024 |

The Financial Statements were approved by the Board of Trustees on 24 July 2019 and were signed on its behalf by:



Tim Eyles
Chair



Stephen Gleadle
Treasurer

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2019

1. Accounting policies

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

Basis of preparation

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

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

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

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

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

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

Going Concern

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

Income and endowments

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

Expenditure

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

Operating Leases

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

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2019 CONTINUED

Intangible assets and amortisation

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

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2019 CONTINUED

Funds

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

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

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

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. Repayment of the loan will commence in 2019. Charity commission have given us up to 2023 to 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 which is estimated using a combination of the milestones in the agreement and the time spent to date compared to the total time expected to be required to undertake the agreement. Estimates of the total time required to undertake the agreement are made on a regular basis and subject to management review. These estimates may differ from the actual results due to a variety of factors such as efficiency of working, accuracy of assessment of progress to date and client decision making. See notes 9 and 10 for disclosure of the amount by which revenue exceeds progress billing (accrued income) or billing exceeds revenue (deferred income).

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2019 CONTINUED

2. Income and endowments

Split of income

2019

| | Donations and legacies | Income from other trading activities | Investment income | Program of projects | Program of lectures & events | Regional and network activities | Other income | 2019 Total |
|------------------------------------|---------------------------------------|---|------------------------------|------------------------------------|---|--|-------------------------|-----------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Fellowship | 5,417 | 0 | 0 | 0 | 0 | 0 | 0 | 5,417 |
| Donations & legacies (individuals) | 117 | 0 | 0 | 134 | 2 | 0 | 0 | 253 |
| Commercial organisations | 5 | 0 | 0 | 847 | 28 | 0 | 0 | 880 |
| Charitable trusts & foundations | 0 | 0 | 0 | 1,910 | 0 | 0 | 0 | 1,910 |
| Public sector bodies | 0 | 0 | 0 | 163 | 0 | 0 | 0 | 163 |
| Trading activities | 0 | 2,116 | 0 | 0 | 0 | 0 | 0 | 2,116 |
| Fees income | 0 | 0 | 0 | 22 | 21 | 3 | 75 | 121 |
| Dividends, interest & rent income | 0 | 0 | 671 | 0 | 0 | 0 | 0 | 671 |
| | 5,539 | 2,116 | 671 | 3,076 | 51 | 3 | 75 | 11,532 |

2018

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

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, £1,931k (2017/18: £2,531k).

From RSA Shipley Enterprises Ltd., for the provision of consultancy services, £96k (2017/18: £212k).

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

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

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

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2019 CONTINUED

3. Expenditure

| | Direct costs - staff cost £'000 | Direct costs - other £'000 | Apportioned support £'000 | 2019 Total £'000 |
|----------------------------------|---------------------------------------|----------------------------------|---------------------------------|---------------------|
| 2019 | | | | |
| Expenditure on: | | | | |
| Raising funds | | | | |
| Fellowship administration | 630 | 345 | 266 | 1,241 |
| Other | 11 | 7 | 5 | 23 |
| Trading activities | 1,166 | 780 | 931 | 2,877 |
| Charitable activities | | | | |
| Program of projects | 2,047 | 1,341 | 900 | 4,288 |
| Program of lectures and events | 480 | 174 | 180 | 834 |
| Program of engagement | 885 | 955 | 433 | 2,273 |
| Total expenditure | 5,219 | 3,602 | 2,715 | 11,536 |
| | | | | |
| | Direct costs - staff cost £'000 | Direct costs - other £'000 | Apportioned support £'000 | 2018 Total £'000 |
| 2018 | | | | |
| Expenditure on: | | | | |
| Raising funds | | | | |
| Fellowship administration | 617 | 337 | 299 | 1,252 |
| Other | 7 | 73 | 9 | 89 |
| Trading activities | 1,360 | 769 | 646 | 2,775 |
| Charitable activities | | | | |
| Program of projects | 1,917 | 1,607 | 992 | 4,516 |
| Programme of lectures and events | 374 | 46 | 228 | 648 |
| Program of engagement | 812 | 933 | 447 | 2,192 |
| | 5,087 | 3,765 | 2,621 | 11,473 |

Direct costs are allocated to categories of activity as follows:

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

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

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

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

The external audit fee was £29k (2017/18: £27k to Kingston Smith; £3k to haysmacintyre). Fees paid to the auditors for non audit services were £3k (2017/18: £2k to Kingston Smith; £2k to haysmacintyre).

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

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

Analysis of Apportioned Support Costs

| | 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 | 2019 Total £'000 |
|------------------------|---------------------------------------|--|--------------------------------|-----------------------------------|---|-------------------------------------|---------------------|
| 2019 | | | | | | | |
| Establishment | 66 | 0 | 793 | 230 | 44 | 125 | 1,258 |
| Executive management | 24 | 5 | 16 | 87 | 29 | 46 | 207 |
| Finance | 36 | 0 | 24 | 118 | 22 | 53 | 253 |
| Human resources | 50 | 0 | 35 | 165 | 30 | 74 | 354 |
| Information technology | 51 | 0 | 36 | 170 | 31 | 77 | 365 |
| Governance | 39 | 0 | 27 | 130 | 24 | 58 | 278 |
| 2018 Total | 266 | 5 | 931 | 900 | 180 | 433 | 2,715 |
| | | | | | | | |
| | Fellowship administration £'000 | Other expenditure on raising funds £'000 | Trading activities £'000 | Programme of projects £'000 | Programme of lectures and events £'000 | Programme of engagement £'000 | 2018 Total £'000 |
| 2018 | | | | | | | |
| Establishment | 105 | 0 | 497 | 355 | 66 | 170 | 1,193 |
| Executive management | 40 | 9 | 25 | 165 | 71 | 76 | 386 |
| Finance | 39 | 0 | 32 | 120 | 23 | 51 | 265 |
| Human resources | 45 | 0 | 36 | 137 | 26 | 59 | 303 |
| Information technology | 54 | 0 | 43 | 165 | 32 | 70 | 364 |
| Governance | 16 | 0 | 13 | 50 | 10 | 21 | 110 |
| Charitable Activities | 299 | 9 | 646 | 992 | 228 | 447 | 2,621 |

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2019 CONTINUED

4. Trustee and staff costs

Trustees

Members of the Trustee Board and committees do not receive any remuneration for their services. Travel expenses were reimbursed to 9 (2017/18: 9) Trustees and amounted to £11k (2017/18: £11k). Charitable funds have been used to buy indemnity insurance for Trustees at a cost of £7k (2017/18: £7k).

Staff

The headcount during the year was 168 (2017/18: 114), with 18 (2017/18: 8) being staff on casual contracts who assist with public lectures and front of house services. The average number of staff employed during the year on a full time equivalent basis was 108 (2017/18: 105). This was split across the organisation as follows:

| | 2019 | 2018 |
|----------------------------------|-------------|-------------|
| Expenditure on raising funds | 12 | 12 |
| Trading activities* | 8 | 10 |
| Programme of projects | 39 | 37 |
| Programme of lectures and events | 7 | 7 |
| Programme of engagement | 18 | 16 |
| Support departments | 24 | 23 |
| | 108 | 105 |

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

The cost of these individuals was as follows:

| | 2019 | 2018 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Salaries | 4,517 | 4,170 |
| Employer's National Insurance contributions | 452 | 424 |
| Pension contributions | 362 | 341 |
| | 5,331 | 4,935 |
| Agency Staff costs | 127 | 178 |
| Total Staff Costs | 5,458 | 5,113 |

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

| | 2019 | 2018 |
|----------------------|-------------|-------------|
| £60,001 to £70,000 | 2 | 3 |
| £70,001 to £80,000 | 2 | 0 |
| £80,001 to £90,000 | 3 | 5 |
| £90,001 to £100,000 | 1 | 0 |
| £100,001 to £110,000 | 0 | 0 |
| £110,001 to £120,000 | 0 | 0 |
| £120,001 to £130,000 | 1 | 1 |

The number of higher paid employees accruing pension benefits was:

| | 2019 | 2018 |
|------------------------------|-------------|-------------|
| Defined contributions scheme | | |
| - group personal pension | 9 | 9 |

The total contributions paid by the RSA into the defined contribution scheme for higher paid employees was £69k (2017/18: £72k). The cost of key management personnel, defined as members of the Executive team, including pension contributions by the RSA was £651k (2017/18: £667k).

Termination payments for the year totalled £28k (2017/18: £5k).

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2019 CONTINUED

5. Grants / Awards Paid & Payable

| | 2019 <i>£'000</i> | 2018 <i>£'000</i> |
|---|----------------------|----------------------|
| Grant creditor at 1 April | 54 | 24 |
| Grants approved before 31 March and payable within one year | 643 | 1,021 |
| Grants paid/released during the year | (663) | (991) |
| Grant creditor at 31 March | <u>34</u> | <u>54</u> |
| Grants | | |
| Grants to Fellows, including Catalyst Grants | 92 | 104 |
| Grants International Affiliates | 166 | 125 |
| Grants Programme of Projects | 258 | 628 |
| Grants RSA Academies | 100 | 135 |
| Awards Student Design Awards | 27 | 29 |

The total number of grant recipients was 96 (2018: 70), including the following institutions in receipt of grants totalling more than £100k:

| | |
|--------------------------------|-----|
| RSA Academies | 100 |
| Education Endowment Foundation | 200 |

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:

| | 2019 <i>£'000</i> | 2018 <i>£'000</i> |
|---|----------------------|----------------------|
| Within 1 year | 14 | 17 |
| Total commitment, including amounts payable within 1 year | 30 | 46 |

The rental expense charged to the Statement of Financial Activities for the year was £17k (2018: £9k).

7a. Intangible Fixed Assets

| | <i>Computer Software £'000</i> |
|--------------------------|--|
| Cost or valuation | |
| As at 1 April 2018 | 428 |
| Additions | 155 |
| Disposals | 0 |
| As at 31 March 2019 | <u>583</u> |
| Amortisation | |
| As at 1 April 2018 | 161 |
| Charge for the year | 151 |
| Disposals | 0 |
| As at 31 March 2019 | <u>312</u> |
| Net Book Values | |
| As at 31 March 2019 | 271 |
| As at 1 April 2018 | <u>267</u> |

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2019 CONTINUED

| 7b. Tangible Fixed Assets | <i>Freehold premises</i> | <i>Building Improvements</i> | <i>Furniture & fittings</i> | <i>Pictures, books & antiques</i> | <i>Total</i> |
|---------------------------|------------------------------|----------------------------------|-------------------------------------|---|---------------|
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Cost or valuation | | | | | |
| As at 1 April 2018 | 4,195 | 7,958 | 355 | 33 | 12,541 |
| Additions | 765 | 2,227 | 228 | 0 | 3,220 |
| Disposals | (3) | (154) | (7) | 0 | (164) |
| As at 31 March 2019 | 4,957 | 10,031 | 576 | 33 | 15,597 |
| Depreciation | | | | | |
| As at 1 April 2018 | 675 | 3,208 | 207 | 0 | 4,090 |
| Charge for the year | 26 | 466 | 107 | 0 | 599 |
| Disposals | (3) | (154) | (7) | 0 | (164) |
| As at 31 March 2019 | 698 | 3,520 | 307 | 0 | 4,525 |
| Net Book Values | | | | | |
| As at 31 March 2019 | 4,259 | 6,511 | 269 | 33 | 11,072 |
| As at 1 April 2018 | 3,520 | 4,750 | 148 | 33 | 8,451 |

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

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

8. Investment assets

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

| Analysis of Investment assets | <i>Unrestricted Funds</i> | <i>Restricted Funds</i> | <i>Endowment Funds</i> | <i>2019 Total</i> | <i>2018 Total</i> |
|---|-------------------------------|-----------------------------|----------------------------|-------------------|-------------------|
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| UK | 1,157 | 368 | 1,966 | 3,491 | 3,170 |
| Overseas | 3,265 | 1,038 | 5,550 | 9,853 | 9,544 |
| Alternative investments | 1,219 | 388 | 2,072 | 3,679 | 3,101 |
| Freehold property | 341 | 109 | 582 | 1,032 | 635 |
| Bank deposits | 236 | 75 | 402 | 713 | 3,401 |
| | 6,218 | 1,978 | 10,572 | 18,768 | 19,851 |
| Analysis of movement of investment assets | <i>Unrestricted Funds</i> | <i>Restricted Funds</i> | <i>Endowment Funds</i> | <i>2019 Total</i> | <i>2018 Total</i> |
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Investments at 1 April 2018 | 5,740 | 1,803 | 12,309 | 19,852 | 19,333 |
| Net withdrawals | 0 | 0 | (2,527) | (2,527) | 0 |
| Net additions | 24 | 30 | 16 | 70 | 8 |
| Revaluation gain/(loss) | 454 | 145 | 774 | 1,373 | 510 |
| Investments at 31 March 2019 | 6,218 | 1,978 | 10,572 | 18,768 | 19,851 |
| Revaluation gain/(loss) 2018 | 118 | 37 | 355 | 510 | |

Shipleigh Expendable Endowment Fund was used in order to fund the redevelopment of the RSA House. £2.5m was transferred to general funds during 2018-19. Repayment of the loan will commence in 2019. Charity commission have given us up to 2023 to be paid for by the return on the redevelopment of the house.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2019 CONTINUED

9. Debtors

| | <i>Group</i> | <i>Group</i> | <i>RSA</i> | <i>RSA</i> |
|-----------------------------------|--------------|--------------|--------------|--------------|
| | <i>2019</i> | <i>2018</i> | <i>2019</i> | <i>2018</i> |
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Trade debtors | 732 | 686 | 530 | 329 |
| Prepayments | 218 | 150 | 212 | 144 |
| Accrued income | 72 | 319 | 68 | 298 |
| Other debtors | 310 | 336 | 310 | 336 |
| Owed by RSA Adelphi \ RSA Shipley | 0 | 0 | 45 | 27 |
| | 1,331 | 1,491 | 1,165 | 1,134 |

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

10. Creditors: amounts falling due within one year

| | <i>Group</i> | <i>Group</i> | <i>RSA</i> | <i>RSA</i> |
|--|--------------|--------------|--------------|--------------|
| | <i>2019</i> | <i>2018</i> | <i>2019</i> | <i>2018</i> |
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Trade creditors | 370 | 305 | 322 | 304 |
| Accruals | 205 | 251 | 188 | 237 |
| Deferred project income | 446 | 653 | 446 | 651 |
| Taxation and social security | 127 | 129 | 127 | 129 |
| Other creditors | 194 | 103 | 118 | 77 |
| RSA Hospitality income received in advance | 382 | 235 | 0 | 0 |
| | 1,724 | 1,676 | 1,201 | 1,398 |

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

Creditors: amounts falling due after more than one year

| | <i>Group</i> | <i>Group</i> | <i>RSA</i> | <i>RSA</i> |
|--|--------------|--------------|--------------|--------------|
| | <i>2019</i> | <i>2018</i> | <i>2019</i> | <i>2018</i> |
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| RSA Hospitality income received in advance | 105 | 4 | 105 | 0 |

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2019 CONTINUED

11. Funds

| | Balance | Income | Expended | Gain/(loss) | Transfers | Balance |
|---|---------------|---------------|-----------------|--------------|----------------|---------------|
| | 1 April 2018 | | | | | 31 March |
| | £'000 | £'000 | £'000 | £'000 | £'000 | 2019 |
| | | | | | | £'000 |
| Unrestricted funds | | | | | | |
| Designated fixed asset reserve | 7,919 | 0 | (493) | 0 | 608 | 8,034 |
| Designated legacy reserve | 804 | 0 | (83) | 86 | 0 | 807 |
| General reserve | 6,179 | 8,472 | (9,099) | 368 | 2,500 | 8,420 |
| | 14,902 | 8,472 | (9,674) | 454 | 3,108 | 17,261 |
| Restricted income funds | | | | | | |
| Programs | 154 | 2,551 | (1,856) | 0 | 0 | 849 |
| ShIPLEY Fund | 1,681 | 385 | 0 | 90 | 27 | 2,182 |
| Vaults appeal fund | 351 | 0 | 0 | 0 | (351) | 0 |
| House Redevelopment Fund | 193 | 66 | (2) | 0 | (257) | 0 |
| <u>Individual Trusts greater than £5k:</u> | | | | | | |
| Edward Boyle Fund | 108 | 4 | 0 | 8 | 0 | 120 |
| Edward Squires Fund | 70 | 5 | 0 | 10 | 0 | 84 |
| Dick Onians Lecture Trust | 71 | 3 | 0 | 6 | 0 | 80 |
| James Cranstoun Bequest | 62 | 13 | 0 | 0 | 0 | 75 |
| F H Andrews Bequest | 15 | 1 | 0 | 1 | 0 | 17 |
| General Award Fund | 114 | 6 | 0 | 12 | 0 | 132 |
| General Lecture Fund | 228 | 9 | 0 | 18 | 0 | 256 |
| Angus Millar Trust | 38 | 2 | (3) | 0 | 0 | 37 |
| | 3,086 | 3,044 | (1,861) | 145 | (581) | 3,833 |
| Endowment funds | | | | | | |
| ShIPLEY Expendable Endowment | 11,900 | 15 | 0 | 741 | (2,527) | 10,129 |
| <u>Individual Trusts greater than £10k:</u> | | | | | | |
| James Cranstoun Bequest - End | 354 | 1 | 0 | 28 | 0 | 383 |
| Angus Millar Trust - End | 55 | 0 | 0 | 5 | 0 | 60 |
| | 12,309 | 16 | 0 | 774 | (2,527) | 10,572 |
| Total Reserves | 30,297 | 11,532 | (11,536) | 1,373 | 0 | 31,666 |

b) Restricted income funds

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

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

The Vaults Appeal Fund was utilised in financing the capital expenditure associated with the Vaults development in 1989. The House Redevelopment Fund included net income raised to finance the capital expenditure associated with the House Redevelopment. These funds have now been reclassified as part of the Designated Fixed Asset reserve upon completion of the project, the assets are depreciated and charged to the fund.

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

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

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. £27k income arising from the expendable endowment was transferred to restricted funds in accordance to the requirements of the funds. Please refer to note 8 on investment assets.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2019 CONTINUED

11. Funds (continued)

d) Analysis of net assets between funds

| 2019 | Tangible & Intangible Fixed Assets £'000 | Investments £'000 | Current Assets £'000 | Liabilities £'000 | Fund Balances £'000 |
|--------------------------------|---|----------------------|-------------------------|----------------------|------------------------|
| Unrestricted funds | | | | | |
| Designated fixed asset reserve | 8,034 | 0 | 0 | 0 | 8,034 |
| Designated legacy reserve | 0 | 807 | 0 | 0 | 807 |
| General reserve | 3,309 | 5,411 | 1,529 | (1,829) | 8,420 |
| | 11,343 | 6,218 | 1,529 | (1,829) | 17,261 |
| Restricted income funds | 100 | 1,978 | 1,855 | 0 | 3,833 |
| Endowment funds | | | | | |
| Expendable | 0 | 10,129 | 0 | 0 | 10,129 |
| Permanent | 0 | 443 | 0 | 0 | 443 |
| | 0 | 10,572 | 0 | 0 | 10,572 |
| Total funds | 11,343 | 18,768 | 3,384 | (1,829) | 31,666 |

12. Pension schemes

The Consolidated Statement of Financial Activities includes contributions by the Charity to the Group Personal Pension scheme of £362k (2018: £341k).

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 £5k in the year to 31st March 2019.

15. Subsidiary undertakings

a) RSA Adelphi Enterprises Limited

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

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

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

| | 2019 £'000 | 2018 £'000 |
|------------------------------|---------------|---------------|
| Turnover | 2,027 | 2,623 |
| Cost of sales | (1,492) | (1,639) |
| Gross profit | 535 | 984 |
| Other expenses | (172) | (781) |
| Net profit | 363 | 203 |
| Bank interest | 0 | 0 |
| Gift Aid paid to RSA | (203) | (448) |
| Net movement in funds | 160 | (245) |

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2019 CONTINUED

15. Subsidiary undertakings cont'd

ii) Summary of balance sheet for RSA Adelphi Enterprises Ltd

| | 2019 £'000 | 2018 £'000 |
|---------------------------------|---------------|---------------|
| <u>Current Assets:</u> | | |
| Stocks | 16 | 7 |
| Debtors | 195 | 257 |
| Cash | 661 | 180 |
| Owed by Group | 10 | 16 |
| | 882 | 460 |
| <u>Creditors:</u> | | |
| Creditors | 48 | 2 |
| Advance deposit receipts | 336 | 238 |
| Others | 134 | 17 |
| | 518 | 257 |
| Net assets/Share capital | 364 | 203 |

b) RSA Shipley Enterprises Limited

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

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

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

| | 2019 £'000 | 2018 £'000 |
|-----------------------|---------------|---------------|
| Turnover | 89 | 212 |
| Cost of sales | (35) | (107) |
| Gross profit | 54 | 104 |
| Other expenses | (20) | (35) |
| Net profit | 34 | 70 |
| Gift Aid paid to RSA | (70) | (5) |
| Net movement in funds | (36) | 65 |

ii) Summary of balance sheet for RSA Shipley Enterprises Ltd

| | 2019 £'000 | 2018 £'000 |
|---------------------------------|---------------|---------------|
| <u>Current Assets:</u> | | |
| Debtors | 17 | 126 |
| Cash | 77 | 10 |
| | 94 | 136 |
| <u>Creditors:</u> | | |
| Creditors | 4 | 21 |
| Advance deposit receipts | 0 | 3 |
| Owed to parent | 56 | 42 |
| | 60 | 66 |
| Net assets/Share capital | 34 | 70 |

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2019 CONTINUED

| c) Reconciliation of subsidiary results to group reporting | 2019 | 2018 |
|--|--------------|--------------|
| <u>Group Reporting:</u> | <i>£'000</i> | <i>£'000</i> |
| Income from other trading activities | 2,116 | 2,743 |
| Expenditure on trading activities - direct costs | (1,945) | (2,129) |
| Contribution to RSA overheads | 171 | 614 |
| Expenditure on trading activities - support costs | (931) | (646) |
| As reported in RSA consolidated financial statements | (760) | (32) |
| Add back support costs apportioned to activity for group reporting purposes | 931 | 646 |
| Add back direct costs incurred by parent allocated to activity for group reporting | 420 | 361 |
| Add back intercompany charges eliminated upon group reporting consolidation | (194) | (702) |
| RSA Adelphi/Shipleigh Enterprises reported profit | 397 | 273 |

| 16. Parent charity result | 2019 | 2018 |
|---|--------------|--------------|
| | <i>£'000</i> | <i>£'000</i> |
| Income and endowments | 9,609 | 9,351 |
| Expenditure | (10,011) | (9,894) |
| Gift Aid income from subsidiaries | 273 | 452 |
| Net income/(expenditure) before net gains/(losses) on investments | (129) | (91) |
| Net gains/(losses) on investments | 1,373 | 511 |
| Net movement of funds | 1,245 | 420 |

17. Financial instruments

| | <i>Group</i> <i>2019</i> <i>£'000</i> | <i>Group</i> <i>2018</i> <i>£'000</i> | <i>RSA</i> <i>2019</i> <i>£'000</i> | <i>RSA</i> <i>2018</i> <i>£'000</i> |
|---|---|---|---|---|
| Carrying amount of financial assets | | | | |
| Debt instruments measured at amortised cost | 1,113 | 1,341 | 953 | 990 |
| Instruments measured at fair value through profit or loss | 18,055 | 16,450 | 18,055 | 16,450 |
| | 19,168 | 17,791 | 19,008 | 17,440 |
| Carrying amount of financial liabilities | | | | |
| Measured at amortised cost | 769 | 659 | 628 | 618 |