



Trustees Annual Report & Financial Statements for the year ended 31 March 2011

Impact Report 2011

ADMINISTRATION

Patron

HM The Queen

President

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

Trustees

Luke Johnson (Chair – appointed October 7 2009)
Naaz Coker (Deputy Chair- appointed October 7 2009)
Lord Richard Best (Treasurer – appointed October 7 2009)
Vanessa Harrison (Treasurer – appointed July 13 2010)
David Archer (appointed - March 10 2010)
Sean Blair (retired – December 6 2010)
Kevin Cahill (elected – February 25 2011)
Clive Grinyer (appointed – July 22 2010)
Stephen Lambert (retired – January 11 2011)
Dr David McCoy (retired – December 1 2010)
Zena Martin (appointed – January 12 2010)
Don Pinchbeck (elected – February 25 2011)
Jonathan Rollason (elected – February 25 2011)
Andrew Summers CMG (retired – December 6 2010)
Hanif Virji (appointed – October 7 2009)
Dr Suzy Walton (elected – February 25 2011)

Constitution

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

The RSA is also registered in Scotland -Number SC037784

Auditors

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

Bankers

Coutts & Co
440 The Strand London WC2R 0QS

Pension Consultants

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

Executive Team

Matthew Taylor (Chief Executive)
Stephen King (Chief Operating Officer)
Adam Lent (Programme Director)
Nina Bolognesi (External Affairs Director)
Matthew Bates (Venue Director)

Principal office

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Solicitors

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

Glovers, 6 York Street, London, W1U 6QD

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

Surveyors and Property Consultants

Mellersh & Harding, 4 St Pauls Churchyard, London, EC4M 8AY

Investment Managers

Cazenove, 12 Moorgate, London EC2R 6DA

CHAIRMAN'S STATEMENT

To paraphrase a cliché, the Trustees' three priorities for the RSA are impact, impact, impact. Of course it is important that the books balance, that we improve the organisation's infrastructure, and address governance issues, but in the end we should be judged, and should judge ourselves, by the delivery of our charitable mission.

That is why the Trustees have been pleased by the way RSA Animate has become a global platform for ideas. It is why we have pressed the executive team to build on the fantastic success of the RSA Academy and create a wider family of RSA schools. It is also why the Board enthusiastically supports initiatives such as Catalyst, a small fund which supports Fellows working together in pursuit of the Society's mission. This year has seen Trustees become more involved in a whole variety of the RSA's activities, from partnering our innovative projects, participating in lectures and events and overseeing proposed plans for the refurbishment of the House.

But we are impatient for the Society to achieve even more. The RSA's focus on innovation, our independence, and our combination of ideas and practical action is just what society needs in these challenging times. Entering into my third year as Chairman of Trustees I am determined to build on the progress of recent years and demonstrate that the RSA doesn't just have sound values and thoughts but is contributing to real and important change in the world.

In this task it is vital that we have the support and engagement of our splendid Fellows. Earlier this year, the Board commissioned the first of what will be an annual survey of Fellows' views and experiences of the RSA. The results were encouraging, with a 4 to 1 endorsement for the direction in which the Society is heading: this is now the baseline for us to improve year on year. I am confident that we will.

It only remains for me to thank the two Trustees whose terms of office came to an end during the year: Sean Blair and Andrew Summers, both of whom have served the RSA unstintingly over many years and in many roles; and to Stephen Lambert and David McCoy who were unable to complete their terms due to extremely heavy workloads, but who made very valuable contributions during their time on the Board. I would also like to thank our current Trustees, Fellows and all the staff for making this such a great year for the organisation.

Finally, it would be remiss of me not to conclude with a personal tribute to HRH The Duke of Edinburgh, who is stepping down after 59 years as the Society's President – surely a record that will never be surpassed. His final President's Lecture with Sir David Attenborough was, I hope, a fitting and memorable conclusion to his tenure, which has been marked by his unflagging and constant support to the RSA. We welcome on board as our new President HRH Princess Anne – I am confident she will be a worthy successor.

Luke Johnson

CHIEF EXECUTIVE'S STATEMENT

This was a year of many ups and one or two downs for the RSA, but we emerge from it wiser, stronger, and making a distinctive and important impact on society.

A good starting point for this year's impact report is the role of the RSA as a platform for ideas. Last year I began my report with the big news that one of RSA's Animate films had passed the million views mark. This year we can celebrate nearly twenty million views of RSA lectures around the world. RSA Animate receives praise from all quarters and missed out by a whisker from winning a Webby, the on-line equivalent of an Oscar. The embedding of the new RSA brand – combining the idea of 21st century enlightenment and a new visual identity – is helping to ensure that all our content contributes to a wider and deeper interest in the RSA as an organisation.

These are remarkable achievements and our brilliant Events team is determined to be even more innovative and impactful in the year to come. In addition our website has continued to be a highly visible and popular on-line presence and our ever improving RSA Journal has won several awards. All this is on top of our core programme of 150 plus free public events every year, nearly every one of which is packed out. Amongst many other highlights, this year's programme has featured major speeches by the Prime Minister and the Leader of the Opposition.

One reason for the success of our events programme is the splendid setting offered by our House. The House staff have once again worked successfully against the odds of a sluggish economy and major cuts in public sector events budgets. Under dynamic new leadership the prospects for the House look good and the Board is reviewing the case for new investment in the Great Room and reception areas so that our facilities continue to compete with the best and we are able to make RSA content available at ever better quality to those who can't make it to John Adam Street.

We have much to be proud of in our Projects. Our Tomorrow's Investor report on the failings of the private pension sector received wall-to-wall media coverage and we also got good take-up of the final report of the 2020 Public Service Commission. The key concept of that Commission was 'social productivity': the idea that public services should be judged on their capacity to help individuals and communities meet their own needs. It is proving a powerful idea in these times of austerity and the 2020 team is now a full part of RSA Projects and doing hands on work with local authorities and in important sectors such as further education.

Other parts of the RSA's output may have received less media coverage but they are important, highly rated and influential in their fields. Our multi-strand Peterborough Citizen Power project is very ambitious, ranging from an innovative Civic Commons, our work with schools on an area based curriculum, and the creation of a network of local artists committed to contributing to a local sense of place. Our Whole Person Recovery project works with people with drug and alcohol addiction, engaging them in designing services. It has been praised by many working in the sector and is leading to concrete changes of practice. Meanwhile our Connected Communities research is leading the way in exploring the role of social networks in building individual and civic capacity while our Social Brain work brings its own distinctive approach to the current explosion of interest in brain and behavioural science. Our Design team is carving out a niche around the themes of ingenuity and design for resourcefulness.

A consistent priority for the RSA over recent years has been to engage our Fellowship more fully and to support Fellows in taking forward the RSA's charitable mission. In our research the RSA often talks about the need to tap into the hidden wealth of society; our capacity to be generous, creative and collaborative for social good. Fellowship engagement is the practical expression of this belief. We have made mistakes and learnt important lessons and there are still issues to address around communication and technology.

Overall the progress has been impressive. Fellowship engagement is at an all-time high. This can be

seen in the number of local and special interest groups springing up, in and across regions and the nations, in the growing level of Fellow engagement in our research projects, in the steady flow of impressive bids to our Catalyst fund and in the overwhelmingly positive results of our Fellowship survey. We are now ready to explore embedding a new model of Fellowship in which we seek to understand every Fellow's interests and motivations more fully and to offer all Fellows a route to become activists and leaders in the Fellowship and the wider community. If we succeed in this – and I am determined that we will – we will not just provide the foundation for the Fellowship to be a powerful force for good in the world but also a model for other membership organisations to follow as we seek to create a more capable and responsible population.

There is no glossing over the amount of time and energy consumed by the debates that led up to the Annual General Meeting last year. Lessons were learnt. But the important thing now is to look forward and the Governance Advisory Group – which was set up after a Fellow's motion to the AGM – has come up with a strong set of recommendations that will hopefully enable us to move on from governance debates to focus, as we should, on the RSA's charitable purpose and social impact.

I should end by offering my thanks to both Trustees and staff who have moved on from the RSA last year and to our Operations team whose good work ensures not only the smooth running of the RSA but also, for the fourth year running, a healthy end of year surplus.

The RSA is establishing itself as an organisation that uniquely and powerfully combines thought leadership with social impact and civic innovation. The Society aims to be the kind of organisation the 21st century needs; the next twelve months can see that aspiration become a recognised reality.

Matthew Taylor

PROJECTS

Collaboration for public good

RSA Projects puts enlightened thinking to work in practical ways. Working with Fellows and in partnership with a range of organisations we aim to discover and release untapped human potential for the common good.

By researching, designing and testing new social models, we encourage a more inventive, resourceful and fulfilled society. We encourage our Fellows to get involved in projects, which are action and outcome focused, always linking theory and practice.

The Connected Communities and Citizen Power programmes seek to find new ways of strengthening civic capacity.

The Design Society and Enterprise programmes aim to increase people's resilience and resourcefulness.

RSA Education, including our RSA Academy, provides young people with the life skills they need to thrive in the 21st century.

Our work on Public Services explores innovative ways of empowering service users – particularly the most excluded – to play a greater part in meeting their own needs and in designing services.

The Social Brain project is exploring how knowledge of our own habits, and decisions can change the choices we make.

Connected Communities

The Connected Communities programme explores how social networks (focusing on 'real world' rather than online relationships) can be better understood, visualised and mobilised to help address social and economic problems. In 2010, the second year of the programme, we landed key reports and expanded our work and interests. Following in depth research in neighbourhoods in London and Bristol, *Connected Communities: How social networks power and sustain the Big Society*, explains how communities might be reconceived as social networks and what this means for policy and practice.

One practical innovation to stem from the work in London focuses on individual and social reflexivity. The Connected Communities team has developed a method to 'replay' people's networks to them, explaining how networks operate and how they fit into wider community relationships. The results of this light-touch initiative can be significant: participants reported increasing their sense of belonging and wellbeing, and of gaining access to change-making knowledge and resources by using and growing their networks as a result of our team's feedback.

We are now working in seven sites across England to develop social network approaches to improving the mental wellbeing and inclusion of vulnerable people. Fellows remain at the heart of the programme, which was itself co-developed with Fellows, and have enriched the work through their ideas, research, advice and scrutiny, and action on the ground. Given the strong interest in this programme, we launched our Social Capital Innovation Network, made up predominantly of Fellows, to develop new ideas based on our research. The coming year will see Connected Communities work with Fellows to develop social network based approaches to worklessness.

Social Brain

The Social Brain project brings together research from the neuro and behavioural sciences to produce a new account of human decision-making and behaviour. The year began with the launch of Steer: Mastering our behaviour through instinct, environment and reason, arguing that helping people learn how they make judgements and form habits is an effective and empowering way to encourage positive behavioural change. The report was based on small-scale practical experiments with citizens from South East London who were taught 'Five Steer Principles' which they could apply in everyday situations. Participants reported that changing habits incrementally through re-ordering their social and physical environments was liberating and inspiring. This year, the approach has been refined and tested with police officers. After discussion with Fellows from a number of police forces, a learning programme was developed to see how our ideas could overcome institutional and cultural barriers, and improve relationships between the police and public. The coming 12 months will explore what the Social Brain means for aspirations of a Big Society, and will see foundations built for a new RSA Adaptive Behaviour Unit to be launched at the end of the year.

Whole Person Recovery

After working with some 200 people with substance misuse problems in West Sussex, and a range of other local stakeholders and Fellows, Whole Person Recovery launched its report detailing a new approach to personalised recovery based on the experience of those substance misusers. Fellows have also been at the heart of the project, giving expertise through an advisory group, undertaking research, reforming public services and commissioning in the light of the report, and developing and delivering practical innovation on the ground. As a result of the work, new support for people with substance misuse problems includes a small grants scheme aimed at social and economic inclusion, user-developed training materials for GPs, tools for mapping and connecting people to the recovery resources they need, and radio broadcasting by users. We have also developed local 'Recovery Alliances', bringing together a broad range of local people and organisations who aim to orient their organisations and practice towards helping to spark and sustain recovery, and to reducing the stigma surrounding drug and alcohol misuse.

Tomorrow's Investor

Over the course of the last year the Tomorrow's Investor project has altered the political and commercial debate about the future of private pensions and helped the UK move towards adopting the kind of pension schemes that give savers in Netherlands and Denmark the best value pensions in the world. The aim of the project has always been to challenge the dominant model of private pension provision in the UK and create a broad coalition of support for the adoption of an alternative, collective defined contribution model. The project's findings and recommendations have attracted significant attention and debate in the mainstream media and beyond, including a BBC Panorama investigation. The RSA has created an alliance that spans traditional divides, encompassing the CBI and the TUC, and our proposals are currently being closely examined and considered by senior policymakers.

Design

Design skills represent a form of resourcefulness: a deliberate and practised ability to make something out of what is available. The RSA design work is based on the belief that this resourcefulness could be better distributed – and society enhanced – if design is released from its narrow definition as a professional activity. Our aim is to see more people acquiring design capability. Over the last year the team has generated a timely debate about the broader social role of design at a time of increased interest from policy makers and business leaders. Our Design and Rehabilitation work brought together experts in rehabilitation, occupational therapists, charity directors, disability campaigners and designers to scrutinise the RSA's plans for a design training pilot for people with spinal cord injuries. Our annual design university tutors' workshop was upgraded to a high-level seminar about design education, with keynote speakers from business, policy and the arts. The accompanying pamphlets considered the social implications of new manufacturing technology and the meaning of ingenuity in austere times. Finally, our Resourceful Architect project generated ideas about how architects can innovate in this climate of economic constraint. In 2011/12 RSA Design work will include a focus on secondary school design education.

Practical applications

Design and Rehabilitation aims to teach design to people with spinal cord injuries as a route to independence, resourcefulness and greater control over their lives. In December the RSA hosted a three-day design workshop with the support of Back Up: a bold experiment which sought to develop useful design skills in a short time. Further design training is programmed for later this year at Stoke Mandeville, Sheffield and Glasgow spinal injury centres in partnership with Bucks New University, Sheffield Hallam and Glasgow School of Art.

The 2010-2011 RSA Student Design Awards brought renewed focus to the importance of formal craft and ingenuity in design. Eight briefs covered a range of important social issues, including sustainability, charitable giving, older people and school education. The most popular were Make Something Disappear, where students were asked to use design to tackle issues of over-production and over-consumption, and Modern Age, which addressed how the design of domestic products and spaces could better serve an ageing population. My Favourite Subject asked design students to develop resources for Design and Technology teachers in secondary schools: notably, as a result several design students have elected to go into teacher training. The awards scheme continues to be the leading design competition for young designers looking to apply their skills to real-world problems; 2010-11 entries came from over 65 colleges and universities around the UK as well as a few from new graduates and international students studying in Europe and Asia.

Royal Designers for Industry

2010-11 was an exciting year for the RDIs with the launch of their ambitious 75 Days' project, which celebrated the 75th anniversary of the faculty. The project was launched at the RDI awards ceremony in November and to date, approximately 50 of the RDIs and several Honorary RDIs have signed up, pledging their time and expertise to a variety of RSA projects. At the awards ceremony, five new RDIs were confirmed into the Faculty: Patrick Bellew, environmental engineer; Peter Clegg, sustainable architect; Edward Cullinan, architect and designer; Sir Terence Conran, designer; and David Watkins, jeweller. Now regarded as the highest accolade for designers in the UK, RDI status is awarded annually to those who have achieved sustained excellence in design and made a significant benefit to society.

Citizen Power Peterborough

The Citizen Power Peterborough programme takes a 'whole place' approach to social and civic renewal, comprised of different interventions designed to cultivate the capacity of individual citizens and communities. These interventions include:

- Sustainable Citizenship, which is looking at different ways of making environmental behaviour change easier so that people can develop their own projects for improving environmental sustainability at a local level;
- Recovery Capital, which is exploring how problematic drug and alcohol use can be tackled by developing the personal, social and community resources needed for recovery;
- The Peterborough Curriculum, which seeks to improve young people's understanding of civic participation through education and increase their participation.
- Civic Commons, which is re-thinking the role of local citizens as problem-solvers who come together to discuss, develop and implement locally owned solutions to local challenges including anti-social behaviour and adult social care;
- Arts and social change, which is exploring the role of the arts in creating a sense of belonging and imagination in a place; and
- Change-Makers, which is identifying key individuals who can help to address the social, economic and environmental challenges facing Peterborough.

Achievements

Citizen Power Peterborough is one of the most ambitious RSA projects and has made significant progress in the last year.

The project has succeeded in generating cross-departmental government support and interest from other local authorities. The RSA are in discussion with the Cabinet Office about developing and potentially piloting the 'Community Dividend' policy proposal being developed by the project team.

The Greater Peterborough Partnership (LSP) has asked the project team to help lead the design, development and implementation of their five year public service transformation agenda: the Single Delivery Plan. The different strands of work have successfully been launched and some – the Recovery Capital, Peterborough Curriculum and Civic Commons – have been included as 'key priority projects' within the Plan. The project is also helping to develop a local leadership network of public service innovators.

The Civic Commons is quickly becoming part of the official decision-making structure in the city: each of the seven Neighbourhood Councils will now have satellite Civic Commons' connected to them. This means local people having a greater say over community and city wide level decision making. Meanwhile, the Peterborough Curriculum is being incorporated as a model of learning and working in the city and their public service leaders in the city have committed to rolling out the project across the city in the coming years.

The RSA has set up the first self-sustaining network of local artists and creative practitioners in the city – Creative Peterborough – building the capacity of the arts community. The Recovery Capital project has influenced the drug and alcohol tendering process and there is now a firm commitment in the city to a new approach to services in this area. The Sustainable Citizenship project has launched three mini-pilot projects where local citizens work together to improve environmental sustainability in the city. And the Change-Makers model has been adopted by the Local Strategic Partnership as their chosen method for identifying the Network of Public Service Innovators we are helping to develop.

The Future of Citizen Power Peterborough

Fellowship engagement in the programme over the past 12 months has been strong. Fellows have been involved in a range of activities from setting up a Peterborough Fellowship Network, which includes eight experts in relevant fields. As the project goes into its next stages, increasing Fellowship engagement

Plans for 2011/12 will focus on ensuring that the Citizen Power Peterborough project has a legacy, fosters wider cultural change and is replicable elsewhere. Later this year the RSA will publish an interim report that will explore these questions but ideas to date include:

- Integrating the local Timebank
- Exploring the role that the Fellows' Social Entrepreneurs Network can play
- Establishing a Recovery Alliance with support from local recovery champions.
- Developing the idea of Peterborough as a 'Learning City'.

2020

The 2020 Public Services Trust (2020PST) was established in December 2008 to stimulate deeper understanding of the long-term challenges facing UK public services. It did so through a series of high level seminars and an extensive research programme that produced over 30 reports. Their findings informed the work of the Commission on 2020 Public Services: a cross-party, inter-disciplinary group of senior policy makers and service providers chaired by Sir Andrew Foster. At a moment of transition to a new government and deepening anxiety about the public finances, the Commission established itself as a preeminent source of informed debate and fresh thinking.

In September 2010, the Commission published its final report and in November the Public Services Summit, organised jointly by the 2020 Public Services Trust and the RSA, brought together a range of experts and policy makers to consider its implications and applications.

Following appropriate due diligence on the part of Trustees of the RSA and the Trust, the latter has transferred surplus funds and its intellectual property to the RSA. This enabled the 2020 Public Services Hub at the RSA to be established in 2011. Working with RSA Projects, it is taking forward the Trust's legacy, specialising in developing practice-based research on social productivity in public services.

Practical Projects

The Hub is working collaboratively with local public service organisations, national sector leaders and other national partners to develop social value and social productivity thinking into local and national practice. At national policy level, a paper produced in partnership with Citizen Power Peterborough, exploring tensions and limits in a Big Society model of public service reform, was the centrepiece for a high level policy seminar in June. The Hub is editing a major collection of essays on public service reform to be published in early 2012 by Bloomsbury Academic Press.

To shape change on the ground, the Hub has provided expert support for strategic and economic planning, interagency dialogue and training for operational managers.

RSA Education

RSA Education seeks to realise the potential of all learners; ensuring that they have the skills and knowledge to equip them to contribute to society, and to maximise their capabilities as active citizens. The RSA's work is based on the view that curriculum innovation is needed to better engage learners, that the (hierarchical) dichotomy between vocational and academic subjects should be challenged. Once more, the education system's reproduction of inequality impedes the life chances and social contribution of particular groups of young people. Hence our projects are focused on curriculum innovation and social justice. Each project addresses one or more of these agendas, and seeks to engage RSA Fellows in initiatives that can be tested with a view to scaling up.

An RSA Family of Academies

The RSA Academy has exceeded expectations: since its opening in 2008, the proportion of pupils gaining five A* to C grades at GCSE, including in Maths and English, has risen from 29 percent to 45 percent. In an area of significant disadvantage, its iconic buildings, state-of-the-art equipment, innovative curriculum and wide-ranging extra-curricular offer have inspired students, parents and the wider community. The Academy has exemplified and driven the growth of RSA Opening Minds.

Earlier this year, the RSA's Trustees decided to extend our activities by establishing a family of RSA schools. The model will be based on the Opening Minds curriculum, as well as on principles of social justice. Any RSA schools will use Opening Minds and be expected to contribute to its best practice. We will seek to work with schools in areas of disadvantage, and participating schools will subscribe to a progressive, socially just ethos. This will include working to narrow the socio-economic attainment gap, sharing best practice with local schools and promoting the interests of all students in the area. A number of impressive schools, including those in areas of disadvantage with an 'outstanding' rating from Ofsted and National Support School status, have expressed interest in collaborating with us. One of these, Whitley Abbey School in Coventry, is the first to sign up to the RSA Family, and will become 'Whitley: An RSA Academy' in July 2011. We are delighted and proud to extend our collaboration with them.

RSA Opening Minds

RSA Opening Minds promotes innovative and integrated ways of thinking about education and the curriculum and is practiced in over 200 schools. Teachers design and develop a curriculum for their own schools based round the development of key competences, which enable students not just to acquire subject knowledge but to understand, use and apply it in the context of their wider learning and life. It offers students a more holistic way of learning which allows them to make connections and apply knowledge across different subject areas.

Following a 2009 evaluation of Opening Minds practice, the RSA has worked to develop an accreditation programme. We have developed the model for a charitable company to drive forward this work and work has already begun to accredit schools. Following assessment, we have designated seven RSA Opening Minds training schools across England, which support applicant schools to apply the RSA Opening Minds curriculum. RSA Opening Minds is establishing itself as a thought leader on the curriculum.

The Area Based Curriculum

An Area Based Curriculum is co-designed and co-owned by schools and other partners in the community. The model takes into account a variety of views about what it is important to know, and is taught by teachers and community members together, inside school and in other locations in the local area. Following the evaluation of our pilot in Manchester the model has been developed for application in Peterborough schools. We published *The Area Based Curriculum: Engaging the Local* to make clearer

the conceptual premises and evidence for the approach adopted. We are working with five schools and stakeholders to develop local curriculum innovations, which will be implemented in 2011/12. The work has been funded by the Esmée Fairbairn Foundation, and will be evaluated by academic experts at the University of the West of England.

Furthering Opportunity

Social class remains the strongest predictor of educational achievement in the UK but efforts to close this gap have been largely unsuccessful. In 2010/11 the RSA researched these interventions and explored what sort of initiatives and approaches might prove more fruitful. This work was complemented by focus groups with young people and parents from working class backgrounds. Amongst the many social, environmental and economic reasons for the enduring relationship between social background and life chances, research demonstrates that a lack of social capital constrains disadvantaged young people in their decisions about school-to-work progression routes.

Responding to this, the team undertook scoping (funded by Aim Higher and Pearson) to develop a new project: Furthering Opportunity, that aims to increase educational attainment and progression opportunities among young people from disadvantaged backgrounds by building links between Further Education (FE) students and RSA Fellows. Four pilot FE colleges have been identified and RSA Fellows have responded positively with over 40 volunteering their services for the initiative.

Arts and Society

The RSA's commitment to the value of the arts and their capacity for enhancing social good is both long established and renowned. In 2010/11 we have been developing the RSA's new arts work with an emphasis on models of engagement that take advantage of our geographical and interdisciplinary spread of Fellowship, our connections with policy makers and our innovative approaches to problem solving. Our aim is to build arts practices into the programmes we deliver on the ground, focusing on three interconnecting strands: Place Making, Arts and Social Change and Arts and Value.

Projects articulate a robust rationale for relevance and build a coherent 'cultural capital' to enhance healthier and happier communities. All will work with Fellowship. Two potential projects include: Space to Connect, a three-year curated 'R&D' programme for arts practitioners to address new ways of thinking about civic engagement; and Culture Change/Climate Change, an action research programme focused on behavioural change and embedded in existing external arts projects that address climate change.

Arts and Social Change

This strand of the current programme of Citizen Power Peterborough is the primary arts programme of Arts and Society. The programme addresses the role of the arts in mobilizing active citizenship and civic pride and in doing so, develops an appetite for the arts especially for those who might not otherwise engage. The project places the arts and artists within the context of public sector reform and neighbourhood renewal and at the heart of local authority delivery. Two year-long artist residencies hosted by local voluntary groups - the first such programme in the UK - began in June 2011.

PUBLIC PLATFORM

Tackling the challenges we face in the 21st century requires us to draw on the best thinking and new evidence about the world around us.

The RSA is committed to strengthening public debate and to providing free public platforms for debate, discussion and for sharing the best new thinking across a range of disciplines.

Events

In 2010/11 the RSA Events Programme consolidated its reputation as one of the country's leading platforms for world-changing ideas and debate. Innovations such as RSAanimate have propelled the RSA onto the global stage, and have combined content, creativity and technology to engage millions with the RSA's 21st century enlightenment agenda.

With a programme of over 150 free events and over 20,000 lecture-goers through our doors last year, our events have reached a growing live audience as well as a rapidly expanding global online viewership.

We have welcomed hundreds of thought-leaders, expert practitioners and public figures to the RSA platform, to address issues closely aligned with the RSA's core interests. With a roll call of speakers including Martha Nussbaum, Martin Nowak, Sir David Attenborough, Muhammad Yunus, Amartya Sen, Niall Ferguson, Dambisa Moyo, Jonathan Israel, Tariq Ramadan, Ben Okri, Iain McGilchrist, Tim Flannery, Tim Wu, Steven Johnson, Clay Shirky, Michael Pollan, Matt Ridley and Joseph Stiglitz, we have heard from acclaimed public thinkers on some of the most pressing challenges of the day.

As enlightened enterprise becomes an increasingly important theme for the RSA, we have worked in partnership with companies including Sky, HSBC and Centrica to explore and debate the role of business in creating a more sustainable economy, environment and society. We engaged with policy makers, opinion formers and leaders from government and from NGOs to debate our most urgent current policy questions, with a range of public events around the Big Society, the future of public services and questions of equality and social justice, with speakers such as Sir Ronald Cohen, Martin Narey, Maggie Atkinson, Louise Casey, Kate Pickett and Richard Wilkinson. We hosted major speeches from a range of political leaders, from the Leader of the Opposition Ed Miliband to the Prime Minister David Cameron.

The public events programme provides an important platform for RSA Projects to test and disseminate their research and we worked closely with the project teams to bring expert practitioners and academics to the RSA to explore the latest thinking and practice. We welcomed many specialists from the fields of cognitive and behavioural research, and debated issues such as drug reform and recovery, asset-based models of community development, design and resourcefulness, the future of schools and education reform.

Digital engagement with both RSA Fellows and the wider public remains a strong focus of our work, and enables us to engage new national and international demographics. Our recent partnerships with Mixcloud, which reaches 250,000 users, and with Blackberry Podcasts offer wider dissemination of our audio files, and brand new partnerships with Hulu TV in the United States and ABC TV in Australia open our content up to an audience of millions.

At the beginning of 2011 we established an exciting new broadcast partnership with BBC Radio 4 around the event series FourThought, which has enabled us to reach significant new audiences, and our live LBC radio debates continue to tap into a diverse, urban demographic.

A new partnership with Camp Bestival will see us curating a special summer festival talks series, and will bring the RSA greater visibility with a dynamic young audience.

Undoubtedly the biggest success story of 2010/11 has been the meteoric rise of the RSAanimate series. With over 18 million views, thousands of comments, a nomination for the internet's highest award, the Webby, and a high-profile publishing deal, RSAanimates have generated an extraordinary amount of

global attention for the RSA. We are now YouTube's No.1 most subscribed non-profit channel of all time, and were invited to become an official partner. Accolades have poured in from major multinationals and global institutions, and our videos have been cited in academic literature and college textbooks, screened in a number of high-profile US and European film festivals, as well as major cultural and educational centres such as the Smithsonian Institute, and incorporated in thousands of school lessons around the world. In the coming year we will launch an Animate competition in partnership with the Nominet Trust, which we hope will uncover and nurture fresh creative talent.

Online presence

Between April 2010 – April 2011, we had a total of over 3,330,000 visits (up from 760,000 the year before), 2,300,000 unique visitors and over 7.6 million page views for the RSA website, our blogs and RSA Comment. In this time period, we have had over 28.3 million video views and downloads. Last year this figure was 1.1 million, so this demonstrates a stratospheric rise in our online profile and the impact we are having in the video sphere.

Our YouTube channel is the most subscribed non-profit channel of all time, and is #85 most subscribed channel throughout the whole of YouTube. This means that our online followers are loyal and engaged with our material, as they are interested to get updates every time we upload new content. Therefore it is very important that we maintain high standards on this channel. With the recruitment of our new video editor and cameraperson, our Events videos have been changed to shorter, more engaging pieces editorially and visually which brings us more viewers and downloads. The comments section of the videos has also become an active avenue for our viewers to engage with each other and discuss our videos.

The main attraction is our Animates, which was one of five animations nominated for the Best Animation in the international 15th Annual Webby Awards (the prestigious annual award presented by the International Academy of Digital Arts and Science for excellence on the Internet, past winners include Amazon.com, eBay, Yahoo!, Google, The New York Times, Wikipedia, Flickr, etc).

We have also been approached by the following to showcase RSAanimate into their digital film award category - the New York Digital Film Festival, Webcuts (Berlin online festival) and CultureUnplugged (online festival). In addition RSAanimate is also being featured at the following festivals amongst others – Bestival (UK festival); Humanity Explored online film festival; International film festival Rotterdam; Indie Lisboa film festival; Oxford Human Rights film festival and Animamundi (Brazil).

Working with the publishers Profile - a book of the top ten Animates will be published early in 2012. As a result of our burgeoning popularity online, YouTube have approached the RSA to join their Partner Programme which has the potential to bring increased exposure to our content and additional sponsorship/partnership opportunities. Hulu (the immensely popular and exclusive US-website which video-streams TV shows and movies from NBC, Fox, ABC and other notable networks) have also approached us with a partnership opportunity which will introduce the RSA's work to an even larger audience in the USA.

Our presence on social media networks such as Facebook and Twitter is going strong, with over 16,000 fans and over 18,000 followers respectively, making us one of the most followed non-profit organisations in the UK. The consolidation of our Twitter channels has played a part in streamlining our Twitter presence, and strengthening our online offer as a whole.

We have begun publishing the RSA Journal online using Z-mags (an innovative software system which makes our publications more interactive, visually exciting and accessible). This format is conducive to iPads and smartphones and we are on track to establishing a robust presence in the cutting-edge area of mobile publishing.

2010 also saw the launch of our mobile app and website, which has generated a huge demand for our content. It enables users to download and watch the latest RSAanimates and videos from our free public events programme on their iPhones, iPads, iPods as well as the Android smartphone. They can also choose to listen to our audio podcasts (which are still very popular, in the top 5 non-profit podcasts

chart). Our app was not only spotlighted in Apple's 'new and noteworthy' but has also made LBC 97.3 FM's 'Best new apps of 2011' list.

In line with the RSA's visual rebrand, the RSA website has been redesigned and given a more streamlined, contemporary look with strong use of imagery and better navigability. Functional and structural improvements will be carried out throughout 2011.

In short, this year has been a tremendously successful year for the RSA's online presence, gaining us credibility and respect throughout the online world, with our content shared virally through our millions of viewers.

RSA Journal

The Journal has won the following awards:

International Customer Publishing Awards 2010

- Best membership title (Class winner)
- Best illustration (Class winner)

Communicators in Business Awards 2010

- Best feature/profile (Class winner)

It has also been listed for the following:

Institute of Internal Communication Awards 2011

- Shortlisted for Best design (winners to be announced on 17th June)
- Shortlisted for Best illustration (winners to be announced on 17th June)
- Shortlisted for Best feature (winners to be announced on 17th June)

FELLOWSHIP

At the heart of the Society's work to remove barriers to social progress is a vibrant 27,000 plus strong Fellowship, which drives civic innovation and social change across the fields of education, arts, culture, heritage and environment as well as economic and community development. It is made up of decision makers and influencers; as well as up-and-coming talent, especially in the area of social enterprise.

William Shipley wanted 'Members from all Ranks, Professions and Trades' and the Society reflects this as much today as in its founding years.

This enables the Society to have a significant direct and indirect impact on society at large through the actions of our Fellows. From discussion and dissemination of ideas raised through the Society's public platforms such as lectures and debates and their physical and digital extensions such as the Journal, podcasts, online articles on RSA Comment, RSAfellowship.com and so on; through to hands-on action taken by Fellows who organise thematic and geographically based events and network meetings round the country and around the world; through to those who push forward with Fellow-led projects supported by our Catalyst fund.

The economic context remained difficult, making 2010/11 again a challenging year for the Fellowship Team. While recruiting figures remained stable, losses have increased. In consequence, the development of an effective retention model is one of the pillars of the emerging Fellowship strategy.

We finished 2010/11 at 27,119 Fellows, 1% below the figure of 2009/10. 1,822 Fellows were recruited, the same figure as in 2009/10, with a gender split of 41% female and 59% male (compared with 28% female and 72% male across the whole Fellowship). The average age of new recruits was 47, compared to the average age of all Fellows 58. Income from Fellowship subscriptions was £4,349,997, an increase of £150,763.

The RSA continues to strengthen the position of Fellows at the heart of the Society. To this end the Fellowship Council (FC), a body of elected and nominated Fellows from throughout the UK and internationally, has been in operation since 2009. Led since October 2010 by Bob Porrer and Dr. Irene Campbell, the FC has delivered significant progress through the year with its Review of Regions initiative and on the practical leadership front by forging a path for the RSA Catalyst fund and the delivery of Digital Engagement guidelines for Fellows.

In order to realise the vision of the Fellowship as a force for good in the medium and long term, in the first quarter of 2011 a three-year RSA Fellowship strategy was drafted in collaboration with the Trustee working group, aiming at a more engaged Fellowship by 2014. To inform this process, a pilot survey was conducted among 10% of the UK Fellowship, which will be used as a basis for designing an annual Fellowship-wide survey, to be conducted for the first time before the end of 2011. This annual survey will then be used to track strategic progress over time.

In order to facilitate a more engaged Fellowship, the two core deliverables of the strategy are:

- Create, implement and maintain a formal engagement architecture, in order to provide more accessible engagement opportunities for Fellows.
- Update, improve and maintain a professionalised service, in order to be able to cater to a more engaged Fellowship.

Catalyst

RSA Catalyst was born of the idea that providing incentives for Fellows would encourage further engagement. Since inception, the fund has considered 156 applications for 128 separate projects through the Catalyst Panel, consisting of Fellowship Council representatives and staff.

Fellowship Council member Charles Millar who sits on the Catalyst panel said: "The larger total budget will enable us to continue our additional grants to the most successful projects across the whole year whilst maintaining the rate at which we start new projects with the smaller grants. But ultimately, what makes the grants so valuable is not just the seed funding they provide, it is the opportunity that comes with it to connect with RSA members and tap into their skills and expertise – helped by RSA staff."

Almost every day of the week we have Fellows gathering across the country and across the world to discuss, debate and develop ideas – convened by committees and Network organisers either with a geographic or thematic focus. The Network Managers are seeing continued strong demand for their help, assistance and advice.

More and more regional committees are focusing on practical engagement that drive measurable outcomes in line with the Society's goals – using tools like Skills bank and Catalyst bids or indeed the creation of new networks.

Within this framework a number of flagship thematic networks are going from strength to strength:

- The Women Speaker's Network gathered almost a hundred people at the English Speaking Union to mark International Women's Day
- The Social Entrepreneur's Network continues to gather thought leaders for both collaboration and wider debate
- The Profit with Purpose Network continues to attract leading Fellows from a broad range of sectors

Getting new Fellows engaged from the very start of their journey in Fellowship is crucial to driving structured outcomes over time. In the past year the New Fellow Evenings initiative has evolved, attended by more than 300 Fellows and with a continuous rise in satisfaction and resulting engagement. Regional Committees are also organising events for new joiners, from Edinburgh to Henley-on-Thames, helping new Fellows navigate opportunities at the local level.

From local...

The Archive and Library team answered 425 enquiries relating to aspects of the RSA's history, with a further 93 researchers visiting the Archive in person. Tours of the House remained popular with both groups and individual Fellows and other visitors, and these were provided to a total of 389 people, including a group of staff and students from the RSA Academy and a party from the Clore Fellowship programme. In addition, we successfully participated once again in the London Open House event, in which over twenty RSA staff and a Fellow, Gerald Smith, who kindly gave talks on the early history of the RSA, received 562 visitors. The Library remained in demand as a space for Fellows to work and meet with other Fellows.

...to global

International activity continues to increase thanks to local leadership from Fellows, as well as staff support. There are networks as far afield as Brussels, Canberra, New York and Paris not to mention an on-going hub of activity in Chattanooga, Tennessee. To tie together an increasingly internationally mobile Fellowship the Society will redouble its effort on connecting Fellows using online tools in the year ahead.

HOUSE

Financial

With the start of the financial year being affected by the cuts in public sector budgets the House had a tough year but still succeeded in returning a positive contribution of £0.6m after direct costs to the Society's overheads without which there would be an additional burden on Fellowship income and unrestricted fundraising.

Moving forward a new marketing strategy for 2011-12 has been established, reviewing all current marketing initiatives, advertising activities and trade events. The new direction focuses on targeting specific market sectors through qualified data base analysis, well thought out strategies that are set on engaging Fellows and gaining and growing new relationships with key associations and industry buyers.

Sustainability and the Environment

As part of our continuing commitment to the environment RSA House has become one of the first venues in London to sign up to the Sustainable Fish City campaign.

<http://www.sustainweb.org/sustainablefishcity/> about this is an initiative conceived and supported by an alliance of not-for-profit organisations already working on sustainable seafood issues.

Staff development

We undertook a lot of training in 2010/11 with 16 members of the House team passing a variety of NVQs at different levels. Five of these staff have committed to progressing to the next level. Two members of the team passed the level 4 Managing Food Safety in Catering. This now allows RSA House to deliver basic food hygiene training in house to all new staff.

OUR THANKS

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

The following individuals and organisations made financial contributions of £500 or more in the financial year 2010-11

Corporate Supporters

APG Group
ATP Group
British Sky Broadcasting Ltd
CDC Group PLC
Centrica PLC
Channel 4 Television
Chimerica Media Ltd
De La Rue Security Print
Duet Pictures Ltd
FLT Films
GlaxoSmithKline
Granta
Hay House Publishing
HSBC Holdings PLC Group Communications
Jaguar Cars Ltd
NCR Financial Solutions Group Ltd
Penguin Books
Pollard Thomas Edwards Architects
Research Machines
Springetts
Waitrose Ltd

Individual Supporters

Mr B Bossom
Mr F R Brake
Mr B Foster
Sir R Malpas
Ms D Mattinson
Mr G Morrison
Ms P Toynbee

Trust, Foundations & Grant Making Organisations

2020 Public Services Trust
Big Lottery Fund
Calouste Gulbenkian Foundation
Ambika Paul Foundation
The CIM Charitable Marketing Trust
Esmee Fairbairn Foundation
Futurebuilders England Ltd

Paul Hamlyn Foundation
Taylor Family Foundation
Tudor Trust
The Wates Foundation

Statutory & Other Organisations

Arts Council England
Barnados
BBC Learning and Policy
Book Power
Chelmsford Borough Council
Commission for Victims & Witnesses
Dance United
Darlington Borough Council
Department for Business, Innovation and Skills
Department for Communities and Local Government
Department for Environment, Food and Rural Affairs
Design Council
Earthscan
Intellectual Property Review
Learning and Skills Improvement Service
National Policing Improvement Agency
National Treatment Agency South East
New Philanthropy Capital
Peterborough City Council
Policy Unplugged
Royal Commission for the Exhibition of 1851
Royal Mail
SHM Foundation
Theos

Legacies

Mrs P R Rakusen
Mr A H Stamp

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

STRUCTURE, GOVERNANCE & MANAGEMENT

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

Up to four Trustees are directly elected by the Fellows and six are appointed by the Board (including two appointed from Fellowship Council). The four Officers are appointed by the Board subject to the concurrence of Fellows at the AGM. Each new Trustee attends an induction day and is provided with a pack of information about the RSA and their responsibilities. Additional training is provided if appropriate.

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

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

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

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

Statement of Trustees' responsibilities

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

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

The Trustees are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charity which enables them to ascertain the financial position of the charity and which enable them to ensure that the financial statements comply with the Charities Act 1993 and regulations made under s.44 of that Act. The Trustees are responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention of detection of fraud and other irregularities.

Governance Review

At the December 6 2010 AGM Fellows approved a resolution to appoint a Governance Advisory Group (GAG) to consider the future needs of Governance within the Society. It will be bringing its recommendations to the 2011 AGM for approval by Fellows where necessary.

Risk Management

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

Statement on Public Benefit

The Trustees confirm that they have complied with the duty in section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Commission in determining the activities undertaken by the Society.

The RSA's object, as laid down in our Charter, is the encouragement of Arts, Manufactures and Commerce which we discharge through the advancement of education in, the organisation of competitions around, and the encouragement and conduct of research into the sustainable context within which the said Arts, Manufactures and Commerce may prosper and to make such research findings available to the public.

The benefits of our activities are described in this Annual Report, which incorporates our Impact Report, and relate directly to our aims and objectives. Our extensive lectures programme is available to the public free of charge; the results of our research are broad and disseminated free of charge to all interested parties; the RSA Fellowship is diverse, engaged and influential and its work, which is given voluntarily, contributes to the capacity of the Society to develop and promote new ways of thinking about human fulfilment and social progress. 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 the aims. No specific issues of detriment or harm have been identified. Ultimately Society as a whole will benefit from the Society's activities. This is considered to be within the spirit of the RSA charter. The RSA operates throughout the whole of the United Kingdom. Benefits are not confined to any particular section of the public and the wider benefits of the Society's activities are intended to include Society as a whole. *The Trustees confirm that in planning the activities of the RSA they have given careful consideration to the Charity Commission's general guidance on Public Benefit.*

Environmental Policy

Trustees regard the minimisation of our impact on the environment as one of our important management tasks. The Society's Environmental Policy is available on our website (www.thersa.org/about-us/environmental-policy) and our practices described under Sustainability (www.thersa.org/house/sustainability). During 2011/12 we shall commence an assessment of the House's carbon footprint.

Investment Policy

The investment policy remained unchanged and is set out below.

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

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

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

Time Horizon; a perpetual time horizon has been set for investments but is reviewed by the Audit & Risk Committee annually.

Social, environmental and ethical considerations; the Trustees seek to avoid investing directly or indirectly in the financial assets of institutions known to operate policies or have objectives that are incongruent with the aims of the RSA. Our investment portfolio is managed by Cazenove Capital Management (CCM) who use a rigorous investment process including analysis of both financial and non-financial factors. Research into the social, environmental and ethical (SEE) stance of companies is integrated within their process. When CCM's assessment indicates that a company's approach to SEE issues could have an adverse impact on shareholder value, it is their duty to try to reduce this risk. They highlight the assessment of the SEE risks to the company thereby promoting best practice. If this 'dialogue' proves futile and the risk increases, they can sell the holding. CCM provide information on Socially Responsible Investment (SRI) research and engagement as part of its quarterly reports.

FINANCIAL REVIEW

Overview

We report a healthy surplus again. However, the year has not been without challenges particularly for RSA House. We should record our vote of thanks to the finance team which succeeded in recovering £0.6 m from HMRC for prior years VAT going back to 1973.

Overall we have *Net Incoming Resources* of £1.1m compared with £1.3m in 2010. This is before unrealised gains on investment assets £0.5m (£1.8 m in 2010). Resultant *Net Movement of Funds* is £1.6m compared with £ 3.0m last year.

Incoming resources

Total Incoming Resources increased from £8.3m last year to £9.1m. Our principal funding sources are our Fellows, RSA House, project grants and sponsorship and investment income.

Under *Voluntary Income* fellowship subscription income grew from £4.2m to £4.3m. This despite numbers of Fellows reducing slightly to 27,119 and despite the difficult economic conditions prevailing during the year. Over 70% of Fellows pay their subscriptions under Gift Aid, which is almost all of those eligible to pay in this way. It is an important component of this source of funds.

Under *Activities for Generating Funds* RSA House operates all the function spaces within John Adam Street, providing accommodation for business meetings and weddings. We continued to suffer the effects of the recession during the year with turnover at £2.0m compared with £2.1m achieved last year. Actions were taken to protect the profitability of these activities (which is all passed to the RSA and used for charitable activities); but volume of business remains below levels seen in earlier years.

Project Grants and Sponsorship remained level at £1.1m. *Lectures Donations and Sponsorship* also remained level at £0.1m. *Investment Income* however increased from £0.3m to £0.5m. Under *Other Income* we recorded £0.6m of VAT recoveries from prior years.

Investments

Most of the RSA's funds are invested either in the Society's House in John Adam Street or in securities. During the year the market value of investments increased from £12.1m to £16.0m; within this the Shipley portfolio rose from £10.5m to £11.3m after unrealised investment gains and Trustees were able to invest a further £3.0m into the investment portfolio as the Society's surplus cash remained strong. The investment mandate remained unchanged. Cazenove are targeted to achieve an ongoing annualised return of 6.5% and with a maximum risk to capital in any one year of 7%.

Resources expended

Total Resources Expended increased to £8.0m from £7.0m with the increase being mainly in charitable activities. Charitable expenditure as % of total expenditure (excluding the RSA House operations) is over 70%.

The *Cost of Generating Funds* increased from £3.3m to £3.4m (excluding the professional fees associated with VAT recoveries). Despite that Net Voluntary Income increased slightly from £3.2m to £3.3m (excluding the professional fees associated with VAT recoveries) but margins in RSA House suffered; operating profits as % sales in our room hire reduced from 57% to 44% as volume of business fell and in catering dropped from 40% to 38%.

Resources expended on our continuing *Charitable Activities* increased from £3.6m to £4.2m, mainly as a result of increased projects expenditure.

The cost of governance include the expenses associated with Trustee Board meetings, arranging the 2010 AGM, Trustee elections, maintaining our constitution, external audit and a proportion of core executive management.

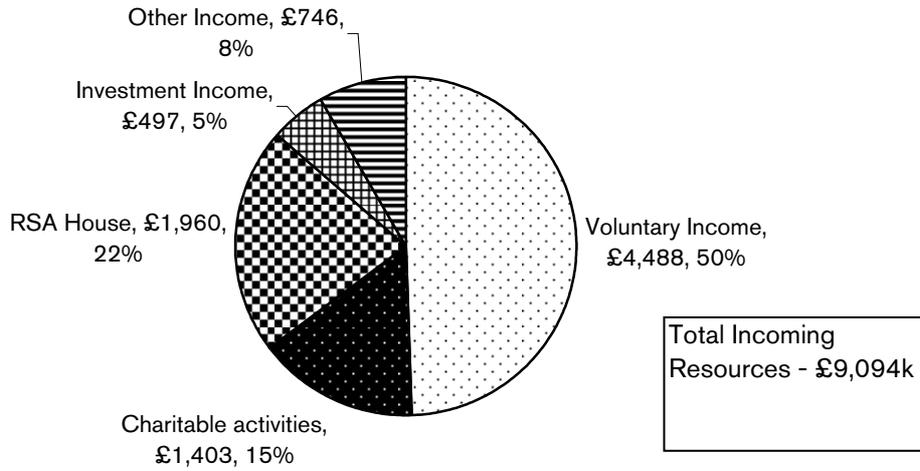
Reserves policy

The Trustees have adopted a reserves policy which they consider appropriate, in order to ensure the continuing ability of the RSA to meet its objectives and obligations. Investment returns are required to fund the charitable activities; and the policy also seeks to maintain an acceptable ratio between the 'free reserves' and the level of 'unrestricted cash expenditure'.

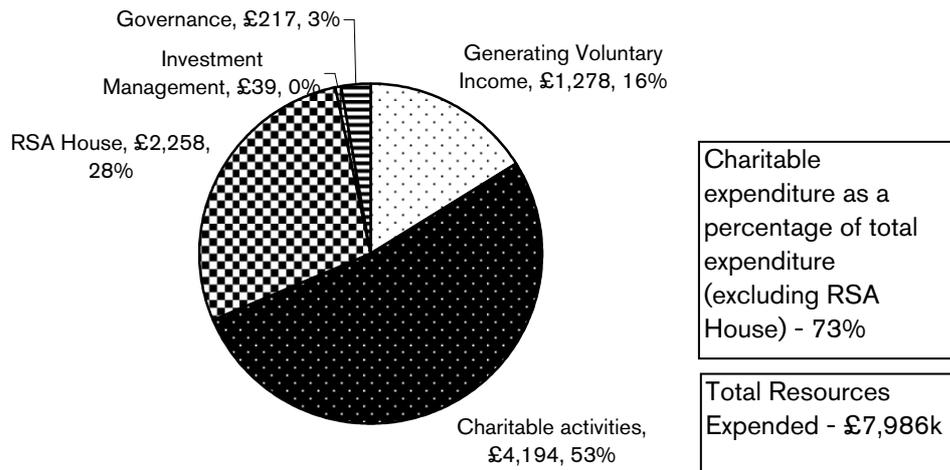
Free reserves are defined as unrestricted funds plus the Vaults appeal fund, plus unexpended Shipley income funds less the tangible fixed assets. 'Unrestricted cash expenditure' is the operating costs of the year less the charge for depreciation and less the direct costs of catering which would not be incurred if activities ceased.

The Trustees continue to consider that free reserves should not fall below three months' unrestricted cash expenditure. This year, our cover position is 11.1 months compared with 10.3 months last year which reflects a healthy condition as we remain in times of economic uncertainty. The Trustees will continue to review the appropriateness of this ratio as the economic and political situation evolves.

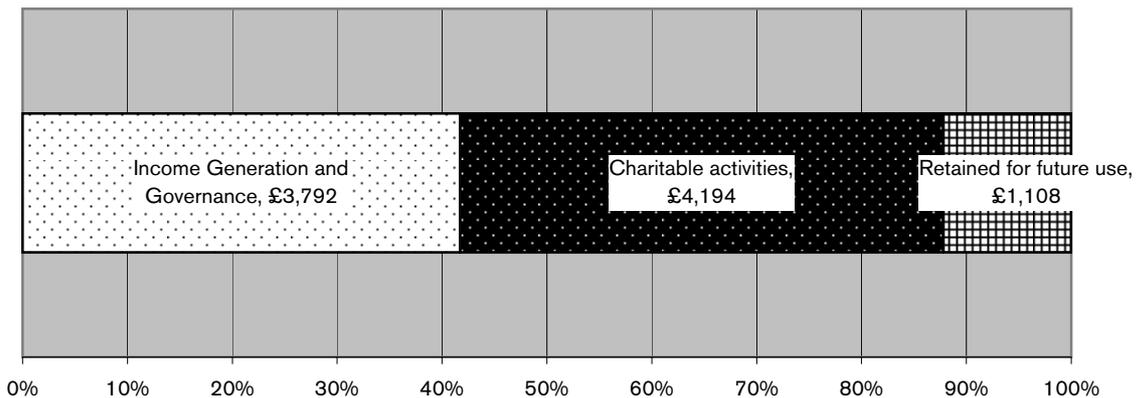
Incoming Resources 2011



Resources Expended 2011



Application of incoming resources



SUMMARY STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2011

	2011	2010
Incoming Resources	£'000	£'000
Voluntary income mainly Fellowship	4,488	4,317
RSA House	1,960	2,123
Charitable Activities		
- Project Grants & Sponsorship	1,058	1,106
- Lecture Donations & Sponsorship	137	141
- Other charitable activities	208	207
Investment income	497	297
Other Income	746	67
Total Incoming Resources	9,094	8,258
Resources Expended		
Costs of generating voluntary income	1,278	1,098
RSA House	2,258	2,132
Charitable Activities		
- Programme of Projects	2,351	1,960
- Fellowship Support	1,227	1,092
- Lectures	389	355
- Other charitable activities	227	224
Investment Management Costs	39	28
Governance Costs	217	105
Total Resources Expended	7,986	6,994
Net incoming/(outgoing) resources	1,108	1,264
Net gains/(losses) on investments	540	1,785
Net movement in funds	1,648	3,049
Balance Sheet as at 31 March 2011	2011	2010
Assets & Liabilities		
Fixed Assets	6,735	6,660
Investments	16,003	12,053
Net current assets	1,220	3,541
Other net liabilities	(905)	(849)
	23,053	21,405
Funds		
Unrestricted Funds	10,243	9,420
Restricted Funds	3,262	2,645
Endowment Funds	9,548	9,340
	23,053	21,405
Key statistics		
Voluntary Income Growth	4%	
Charitable Expenditure Growth	16%	
Governance Costs as a percentage of total expenditure	3%	

* The Full accounts from which these summary financial statements are derived have been audited by haysmcintyre who give an unqualified audit opinion.

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

We have audited the consolidated financial statements of the RSA (Royal Society for the Encouragement of Arts, Manufactures and Commerce) for the year ended 31 March 2011 which comprise the consolidated Statement of Financial Activities, the Charity and Group Balance Sheets, the consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity's trustees, as a body, in accordance with the regulations made under the Charities Act 1993 and the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 3, the trustees are responsible for the preparation of the financial statements which give a true and fair view.

We have been appointed as auditors under section 43 of the Charities Act 1993 and section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations under those Acts. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

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

Opinion on the financial statements

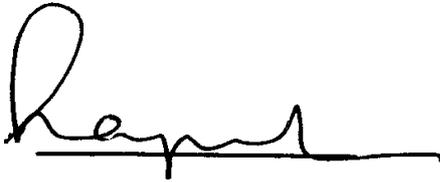
In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charity's and group's affairs as at 31 March 2011 and of its incoming resources and application of resources in the year then ended;
- and have been properly prepared in accordance with the Charities Act 1993, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 1993 and the Charity Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient and proper accounting records have not been kept; 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 require for our audit.



haysmacintyre
Statutory Auditor
13 July 2011

Fairfax House
15 Fulwood Place
London
WC1V 6AY

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

Group Statement of Financial Activities for the year ended 31 March 2011

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2011 £'000	Total 2010 £'000
Incoming resources	3					
Incoming resources from generated funds						
Voluntary income		4,488	-	-	4,488	4,317
Activities for generating funds		1,960	-	-	1,960	2,123
Investment income		100	397	-	497	297
Incoming resources from charitable activities						
Project grants & sponsorship		56	1,002	-	1,058	1,106
Lecture donations & sponsorship		137	-	-	137	141
Other charitable activities		208	-	-	208	207
Other income		746	-	-	746	67
Total incoming resources		7,695	1,399		9,094	8,258
Resources expended	4					
Costs of generating funds						
Costs of generating voluntary income		1,220	58	-	1,278	1,098
Fundraising trading: costs of goods sold & other costs		2,258	-	-	2,258	2,132
Investment management costs		4	-	35	39	28
Charitable activities						
Programme of projects		1,126	1,225	-	2,351	1,960
Lectures		389	-	-	389	355
Fellowship support		1,227	-	-	1,227	1,092
Other charitable activities		227	-	-	227	224
Governance costs		217	-	-	217	105
Total resources expended		6,668	1,283	35	7,986	6,994
Net incoming/(outgoing) resources before transfers		1,027	116	(35)	1,108	1,264
Gross transfers between funds	8	(323)	323	-	-	-
Net incoming/(outgoing) resources before other recognised gains and losses		704	439	(35)	1,108	1,264
Other recognised gains and losses						
Gains/(losses) on investment assets	10	119	178	243	540	1,785
Net movement of funds		823	617	208	1,648	3,049
Reconciliation of funds						
Total funds brought forward		9,420	2,645	9,340	21,405	18,356
Total funds carried forward		10,243	3,262	9,548	23,053	21,405

All incoming and outgoing resources derive from continuing operations. The Group has no gains and losses other than those recognised in this Statement of Financial Activities.

The accompanying notes form part of these financial statements.

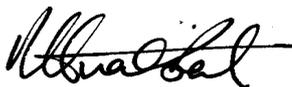
Group and Charity Balance Sheets as at 31 March 2011

	Notes	Group 2011 £'000	Group 2010 £'000	RSA 2011 £'000	RSA 2010 £'000
Fixed assets					
Tangible fixed assets	9	6,735	6,660	6,735	6,660
Investments	10	16,003	12,053	16,003	12,053
		22,738	18,713	22,738	18,713
Current assets					
Debtors	11	840	822	675	692
Short term deposits and cash at bank		1,639	4,039	1,591	3,870
		2,479	4,861	2,266	4,562
Creditors: amounts falling due within one year	12	(1,259)	(1,320)	(1,046)	(1,021)
Net current assets		1,220	3,541	1,220	3,541
Total assets less current liabilities		23,958	22,254	23,958	22,254
Creditors: amounts falling due after more than one year					
Deferred life Fellowship income		(905)	(849)	(905)	(849)
Total assets less liabilities		23,053	21,405	23,053	21,405
Unrestricted income funds	13	10,243	9,420	10,243	9,420
Restricted income funds	13	3,262	2,645	3,262	2,645
Endowment funds	13	9,548	9,340	9,548	9,340
Total funds		23,053	21,405	23,053	21,405

The Financial Statements were approved by the Board of Trustees on the 13th of July 2011 and were signed on its behalf by:



Luke Johnson
Chairman



Lord Richard Best
Treasurer

The accompanying notes form part of these financial statements.

Group Cash Flow Statement for the year ended 31 March 2011

	2011 £'000	2010 £'000
Net incoming/(outgoing) resources from operating activities	1,037	1,474
Returns on investments and servicing of finance	497	297
Capital expenditure and financial investment	(3,934)	(551)
Increase/(Decrease) in cash	(2,400)	1,220

Notes to Group Cash Flow Statement

	2011 £'000	2010 £'000
Reconciliation of net incoming resources to net cash inflow/(outflow) from operating activities		
Net incoming resources for the year	1,108	1,109
Interest received and income from investments	(497)	(297)
Depreciation charges	449	401
(Increase)/decrease in debtors	(18)	106
Increase/(decrease) in creditors	(5)	155
Net cash inflow/(outflow) from operating activities	1,037	1,474

Reconciliation of capital expenditure and financial investment

Payments to acquire tangible fixed assets	(524)	(246)
(Additions)/Withdrawals from investments	(3,410)	(305)
Capital expenditure and financial investment	(3,934)	(551)

Reconciliation of net cash flow to movement in net funds

Increase/(decrease) in cash in the year	(2,400)	1,304
Net funds at 1 April 2010	4,039	2,735
Net funds at 31 March 2011	1,639	4,039

Analysis of changes in net funds

	1 April 2010 £'000	Cash Flows £'000	31 March 2011 £'000
Short term deposits	-	-	-
Cash at bank	4,039	(2,400)	1,639
	4,039	(2,400)	1,639

The accompanying notes form part of these financial statements.

Notes to the Financial Statements 31 March 2011

1. Accounting policies

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

Basis of preparation

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

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

Incoming resources

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

Resources expended

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

Tangible fixed assets and depreciation

Tangible fixed assets costing more than £500 are capitalised and included at cost including any incidental costs of acquisition. Tangible fixed assets are stated at cost with the exception of certain pictures, books and antiques which are stated at 1919 valuation and are not depreciated. Depreciation is calculated on the cost of the fixed assets on a straight line basis over the following expected useful lives:

Freehold premises:	200 years from 1978
Plant and machinery:	between 3 and 40 years
Furniture and fittings:	between 5 and 6 ¹ / ₂ years

Investments

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

Funds

Unrestricted funds may be spent in accordance with the RSA's charitable objects at the discretion of the Trustees.

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

The capital of permanent endowment funds is required to be retained in perpetuity, while the income must be used for restricted charitable purposes. The capital of expendable endowments may be used in specific circumstances, while the income must be used for restricted charitable purposes.

Notes to the Financial Statements 31 March 2011 continued

1. Accounting policies (continued)

Pension costs

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

2. Subsidiary undertakings

RSA Adelphi Enterprises Limited

The company principally operates a hospitality business within the RSA House. It also undertakes any other activity regarded as 'trading'. It is a wholly owned subsidiary and is incorporated in England and Wales. One member of the RSA Trustee Board sits on the board of directors but is not remunerated for this service.

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

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

	<i>2011</i>	<i>2010</i>
	<i>£'000</i>	<i>£'000</i>
Turnover	2,099	2,256
Expenditure	(2,045)	(2,214)
Profit for the year transferred by Gift Aid	54	42
	<hr/>	<hr/>
Aggregate assets	260	401
Aggregate liabilities	260	401
Reserves	-	-

Notes to the Financial Statements 31 March 2011 continued

3. Incoming resources 2011

	Voluntary income	Activities for generating funds	Investmen t income	Project grants and sponsorshi p	Lecture donations & sponsorsh in	Other charitable activities	Other income	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fellowship	4,347	-	-	-	-	-	-	4,347
Donations and legacies from individuals	79	-	-	8	9	-	-	96
Companies & commercial organisations	-	-	-	223	122	54	-	399
Charitable trusts and foundations	2	-	-	291	-	-	-	293
Public sector bodies	-	-	-	480	3	28	-	511
Trading activities	-	1,960	-	-	-	-	-	1,960
Unrestricted funds' bank deposit interest	-	-	100	-	-	-	-	100
Endowment funds' dividends & interest	-	-	397	-	-	-	-	397
Other sources	60	-	-	56	3	126	746	991
	4,488	1,960	497	1,058	137	208	746	9,094

2010

	Voluntary income	Activities for generating funds	Investmen t income	Project grants and sponsorshi p	Lecture donations & sponsorsh in	Other charitable activities	Other income	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fellowship	4,199	-	-	-	-	-	-	4,199
Donations and legacies from individuals	68	-	-	49	9	-	-	126
Companies & commercial organisations	-	-	-	426	128	53	-	607
Charitable trusts and foundations	2	-	-	150	-	-	-	152
Public sector bodies	-	-	-	427	-	-	-	427
Trading activities	-	2,123	-	-	-	-	-	2,123
Unrestricted funds' bank deposit interest	-	-	35	-	-	-	-	35
Endowment funds' dividends & interest	-	-	262	-	-	-	-	262
Other sources	48	-	-	54	4	154	67	327
	4,317	2,123	297	1,106	141	207	67	8,258

Voluntary income comprises fellowship dues and unrestricted donations and legacies.

Activities for generating funds comprises the income generated by the hire of conference rooms and the provision of catering services.

Investment income comprises the income earned from unrestricted, restricted and endowment fund investments.

Projects grants and sponsorship and lectures donations and sponsorship comprises all funding received towards supporting these particular charitable activities.

Other charitable activities comprises all funding received towards supporting fellowship networks, paid for events and the income generated by the individual regional committees of the RSA. Previously these were classified under voluntary income, 2010 comparative figures have been similarly reclassified.

Other income in 2011 relates to mainly prior year VAT recoveries of £732,000. Associated professional fees of £128,000 are included in the cost of generating voluntary income.

Notes to the Financial Statements 31 March 2011 continued

4. Resources expended

	<i>Direct costs</i>	<i>Apportioned support costs</i>	<i>2011 Total</i>	<i>2010 Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cost of generating funds				
Costs of generating voluntary income	844	434	1,278	1,098
Fundraising trading: costs of goods sold & other costs	1,400	858	2,258	2,132
Investment management costs	39	-	39	28
	2,283	1,292	3,575	3,258
Charitable activities				
Programme of projects	1,617	734	2,351	1,960
Lectures	230	159	389	355
Fellowship support	844	383	1,227	1,092
Other charitable activities	227	0	227	224
	2,918	1,276	4,194	3,631
Governance costs	217	-	217	105
	5,418	2,568	7,986	6,994

Direct costs are allocated to categories of activity as follows:

Cost of Generating Voluntary income comprises the cost of recruiting to and administering our fellowship and unrestricted fundraising and in 2011 only the professional fees associated with VAT recoveries (see note 3).

Fundraising trading : costs of goods sold and other costs comprises the costs associated with the hire of conference rooms and the provision of catering services.

Investment management costs comprises of fees charged by investment managers.

Programme of projects and lectures comprises the costs of performing these charitable activities.

Fellowship support comprises the costs of the Journal, Library and Fellowship Networks. Previously these were classified under Cost of Generating Voluntary Income, 2010 comparatives have been similarly reclassified.

Other charitable activities comprises the costs of paid for events and individual regions. Previously these were classified under Cost of Generating Voluntary Income, 2010 comparatives have been similarly reclassified.

Governance costs include the expenses associated with Trustee Board meetings, Trustee elections, maintaining our constitution, external audit and a proportion of core executive management. The external audit fee was £22,500 (2010 £22,000). Fees paid to the Auditors for non audit services were £2,200 (2010 £4,250).

Where expenditure cannot be directly allocated it represents support costs (see note 5) and is apportioned on a basis consistent with the use of resources, by reference to the number of staff working on each activity.

Resources expended exclude the value of work contributed by Fellows to the activities of the RSA and by secondees from project sponsors.

5. Support costs broken down by activity

	<i>Cost of generating voluntary income</i>	<i>Fundraising trading</i>	<i>Programme of projects</i>	<i>Lectures and conferences</i>	<i>Fellowship support</i>	<i>2011 Total</i>	<i>2010 Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Establishment	218	431	369	80	192	1,290	1,233
Executive and Programme Management	58	114	98	21	51	342	302
Finance	33	64	55	12	29	193	197
Information technology	23	47	40	9	21	140	162
Human resources	15	30	25	6	13	89	57
External Communication and Marketing	87	172	147	31	77	514	396
2011 total	434	858	734	159	383	2,568	2,347
2010 total	393	822	595	155	382	2,347	

Notes to the Financial Statements 31 March 2011 continued

6. Reconciliation of subsidiary result to group reporting

	2011	2010
	£'000	£'000
Group Reporting:		
Incoming Resources from Activities for generating funds (as per note 3)	1,960	2,123
Fundraising trading: costs of goods sold & other costs - Direct costs (as per note 4)	(1,400)	(1,310)
Fundraising trading: costs of goods sold & other costs - Support costs (as per note 5)	(858)	(822)
As reported in RSA Financial Statements	(298)	(9)
Add back support costs apportioned to activity for group reporting purposes	858	822
Add back items eliminated upon group reporting consolidation	(506)	(771)
RSA Adelphi Enterprises reported profit (as per Note 2)	<u>54</u>	<u>42</u>

7. Trustee and staff costs

Trustees

Members of the Trustee Board and committees do not receive any remuneration for their services. Travel expenses reimbursed to 2 (2010: 2) Trustees amounted to £290 (2010: £383). Charitable funds have been used to buy indemnity insurance for Trustees at a cost of £7,350 (2010: £7,350).

Staff

The average number of staff employed during the year, on a full time equivalent basis, was 102 (2010: 98) and the cost was:

	2011	2010
	£'000	£'000
Salaries	3,454	3,244
Employer's National Insurance contributions	352	326
Pension contributions	178	171
	<u>3,984</u>	<u>3,741</u>

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

	2011	2010
£60,001 to £70,000	3	4
£70,001 to £80,000	2	1
£80,001 to £90,000	1	-
£120,001 to £130,000	1	1

The number of higher paid employees accruing pension benefits was:

	2011	2010
a) Defined contributions scheme - group personal pension	5	4

The total contributions paid by the RSA into the defined contribution scheme for higher paid employees was £35,250 (2010: £31,025).

8. Transfers between funds

	<i>Unrestricted</i>	<i>Restricted</i>	<i>Endowment</i>	<i>Total</i>	<i>Total</i>
	<i>Funds</i>	<i>Funds</i>	<i>Funds</i>	<i>2011</i>	<i>2010</i>
	£'000	£'000	£'000	£'000	£'000
Programme of projects	(223)	223	-	-	-
Reimbursement to Shipley re RSA Academy	(100)	100	-	-	-
Wind up of Swiney Trust	-	-	-	-	-
	<u>(323)</u>	<u>323</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

Notes to the Financial Statements 31 March 2011 continued

9. Tangible fixed assets

	<i>Freehold premises</i>	<i>Plant and machinery</i>	<i>Furniture & fittings</i>	<i>Pictures, books & antiques</i>	<i>Total</i>
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 April 2010	4,304	6,760	1,530	33	12,627
Transfers	-	-	-	-	-
Additions	-	430	94	-	524
Disposals	-	-	-	-	-
At 31 March 2011	4,304	7,190	1,624	33	13,151
Depreciation					
At 1 April 2010	611	4,033	1,323	-	5,967
Charge for the year	21	328	100	-	449
Disposals	-	-	-	-	-
At 31 March 2011	632	4,361	1,423	-	6,416
Net book values					
At 31 March 2011	3,672	2,829	201	33	6,735
At 1 April 2010	3,693	2,727	207	33	6,660

The freehold properties at 2, 4, 6 & 8 John Adam Street and 18 Adam Street are listed as historic buildings. The RSA is required by law to maintain these properties in their present form in perpetuity. The value of the freehold premises represents the historical cost of acquiring the freeholds plus the cost of improvements and additions to the buildings. The trustees do not consider it practicable nor useful to undergo periodic valuations of the premises which would involve considerable expense for no obvious benefit to the charity. It is a requirement of United Kingdom Accounting Standards that freehold buildings should be depreciated over their estimated useful lives. To meet this requirement a notional life of 200 years was attributed to the premises in 1978, and depreciation is therefore charged on that basis.

Fixed assets are stated at cost with the exception of certain pictures, books and antiques which are stated at their 1919 valuation and are not depreciated.

Notes to the Financial Statements 31 March 2011 continued

10. Investment assets

Analysis of investment assets	Unrestricted funds	Restricted Funds	Endowme nt Funds	2011	2010
				Total	Total
	£'000	£'000	£'000	£'000	£'000
Investments in Government and other listed securities and Charities Official Investment Funds at market values					
UK	2,124	1,666	6,538	10,328	7,583
Overseas	194	142	533	869	562
Alternative investments	434	325	1,221	1,980	1,908
Freehold property	920	168	634	1,722	1,666
Bank deposits	218	264	622	1,104	334
	3,890	2,565	9,548	16,003	12,053
Analysis of movement of investment assets					
Investments at 1 April 2010	813	1,900	9,340	12,053	9,963
Net additions/(withdrawals)	2,958	487	(35)	3,410	305
Revaluation gain/(loss)	119	178	243	540	1,785
Investments at 31 March 2011	3,890	2,565	9,548	16,003	12,053

Valuation dates for the freehold property are as follows:

Rosenau Crescent, London, SW11 - valued at £700,000 as at the 31st March 2010

11. Debtors

	Group	Group	RSA	RSA
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Trade debtors	553	594	410	382
Prepayments and accrued income	207	190	199	184
Other debtors	80	38	66	24
Subsidiary Debtor	-	-	-	102
	840	822	675	692

12. Creditors: amounts falling due within one year

	Group	Group	RSA	RSA
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Trade creditors	192	247	164	222
Accruals and project awards	327	387	305	366
Project deferred income	244	206	244	206
Other creditors	370	312	285	227
RSA Hospitality income received in advance	126	168	-	-
Subsidiary creditor	-	-	48	-
	1,259	1,320	1,046	1,021

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

Notes to the Financial Statements 31 March 2011 continued

13. Funds

a) Unrestricted funds - movements in year	Balance 1 April 2010	Income	Expended	Gain/(loss)	Transfers	Balance 31 March 2011
	£'000	£'000	£'000	£'000	£'000	£'000
General reserves	9,420	7,695	(6,668)	119	(323)	10,243
	9,420	7,695	(6,668)	119	(323)	10,243

b) Restricted income funds - movements in year	Balance 1 April 2010	Income	Expended	Gains	Transfers	Balance 31 March 2011
	£'000	£'000	£'000	£'000	£'000	£'000
Programme of projects	-	1,002	(1,225)	-	223	-
Shipleigh fund	1,730	365	-	174	100	2,369
Vaults appeal fund	726	-	(48)	-	-	678
Dick Onians Creativity fund	19	-	-	-	-	19
Betro Trust	16	1	(1)	1	-	17
Lord Bossom Trust	17	1	(2)	1	-	17
James Cranstoun Bequest	34	11	-	-	-	45
Reflection Riding Fund	10	1	-	-	-	11
Sir John Stratton Scholarship	26	2	-	1	-	29
Edward Boyle Fund	16	3	(1)	-	-	18
Edward Squires Fund	4	3	-	-	-	7
Angus Millar Trust	1	2	(1)	-	-	2
Forum Trusts	-	2	(2)	-	-	-
Other Trusts	46	6	(3)	1	-	50
	2,645	1,399	(1,283)	178	323	3,262

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

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

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

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

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

Notes to the Financial Statements 31 March 2011 continued

13. Funds - continued

c) Endowment funds trusts settled for specific purposes - movements in year	Balance 1 April 2010 £'000	Income £'000	Expended £'000	Gains £'000	Transfers £'000	Balance 31 March 2011 £'000
Shipleigh expendable endowment	8,720	-	(35)	218	-	8,903
Betro Trust	7	-	-	-	-	7
Lord Bossom Trust	22	-	-	1	-	23
James Cranstoun Bequest	246	-	-	10	-	256
Reflection Riding Fund	8	-	-	-	-	8
Sir John Stratton Scholarship	25	-	-	1	-	26
Edward Boyle Fund	49	-	-	2	-	51
Edward Squires Fund	66	-	-	3	-	69
Angus Millar Trust	39	-	-	2	-	41
Dick Onians Trust	22	-	-	1	-	23
Forum Trusts	50	-	-	2	-	52
Other Trusts	86	-	-	3	-	89
	9,340		(35)	243		9,548

d) Total funds	Balance 1 April 2010 £'000	Income £'000	Expended £'000	Gains £'000	Transfers £'000	Balance 31 March 2011 £'000
Expendable endowment funds	8,720	-	(35)	218	-	8,903
Permanent endowment funds	620	-	-	25	-	645
	9,340		(35)	243	-	9,548
Unrestricted funds	9,420	7,695	(6,668)	119	(323)	10,243
Restricted income funds	2,645	1,399	(1,283)	178	323	3,262
Total funds	21,405	9,094	(7,986)	540	-	23,053

e) Analysis of group net assets between funds	Fixed investments assets £'000	Current assets £'000	Liabilities £'000	Fund balances £'000	
Expendable endowment funds	-	8,903	-	8,903	
Permanent endowment funds	-	645	-	645	
	-	9,548	-	9,548	
Unrestricted funds	6,057	3,890	2,336	(2,040)	10,243
Restricted income funds	678	2,565	19	-	3,262
Fund balances at 31 March 2011	6,735	16,003	2,355	(2,040)	23,053

e) Parent charity results	2011 £'000	2010 £'000
Incoming resources	8,378	7,539
Resources expended	(7,324)	(6,290)
Gift Aid income	54	42
Net incoming resources before other recognised gains	1,108	1,291
Other recognised gains	540	1,758
Net movement of funds	1,648	3,049

Notes to the Financial Statements 31 March 2011 continued

14. Pension schemes

The RSA operates a group personal pension scheme. The employer double matches contributions up to a maximum employer contribution of 10%. The assets of this scheme are invested with Scottish Equitable plc.

The Consolidated Statement of Financial Activities includes contributions by the charity to the Group Personal Pension scheme of £178,000 (2010: £171,000)

15. 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.

16. Related parties

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