



Trustees Annual Report & Financial Statements for the year ended 31 March 2012

Impact Report 2012

ADMINISTRATION

Patron

HM The Queen

President

Her Royal Highness The Princess Royal

His Royal Highness The Prince Philip, Duke of Edinburgh KG KT
(retired 10th June 2011)

Trustees

Luke Johnson (Chair – appointed October 7 2009)
Naaz Coker (Deputy Chair- retired October 3 2011)
Dr Suzy Walton (Deputy Chair- elected October 3 2011)
Lord Richard Best (Treasurer – appointed October 7 2009)
Vanessa Harrison (Treasurer – appointed July 13 2010)
David Archer (elected - March 10 2010)
Kevin Cahill (resigned – November 18 2011)
Jackie Elliman (elected - January 18 2012)
Clive Grinyer (appointed – July 22 2010)
Zena Martin (elected – January 12 2010)
Don Pinchbeck (elected – February 25 2011)
Keith Read (elected – January 18 2012)
Jonathan Rollason (elected – February 25 2011)
Hanif Virji (appointed – October 7 2009)

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)
Carol Jackson (Chief Operating Officer)
Adam Lent (Programme Director)
Nina Bolognesi (External Affairs Director)
Matthew Bates (Venue Director)

Principal office

8 John Adam Street, London WC2N 6EZ

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

When I became RSA Chair in 2009, I understood that it was my role to work with the Board to ensure the RSA had sound finances, our infrastructure was fit-for-purpose and governance issues were addressed. But as vitally important as all this is to the smooth running of the Society - it is the RSA's charitable mission and the delivery of that to achieve impact that has most excited me during the past three years. As I have mentioned in previous impact statements, I am passionate that the RSA doesn't just have sound values and innovative ideas but is contributing to important improvements in the world.

To that end, I tasked the Executive and staff to deliver four key objectives. These were: to pursue and build upon our excellent work in education; to ensure ever greater engagement with our 27,000 Fellows by carrying out an in-depth analysis on their interests and passions; to support and encourage Fellows to carry out their own projects and initiatives in their local communities and - very dear to my heart - to ensure that the field of enterprise assumed greater prominence in the work of the Society.

I am proud to say that the Executive Team has carried out my wishes to see education at the heart of the Society's work by building on the success of the RSA Academy to create a wider family of RSA Schools. Also, through reports such as those on mathematics teaching and satisfactory schools, the RSA is establishing itself as a powerful education policy thought leader.

As many Fellows will know, promoting enterprise is a passion for me and I am pleased that under my chairmanship we have seen more focus on this area in the lecture series, website and Journal. It is not easy to build a new strand of work, especially when the lion's share of our project work must be externally funded. So progress has not been as fast as I might have hoped but now a number of enterprise projects and networks are going forward and I am confident that this theme is back at the heart of the RSA's concerns.

I have always stressed the vital importance of Fellows being engaged in delivering the RSA's charitable mission and I am an enthusiastic advocate and supporter of RSA Catalyst, a fund which supports our Fellows in working together to enable initiatives, events and projects in their communities of place or interest to 'get off the ground'. As we report in this document, in 2011/12 Catalyst awarded Fellows' social ventures a total of £100,000, in grants of £1,000 to £5,000. I hope that this fund continues to grow so that some of the RSA's most powerful impacts are the result not just of initiatives from Trustees and staff but from Fellows themselves.

During my chairmanship, the Board instigated in December 2011 the first comprehensive survey of views across the RSA Fellowship. A broad range of the RSA's activities and facilities was examined in the survey. The initiative, which will be repeated regularly, was welcomed by many Fellows as an opportunity to provide feedback in a comprehensive manner. The survey has generated over 600,000 words of qualitative data which will be analysed in more detail as a second phase of this project over the coming months. I am confident that the RSA will use the results as a baseline for us continuously to improve our offer to Fellows.

I can't pretend to be a great enthusiast for the minutiae of governance procedures but when governance fails it can make organisations distracted and divided. I believe the governance review and changes I have overseen have put the Society on a much firmer footing in this regard. In particular, I am delighted at the progress in developing the Fellowship Council and the new more open and ambitious framework for relations between John Adam Street and the nations and regions.

Having seen what can go wrong with big capital projects, when it came to the ambitious refurbishment of the Ground Floor and historic Great Room I expressed my reservations but after much discussion by the Board, Trustees unanimously voted to move forward with the proposals. I am delighted that my trust has been repaid and that I will be leaving office with our historic House restored to its former glories,

incorporating the very best technological capacity, and able to generate significant funds for the RSA's work. I hope many Fellows will join us for a week long series of events and workshops in September.

This project will enable us to connect with even more Fellows nationally and internationally via enhanced technology, and I am very grateful to all Fellows who have contributed to the Great Room Appeal.

I believe the senior team now running the RSA is the strongest it has been for some time, who are capable of achieving the ambitious targets that the trustees have set for the coming years.

In closing, I would like to pay tribute to our active Fellowship Council, and particularly outgoing chair Bob Porrer. The Council's wise advice and hard work has greatly contributed to the work and governance of the Society. I would also like to thank David Archer and Zena Martin, as Trustees elected by the Fellowship Council to represent the Council's views to the Board. They have put considerable time and effort into performing their roles conscientiously and enthusiastically.

Finally, I would like to express heartfelt thanks to all the Trustees who have supported me during my time at the RSA, in particular Naaz Coker who provided unstinting and sterling support and advice to me as Deputy Chair and Suzy Walton, who currently holds that position. I would also like to thank Lord Best who will retire from the Board having completed six valuable years of service. For the last three years he has been Treasurer and Chair of the Audit & Risk Committee and an incomparable source of wisdom and experience.

I would also like to express my sincerest gratitude to HRH The Duke of Edinburgh who stepped down after giving unrivalled support to us as the Society's President for over 59 years! I was delighted that I was able to welcome Princess Anne to the RSA and I look forward to her chairing the President's Lecture this year.

I believe that we are living in complex and challenging times and civic associations such as the RSA with its focus on innovation and enterprise, its independence and combination of practical action and ideas are needed more than ever. I will continue to watch the RSA's progress with sincere interest and all good wishes for the future.

Luke Johnson

CHIEF EXECUTIVE'S STATEMENT

I am confident Fellows will agree with me that this has been a year of strong progress for the RSA, and we have firm foundations for the next stage of the Society's development. If I had to pick out some particular highlights, I would mention:

- Not only increased Fellowship engagement, but as was made clear by the recent Fellowship Survey, an increased desire amongst Fellows to become engaged both with the RSA's core work and with projects developed by, and in conjunction with, other Fellows. The Catalyst Fund is a powerful symbol of a more ambitious outward looking model of Fellowship.
- The incredible reach of lectures, and particularly our online offer. At the risk of repeating myself, the success of our Animate feature has been phenomenal with online viewers numbering more than 60 million at the last count – not a day goes by without an email referring to Animate, how it has led viewers to seek out more of the RSA's work and proved to be a powerful educational tool.
- The fusion of high quality research with a hands-on, practical emphasis. We have moved quickly to deliver a family of RSA Academy Schools (shortly to number five). Our work in Peterborough is not only helping to engage local citizens but also to develop important new thinking on how to blur the boundary between the public sector and civil society. Our West Kent recovery project working on the ground with people recovering from battles with addiction (the Society's first ever project funded by Government on the basis of results) has presented an opportunity to build on work of the 2007 RSA Drugs Commission, then developed with our Whole Person Recovery report. Our work on the 'Social Brain' and on social networks has made us a leader in applying new thinking about behaviour change and community capacity.
- Last but not least, at the time of writing, we are waiting in anticipation to see the refurbished Great Room. The combination of a return to its original layout, cutting edge modern technology and the re-lit Barry paintings will result in something of which we can all be proud. I am looking forward to many events when we will be joined by Fellows not only nationally but also internationally as we seek to bring the experience of a Great Room lecture to those unable to be in the House in person.

Finally, we have been through – and continue to experience – some very challenging times economically but thanks to the excellent stewardship of our Chief Operating Officer, Carol Jackson (and her predecessor Steve King) and her team, our finances remain on a strong footing and we have been able to fund the Great Room development without taking any undue risks.

All that remains for me is to say a very big thank you to our outgoing Chair, Luke Johnson, whose legacy includes not only the fantastic new Great Room, but whose ideas such as the family of academies, Catalyst and the Jobs Summit have all come to fruition. I would like to thank him personally for his contribution to the RSA, as well as thanking his Trustee and Fellowship Council colleagues who have been so generous with their time and commitment – and of course the loyal and hardworking staff of the RSA.

It would also be remiss of me not to thank once again our outgoing President, HRH The Duke of Edinburgh who stood down on his 90th birthday last year after what must be an unsurpassable record of 59 years at the helm. We are extremely grateful for the unstinting support he gave us during that time and look forward to working closely with our new President, HRH The Princess Royal, who earlier this year carried out her first, highly successful, engagement for the RSA with a visit to Whitley Academy, the first school to join our flagship 'family of academies'.

Matthew Taylor

The RSA

The RSA is an enlightenment organisation committed to finding innovative practical solutions to the social challenges we face. We work to understand and enhance human capability to close the gap between today's reality and people's hopes for a better world.

The RSA consists of four inter-connected activities; Fellowship, projects, external events and the RSA House. At the heart of the Society is our 27,000 strong global network of Fellows, many of whom engage with RSA projects and are committed to driving grassroots social change and innovation in their local communities.

Our projects combine theory and practical innovation including, amongst others, our family of RSA academies, our innovative Opening Minds curriculum and Whole Person Recovery, a user-centred approach to help drug misusers recover from their addiction.

We provide platforms for critical debate and new ideas which include our annual events programme of over 150 events a year, our online offer (which includes over 60 million views of our lectures online), the RSA Journal and RSA Comment (an online space for Fellows to debate current issues).

The RSA House delivers income through our trading subsidiary, RSA Adelphi Enterprises Ltd, to support the upkeep of our historic building by hosting external clients. It is also a space for Fellows, partners and staff to meet and work and where our annual events programme is held.

FELLOWSHIP

At the heart of the RSA's work to remove barriers to social progress through understanding and releasing human capability, is our vibrant 27,000 plus Fellowship across 80 countries. Our founder, William Shipley wanted to engage 'Members from all Ranks, Professions and Trades'. The Fellowship today reflects this, made up as it is of established decision-makers, influencers and practitioners across different sectors, as well as up-and-coming talent, especially in the area of social enterprise.

From discussion and dissemination of ideas raised through our public platforms, through to hands-on action, Fellows drive innovation and social change, working on a wide range of issues from the arts and the environment, to economic and community development.

The first comprehensive survey of the whole RSA Fellowship was launched in December 2011. A broad range of the RSA's activities and facilities was examined in the survey and many baseline measurements have been taken for future comparisons. This was a real opportunity to listen to our Fellows.

The survey was generally very well received, with a good response rate of 22%. Many Fellows welcomed the initiative and the opportunity to provide feedback in such a comprehensive way. Whilst some respondents felt that the survey was a little too long, most provided very full answers including a wealth of detailed responses to open questions. The survey has generated over 600,000 words of qualitative data which will be analysed in more detail as a second phase of this project over the coming months.

Detailed recommendations that flow from the analysis of the survey include:

- clearer and more tailored paths to engagement for Fellows and improved online offering;
- increased visibility of the RSA's activities and realisation of its mission;
- more specific offerings for younger Fellows; and
- facilitation for those who are willing to contribute to projects including funding and leaving legacies to the RSA.

The findings point to an RSA that enjoys a high degree of loyalty amongst its Fellows, stemming from broad approbation of the RSA's mission and a high degree of satisfaction with most operational aspects. Many Fellows spoke of their pride in being associated with the RSA and how they derive great satisfaction from their involvement.

Fellows were asked to state their reasons for joining the RSA and two distinct groups emerge: those who joined to support the work of the RSA and wish to engage in its projects and other activities (70% of the Fellowship) and those who have joined to support the work of the RSA but do not wish to engage in its activities (30% of the Fellowship). Levels of satisfaction are equally high amongst both these groups.

Within the category of active Fellows many expressed a desire to be more deeply engaged, and at the same time pointed to several barriers such as difficulty in finding information on how to engage with the different RSA activities. This is currently being addressed in the context of the on-going work around both the RSA's Fellowship strategy and the RSA's technology strategy.

Impacts 2011/12

In 2011/12 the RSA's priorities were to maintain the Fellowship numbers in a tough economic climate, increase engagement and ensure we have in place the governance structures to achieve these ends.

We finished 2011/12 at 27,029 Fellows, 0.33% below the figure of 2010/11. 1938 Fellows were recruited, with a gender split of 36% female and 64% male (compared with 28% female and 72% male across the whole Fellowship). The average age of new recruits was 48, compared to the average age of all Fellows being 58. Income from Fellowship subscriptions was £4,093,723.16, a decrease of 5.8 %.

We now have 80 networks of Fellows operating across the UK and internationally, including Birmingham; Brighton; Guildford; Edinburgh, Sheffield; Chattanooga, New York; and Sydney, Australia. Our most recent network was launched in Helsinki.

Following a motion put forward at the RSA's 2010 AGM regarding governance issues, a Governance Advisory Group (GAG) was formed. The recommendations of GAG were accepted at the RSA's 2011 AGM and they will be fully operational by September 2012. In addition, last year the RSA committed itself to creating, implementing and maintaining a formal engagement structure for Fellows. Since then the Fellowship Council and the Regional/National Chairs have met and developed formal engagement structures.

In order to be able to meet the demands of a more engaged Fellowship, we sought to update, improve and maintain a professional service. To this end, the techniques used by the Fellowship services team are under regular review. Priorities for improvement have included moving to greater online engagement and ensuring our approaches are integrated. We are increasingly using social media to encourage debate and connections between Fellows and we are continuing to develop a more integrated and effective online offer. This is expected to be implemented in 2012/13.

Our aim of attracting Fellows who are focused on the RSA's founders original aim of "undertakings for public good" is paying dividends: 83% of new joiners want to find out more about how to support the RSA's mission through delivering their expertise through SkillsBank or applying for funding from our seed fund Catalyst.

RSA Catalyst

RSA Catalyst provides financial and non-financial assistance to help get Fellows' projects off the ground. Grants of up to £7,000 made up of initial awards of £1,000-£2,000, with a further £5,000 potentially available to successfully delivered projects with a potential for growth.

In 2011/12 Catalyst awarded 35 Fellows' social ventures a total of £100,000, in grants of £1,000-£5,000. The RSA prioritises its financial support for ideas are expected to become sustainable. Our latest survey of 2011/12 grant recipients found that, after an average of six months following their Catalyst grant, they had raised a further £8.50 for every £1 of grant. Below are four flagship Catalyst-supported ventures:

- Reap & Sow works with offenders to assemble and manufacture quality outdoor living products designed by students who volunteered through the RSA's cultural partnership with Northumbria University. So far 20 offenders in HMP Durham have gained employability skills as a result.
- Plan Zheroes builds web-based services to connect food retailers who might have excess food to groups who distribute it to marginalised communities. So far over 200 London businesses – including all 29 of Paul's cafés – are participating.
- Our Leicester Day mobilises community groups to showcase their activities in public places to increase participation and volunteering, with 100 participating in the pilot in Leicester's main city square.
- You Make It mobilises local business people to mentor unemployed young women, culminating in participants running market stalls to sell the products of local designers. They piloted with 21 unemployed women in Tower Hamlets, leading to 17 being in education or employment six months later.

Many more of the 146 ideas submitted by 332 Fellows in 2011/12 were awarded a range of support: matches from the SkillsBank; platforms to ask for support in our newsletter, online networks or one of the 60 Fellows' networks; smaller grants from regional funds. All received detailed feedback from the panel made up of Fellowship Council members and senior RSA staff.

The RSA Social Entrepreneurs Network

The Social Entrepreneurs Network is one of the most active groups to have developed through 2011/12 and it now has 300 members on the Fellows' online social network. Fellows ran a 'Spotlight' of eight social enterprises, organising co-mentoring workshops, with spotlighted enterprises including Social Enterprise UK's Growth Champion for 2011 (Cool2Care) and a Big Venture Challenge awardee (Arrival Education). The network held quarterly events, each attracting 70 to 120 attendees, exploring the challenges of the spotlighted social enterprises. It also ran monthly breakfast sessions each attended by 10 to 25 Fellows to share challenges faced.

The RSA SkillsBank

The SkillsBank is a growing network of individuals inspired to share their knowledge, time and expertise to support others and specific projects. This offers Fellows the opportunity to collaborate and test ideas, resolve specific challenges and, at the same time, broaden their skills and knowledge. The Skills Bank now has a member of staff focused on its development and growth.

Objectives for 2012/13

The economic climate will remain tough. This makes it all the more important to ensure that potential and existing Fellows feel welcome and understand how to get the most out of being part of the RSA. In 2012/13 the RSA will continue to create a more rigorous and focused process of Fellow recruitment. This will include developing a more welcoming, supportive and focused process of Fellow introduction and induction.

We recognise there is more to be done to engage Fellows with existing projects developed and run by the RSA. To help bridge this gap, the RSA will create strong and active networks of expert Fellows to support key strands in RSA Projects. These will be used to ensure on-going dialogue between Fellows and Projects Directors with a view to engaging Fellows more directly in the whole process of project development and delivery. An individual member of RSA staff will work full-time on the development of these networks.

As mentioned earlier in this report, with the implementation of the Governance Advisory Group recommendations adopted at last year's AGM, and the results from a Fellowship-wide survey, we are now in a position to refocus our efforts. Trustees would like to build on the work done last year on creating, implementing and maintaining a formal engagement structure for Fellows, and this has been progressed through the working groups of the Fellowship Council. Specifically, Trustees would like to increase support for high-potential projects in the years to come.

In order to be able to meet the demands of a more engaged Fellowship, we will continue to update our professional service to ensure specific focus on both the day-to-day work of RSA Fellowship Regions and Nations and specialised support for high-potential Fellowship activity, including our Catalyst seed fund, online community management, and communications support.

This will enable us to meet the following specific objectives over the coming year:

- To develop clearer access points (including online) and clear information for those active Fellows wishing to engage with the RSA in more depth; and
- To raise the number and quality of applications for the Catalyst fund.

RSA PROJECTS

Contemporary economic and social issues are characterised by their complexity, scale and unpredictability. Achieving real, sustainable progress has never been more challenging. We need to find new ways of doing things, to be innovative and to think creatively across a wide range of disciplines. We need the capacities and the political will to create new opportunities for people to take both individual responsibility and collective action.

The RSA seeks to put enlightened thinking to work in practical ways, always with an emphasis on increasing our understanding and releasing 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 tackle problems in many different ways. Our approach is to push the boundaries of current thinking and practice; our projects combine radical thinking, rigorous research and practical policy recommendations, which are tested and evaluated in real world settings.

Our aim is for Fellows to be engaged in all projects, be action and outcome focused, linking theory and practice. Ideas for projects may come from our own research or from Fellows and we also work with a broad range of partners. The RSA develops its project work through dialogue (including our blogs), reflection and evaluation and covers activities ranging from arts & society, through enterprise and education to Social Brain.

Impacts 2011/12

2011/12 saw a step change in RSA Projects with the production of a higher quantity and quality of reports and the expansion of our practical work. Most notably:

- the Citizen Power programme has had a major positive influence on the citizens of Peterborough and the delivery of public services in the City and has used arts practice widely to encourage citizen activism;
- the RSA's family of academies has been formally established and is already undertaking detailed school improvement work;
- our wider education work has rapidly achieved a high level of influence over government policy and school practice;
- a strand of work on enterprise and industry has been launched and a series of projects are already underway;
- the 2020 Public Services Hub has worked closely with a number of local authorities and other agencies to improve their outcomes;
- the Connected Communities work has expanded working with a wide variety of partners and with a growing focus on using our techniques to encourage entrepreneurial activity and local economic growth;
- our whole person recovery projects have changed the lives of those recovering from drug and alcohol addiction and we are now scaling up the work in West Kent; and
- the design strand undertook an innovative project working with spinal injury patients to improve their environment.

Objectives for 2012/13

RSA Projects aims to expand its practical work in 2012/13 and to cement its growing reputation for thought leadership in the areas of enterprise and industry, education and public services. We will undertake major projects on innovations in employment practices, closed loop manufacturing, the future of manufacturing in the UK, improving investment for productive and innovative UK companies, enhancing the savings behaviour of bank customers, improving school co-ordination at the regional level, ensuring the rise of academies is associated with higher standards, and understanding how public service productivity can be enhanced at a time of austerity. We also hope to relaunch RSA Premiums to encourage innovation in strategically important economic sectors and business practices.

We will also expand the number of academies we work with through the RSA family of academies and our associated company RSA Academies, and continue to deepen our school improvement offer to them. Our drug recovery work in West Kent will be fully operational and learning from the project will be captured. We will continue to do varied work with a growing number of partners designed to improve citizen engagement and enhance the quality and productivity of public services.

Finally, we will complete the Citizen Power Peterborough project and ensure a lasting legacy for the City while also using the experience to develop a deeper understanding of citizen engagement that can be transferred to other locations via the project's final report.

RSA Projects will also be re-launched with a new name in the autumn of 2012 to coincide with the official re-opening of the refurbished House. The aim of the re-launch is to focus our work more precisely on the areas of enterprise, education and public services and to take the opportunity of the House re-opening to display to the wider world the high calibre of our practical and thought leadership work. The re-launch day itself will place a strong emphasis on our enterprise work with a particular focus on young entrepreneurs.

Arts & Society

Arts and Society at the RSA focuses upon our unique opportunity to explore new models of engagement that take advantage of our geographical and interdisciplinary spread of Fellowship, our relationships with policy makers and our innovative approaches to problem solving. It builds arts practices into the programmes we deliver on the ground as an integral part of our thinking and project design.

The main focus of our arts work in 2011/12 has been on growing the arts strand of the Citizen Power Peterborough project. A variety of innovative schemes have been launched with the primary goals of drawing local artists and arts practitioners together to help build community and address social challenges.

These initiatives have seen a significant increase in local arts activity that engages directly with local people and a much greater willingness on the part of the local authority and public sector more generally to engage with local artists and use them to achieve their goals.

Due to the challenging funding environment for arts in the UK, it has proven very difficult to secure funds for a significant expansion of our arts work as originally planned. However, we have launched a project with Kings College which aims to explore in depth how practitioners of participatory arts work and how their activity can be supported and their impact enhanced.

In 2012/13 the RSA will continue the project on enhancing the social impact of participatory arts with Kings College and will complete the arts and social change work in Peterborough while ensuring a beneficial legacy for the City.

Citizen Power: Peterborough

Citizen Power: Peterborough is a partnership between the RSA, Peterborough City Council and the Arts Council. The programme represents a new approach to exploring how the renewal of civic activism and community action might improve attachment and networks between people, build local participation and cultivate public service innovation.

Having worked in Peterborough since 2009, the focus for 2011/12 was on legacy; ensuring that the project fosters wider cultural change, is replicable elsewhere and is integrated in local services and structures. To this end the team has been working to enhance the capacity of local organisations, citizens and Fellows to continue the work once the project is complete. Legacy and culture change have also been secured through the integration of a citizen power approach into the local authority's Single Development Plan.

In advance of the final report of the project, the RSA has focused on transforming the lessons learnt into a model of citizen engagement that can be transferred elsewhere.

The project has included the following outcomes to date: fourteen citizen run environmental community projects; the City's first peer led drug and alcohol recovery group; a network of five schools working together on the Area Based Curriculum; a network of more than forty local arts organisations working together and 240 Peterborough 'changemakers' identified, many of whom now meet regularly to understand how they can improve the City together. A review by the City Council found that for every £1 they spent on CPP, an extra £3.64 was brought into the City through the project.

An independent evaluation of Citizen Power Peterborough was underway at the time of writing. Its initial analysis has concluded that:

- of thirty-two senior figures in the City questioned, thirty stated that CPP had had a "significant impact";
- 69% of people involved in the development of the City Council's Single Delivery Plan stated that CPP had improved public service collaboration "very much" or "quite a lot".

In 2012/13 the RSA will complete the Citizen Power Peterborough project and produce a final report, ensuring that the project leaves a beneficial legacy in Peterborough and that we understand how the project's activities can be replicated elsewhere and lead to significant culture change and improvement in the delivery of public services.

Connected Communities

The Connected Communities programme aims to gain a better understanding of the conditions under which a new civic collectivism, or social productivity, may emerge; one that is organic, spontaneous and 'bottom-up'. Combining research and action, the programme has several interrelated strands and employs social network analysis as a means to understand, plan for and foster the kind of communities that residents want to live in.

In 2011/12 we embarked on a large-scale project funded by the Big Lottery, exploring how network analysis can challenge deprivation and improve social and economic outcomes including employment, health and local enterprise. Fellows have played a key role in this work, either in an advisory capacity or in supporting roles on the ground, in the seven areas in which the RSA worked. Smaller scale projects including work on enterprise and health in Blackburn and on the role business can play in supporting community cohesion have been either launched or completed in 2011/12.

In 2012/13 we will develop and deepen the methods and understanding associated with social networks by continuing the Big Lottery project and working with IT specialists to explore how social networks can be used by frontline practitioners, such as GPs, to improve their impact.

Design

The RSA Design team works to the assumption that, because of the particular characteristic of resourcefulness represented by designers, design will be fundamental to closing the gap between behaviour and aspiration. Ready to improvise and prototype, brave in the face of disorder and complexity, holistic and people-centred in their approach to defining problems, designers have a vital role to play today in making society itself more resourceful.

In 2011/12 the Design team set out to focus on secondary school design education. Close links have been forged between the Faculty of RSA Royal Designers for Industry (RDI) and the RSA Academy in Tipton with RDIs supporting design work at the school. We have also published a major report on design and the school curriculum.

We also undertook a project working with spinal injury patients and medical professionals to understand how design skills can be used by patients to improve their living and working environment. The project has expanded from one clinical site to four.

In 2012/13 the Design team will develop and grow the Student Design Awards (including establishing international awards) and continue to encourage the engagement of the Faculty of the Royal Designers for Industry with RSA activities particularly the family of academies. The team also aims to launch a major project on closed loop manufacturing – the implementation of processes and products which involve zero waste and in which all materials are reused.

Education

RSA Education seeks to realise the potential of all learners. This aim drives our Education project interests, which are focused on curriculum innovation and the promotion of higher standards and attainment across all social and economic groups.

We have seen significant progress across all areas of our education work. In 2011/12 the RSA family of academies was formally established and incorporated as a related charitable company, RSA Academies, and is now working closely with four schools on school improvement with further expansion expected. Opening Minds has continued to deepen its offer to schools with a formal accreditation process being launched. We are now working with five schools and other organisations in Peterborough to develop our Area Based Curriculum. These practical projects continue to feed into our thought leadership work around improving the curriculum and structure for schooling in the UK.

A number of reports on education were published in 2011/12. Our Furthering Opportunity project published its study of how the development of mentoring schemes can help improve the attainment of students from deprived backgrounds. A comparative international study on maths teaching was well-received and a report on our Area Based Curriculum work and on encouraging creativity in teaching methods was also published. Most notably, an analysis of 'coasting schools', undertaken collaboratively with Ofsted, had an immediate impact, including an endorsement from the office of the Secretary of State for Education. A few weeks later, reforms to the Ofsted inspection framework were very much in line with the report's recommendations.

In 2012/13, through RSA Academies, we will continue to grow the family of academies at a sustainable rate, focusing on school improvement and the raising of standards and creating mechanisms for maximising Fellowship involvement in the member schools.

In relation to Opening Minds, we will clarify the Opening Minds offer to individual teachers and create closer links between Opening Minds and the Area Based Curriculum. We will complete our Area Based Curriculum project, ensuring we capture key lessons in the final report. This will inform new partnerships and our planned integration with Opening Minds.

Also in 2012/13, the RSA will complete a commission on the academisation of schools, complete research on establishing and improving co-ordination of schooling at the regional level and undertake further thought leadership in a range of pressing policy areas.

Enterprise & Manufacturing

The enterprise strand now represents a growing portfolio of thought leadership and practical work to encourage enterprise and innovation. Over the past year this has included work on business and community engagement, establishing local innovation funds, and developing IT applications to aid young people looking for employment.

Alongside those projects, we have been building the partnerships and sourcing the funding for a series of more ambitious initiatives in 2012/13.

In 2012/13 the RSA will undertake a major project on closed loop manufacturing designed specifically to encourage new commercial initiatives in this area, as indicated above. We will also launch a project on the future of manufacturing in the UK with a focus on the challenges presented by rapidly changing technology which is empowering consumers.

Premiums were for many years the main way the RSA stimulated innovation and enterprise. We hope to replicate this in 2012/13 by launching RSA Premiums for a new era of technological innovation.

Social Brain

Since its inception in early 2009, the Social Brain project – as part of the RSA's overall focus on human capability - has sought to make theories of human nature more accurate through research, more explicit through public dissemination, and more empowering through practical engagement. The project is based on the assumption that the notion of a rational individual who makes decisions consciously, consistently and independently is, at best, a very partial account of who we are. Science is now telling us what most of us intuitively sense; that humans are a fundamentally social species.

The RSA's 2011/12 plans were to focus on the aspirations of a Big Society and to build the foundations for a new RSA adaptive behaviour unit. The strand has grown significantly over the year. Two major reports have been produced exploring how the social brain approach can help us understand and enhance a Big Society approach, with projects also undertaken on encouraging a savings culture, improving police performance and making driving more environmentally sustainable.

In 2012/13 the RSA will aim to launch the Social Brain Centre at the RSA. It will undertake work designed to increase our understanding of how behaviour change science can be used to encourage character development and how it can improve educational attainment. We will also explore the possibility of launching a large scale project on behaviour change, health services and diabetes.

Tomorrow's Investor

The Tomorrow's investor project set out to try to help think through how it might be possible to construct financial institutions that met the needs and desires of millions of savers. Most of the money that funds our capital markets comes from the amalgamation of relatively small amounts of savings by many millions of people. However, it was far from clear to us that the system of savings and investment gave proper 'voice' to citizen investors.

Having developed proposals for reform, our focus in 2011/12 was to ensure that these were being examined and considered by senior policy makers. Our report on reforming occupational pensions has proven extremely influential with detailed discussions undertaken with the Department of Work and Pensions, pension providers and the Work and Pensions Select Committee. Following major policy announcements, legislative and regulatory change is now underway or undergoing consultation, which will make it possible to establish the collective pension provision proposed in the report.

In 2012/13 two more Tomorrow's Investor studies will be published providing more detail on collective pension provision and on the hidden costs of pensions.

Whole Person Recovery

The Whole Person Recovery project set out to understand in a holistic way how problematic drug and alcohol users become trapped in cycles of addiction, what helps or hinders their journey to recovery, and

how their recovery can be sustained. In 2011/12 we set out to expand this work, with an emphasis on creating new recovery alliances.

The West Sussex recovery alliance continued to be developed in 2011/12 and has now been handed back to statutory partners to run. A recovery alliance was established in Peterborough and is now active and funding has been secured to establish three new recovery alliances in West Kent.

In 2012/13 we will ensure the West Kent project is running effectively and maximising its impact, while deepening our understanding and practice of effective drug and alcohol recovery.

2020 Public Services Trust

The 2020 Public Services Hub at the RSA has promoted social productivity approaches to public service reform at local, sectoral and national levels. Its approach has been to maximise the creation of social value through public service reform. Major think pieces in the first part of the year, including *From Big Society to Social Productivity*, and *The 2020 Commission on Public Services: A Progress Report* engaged with the key choices and dilemmas facing government and Whitehall. In the second part of the year, the Hub focussed on policy into practice work with a variety of partners. With the Learning and Skills Improvement Service, the Hub put forward a new strategic framework for the FE sector which was acknowledged as forward looking by the Department for Business, Skills and Innovation, has proved influential in subsequent reports by sector bodies, and has animated a new wave of public entrepreneurship across FE. With Sunderland City Council, we looked in detail at how devolution to place-based service models can bring better targeting and accountability when combined with new roles for local political leaders.

In 2012/13, the Hub will undertake work with the Scottish Environmental Agency and Scottish National Heritage to facilitate moves towards better regulation and stronger local ownership of environmental issues. We will also work with partners to shape the development of a 'co-operative' model of localised council services. The Hub also aims this year to underline its position as a centre of public service thought leadership by launching a series of inter-connected inquiries into public service productivity.

RSA HOUSE

Throughout its history, the RSA has extended a welcome to others looking for a place to discuss their ideas. The RSA has also played host to some landmark events, including Britain's first photographic exhibition and early public demonstrations of the telephone and talking film.

The RSA House through the RSA's trading subsidiary, RSA Adelphi Enterprises Ltd, provides income to the Society enabling funds to be raised for the financial upkeep of our Georgian buildings. £0.4m was contributed in 2011/12. It does this by holding book launches, meetings, lectures, conferences, film premieres and weddings and, with its varied historic architecture, it is one of the most inspiring venues in London.

The RSA HQ is also a space where Fellows network, hold meetings and work. Following the Trustees' decision to establish a House Development Committee to consider the upgrading of the House facilities in July 2011, Trustees approved the proposed refurbishment of the Great Room and ground floor areas of the House. The central idea behind the works is to enable the RSA House to become the physical embodiment of the Society's mission – creating a dynamic and inspiring place for Fellows and partners to meet, network and exchange ideas.

Work commenced in the Great Room in December 2011 and throughout the ground floor in January 2012. A phased completion was required to ensure return of The Benjamin Franklin Room by Easter 2012 with the remainder of the project completing early in July.

The plans for re-development included restoring the Great Room to its original C18th flat floor layout (and enhancing the visibility of the Barry murals which include the original Olympic awards), creating a dynamic and flexible space which can be used for a variety of purposes enabling horseshoe debates, exhibitions, 100 seat dinners and weddings, introducing technological improvements which give the capacity for greater interactivity and improving the air flow and environmental efficiency.

The plans for the ground floor restore and open up the lobby and reception area, creating a more cohesive route through the ground floor and creating additional meeting areas/rooms for Fellows. Integral to the plans is better communication of RSA activities to all visitors throughout the ground floor using interactive touch screens and more professional wayfinding.

Impacts 2011/12

The decision to invest in the re-development of the Great Room meant that there has been severe disruption within House with all of the ground floor and the Great Room closed from December through to July and the Benjamin Franklin Room closed up to the end of March. Despite this, we managed to maintain our lecture programme and really appreciate the patience of Fellows, staff and our visitors in bearing with us throughout the disruption. We are confident that it will prove worthwhile in producing a vibrant and exciting space.

Given the economic climate, the House priorities were to ensure that we remained competitive as an external venue and to this end the focus was on widening the marketing of the RSA's venue offer. The implementation of a new marketing strategy focused on the sales team building relationships and repeat business with new clients and significantly growing the private/wedding market. We have succeeded in almost doubling booking in these areas for 2012/13, compared to 2011/12. These figures have been particularly encouraging given that since December 2011 the sales team have been significantly hampered by the on-site building works taking place.

A review of the internal House catering offer was undertaken in September 2011. This resulted in a decision to seek an external catering partner that would be able to not only significantly improve the quality

and variety of the catering offer within the House but also offer enhanced training and skill improvements to our food and beverage preparation and service staff.

A tender process was conducted which resulted in Harbour & Jones being appointed to partner with the RSA for a period of two years, effective from February 2012. This has already proved to be a very successful partnership with extensive training and career development opportunities for the team and will ensure the catering offer at RSA House supports the refurbished House and its clients' expectations going forward.

The House had a tough year financially and was badly hit by the closure of three of the main rooms used for external business and all of the ground floor for the last four months of the year. Despite this, it returned a contribution of £0.4m after direct costs to the Society's overheads (£0.6m in 2010/11) without which there would be a greater call on Fellowship income and unrestricted fundraising.

Objectives 2012/13

In 2012/13 the emphasis will be to ensure that the RSA House with its refurbished Great Room and ground floor speaks to and reflects the RSA's mission by providing inspiring and modern spaces for Fellows and partners to meet and interact with one another. Our aim is to be one of the most technologically advanced spaces in London that Fellows will be proud to use and share with their colleagues and friends.

With strategic marketing, we aim for the RSA House to establish itself as one of the leading venues in London for marriage ceremonies and receptions.

We will ensure that the RSA House continues to make a significant annual contribution to the RSA's charitable work.

RSA PLATFORMS/EXTERNAL AFFAIRS

The RSA ideas platform is a globally recognised resource that creates new spaces, dialogues and connections; via our one hundred and fifty events a year, our online offer which includes the award winning Animate series, the RSA Journal and RSA Comment (an online space for Fellows to share debate around contemporary issues) and pamphlets. One of our key aspirations is to use our platforms as a springboard; ideas first floated in lectures or the Journal or commissioned pamphlets lead to wider debate, engagement and, where appropriate, action.

Online offer

Between April 2011 and April 2012, we had a total of over 3.5 million visits, 2.2 million unique visitors and over 7.3 million page views for the RSA website, our blogs and RSA Comment. This year we were ranked the top think-tank website in the UK. In this time period, we have had over 42 million video views and downloads. In the previous year this figure was 28 million. This growth shows that our videos remain an important way for us to reach out to wider audiences. Being a YouTube partner has been instrumental in growing our online following and we have over 170,000 subscribers, making the RSA the most subscribed non-profit channel in the UK.

Our level of engagement on Facebook has doubled in the past year, with over 32,000 fans. With over 31,000 followers on our Twitter channels, we are ranked the second most followed think-tank organization (Chatham House being the first).

The RSA Vision iPhone and Android apps have been relaunched with new branding and fixes. Our iPhone app has been downloaded 67,500 times – 80% of branded apps have been downloaded fewer than 1000 times.

In 2012/2013, we plan to live stream the majority of RSA events in September 2012 to coincide with the re-launch of the Great Room. This has the potential to be a great service for Fellows across the UK and internationally as it will be a fantastic opportunity to keep them engaged with the high quality content of the events programme in real-time.

We will redesign the Projects section of the website in line with the projects re-launch in September 2012 including developing a fresh and exciting web presence for the RSA's Student Design Awards.

Journal

In June 2011, we were awarded Best illustration for Richard Wilkinson's illustration of Mary Midgley's feature, 'The pseudo-Darwinist conspiracy', at the Institute of Internal Communications (IoIC) Awards.

We have been shortlisted in three categories at this year's IoIC Awards – Best membership publication, Best feature and Best editor and the overall winners will be announced in June 2012.

Annual events programme

Despite the significant restrictions placed on the events programme by the refurbishment programme, we have managed to sustain an exceptionally high-quality, popular and packed series. In 2011/12, we hosted 130 events which attracted 20,000 attendees. With topical panel debates, documentary premiere screenings, radio broadcasts, practitioner-led talks and keynotes from the world's leading thinkers, we have maintained our reputation as one of the most admired free events programmes in the country.

With a roll call of world-class speakers including **Steven Pinker, Nassim Nicholas Taleb, Jonathan Haidt, Darian Leader, Michelle Bachelet, David Brooks, Martin Seligman, Sherry Turkle, Mark Pagel, Eli Pariser, Tomáš Sedláček, Simon Baron Cohen, and Alain de Botton** – we have addressed some of the

most pressing 21st century challenges, and explored practical and innovative ideas and solutions with which to approach them.

We have focused on areas for debate which inform and disseminate RSA research work, hosting a number of events on education matters, including a major new series partnering with Teach First, and topical debates to launch RSA reports on Satisfactory Schools with the Chief Inspector of Schools **Sir Michael Wilshaw**, and the launch of the RSA Academies Commission.

In events aligned closely with RSA interests, we welcomed the award-winning Peruvian social entrepreneur, **Albina Ruiz**; founder of Time Banking **Edgar Cahn**; leader in the field of network visualisation, **Manuel Lima**, and hosted keynote lectures on criminal justice reform and policing from prison governor **John Podmore** and **Professor Lawrence Sherman**. At the RSA Jobs Summit, speakers including **Diane Coyle**, **Sir Richard Lambert** and **David Miliband MP** discussed promoting and sustaining job growth in the UK.

Matthew Taylor delivered his annual Chief Executive's lecture on Enlightened Enterprise, and discussed the implications for business and society with the Chief Executive of Kingfisher, **Ian Cheshire**.

We continued to work closely with strategic corporate partners to co-curate topical events, attracting valued sponsorship and support for the programme. A lively panel debate on ethical business was held in association with the Corporate Executive Board with senior speakers from AirBus and Shell; we held a series of debates on the ethics and value of advertising, supported by the Advertising Association, with panellists including industry leaders and consumer campaigners; leading international polling company Gallup delivered an exclusive presentation of their UK Wellbeing Index data and discussed the findings with policymakers and health experts; **Dame Ellen McArthur** joined a panel of business leaders to discuss the circular economy, in an event supported by major European manufacturer, Desso.

New events partnerships have brought diverse new audiences to the RSA. Conservative party chairman **Baroness Warsi** delivered the opening keynote lecture in a major series co-hosted with the Samosa, examining the contemporary relationship between Britain and Pakistan; **David Blunkett**, **Sunder Katwala** and **Titi Banjoko** joined a panel to discuss the future of migration in the digital age in an event organised in association with the new Migration Museum and supported by the Foreign Office; we co-curated a major series with Penguin books commemorating 10 Years after '9/11' with speakers including **Bridget Kendall**, **Jason Burke**, **John Gray**, **Scott Atran** and **Ed Husain**.

Our series with Radio 4 brings exciting new voices such as **Ed Yong**, **Dreda Say Mitchell** and **Christie Watson** to the RSA as well as established names from **Sir Tim Smit** to **Sir Terry Farrell**. Our live LBC radio debates covered hot topics from the reform of the NHS, to immigration and economic inequality.

2011/2012 has also been another exceptional year for the incredible RSA Animate brand. Public appetite and enthusiasm for the series showed no sign of waning, and our total views more than *doubled* since this time last year, and now stand at just under 60 million. We were shortlisted for another Webby Award, and were delighted to receive the prestigious Gold Dolphin award at the Cannes Corporate, Media and TV film festival for an animation of David Harvey's lecture on the origins of the financial crisis.

Thanks to the continued global success of the RSA Animate series, we are now seen as the first trailblazers of a new wave of 'ideas visualisation' techniques. Building on that reputation and consolidating our 'USP', we ran a hugely popular animation competition to unearth creative talent and encourage young innovators to translate RSA event ideas into accessible, viral short films. The competition was supported by the Nominet Trust as part of a wider partnership which included sponsorship of the annual Nominet Lecture, and we had a massive public response, with many brilliant entries, thousands of votes, and some high-profile media coverage. Leading New York Times columnist David Brooks (whose RSA lecture was "animated" by competition entrants) said it had *"been an honor to be part of this level of creativity"*.

In 2012 - 13, the upgraded Great Room will offer enhanced facilities for communicating the work of the RSA to a global online audience. The focus will be on building an engaged online viewing community and making use of lively social media reporting to increase the impact and interactivity of RSA events.

We will offer new opportunities for pre- and post-event networking and collaboration, attracting new audience groups and stakeholders, strengthening networks, and improving the on-going impact of events.

OPERATIONS

RSA support continues to be an active contributor to the success of the RSA, ensuring all key aspects of infrastructure – finance, HR, IT, governance and risk management – were not only effectively managed, but actively driven to achieve outcomes which strengthened and moved the RSA forward.

Impact 2011/12

During the year we reviewed all of our technology operations to inform an RSA Technology Strategy for the next three years. The strategy will be a key enabler to support the achievement of the RSA's strategic objectives through improved digital technology and better ways of working. The new environment will comprise a range of inter-connectable technology applications which can be combined and configured to provide the particular services that the RSA needs now and in the future. This will form an important part in enabling greater interaction and engagement between Fellows, and between Fellows and staff. During 2011/12 we started our initial user experience research for this work and achieved some 'quick wins' including improved online collaboration and management of projects through the use of Huddle and Basecamp technologies.

We are aiming to become an 'excellent place to work' using the formal criteria of the 'Best Not-for-Profit Organisation' quality standard. 2011/12 has focussed putting in place an HR strategy for the next three years. In parallel, we have improved the appraisal and supervision processes and tightened up our recruitment policies, including the provision of 10 paid internships during the year. We have also worked through two challenging TUPE processes, both as our own staff left to join our new caterer Harbour & Jones, and with new staff potentially joining us as part of the contract for the provision of Whole Person Recovery in West Kent. We have developed better reporting including a more formal exit interview process.

In the governance area, the team worked closely with the Governance Advisory Group (GAG) on the formulation of its recommendations and preparation for taking those proposals to the 2011 AGM. These focussed on :

- A Board with a majority of elected Trustees (seven elected and five co-opted);
- A Fellowship Council of thirty five elected and five co-opted Fellows;
- A threshold of 200 Fellows required to table a resolution (rather than the initial proposal of 250 in June) and 500 Fellows to call a Special General Meeting;
- A more integrated and flexible approach to Regional and National structures.

Following their agreement at the AGM, the subsequent implementation has included working with regional/national teams organising board, Fellowship Council and Regional/National Chair elections.

Sound finances are an essential part of the management of the RSA and this was a challenging year with both the economic environment and the impact of the disruption caused by the major refurbishment of the Great Room and the whole of the ground floor, resulting in an adverse impact on the result for the year.

Objectives 2012/13

Our focus for 2012/3 will be on putting in place the foundations to make the RSA a truly excellent place to work. We see this is not just as focussed on HR processes but ensuring that all of our infrastructure is fit for purpose.

Following completion of in-depth user experience research, we plan to implement the first stages of the RSA Technology strategy including the replacement of our customer relationship management system. In parallel, we will continue to work on small projects to improve on-line collaboration, project management and better ways of working.

Within our HR strategy we will review and revise our salary structures and focus on more targeted training and development.

As mentioned above, the next stage of the implementation of the GAG proposals will be the elections for Regional/National chairs and Fellowship councillors. The new Fellowship Council and Regional/National teams will start operating from September 2012, at the latest. We will work closely with regional/national teams to ensure successful implementation of their development plans.

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 2011-12

Corporate Supporters

APG Group
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Shared Intelligence Ltd
Springetts Ltd
The Gallup Organization Ltd
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Individual Supporters & Legacies

Miss A R Kendall
Mr B Bossom
Mr B Foster
Sir R Malpas
Mrs O Nettle
Mr G Woodhead

Trust, Foundations & Grant Making Organisations

Big Lottery Fund
Creative Education Academies Trust
Esmée Fairbairn Foundation

Futurebuilders England Ltd
Garfield Weston Foundation
Nominet Trust
Sylvia Adams Charitable Trust
The Marketing Trust
Tudor Trust
The Wates Foundation
Tony Blair Faith Foundation

Statutory & Other Organisations

Aim Higher London South
Arts Council England
Blackburn with Darwen Borough Council
Channel 4 Television Corporation
Chelmsford Borough Council
Department for Business, Innovation and Skills
Department for Communities and Local Government
Department for Environment, Food and Rural Affairs
Kings Cultural Institute
Learning and Skills Improvement Service
London School of Business & Finance
Loughborough University Design School
Manchester Metropolitan University
National House-Building Council
OCR
Peterborough City Council
Royal Commission for the Exhibition of 1851
Sunderland City Council
British Foreign & Commonwealth Office
UN Women UK National Committee
University of Kent
Vivacity

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 twelve members and meets six times a year, including an annual 'AwayDay' 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 attends all Board Meetings.

Up to five Fellows are directly elected to the Board by the Fellowship, up to two Fellows are elected by the Fellowship Council from amongst their elected numbers and up to five Fellows are appointed by the Board. 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 Trustee Induction information pack about the RSA and their responsibilities. Additional training is also provided where 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 one external member); Nominations; and Remuneration.

The Chief Executive and Chief Operating Officer both attend all the committee meetings. The external auditors attend one meeting a year 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 charity's trustees are responsible for keeping accounting records in respect of the charity which are sufficient to show and explain all the charity's transactions and which are such as to disclose at any time, with reasonable accuracy, the financial position of the charity at that time and to ensure the accounts comply with the Charities Act 2011. The Trustees are responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention of detection of fraud and other irregularities.

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. The recommendations of the GAG

were put to the AGM on October 5 2011 and agreed in full. The structure, governance and management of the charity highlighted above reflect the implementation of the agreed changes.

Risk Management

A full risk assessment is undertaken in order to identify the major risks to which we are exposed under the following 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 through the promotion of both innovation and improvements to contribute to employment and general prosperity and 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, both through attendance in person and by access in a number of formats through our website; the results of our research are broad ranging and are disseminated free of charge to all interested parties; we offer funding for innovative new projects through our catalyst fund and encourage innovation and creativity through the RSA Student Design awards, whilst our hands on projects, such as those in education, drugs recovery and building communities, have direct charitable benefit. The RSA Fellowship is also diverse, engaged and influential and its work, which is given voluntarily, contributes to the capacity of the Society to develop and promote new and innovative ways of thinking about human fulfilment and of meeting the challenges facing society in the 21st century.

The Trustees review the activities of the Society against its aims on an ongoing basis and are satisfied that all activities continue to be related to those aims. No specific issues of detriment or harm have been identified. Ultimately, wider society will benefit from the charity's activities. 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.

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 the year we carried out an assessment of the RSA's carbon footprint. The outcome was reasonable given that we occupy a listed building, which is used intensively and which includes catering facilities. We are planning to carry out an annual assessment of the carbon footprint and consider that measures taken within the refurbishment of the ground floor of the House will

contribute to an improvement, particularly on electricity consumption. The outcome for 2012/13 will, however, be impacted by the intensive building work currently underway.

We also review our purchasing policies on a regular basis and during the year have made changes to our purchasing of paper and ink cartridges to pursue more environmentally friendly options.

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 are reporting a small deficit on *Net incoming resources before other recognised gains and losses* for the year of £0.06m. This compares with a surplus of £1.1m in 2011 when we had the benefit of recovering £0.6m from HMRC for prior years VAT going back to 1973. In July 2011, the Board of Trustees agreed to a major investment for the refurbishment and reconfiguration of the Great Room and the ground floor of 8 John Adam Street. Work started in December 2011, with the final phase being completed in July 2012. The closure of the Great Room and all of the ground floor of the building had a significant impact on the 2011/12 results.

The deficit of £0.06m is before an unrealised loss on investment assets of £0.03m versus a gain of £0.5m in 2011. The resultant *Net Movement of Funds* is a loss of £0.1m compared with a gain of £1.6m last year.

Incoming resources

Total Incoming Resources reduced by £1.1m from £9.1m to £8.0m, or by £0.5m excluding the amount of £0.6m related to the recovery of VAT highlighted above. Our principal funding sources are our Fellows, trading through RSA House, project grants and sponsorship and investment income.

Under *Voluntary Income* Fellowship subscription income fell from £4.3m to £4.1m. The number of Fellows at 27,029 was only marginally below the figure of 27,119 for the previous year and was a good result given the challenging economic environment prevailing during the year. Around 70% of Fellows pay their subscriptions under Gift Aid, which is almost all of those eligible to pay in this way, and it is an important component of this element of income.

Under *Activities for Generating Funds*, the RSA House operates all the function spaces within John Adam Street, providing accommodation for business meetings, social events and weddings. We continued to suffer the effects of the recession during the first 8 months of the year and were then impacted by the closure of much of our public space including the three largest venues: the Great Room, the Benjamin Franklin Room and the Tavern Room during the last 4 months of the year. Turnover fell from £2.0m to £1.6m; much of the shortfall being due to the aforementioned disruption.

External funding for our *Programme of Projects* grew from £1.1m to £1.3m reflecting greater success in fundraising. *Lectures Donations and Sponsorship* fell back a little as did funds raised within the regions and networks. *Investment Income*, however, increased from £0.5m to £0.6m reflecting greater funds under management.

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 £16.0m to £16.1m; transfers into investments of £0.1m being offset by minimal investment losses. The investment managers, 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 £8.1m from £8.0m with the increase being mainly within the Programme of Projects which is part of the RSA's charitable activities. Charitable expenditure represents over three quarters of total expenditure (excluding the RSA House operations).

The *Cost of Generating Funds* decreased from £3.2m to £3.1m. Net Voluntary Income fell from £3.6m to £3.3m reflecting the challenge in maintaining gross Fellowship income in a difficult economic environment. Efforts were made to reduce costs within RSA House as volumes fell due, primarily, to the impact of the major refurbishment; but operating profits were reduced. A number of measures have been put in place to ensure the maximum benefit is gained in 2012/13 from the refurbishment.

Resources expended on our *Charitable Activities* increased from £4.3m to £4.6m, mainly as a result of increased projects expenditure.

Governance costs include the expenses associated with Trustee Board meetings, arranging the 2011 AGM, Trustee elections, maintaining our constitution, external audit and a proportion of core executive management time.

Reserves policy

The Trustees have adopted a reserves policy which they consider appropriate, in order to ensure the continuing ability of the RSA to meet its objectives and obligations. Investment returns are required to fund the charitable activities; and the policy also seeks to maintain an acceptable ratio between the 'free reserves'¹ and the level of 'unrestricted cash expenditure'². In order to make the reserves position more transparent, Trustees have agreed to create a designated fixed asset reserve which highlights the extent to which unrestricted funds are invested in the property in John Adam Street and other fixed assets and are therefore not available to meet short or medium term funding needs.

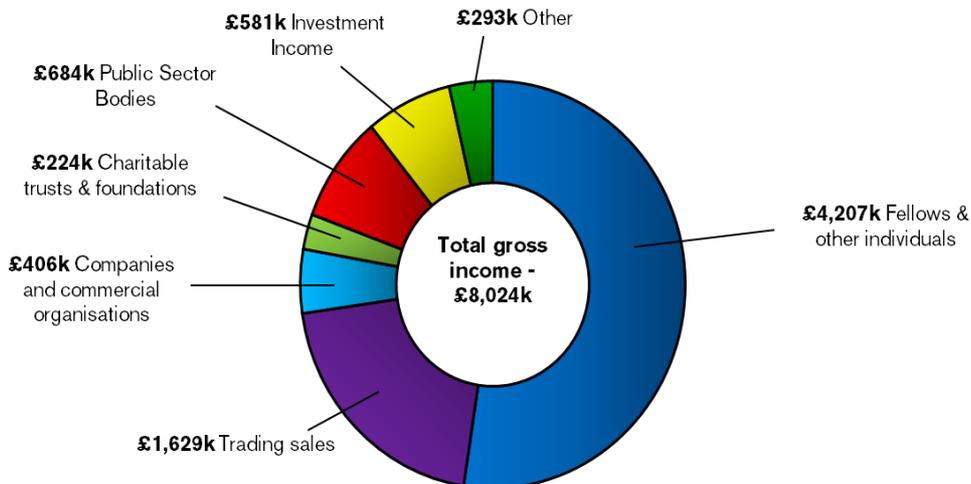
The Trustees have reviewed the reserves policy in the light of the current economic environment and guidance from the Charity Commission and have agreed to maintain the target for free reserves at three months' unrestricted cash expenditure. It is believed that three months is a realistic assessment of the time taken to make necessary adjustments should the RSA suffer a major change in its financial position. This year, our cover position is 9.1 months compared with 11.1 months last year. The reduction in cover reflects the decision to invest in a major refurbishment of 8 John Adam Street and £0.9m had been invested at the end of March 2012. A further £2.1m will be expended in 2011/12. The Trustees believe the position is healthy given the current economic uncertainty and the planned investment, but will continue to review the appropriateness of this ratio as the economic and political situation evolves.

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

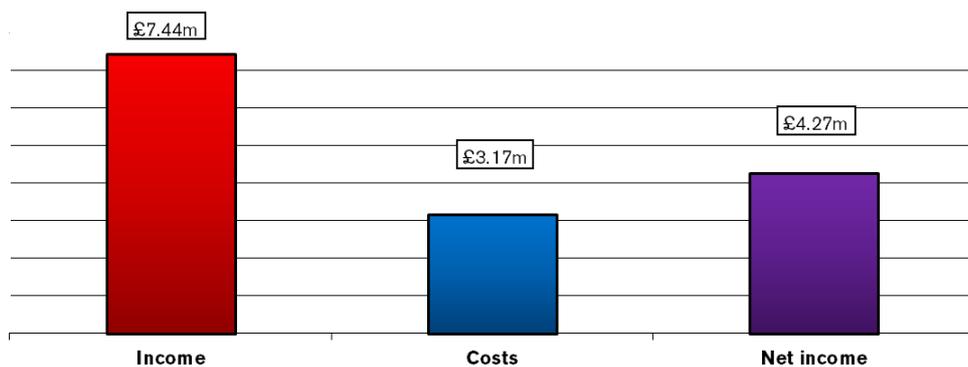
² 'Unrestricted cash expenditure' represents the operating costs for the year less the charge for depreciation and less the direct costs of catering which would not be incurred if activities ceased.

Financial summary

Where our funds come from

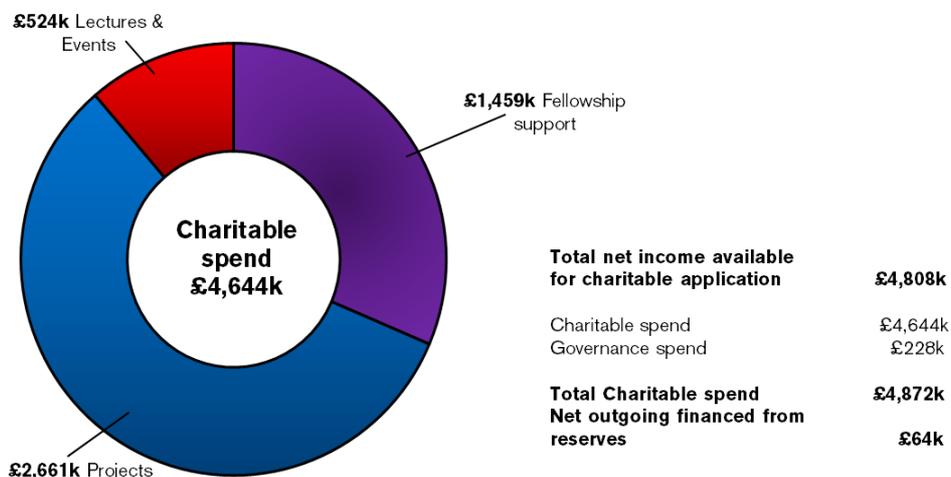


Trading and fundraising net income



Trading and fundraising net income £4,271k
 Other net income (including investments) £537k
Total net income available for charitable application £4,808k

Charitable application of funds



Independent auditors' report to the Trustees of the RSA (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 2012 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 2011 and the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 23, the trustees are responsible for the preparation of the financial statements which give a true and fair view.

We have been appointed as auditors under section 144 of the Charities Act 2011 and section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations under those Acts. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

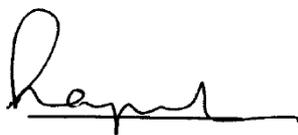
In our opinion the financial statements:

- give a true and fair view 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 United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Matters on which we are required to report by exception

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

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

10 July 2012

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 2012

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2012 £'000	Total 2011 £'000
Incoming resources	2					
Incoming resources from generated funds						
Voluntary income						
Fellowship Donations		4,094	-	-	4,094	4,350
Other donations & legacies		88	-	-	88	82
Other sources		56	-	-	56	56
Activities for generating funds						
Trading income		1,629	-	-	1,629	1,960
Investment income		128	453	-	581	497
Incoming resources from charitable activities						
Programme of projects		204	1,140	-	1,344	1,057
Programme of lectures & events		194	-	-	194	252
Regional & network activities		37	-	-	37	93
Other income		1	-	-	1	747
Total incoming resources		6,431	1,593	-	8,024	9,094
Resources expended						
Costs of generating funds	3					
Costs of generating voluntary income						
Fellowship administration		793	-	-	793	789
Fundraising costs		93	-	-	93	58
Other		8	56	-	64	62
Costs of activities for generating funds						
Trading activities		2,221	-	-	2,221	2,357
Investment management costs		9	-	36	45	40
Net incoming resources available for charitable application		3,307	1,537	(36)	4,808	5,788
Charitable activities						
Programme of projects		1,109	1,552	-	2,661	2,244
Programme of lectures & events		524	-	-	524	615
Fellowship support		1,459	-	-	1,459	1,474
Other costs					-	130
Governance costs		228	-	-	228	217
Total charitable expenditure		3,320	1,552	-	4,872	4,680
Total resources expended		6,444	1,608	36	8,088	7,986
Net incoming/(outgoing) resources before transfers		(13)	(15)	(36)	(64)	1,108
Gross transfers between funds	6	163	(163)	-	-	-
Net incoming/(outgoing) resources before other recognised gains and losses		150	(178)	(36)	(64)	1,108
Other recognised gains and losses						
Gains/(losses) on investment assets	8	(7)	(243)	217	(33)	540
Net movement of funds		143	(421)	181	(97)	1,648
Reconciliation of funds						
Total funds brought forward		10,243	3,262	9,548	23,053	21,405
Total funds carried forward		10,386	2,841	9,729	22,956	23,053

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 2012

	<i>Notes</i>	<i>Group 2012 £'000</i>	<i>Group 2011 £'000</i>	<i>RSA 2012 £'000</i>	<i>RSA 2011 £'000</i>
Fixed assets					
Tangible fixed assets	7	7,540	6,735	7,540	6,735
Investments	8	16,083	16,003	16,083	16,003
		23,623	22,738	23,623	22,738
Current assets					
Debtors	9	868	840	794	675
Short term deposits and cash at bank		851	1,639	615	1,591
		1,719	2,479	1,409	2,266
Creditors: amounts falling due within one year	10	(1,412)	(1,259)	(1,102)	(1,046)
Net current assets		307	1,220	307	1,220
Total assets less current liabilities		23,930	23,958	23,930	23,958
Creditors: amounts falling due after more than one year					
Deferred life Fellowship income		(974)	(905)	(974)	(905)
Total assets less liabilities		22,956	23,053	22,956	23,053
Unrestricted income funds	11	10,386	10,243	10,386	10,243
Restricted income funds	11	2,841	3,262	2,841	3,262
Endowment funds	11	9,729	9,548	9,729	9,548
Total funds		22,956	23,053	22,956	23,053

The Financial Statements were approved by the Board of Trustees on the 10th of July 2012 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 2012

	2012	2011
	£'000	£'000
Net incoming/(outgoing) resources from operating activities	(5)	1,037
Returns on investments and servicing of finance	581	497
Capital expenditure and financial investment	(1,364)	(3,934)
Increase/(decrease) in cash	(788)	(2,400)

Notes to Group Cash Flow Statement

	2012	2011
	£'000	£'000
Reconciliation of net incoming resources to net cash inflow/(outflow) from operating activities		
Net incoming/(outgoing) resources for the year	(64)	1,108
Interest received and income from investments	(581)	(497)
Depreciation charges	446	449
(Increase)/decrease in debtors	(28)	(18)
Increase/(decrease) in creditors	222	(5)
Net cash inflow/(outflow) from operating activities	(5)	1,037

Reconciliation of capital expenditure and financial investment

Payments to acquire tangible fixed assets	(1,251)	(524)
(Additions)/Withdrawals from investments	(113)	(3,410)
Capital expenditure and financial investment	(1,364)	(3,934)

Reconciliation of net cash flow to movement in net funds

Increase/(decrease) in cash in the year	(788)	(2,400)
Net funds at 1 April 2011	1,639	4,039
Net funds at 31 March 2012	851	1,639

Analysis of changes in net funds

	<i>1 April</i>	<i>Cash</i>	<i>31 March</i>
	<i>2011</i>	<i>Flows</i>	<i>2012</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cash at bank	1,639	(788)	851
	1,639	(788)	851

The accompanying notes form part of these financial statements.

Notes to the Financial Statements 31 March 2012

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. Expenditure incurred on support departments is apportioned to the activity area based on the appropriate driver, such as headcount or floorspace.

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. These items are not considered heritage assets as defined in FRS 30. Depreciation is calculated on the cost of the fixed assets on a straight line basis over the

Freehold premises:	200 years from 1978
Building improvements:	between 10 and 40 years
Furniture and fittings (includes computer equipment):	between 3 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. A designated fixed asset reserve has been created to highlight the value of unrestricted funds tied up in fixed assets.

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

The capital of permanent endowment funds is required to be retained in perpetuity, while the income must be used for restricted charitable purposes. The capital of expendable endowments may be used in specific circumstances, while the income must be used for restricted charitable purposes. The capital element of expendable endowments is adjusted annually to ensure its value remains in real terms.

Pension costs

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

Notes to the Financial Statements 31 March 2012 continued

2. Incoming resources

2012

	Voluntary Income	Activities for generating funds	Investment income	Programme of Projects	Programme of Lectures & events	Regional and network activities	Other income	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fellowship	4,094	-	-	-	-	-	-	4,094
Donations & legacies from individuals	88	-	-	16	9	-	-	113
Companies & commercial organisations	-	-	-	255	151	-	-	406
Charitable trusts & foundations	-	-	-	217	7	-	-	224
Public sector bodies	-	-	-	652	20	12	-	684
Trading activities	-	1,629	-	-	-	-	-	1,629
Fees income	56	-	-	204	7	-	-	267
Dividends, interest & rental income	-	-	581	-	-	-	-	581
Other sources	-	-	-	-	-	25	1	26
	4,238	1,629	581	1,344	194	37	1	8,024

2011

	Voluntary Income	Activities for generating funds	Investment income	Programme of Projects	Programme of Lectures & events	Regional and network activities	Other income	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fellowship	4,350	-	-	-	-	-	-	4,350
Donations & legacies from individuals	82	-	-	7	9	-	-	98
Companies & commercial organisations	-	-	-	223	176	-	-	399
Charitable trusts & foundations	-	-	-	291	-	-	-	291
Public sector bodies	-	-	-	480	3	28	-	511
Trading activities	-	1,960	-	-	-	-	-	1,960
Fees income	56	-	-	56	64	6	-	182
Dividends, interest & rental income	-	-	497	-	-	-	-	497
Other sources	-	-	-	-	-	59	747	806
	4,488	1,960	497	1,057	252	93	747	9,094

Voluntary income comprises fellowship dues, unrestricted donations and legacies and some fee income generated by the CEO, journal and library.

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.

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

Regional and network activities comprises all funding received towards supporting fellowship networks and the income generated by the regional committees of the RSA.

Other income in 2011 includes a gross VAT recovery of £732,000.

Any reclassifications made for 2012 have similarly been applied to the prior year comparative.

Notes to the Financial Statements 31 March 2012 continued

3. Resources expended

	<i>Direct costs - Staff Cost</i>	<i>Direct costs - Other</i>	<i>Apportioned support costs</i>	<i>2012 Total</i>	<i>2011 Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Costs of generating voluntary income:					
Fellowship administration	410	134	249	793	789
Fundraising costs	15	16	62	93	58
Other		64		64	62
Cost of activities for generating funds	832	436	953	2,221	2,357
Investment management fees		45		45	40
Charitable activities:					
Programme of Projects	1,191	786	684	2,661	2,244
Programme of Lectures & events	189	79	256	524	615
Fellowship support	457	579	423	1,459	1,474
Other Costs	-	-	-	-	130
Governance Costs	67	161	-	228	217
	3,161	2,300	2,627	8,088	7,986

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. Cost of activities for generating funds 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 & events comprises the costs of performing these charitable activities.

Fellowship support comprises the costs of the Journal, Library, Fellowship Networks and the costs incurred by our regional committee's.

Governance costs include the expenses associated with Trustee Board meetings, Trustee elections, maintaining our constitution, external audit and a proportion of core executive management time. The external audit fee was £23,500 (2011 £22,500). Fees paid to the auditors for non audit services were £1,400 (2011 £2,200).

Other costs in 2011 is the commission paid on the VAT recovery reflected in other income.

Any reclassifications made for 2012 have similarly been applied to the prior year comparative.

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, for example headcount or floor space.

Resources expended exclude the value of work contributed by Fellows to the activities of the RSA.

4. Support costs broken down by activity

	<i>Fellowship administration</i>	<i>Fundraising costs</i>	<i>Cost of activities for generating funds</i>	<i>Programme of projects</i>	<i>Programme of Lectures & events</i>	<i>Fellowship support</i>	<i>2012 Total</i>	<i>2011 Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Establishment & Depreciation	120	8	684	273	70	187	1,342	1,290
Executive Management	40	11	48	92	60	80	331	350
Finance	32	1	63	66	13	30	205	193
Human Resources	15	-	30	32	7	15	99	89
Information Technology	31	1	61	64	13	29	199	140
External communications	11	41	67	157	93	82	451	515
2012 total	249	62	953	684	256	423	2,627	2,577
2011 total	229	55	957	627	256	453	2,577	

Notes to the Financial Statements 31 March 2012 continued

5. Trustee and staff costs

Trustees

Members of the Trustee Board and committees do not receive any remuneration for their services. Travel expenses were reimbursed to 3 (2011: 2) Trustees amounted to £4,419 (2011: £290). Charitable funds have been used to buy indemnity insurance for Trustees at a cost of £7,000 (2011: £7,350).

Staff

The average number of staff employed during the year, on a full time equivalent basis, was 101 (2011: 102). This was split across the organisation as follows:

	2012	2011
Cost of generating voluntary income	13	11
Cost of activities for generating funds	23	26
Programme of projects	24	22
Programme of Lectures & events	5	5
Fellowship support	11	13
Governance	1	-
Support departments	24	25
	101	102

The cost of these individuals was as follows:

	2012	2011
	£'000	£'000
Salaries	3,606	3,454
Employer's National Insurance contributions	381	352
Pension contributions	212	178
	4,199	3,984

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

	2012	2011
£60,001 to £70,000	3	3
£70,001 to £80,000	3	2
£80,001 to £90,000	-	1
£120,001 to £130,000	1	1

The number of higher paid employees accruing pension benefits was:

	2012	2011
a) Defined contributions scheme - group personal pension	6	5

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

6. Transfers between funds

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2012 £'000	Total 2011 £'000
Programme of projects	(412)	412	-	-	-
Reimbursement to Shipley re RSA Academy	(125)	125	-	-	-
Funding of general RSA programme from Shipley expendable endowment	700	(700)	-	-	-
	163	(163)	-	-	-

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

Notes to the Financial Statements 31 March 2012 continued

7. Tangible fixed assets

	<i>Freehold premises</i>	<i>Building Improvements</i>	<i>Furniture & fittings</i>	<i>Pictures, books & antiques</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cost or valuation					
At 1 April 2011	4,304	6,048	2,766	33	13,151
Transfers	-	-	-	-	-
Additions	-	1,029	222	-	1,251
Disposals	-	-	-	-	-
At 31 March 2012	4,304	7,077	2,988	33	14,402
Depreciation					
At 1 April 2011	632	3,359	2,425	-	6,416
Charge for the year	22	210	214	-	446
Disposals	-	-	-	-	-
At 31 March 2012	654	3,569	2,639	0	6,862
Net book values					
At 31 March 2012	3,650	3,508	349	33	7,540
At 1 April 2011	3,672	2,689	341	33	6,735

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 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.

8. Investment assets

	<i>Unrestricted funds</i>	<i>Restricted Funds</i>	<i>Endowment Funds</i>	<i>2012 Total</i>	<i>2011 Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Analysis of investment assets					
Investments in Government and other listed securities and Charities Official Investment Funds at market values					
UK	1,355	1,465	6,944	9,764	10,328
Overseas	123	124	572	819	869
Alternative investments	274	259	1,194	1,727	1,980
Freehold property	847	143	657	1,647	1,722
Bank deposits	1,564	200	362	2,126	1,104
	4,163	2,191	9,729	16,083	16,003
Analysis of movement of investment assets					
Investments at 1 April 2011	3,890	2,565	9,548	16,003	12,053
Net additions/(withdrawals)	280	(131)	(36)	113	3,410
Revaluation gain/(loss)	(7)	(243)	217	(33)	540
Investments at 31 March 2012	4,163	2,191	9,729	16,083	16,003

Freehold property includes a valuation of £700,000 for a property the RSA owns in London, SW11. The valuation was last undertaken in March 2010.

Notes to the Financial Statements 31 March 2012 continued

9. Debtors

	Group 2012 £'000	Group 2011 £'000	RSA 2012 £'000	RSA 2011 £'000
Trade debtors	223	354	137	212
Prepayments and accrued income	516	406	454	397
Other debtors	129	80	117	66
Subsidiary Debtor	-	-	86	-
	868	840	794	675

10. Creditors: amounts falling due within one year

	Group 2012 £'000	Group 2011 £'000	RSA 2012 £'000	RSA 2011 £'000
Trade creditors	238	192	233	164
Accruals	474	327	426	305
Project deferred income	187	244	186	244
Other creditors	281	370	257	285
RSA Hospitality income received in advance	232	126	-	-
Subsidiary creditor	-	-	-	48
	1,412	1,259	1,102	1,046

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.

11. Funds

a) Unrestricted funds - movements in year

	Balance 1 April 2011 £'000	Income £'000	Expended £'000	Gain/(loss) £'000	Transfers £'000	Balance 31 March 2012 £'000
Designated fixed asset reserve	6,057	-	-	-	852	6,909
General reserve	4,186	6,431	(6,444)	(7)	(689)	3,477
	10,243	6,431	(6,444)	(7)	163	10,386

b) Restricted income funds - movements in year

	Balance 1 April 2011 £'000	Income £'000	Expended £'000	Gain/(loss) £'000	Transfers £'000	Balance 31 March 2012 £'000
Programme of projects	0	1,140	(1,552)	-	412	0
Shingley fund	2,369	420	-	(242)	(575)	1,972
Vaults appeal fund	678	-	(47)	-	-	631
Dick Onians Creativity fund	19	-	-	-	-	19
<u>Individual Trusts greater than £5,000:</u>						
James Cranstoun Bequest	45	11	-	-	-	56
Sir John Stratton Scholarship	29	2	-	-	-	31
Arts Congress / Fidelity Trust	23	2	-	-	-	25
Edward Boyle Fund	18	3	-	-	-	21
Lord Bossom Trust	17	2	(2)	-	-	17
Betro Trust	17	1	(1)	-	-	17
Reflection Riding Fund	11	1	-	-	-	12
Edward Squires Fund	7	3	-	-	-	10
Dick Onians Lecture Trust	6	1	-	-	-	7
Thomas Howard Trust	6	-	-	-	-	6
<u>Trusts less than £5,000</u>	17	7	(6)	(1)	-	17
	3,262	1,593	(1,608)	(243)	(163)	2,841

Notes to the Financial Statements 31 March 2012 continued

11. Funds - continued

The restricted programme of projects fund includes the following restricted income which has been received in the course of the financial year:

Big Lottery Fund £99,189

The Shipley fund is an expendable endowment, the income from which is used to support the RSA's programme 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.

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.

c) Endowment funds trusts settled for specific purposes - movements in year

	Balance 1 April 2011 £'000	Income £'000	Expended £'000	Gain/(loss) £'000	Transfers £'000	Balance 31 March 2012 £'000
Shipley expendable endowment	8,903	-	(36)	223	-	9,090
<u>Individual Trusts greater than £10,000:</u>						
James Cranstoun Bequest	256	-	-	(2)	-	254
Edward Squires Fund	69	-	-	(1)	-	68
Edward Boyle Fund	51	-	-	(1)	-	50
Angus Millar Trust	40	-	-	-	-	40
Sir John Stratton Scholarship	26	-	-	-	-	26
Dick Onians Lecture Trust	23	-	-	-	-	23
Lord Bossom Trust	23	-	-	-	-	23
Alfred Davies Bequest	13	-	-	-	-	13
Trusts less than £10,000	144	-	-	(2)	-	142
	9,548	0	(36)	217	0	9,729

d) Total funds

	Balance 1 April 2011 £'000	Income £'000	Expended £'000	Gain/(loss) £'000	Transfers £'000	Balance 31 March 2012 £'000
Unrestricted Funds						
Designated fixed asset reserve	6,057	-	-	-	852	6,909
General reserve	4,186	6,431	(6,444)	(7)	(689)	3,477
	10,243	6,431	(6,444)	(7)	163	10,386
Restricted income funds	3,262	1,593	(1,608)	(243)	(163)	2,841
Endowment Funds						
Expendable	8,903	-	(36)	223	-	9,090
Permanent	645	-	-	(6)	-	639
Total funds	23,053	8,024	(8,088)	(33)	0	22,956

e) Analysis of group net assets between funds

	Fixed assets £'000	Investme nts £'000	Current assets £'000	Liabilities £'000	Fund balances £'000
Unrestricted Funds					
Designated fixed asset reserve	6,909	-	-	-	6,909
General reserve	-	4,163	1,700	(2,386)	3,477
	6,909	4,163	1,700	(2,386)	10,386
Restricted income funds	631	2,191	19	-	2,841
Endowment Funds					
Expendable	-	9,090	-	-	9,090
Permanent	-	639	-	-	639
Total funds	7,540	16,083	1,719	(2,386)	22,956

Notes to the Financial Statements 31 March 2012 continued

12. 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 AEGON.

The Consolidated Statement of Financial Activities includes contributions by the charity to the Group Personal Pension scheme of £212,000 (2011: £178,000)

13. Taxation

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

14. Related parties

RSA Opening Minds (RSAOM) and RSA Academies (RSAA) are separate companies limited by guarantee which are considered related due to the involvement of the RSA in their governance. The trustees of the RSA do not consider them to be controlled by the RSA. RSAA is to apply for registration as a charity in the new year, whilst RSAOM will likely remain dormant.

15. Subsidiary undertakings

a) RSA Adelphi Enterprises Limited

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

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

i) Summary of profit and loss account for RSA Adelphi Enterprises Limited

	2012	2011
	£'000	£'000
Turnover	1,744.4	2098.8
Cost of sales	(786.3)	(801.1)
Gross profit	958.1	1297.7
Other expenses	(954.4)	(1,244.4)
Net profit	3.7	53.3
Bank interest	0.6	0.3
Profit for the year transferred by Gift Aid to RSA	(4.3)	(53.6)
Profit	0.0	0.0

ii) Summary of balance sheet for RSA Adelphi Enterprises Ltd

	2012	2011
	£'000	£'000
Current Assets:		
Stocks	11.6	12.1
Debtors	147.6	151.1
Owed by parent	0.0	48.3
Cash	235.9	48.5
	395.1	260.0
Creditors:		
Creditors	76.7	133.6
Advance deposit receipts	231.9	126.3
Owed to parent	86.4	0.0
	395.0	259.9
Net assets/Share capital	0.1	0.1

iii) Reconciliation of subsidiary result to group reporting

	2012	2011
	£'000	£'000
Group Reporting:		
Incoming Resources from Activities for generating funds (as per note 2)	1,629	1,960
Cost of activities for generating funds - direct costs (as per note 3)	(1,268)	(1,400)
Contribution to RSA overheads	361	560
Cost of activities for generating funds - Support costs (as per note 4)	(953)	(957)
As reported in RSA Financial Statements	(592)	(397)
Add back support costs apportioned to activity for group reporting purposes	953	957
Add back direct costs incurred by parent allocated to activity for group reporting purposes	482	599
Add back items intercompany charges eliminated upon group reporting consolidation	(839)	(1,106)
RSA Adelphi Enterprises reported profit	4	53

16. Parent charity result

	2012	2011
	£'000	£'000
Incoming resources	7,350	8,378
Resources expended	(7,418)	(7,324)
Gift Aid income	4	54
Net incoming resources before other recognised gains	(64)	1,108
Other recognised gains	(33)	540
Net movement of funds	(97)	1,648