

**ROYAL ACADEMY OF ARTS
LIMITED**

(A Company Limited by Guarantee)

**Registered Charity No. 1125383
Registered Company No. 06298947**

**REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 AUGUST 2015**

Royal Academy of Arts

Trustees' Report

For the year ended 31 August 2015

Registered Charity No. 1125383

Registered Company No. 06298947

PRESIDENT AND COUNCIL:

In the financial year and at the date of signing:

President

Christopher Le Brun PRA

Council

Ron Arad RA (resigned 7 October 2014)

Stephen Chambers RA (resigned 6 October 2015)

Ann Christopher RA (resigned 6 October 2015)

Spencer de Grey CBE RA (resigned 7 October 2014)

Anne Desmet RA

Professor Stephen Farthing RA (resigned 7 October 2014)

Brendan Finucane QC

Mariella Frostrup (resigned 6 October 2015)

Piers Gough CBE RA

Julian Heslop

Suzanne Heywood (appointed 6 October 2015)

Gary Hume RA (resigned 7 October 2014)

Timothy Hyman RA (appointed 7 October 2014, resigned 6 October 2015)

Jock McFadyen RA

Professor Ian McKeever RA (resigned October 2015)

Mike Nelson RA (appointed 6 October 2015)

Professor Humphrey Ocean RA (resigned 7 October 2014)

Professor Chris Orr RA (resigned 7 October 2014)

Cornelia Parker RA (resigned 6 October 2015)

Eric Parry RA (appointed 6 October 2015)

Grayson Perry CBE RA (appointed 7 October 2014, resigned 6 October 2015)

Dr Barbara Rae CBE RA (appointed 7 October 2014)

David Remfry RA (appointed 6 October 2015)

Professor Ian Ritchie CBA RA (appointed 7 October 2014)

Mick Rooney (appointed 6 October 2015)

Conrad Shawcross RA (appointed 6 October 2015)

Bob and Roberta Smith RA (Patrick Brill) (appointed 6 October 2015)

Emma Stibbon RA (appointed 7 October 2014)

William Woodrow RA (appointed 7 October 2014)

Officers

Christopher Le Brun PRA

President

Eileen Cooper RA

Keeper

Professor Paul Huxley RA

Treasurer (resigned 1 October 2014)

Professor Chris Orr RA

Treasurer (appointed 1 October 2014)

Charles Saumarez Smith CBE

Secretary and Chief Executive

Company Secretary

Jonathon Cornaby

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Royal Academy Committees
at the date of signing:

Executive Committee

Charles Saumarez Smith CBE (Chairman)
Charlotte Appleyard
Eliza Bonham Carter
Jonathon Cornaby
Will Dallimore
Tim Marlow
Katherine Montague

Finance Committee

Professor Chris Orr RA (Chairman)
Adam Bennett
Jonathon Cornaby (Secretary)
Anne Desmet RA
Julian Heslop
Charles Saumarez Smith CBE
Peter Williams

Audit Committee

Julian Heslop (Chairman)
Steve Caine
Jonathon Cornaby (Secretary)
Professor Ian Ritchie CBA RA
Rebecca Salter RA
Tim Shaw RA
Denise Wilson

Professional Advisors:

Auditors

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

Bankers

The Royal Bank of Scotland plc
PO Box 412
62/63 Threadneedle Street
London EC2R 8LA

Solicitors

Jones Day
21 Tudor Street
London EC4Y 0DJ

Registered Office

Burlington House
Piccadilly
London W1J 0BD

Registered Charity Number

1125383

Registered Company Number

06298947

Exhibitions Committee

Professor Stephen Farthing RA (Chairman)
Professor Josephine Dawn Ades CBE FBA
Stephen Chambers RA
Michael Craig-Martin CBE RA
Richard Deacon RA
Professor David Ekserdjian RA
Gary Hume RA
Tim Marlow (Secretary)
Cornelia Parker OBE RA
Alan Stanton OBE RA
Rebecca Warren RA
Professor Richard Wilson RA
President *ex officio*
Keeper *ex officio*
Treasurer *ex officio*
Secretary and Chief Executive *ex officio*

Remuneration Committee

Philip Marsden (Chairman)
Anne Desmet RA
Alan Stanton OBE RA
Katherine Montague (Secretary)
Treasurer *ex officio*
Secretary and Chief Executive *ex officio*

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CONSTITUTION AND CHARITABLE OBJECTIVES

Constitution

The Royal Academy of Arts ("Royal Academy") was incorporated as a company limited by guarantee on 2 July 2007, company registration number 06298947, and registered as a charity on 6 August 2008, charity registration number 1125383.

The incorporated Royal Academy commenced trading on 1 September 2009 following the transfer of the net assets and undertakings from the unincorporated Royal Academy, charity registration number 212798.

The Royal Academy today continues to aspire, in the words of its eighteenth century founders, to "promote the arts of design". It believes in learning through first-hand experience of the arts and is unique in its combination of practical work, exhibitions and learning programmes.

Its members are painters, sculptors, architects, engravers, printmakers and draughtsman elected by their peers for their distinction as artists. There are up to 80 active members (under the age of 75) and a number of senior Academicians (over the age of 75).

The Royal Academy receives no revenue support from the government or any other public body. However, the Royal Academy was awarded an HLF Grant of £12.7 million during the year ended 31 August 2014 towards the Burlington Project (also now referred to as RA250).

The charitable objects are:

- The promotion of the arts of design
- The education of the public in the creation, enjoyment, appreciation and understanding of the arts, through exhibitions, educational programmes and debate by all charitable means as the members of Council may think fit.

Governance and management

The Royal Academy is governed by a Council consisting of thirteen Academicians, up to three individuals who are not Academicians, and the President.

Six seats in the Council go by rotation to all the Academicians, three go to newly elected Academicians and four are elected by a General Assembly of all Academicians. Academicians serve for one year (if newly elected) or two years for their second and subsequent terms. Elected Academicians serve for two years and are able to be re-elected for a further two terms of two years. External members of Council are elected for a period of two years and may be re-elected for two further terms of two years.

No member of Council may serve more than three consecutive terms.

The President, the Keeper and the Treasurer serve ex officio.

Council meets monthly between October and the following July. Changes in rules, elections, and discussion on important issues of the moment take place at General Assemblies, held three times a year. Council is responsible for approving adequate arrangements for induction and training for new Academicians.

Newly elected Academicians are:

- given a copy of the laws which set out structure, role and responsibilities;
- given copies of the annual reports and financial management reports;
- required to sign the Roll of Obligation; and
- invited to attend an induction meeting and meet with members of the Executive Committee.

Council is aware of its requirement to provide training for trustees and an ongoing programme of training has been undertaken.

The Royal Academy is a charity; its trustees, who are also directors of the company, are the members of Council, full details of which are given on page 1.

The Secretary and Chief Executive is in charge of the day-to-day running of the Royal Academy and, together with the President, Keeper and Treasurer, is an Officer. He attends Council meetings, but is not a Royal Academician. The Chief Financial Officer and Director of Artistic Programmes also attend Council meetings, but are not Officers or Royal Academicians.

The Royal Academy has three trading subsidiaries: R.A. Enterprises Limited, Burlington House Limited and RA (Arts) Limited. Although these are separate legal entities, they are regarded as part of the Royal Academy "group" for management purposes and therefore they are included in the consolidated financial statements.

The Executive Committee, comprising senior members of staff and led by the Secretary and Chief Executive, has delegated responsibility for the day-to-day running of the Royal Academy and implements policies and strategies in accordance with the Administrative Instructions issued by Council. The Secretary and Chief Executive reports to Council.

Royal Academy of Arts

Trustees' Report

For the year ended 31 August 2015

Governance and management (continued)

The Finance Committee, currently composed of Academicians, Trustees of the Royal Academy Trust and senior members of staff and external advisors, makes recommendations to Council on the finances of the Royal Academy. The remit of the Finance Committee is to advise Council on matters of a financial nature.

The Audit Committee consisting of three Academicians and three external advisors reports to General Assembly through Council. Committee members are appointed initially for three years and the Committee usually meets at least four times a year.

The Remuneration Committee consisting of Academicians and Trustees of the Royal Academy Trust makes recommendations to Council on remuneration for officers and members of the Executive Committee.

The Royal Academy Trust, set up in 1981 to provide funds for the support of the Royal Academy, is separately registered as a charity with its own trustees, who are men and women of distinction from business and the wider community. As it is not controlled by the Royal Academy, its resources have not been consolidated with those of the Royal Academy.

The Friends of the Royal Academy, a separate charity with its own trustees, was incorporated as a company limited by guarantee in December 1976 to support the work of the Royal Academy. As with the Royal Academy Trust, it is not controlled by the Royal Academy and its resources have not been consolidated with those of the Royal Academy.

Another separate, independent organisation – Royal Academy America (formerly the American Associates of the Royal Academy Trust ("AARAT")) – based in New York, raises money for the Royal Academy. There is an annual joint meeting of the American and British trustees at which management briefs the trustees on developments and fund-raising needs and initiatives. As with the Royal Academy Trust and Friends of the Royal Academy, it is not controlled by the Royal Academy and its resources have not been consolidated with those of the Royal Academy.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Royal Academy continues and that appropriate training is arranged. It is the policy of the Royal Academy that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

The Royal Academy places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Royal Academy. This is achieved through formal and informal meetings including the regular "Show and Tell" sessions, and the internal newsletter.

Current year objectives

To enable the Royal Academy to continue to meet its charitable objectives, in February 2013, the Royal Academy devised a new Strategic Plan. The five-year plan builds towards our 250th anniversary in 2018 and its five principal objectives outline what we want to achieve by then:

1. To inspire and engage a wider public
2. To engage scholars and nurture the artists of the future
3. To establish spaces fit for a 21st century Academy
4. To realise the full potential of our members and staff
5. To fulfil our objectives and safeguard our future.

ACTIVITIES, ACHIEVEMENTS AND IMPACT

Review of activities

Looking back on 2014/15, we chart our progress against these five key objectives:

1. Public engagement: "To inspire and engage a wider public"

The Royal Academy's exhibitions, events and digital platforms encourage audiences to discover and enjoy art and architecture.

Exhibitions

In the Main Galleries, Anselm Kiefer created a rich portrait of one of the towering figures of contemporary art. Reviews emphasised how well-suited the Royal Academy was as a venue for Kiefer's art. The exhibition attracted 185,000 visitors.

Rubens and his Legacy: Van Dyck to Cézanne examined the Flemish master in the context of his successors. Innovative elements included a room of contemporary responses to Rubens curated by Jenny Saville RA. Over 160,000 people attended.

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Review of activities (continued)

In the Sackler Wing, an exhibition on the Renaissance portraitist Giovanni Battista Moroni was widely praised. Drawing 89,000 visitors, it was the first of a successful series of exhibitions, which introduced audiences to lesser known artists.

The show was succeeded by two devoted to American artists. Richard Diebenkorn provided, as the Evening Standard stated, "a rare chance to see this later American master's paintings in the UK". The shadow boxes in Joseph Cornell: Wanderlust were "spell-binding", according to the Telegraph. Both exhibitions attracted new audiences to the Royal Academy, many for the first time.

In Burlington Gardens, contemporary British art complemented the Sackler Wing shows. Allen Jones RA surveyed the artist's 50-year career and demonstrated Pop Art's connections to the wider culture.

The 247th Summer Exhibition, co-ordinated by Michael Craig-Martin RA, was the most popular in 60 years, drawing 230,000 people. Photography was allowed in the galleries for the first time and all the exhibits could be seen online, where the works were viewed one million times on over 100,000 visits worldwide. BBC Arts broadcast a one-hour programme on the Summer Exhibition.

Events and learning

Special events in 2014/15 to encourage new visitors to come to the Royal Academy included our first-ever street festival. Part of an ongoing programme to connect the Royal Academy more widely to Mayfair, the weekend event attracted 4,000 visitors in July 2015 to art installations, workshops, games and performances.

RA Lates proved popular. Over the year, 10,000 people attended talks, lectures, debates and tours at the Royal Academy. Topical discussions included a season on housing, and conversations between artists and architects on designing studios and creative spaces. Speakers ranged from painter Frank Auerbach to novelist Julian Barnes.

Many young people accessed the Royal Academy. Over 21,000 came for a gallery visit or talk, while 2,700 were engaged through outreach activities. The attRAct programme worked with A-level art students in state schools. Well-attended activities for families included the monthly Family Studios, where parents and children made artworks together.

With its community partners, the Royal Academy ran workshops for 1,500 hard-to-reach young people. The monthly Art Club for homeless people was praised in the Guardian for its "outstanding results". The Royal Academy's well-received workshops for children with special needs were discussed at an international conference on arts education.

Digital platforms

In Chicago, the Royal Academy won an international Best of the Web award in 2015 for its successful website redesign. Web traffic rose by 24%.

A major project to digitise 10,000 items in the Royal Academy Collection began. Successful projects included creating a digital version of the 13-metre-wide Waterloo Cartoon, a full-size preparatory drawing for a fresco by Daniel Maclise RA. Users can zoom in to details at high resolution and explore the work through a range of features.

Our social media presence continued to increase. Tweets from the Royal Academy were seen 230 million times, with mentions of the Royal Academy on Twitter rising by 30% over 2013/14. Our most popular post on Facebook was a time-lapse installation of Jim Lambie's colourful ZOBOP stairs, which welcomed visitors into the Summer Exhibition.

2. Academic engagement: "To engage scholars and nurture the artists of the future"

The Royal Academy Schools offer a three-year course of postgraduate training to talented young artists. The Artistic Programmes team manage the RA Collection, Library and Archive and promote a wide and engaging critical discourse on art and architecture.

Royal Academy Schools

Applications to study at the Royal Academy Schools increased by 16%, with 520 applicants in 2014.

The Schools ran a busy programme, with lectures, practical training and public talks. The Royal Academy Schools Annual Lecture was given by the American painter Frank Stella RA.

Second-year students exhibited their work at Premiums Interim Projects, which attracted a record audience. The Royal Academy Schools Show – the degree show for final-year students – saw 16 graduating artists present paintings, sculpture, video and other work. Together the exhibitions drew 16,000 visitors.

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For the year ended 31 August 2015

Review of activities (continued)

Schools alumni exhibited worldwide. To develop this important network, the Royal Academy Schools inaugurated a new association for alumni. Over 300 attended the initial reception.

To support training at the Schools, the Annual Dinner and Auction raised over £200,000 net. Fundraising for the Schools from trusts and foundations attracted £320,000.

Library and Collection

External research visits to the Royal Academy Library increased by 10%.

The Royal Academy Collection was moved off-site to allow for building works as part of RA250, the masterplan to reconfigure the Royal Academy for its 250th anniversary in 2018. Despite this, the Royal Academy maintained its programme of international loans, lending 87 works to 30 venues worldwide.

In Nagoya, the touring exhibition, *Genius and Ambition: The Royal Academy of Arts, London, 1768–1918* drew to a close. The 13-month tour to Australia and Japan attracted 200,000 visitors.

Acquisitions for the Collection and Library included life drawings and prints by Christopher Le Brun PRA and archival photographs and books previously dispersed in individual departments.

Publications

Academic publications included a catalogue raisonné of prints by Stanley Anderson RA. Exhibition catalogues sold well, with those on Anselm Kiefer and the Summer Exhibition proving particularly popular.

Creative responses to art were commissioned from Ali Smith, Jeanette Winterson and others in short stories for the RA Magazine. A video of George Szirtes reading a poem he composed in response to Anselm Kiefer was published on the Royal Academy website.

3. Spaces: “To establish spaces fit for a 21st century Academy”

The Royal Academy has embarked on its RA250 Masterplan to connect Burlington House and Burlington Gardens and open up the Royal Academy for audiences. RA250 will mark our 250th anniversary in 2018.

The Masterplan and RA250 (also known as the Burlington Project)

The Royal Academy formally launched the Masterplan at a press conference in May 2015, under the banner “RA250: Opening up the Royal Academy”.

Media coverage on BBC London and elsewhere reported the proposed designs by Sir David Chipperfield CBE RA, which include a bridge connecting Burlington Gardens to Burlington House for the first time, new areas to display more of the Royal Academy Collection and recent work by leading artists and a new Lecture Theatre and Clore Learning Centre.

Preparations for the major works saw the Royal Academy’s administrative staff temporarily moved to Unilever House in Blackfriars, as well as the off-site storage of 46,000 works in the Collection. The main contractor, John Sisk & Sons, was appointed.

Public understanding of the Royal Academy

In advance of RA250 and 2018, the Royal Academy introduced several public activities to nurture a fuller understanding of what the Royal Academy is.

Hour-long guided tours, led by Royal Academy Volunteers, saw 1,500 people introduced to the evolution of Burlington House, the Collection and the Royal Academicians. An architectural display told the story of the Royal Academy from the 17th century to the 21st, projecting the buildings forward to their latest incarnation in 2018.

The Royal Academy is also responding to major changes and opportunities in Mayfair, most significantly the huge impact Crossrail will have. Reimagining Mayfair commissioned leading architects to come up with ideas for Mayfair as a cultural destination and displayed the proposals during Open House weekend.

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Review of activities (continued)

4. People: "To realise the full potential of our members and staff"

The Academicians and staff work together to make the Royal Academy a rich, creative environment for practitioners and the public.

Royal Academicians

Four new Royal Academicians ("Members") were elected in 2014/15: Farshid Moussavi, Peter Randall-Page, Eva Rothschild and Rebecca Salter. The painter Rose Wylie was elected Senior Royal Academician.

Two Honorary Academicians were also elected: American Pop Artist Jim Dine and the South African artist William Kentridge, whose prints and drawings featured in the Small Weston Room in the Summer Exhibition.

The deaths were marked of Geoffrey Clarke RA, Professor Ivor Abrahams RA, William Bowyer RA, Robert Clatworthy RA and Albert Irvin RA.

The Royal Academicians contributed widely to the Royal Academy Schools, exhibitions and events programmes. Sir David Chipperfield CBE RA served as the first guest-editor of the RA Magazine.

Displays of work by Royal Academicians included Eileen Cooper RA, Stanley Anderson RA, Mick Rooney RA and Timothy Hyman RA.

Internationally, a three-year collaboration began between the Royal Academy and the Peninsula Hotel in Hong Kong. The first installation was by Richard Wilson RA, who suspended a coach over the edge of the hotel's 7th floor terrace in homage to the 1969 film, *The Italian Job*.

A four-year partnership between the Royal Academy and HS1 saw Cornelia Parker RA display a new work in St Pancras International, where 48 million travellers a year pass by.

Royal Academy staff

From March 2015, the Royal Academy committed to pay the London Living Wage or more to all staff.

A new Visitor and Friends Experience team was created from existing front-of-house teams. The new team will offer a more streamlined service to anyone arriving at the Royal Academy, whether a Friend of the Royal Academy or the general public.

Staff development included evening lectures in art history and management training. The Royal Academy staff choir participated in the Big Sing alongside staff choirs from Channel 4, Debenhams, the Telegraph and BNP Paribas.

Friends and Volunteers

Nearly 85,000 Friends of the Royal Academy supported the institution through their annual subscriptions. Around 150 special events for Friends, such as private evening views and guided tours to artist's houses, attracted a record 4,000 people.

Royal Academy America appointed a new chair, director and other key posts. Events in the USA included visits by Grayson Perry RA and Thomas Heatherwick RA.

A new HLF-funded post, Volunteer Development Manager, was created to broaden the range of volunteers who help the Royal Academy. Volunteer support included greeting exhibition visitors and offering tours of the Collection.

5. Finances: "To fulfil our objectives and safeguard our future"

Generous support and dynamic commercial enterprises ensure the Royal Academy maintains a sound and sustainable future.

Sponsorship and fundraising

For the RA250 Masterplan, 90% of the funding needed has been pledged. Major financial support has come from the Heritage Lottery Fund, trusts, foundations and private individuals.

Using Kickstarter, the Royal Academy ran the most successful visual arts crowd-funding campaign in Europe. To raise money for Ai Weiwei's installation in the Annenberg Courtyard, the campaign received pledges for £124,000 from members of the public in 37 days.

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Review of activities (continued)

Major exhibition support continued from BNP Paribas, BNY Mellon, Insight Investment, JTI and the Terra Foundation for American Art. The year saw two new sponsors support Royal Academy projects. UK fashion brand Jack Wills sponsored a summer Courtyard Cinema. HS1 agreed to support an annual art commission in St Pancras International for the next four years.

Patrons and supporters

The Royal Academy Patrons, led by Robert Suss, raised £1.2 million to support the Royal Academy's work. Over 100 new Patrons joined in 2014/15.

Over £630,000 was received through legacies. During the year, 32 new pledges of a legacy gift were made.

Events drew support from celebrities such as the popstar Usher, who attended an evening in aid of the Royal Academy Learning Programme. The Summer Exhibition Preview Party brought in a gross income of £1.1 million.

Commercial enterprises

Retail and catering achieved sales of £3.7 million in 2014/15, an increase of 48% over 2013/14. Revenue was significantly supported by the sale of artworks donated by Anselm Kiefer. The sale of the artist's 90 lead plane artworks generated £926,000.

A year-round initiative to sell works by Royal Academicians, launched in October 2014, exceeded all targets for its first year.

A year-round programme of paying courses and classes was launched in February 2015. Members of the public can register at the Royal Academy to study art history, criticism, life drawing and other techniques.

RA Editions saw prints by Royal Academicians and students sold online and at the London Original Print Fair. Proceeds support the Royal Academy Schools bursary endowment and running costs.

IMPACT AND PUBLIC BENEFIT

Although our current objectives and the activities to meet those objectives make a considerable impact in meeting our charitable objects, a more formal impact assessment approach is under consideration with a view to setting indicators and benchmarks by which the Royal Academy can more effectively measure the impact that it is making.

Meanwhile, in implementing the stated objectives through the strategies described, the trustees confirm that they comply with their duty to have regard to the Charity Commission guidance on public benefit.

The exhibition programme presents a mix of subject matter and content to suit a range of public tastes and is complemented by a programme of activities such as lectures and workshops aimed at providing opportunities for the public to engage with the subject matter and the institution.

These programmes offer a range of opportunities for engagement involving the wider community through activities for students and teachers, parents and children, and adults.

The Royal Academy's pricing policy includes opportunities for those on low incomes to visit the Royal Academy and participate in its programmes by taking advantage of reduced ticket prices and free activities.

FINANCIAL REVIEW

Financial result for the year

The results for the current year show net incoming resources of £1,621,477 (2014: net outgoing of £931,257) for core activities, being those ongoing activities directly associated with delivering the charitable objectives, and net incoming resources of £5,309,115 (2014: £5,377,895) for the Burlington Project, being the refurbishment and redevelopment of the Royal Academy's buildings and estate.

Total net movement in funds includes the recognition of the actuarial loss on the pension scheme totalling £1,573,000 (2014: £420,000) and net gain on investments of £127,510 (2014: £53,832) resulting in a surplus of £5,485,102 (2014: £4,080,470).

The ongoing activities surplus of £1,621,477 was significantly ahead of the annual budget target primarily due to the commercial success of the Anselm Kiefer exhibition and the 2015 Summer Exhibition, which attracted a total paid audience

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For the year ended 31 August 2015

Financial review (continued)

25% greater than the previous year. The Summer Exhibition also generated a 60% increase in art sales compared with 2014 and a 75% increase in Royal Academy sales commission. We continued to invest in digital strategy, including systems technology; enhancing the visitor experience; and improving the Friends membership scheme.

In July 2015, when the majority of staff were moved off-site to accommodate the construction works, exceptional costs of £425,380 were incurred. Annual off-site accommodation costs of about £1.1 million are expected until staff move back on site in 2017. The £19.1 million gallery plant upgrade programme is now substantially complete, albeit with an estimated further £7.3 million to be committed over the next four to five years, of which £6.0 million has been authorised or contracted for.

In December 2014, the Royal Academy put in place and drew down a £10.0 million loan facility. This facility, which is repayable in ten instalments of £1.0 million each from 2034 until 2043 and has a fixed rate of interest of 4.21%, is to fund the ongoing gallery plant upgrade, costs which experience has shown us are difficult to fundraise for, and exceptional operating costs over the period to 2018. It will also provide the required working capital facilities to manage the RA250 construction programme.

Overall, the Royal Academy's finances surpassed their targets in 2014/15 and came in well ahead of forecast. The Royal Academy is well placed to achieve the targets set in its five-year Medium Term Plan. The current programme of investment in both building infrastructure and technology over the medium term is to ensure the Royal Academy is equipped not just to celebrate its 250th anniversary in 2018, but to meet its requirements in future.

Reserves

The policy of the Royal Academy is to maintain a sufficient level of free reserves to enable operating activities to be maintained, taking account of potential risks and contingencies that may arise from time to time. A formal policy on reserves was originally agreed at the meeting of Council on 4 October 2011 which states:

The trustees have set a reserves policy which requires:

- Reserves to be maintained at a level which ensures that the Royal Academy's core activities could continue during a period of unforeseen difficulty and that current and future commitments can be honoured.
- A proportion of reserves to be maintained in a readily realisable form.
- The policy is reviewed annually by Council.

Free reserves comprise that part of the total unrestricted funds that are freely available. Arising from the most recent review, the trustees have adopted a risk-based approach to determine an appropriate level of free reserves. The trustees consider it appropriate to have free reserves sufficient to cover a period of unforeseen difficulties and consider this to be a period of three months, being the normal duration of a main gallery exhibition, such that this would allow the Royal Academy to continue running in the circumstances that an exhibition is cancelled without an alternative being viable. The trustees have also specifically considered the prospective financial impact of the key risks identified in the Royal Academy's Risk Register, including those pertaining to meeting the budget approved for the year ended 31 August 2016 and have further considered the Medium Term Plan of the Royal Academy underpinning the Strategic Plan and the long term loan funding now in place. The trustees have also considered expenditures that could be deferred or avoided to mitigate the detrimental impact of unforeseen difficulties.

Based on this detailed review and analysis, the trustees consider that an appropriate level of free reserves would be in the order of £2.5 million to be held by way of operating contingency at all times to enable the Royal Academy to continue operating for a period of three months to cover both a fall in exhibition, trading and voluntary income and fixed operating costs (including salaries) and the prospective financial impact of other uninsured risks.

Actual free reserves as at 31 August 2015

As at 31 August 2015, total unrestricted and non-designated funds stood at £27.7 million, including £32.3 million of fixed assets. Free reserves, which exclude fixed assets, are therefore in deficit by £4.6 million, after taking account of the pension scheme liability of £0.4 million, and are £7.1 million less than the desired level of £2.5 million.

The free reserves deficit of £4.6 million is represented by net current assets of £7.7 million less long term liabilities of £11.9 million, of which £10.0 million is repayable in ten equal instalments from 2035-2044; and the pension scheme liability of £0.4 million.

The net current assets of £7.7 million as at 31 August 2015 include £10.5 million of cash at bank, and additionally the Royal Academy has access to a £2.0 million overdraft facility. In view of the level of current liquid resources, the long term loan funding and short term facilities in place, which are all available for operational purposes, the trustees consider that the Royal Academy has both sufficient funding and liquidity for the foreseeable future.

Royal Academy of Arts

Trustees' Report

For the year ended 31 August 2015

Financial review (continued)

As outlined above, the Royal Academy has in place a Strategic Plan to deliver the required level of surplus funds to achieve the target level of free reserves over the long term.

The trustees also take comfort from the fact that the Royal Academy Trust, an independent charity established under a Trust Deed dated 11 February 1981 specifically to provide support to the Royal Academy, held funds of £36.3 million at 31 August 2015 in trust for the Royal Academy, of which £16.3 million represents unrestricted funds including £12.6 million that is both unrestricted and not designated. These amounts are held by the Royal Academy Trust until these are required by the Royal Academy for specific purposes and are invested by the Royal Academy Trust to provide future funding for the Royal Academy.

FUTURE PLANS

Our mission and vision

With 124 Academicians and Senior Academicians at its heart, the Royal Academy is a complex organisation with many voices; but we are united by our commitment to art and the vital role that artists can play in the world. We are working together towards 2018, and the realisation of our "Masterplan", when we will have a transformed physical campus, and a new digital infrastructure alongside it. This 21st century platform will enable us to continue our work on a bigger and bolder scale, setting us up for the next 250 years of being a clear, strong voice for art and artists (our mission, or why we exist).

The next five years are about building on our strength in exhibitions programming to reveal the living Royal Academy that lies behind all that we do (our vision, or what we want to achieve over the next few years). We are preparing for an expanded platform that will host an increased diversity in programming, activities, and revenue streams, helping us reach broader audiences and ensuring our financial health. We are aiming for a sustainable operating surplus, enabling us to maintain our buildings and continually invest in the Royal Academy for future generations. Over the next few years, we will be investing in our buildings, systems and people to ensure the Royal Academy has a strong base to build on into the future.

Our priorities for the year to come

We are now well underway in our journey towards realising our vision of revealing a living Royal Academy. To achieve this goal we are in the middle of transformational changes in our physical spaces, our programmes and activities, our digital and technological infrastructure, and our ways of working.

Given this level of momentum, the priorities that Executive has agreed for the year ahead are almost all already underway. These priorities represent what is "top of mind" for the Royal Academy to focus on this year; we have not attempted to include all the important activities and projects that are already ongoing.

Two common threads run across each of the priority areas, and indeed all other strategic projects at the Royal Academy. These are:

- Working to serve the needs and wishes of our different audience groups
- Engaging meaningfully with our Royal Academicians in our work.

1. Customers

Visitor experience should be top of mind for everybody at the Royal Academy. As we enter a very busy year across exhibitions and events, we will be looking to create a visitor experience that is not only frictionless, but a delight to experience: well-integrated, friendly and well-informed. We aim to make things simple for customers, to provide opportunities for spontaneous discovery, and to up-sell and cross-sell to new product or content. Multi-skilled visitor hosts will find new opportunities for their talents in varied roles across both fixed and roaming locations, and will be supported by enhanced digital technology. Contributions for this effort will come from across the Royal Academy, not only from our customer facing staff, but also the many teams that support and supply front of house teams.

Key performance indicators include:

- Visitor satisfaction (measured in visitor exit surveys): targets to be set as baseline established from new exit surveys.

Progress milestones include:

- Dynamic, data-based capacity management
- Improved Friends processing via "customer service module" for front of house staff.

Royal Academy of Arts

Trustees' Report

For the year ended 31 August 2015

Future plans (continued)

2. Friends

The upcoming year's programming presents us with a special opportunity to recruit new Friends and to continue to build loyalty from existing Friends. We aim to widen appeal to a larger audience base; increase the overall contribution from Friends to the Royal Academy; and broaden Friends engagement with the wider Royal Academy offer. To do this, we will enhance the value of membership through animating existing benefits and by adding new ones; ensure that membership benefits and services are consistently delivered to a high quality standard; inspire community and recognise the value of our Friends' contributions to the Royal Academy. We will aim to shift the relationship from transactional to something much more personal and experience-led; ensuring that each Friend has a meaningful, long-lasting relationship with the Royal Academy. In doing this, we will not only build and sustain a significant income stream for the Royal Academy, but also foster lifelong appreciation for the visual arts and a bedrock audience for our future artistic programme and philanthropic aims.

Key performance indicators include:

- Retention: targeting 87% retention of existing member base over the next financial year
- Recruitment: targeting 2% conversion of paid exhibition visitors (8,000 - 9,000 new members).

Progress milestones include:

- Enhancing our programme of Friends events
- Introducing "grab & go" membership-in-a-box product
- Introducing true priority booking for Friends
- Gathering further insight on Friends profiles, motivations, behaviours.

3. Staff

In our first staff survey, our staff told us that they are proud to work at the Royal Academy, they are passionate about what they do, that they are motivated to go "the extra mile" and they are committed to playing their part in our transformation. Overall engagement is very good. However, we will also work hard to address areas that they told us need more work: cross-team communication and collaborative working; opportunities for developing their skills and career at the Royal Academy; keeping them informed of key decisions and changes that affect them in a timely and transparent way; greater recognition and celebration of achievements; and improvements to everyday working life. We are committed to listening to our staff and making continuous improvements to increase their engagement.

Key performance indicators include:

- Staff turnover: targeting 15% over the next financial year.

4. Readiness for 2018

We are now in the final stages of fundraising for the Masterplan. With building works underway, it is time to start tackling several new challenges. We will of course need to make sure that works continue on schedule and on budget towards our 250th anniversary. Beyond the building project, we must also prepare to make the best possible use of our new spaces from 2018 onward.

We will need to shape a year of 2018 programming that will truly celebrate the Royal Academy, its history and its potential for the future. Beyond 2018 we will need a balanced, expanded portfolio of programming occupying our improved and expanded campus. We will have a new programme of Burlington Gardens exhibitions, each year showcasing a contemporary project in the spring and an architectural exhibition in the autumn. Our loan exhibitions will be complemented by a new Collections display spreading across the site. With a new Auditorium, we will also dramatically expand our events programming, establishing the Royal Academy's role in leading conversation, learning and debate. The shape of artistic programming for 2018 and beyond, including the curation and design of Collections display and our events programming; will all need shaping and developing over the course of next year.

With new exhibition and event spaces, new programmes filling them, and many more visitors through the doors, we will face the challenge of operating and maintaining a far more complex and fast-moving campus. A key focus for the next year will be to work with our operations teams to develop and begin implementing plans to ensure that come 2018, our new spaces and programmes can move smoothly into action.

Royal Academy of Arts

Trustees' Report

For the year ended 31 August 2015

Future plans (continued)

Key performance indicators include:

- Completing Masterplan fundraising targets
- Delivering Masterplan building works on time and on budget.

Progress milestones include:

- Completing the design for the Collections display
- Outlining the programme 'shape' for 2018 and beyond, in the galleries and Auditorium
- Delivering a strategy for operational readiness.

5. Digital and technology

Next year is a crucial one in our ambitious project to integrate and modernize our core technological systems and data. This will gradually enable us to develop a single view of our customers (so that we truly understand how they engage with us), and also to provide a single view of the Royal Academy to them (so that they can interact with the Royal Academy's various activities in a seamless manner). In the roadmap for the upcoming year are significant improvements and integrations to our systems for Friends, Summer Exhibition, and ticketing.

With better technological infrastructure, the potential for digital to help deliver our mission and engage our audiences is vast. We want to focus this year on crafting a new strategy to tap into this potential. We will be looking for ways to grow our digital audience; to deepen their engagement with us both online and onsite; to convert their engagement into revenue; and to retain them for the long term, growing our loyal audience base.

Progress milestones include:

- Improving our Friends system and processes
- Improving our ticketing system and processes
- Articulating digital strategy for the next two years
- Introducing online sales for the Summer Exhibition
- Redesigning the Collections website.

STRATEGIC REPORT

Business review

A review of the Royal Academy's activities, achievements and impact has been included in the "Activities, Achievements and Impact" section of our report above. These refer to the five key strategic objectives in the "RA Strategic Plan 2013-2018" (relating to five key areas: Public, Academic, Spaces, People and Finances/Sustainability).

Key performance indicators

Since September 2014 we have been systematically tracking the following key performance indicators ("KPIs"). These have all been identified as key measures of our progress against our strategic objectives. We are currently establishing the baseline and tracking progress of each of these KPIs. Targets for overall audience figures and KPIs with direct financial impact (e.g., membership numbers) are embedded into our Medium Term Plan, which is updated annually. Targets for more qualitative measures (e.g., visitor experience, audience diversity) will be established once the baseline is understood. The full set of KPIs is reported and discussed at Executive level every four months.

1. Public

- Exhibition and campus visitors. Target 1.4 million visits p.a. by 2018/19 (0.9 million visitors in 2014/15)
- Digital visitors (website sessions, Facebook friends, Twitter followers)
- Visitor experience (rating of exhibition and of overall visit)

Royal Academy of Arts

Trustees' Report

For the year ended 31 August 2015

Strategic report (continued)

- Critical reception of exhibitions
- Audience for public learning and debate activities
- Secondary spend per visitor (retail spend and catering spend)

2. Academic

- Audience for Collections (physical displays, website visits, appointments)
- Royal Academy Schools applications (per place and from outside London/UK/Europe)

3. Spaces

- Completion of Masterplan fundraising
- Completion of Masterplan building works (on budget to schedule)

4. People

- Royal Academician engagement
- Staff engagement (engagement survey, appraisal completion, turnover)

5. Finances/Sustainability

- Overall income from Friends, Patrons, Corporate and Academicians' Room memberships targeted to increase by 20% by 2018
- Target sustainable net incoming resources from ongoing activities (before depreciation and interest) of £3 million per annum by 2018/19
- Completion of technology foundations project (single view of customer/single customer basket).

Principal risks and uncertainties and risk management

Council, advised by the Executive Committee and other specialist committees, evaluate and monitor risks and ensure systems and controls are subject to regular review. Where appropriate, mitigating actions and improvements are put in place by the Executive Committee.

All risks identified are recorded in the Risk Register, which is maintained on an ongoing basis and not only includes details of all risks considered but also provides a mechanism for assessing and monitoring those risks, detailing the Executive Committee member responsible and the actions taken to mitigate the risk.

The Risk Register is formulated by the Executive Committee and is formally reviewed by the Audit Committee on an annual basis. Each risk is given a ranking score, based on impact and likelihood. The highest scoring risks are reviewed by Council and are given the highest priority in terms of management focus and mitigating actions are put into place. The Risk Register also provides the basis for an ongoing programme of Internal Audit reviews, the findings of which are reported to the quarterly Audit Committee meetings.

The highest scoring risks include the risk of major building works disrupting the public programmes, the possibility of plant failure in the galleries, loss or damage to artworks, late changes to the exhibition programme resulting in additional costs and/or reduced revenues and a reduction in the Friends' donation to the Royal Academy arising from diminished Friends' membership revenue. These risks are all subject to immediate management consideration to provide mitigation.

Royal Academy of Arts

Trustees' Report

For the year ended 31 August 2015

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of the Royal Academy for the purpose of company law) are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources including the income and expenditure of the charitable group for that period. In preparing these financial statements, the trustees are required to:

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

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDIT INFORMATION

So far as each of the trustees at the time the trustees' report is approved is aware:

- there is no relevant information of which the auditors are unaware; and
- they have taken all relevant steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

A resolution to re-appoint Kingston Smith LLP as the Royal Academy's auditor will be put to the forthcoming General Assembly.

On behalf of the Council



Christopher Le Brun FRA
President

Professor Chris Orr RA
Treasurer



Royal Academy of Arts
Burlington House
Piccadilly
London W1J 0BD

Date: 1st December 2015

Independent Auditor's Report to the Trustees of Royal Academy of Arts

We have audited the consolidated and parent charitable company's financial statements of the Royal Academy of Arts Limited for the year ended 31 August 2015 which comprise the Consolidated Statement of Financial Activities (incorporating the Consolidated Summary Income and Expenditure Account), the Consolidated and Charitable Company's Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken for no purpose other than to draw to the attention of the charitable company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the statement of trustees' responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law 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 charitable company'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' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently incorrect based on or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 group's and the parent charitable company's affairs as at 31 August 2015 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.


Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures or trustees' remunerations specified by law are not made; or
- we have not received all the information and explanations that were required for our audit.


Nicholas Brooks, Senior Statutory Auditor
for and on behalf of Kingston Smith LLP, Statutory Auditor

Date:

7/12/15

Devonshire House
60 Goswell Road
London EC1M 7AD

Royal Academy of Arts
Consolidated Statement of Financial Activities
For the year ended 31 August 2015

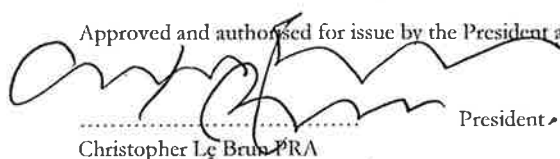
		Ongoing activities		Burlington Project			
		Unrestricted	Restricted	Designated	Restricted	Total	Total
	Note	funds	funds	funds	funds		
		2015	2015	2015	2015	2015	2014
		£	£	£	£	£	£
Incoming resources							
Incoming resources from generated funds							
<i>Voluntary income</i>							
General donations from Royal Academy Trust		-	205,100	-	-	205,100	209,260
Other donations from Royal Academy Trust:							
Burlington Project		-	-	-	-	-	519,740
Cataloguing project		-	6,410	-	-	6,410	50,000
Other projects		-	457,636	-	-	457,636	559,278
Donations from Friends of the Royal Academy		8,355,059	-	-	-	8,355,059	8,182,358
Other donations	2	2,932,907	1,143,322	438,174	6,037,913	10,552,316	6,727,981
Grant income	3	22,085	123,518	-	504,418	650,021	362,733
<i>Activities for generating funds</i>							
Income from trading subsidiaries	4	9,449,950	-	-	-	9,449,950	7,972,340
Sponsorship, rent and other receipts		3,837,058	-	-	-	3,837,058	3,896,386
<i>Investment income</i>							
Bank interest		55,604	-	54,528	-	110,132	43,962
Dividends		508	-	-	-	508	597
Incoming resources from charitable activities							
Exhibitions		5,330,311	-	-	-	5,330,311	4,253,666
Schools		62,976	-	-	-	62,976	29,010
Library		108,765	-	-	-	108,765	89,745
Education		500,129	-	-	-	500,129	249,769
Total incoming resources		30,655,352	1,935,986	492,702	6,542,331	39,626,371	33,146,825
Resources expended							
<i>Cost of generating funds</i>							
Fundraising and publicity	6	(6,628,675)	-	-	-	(6,628,675)	(7,306,885)
Fundraising trading	4	(5,212,053)	-	-	-	(5,212,053)	(4,873,973)
Charitable activities	7	(16,067,456)	(1,935,986)	-	-	(18,003,442)	(14,600,177)
Project management		-	-	(43,797)	-	(43,797)	-
Temporary accommodation		(143,259)	-	(282,121)	-	(425,380)	-
Governance	8	(943,140)	-	-	-	(943,140)	(919,152)
Donation to Royal Academy Trust		-	(39,292)	-	(1,400,000)	(1,439,292)	(1,000,000)
Total resources expended		(28,994,583)	(1,975,278)	(325,918)	(1,400,000)	(32,695,779)	(28,700,187)
Net incoming/(outgoing) resources for the year before other recognised gains and losses and transfers between funds		1,660,769	(39,292)	166,784	5,142,331	6,930,592	4,446,638
Transfer between funds	21	919,553	-	(313,317)	(606,236)	-	-
Net incoming/(outgoing) resources for the year before other recognised gains and losses		2,580,322	(39,292)	(146,533)	4,536,095	6,930,592	4,446,638
Net gain on investments		-	-	127,510	-	127,510	53,832
Actuarial losses on defined benefits pension scheme	24	(1,573,000)	-	-	-	(1,573,000)	(420,000)
Net movement in funds		1,007,322	(39,292)	(19,023)	4,536,095	5,485,102	4,080,470
Fund balances brought forward at 1 September		26,716,867	104,376	2,599,773	8,079,621	37,500,637	33,420,167
Fund balances carried forward at 31 August		27,724,189	65,084	2,580,750	12,615,716	42,985,739	37,500,637

All gains and losses arising in the year are included in the Statement of Financial Activities and derive from continuing activities.

Royal Academy of Arts
Balance Sheets as at 31 August 2015

	Note	Group 2015	2014	Royal Academy 2015	2014
		£	£	£	£
Fixed assets					
6 Burlington Gardens	14c	14,470,064	14,470,064	14,470,064	14,470,064
Other tangible fixed assets	14a, b	25,298,601	19,176,176	25,225,488	19,099,454
Investments	15	1,783,151	1,654,154	1,783,259	1,654,262
		<u>41,551,816</u>	<u>35,300,394</u>	<u>41,478,811</u>	<u>35,223,780</u>
Current assets					
Stock	16	1,749,850	499,116	33,548	-
Debtors and prepayments	17	3,200,960	2,077,818	3,141,443	2,888,771
Cash at bank and in hand		16,370,948	6,467,130	16,240,445	6,345,249
		<u>21,321,758</u>	<u>9,044,064</u>	<u>19,415,436</u>	<u>9,234,020</u>
Creditors: Amounts falling due within one year	18	<u>(7,549,056)</u>	<u>(4,819,035)</u>	<u>(5,576,529)</u>	<u>(4,939,177)</u>
Net current assets		<u>13,772,702</u>	<u>4,225,029</u>	<u>13,838,907</u>	<u>4,294,843</u>
		55,324,518	39,525,423	55,317,718	39,518,623
Creditors: Amounts falling due after more than one year	19	<u>(11,910,779)</u>	<u>(2,149,786)</u>	<u>(11,910,779)</u>	<u>(2,149,786)</u>
Total net assets before pension (deficit)/surplus		43,413,739	37,375,637	43,406,939	37,368,837
Defined benefits pension scheme funding (deficit)/surplus	24	<u>(428,000)</u>	125,000	<u>(428,000)</u>	125,000
Total net assets after pension (deficit)/surplus		<u>42,985,739</u>	<u>37,500,637</u>	<u>42,978,939</u>	<u>37,493,837</u>
Represented by:					
Restricted funds	21	<u>12,680,800</u>	<u>8,183,997</u>	<u>12,680,800</u>	<u>8,183,997</u>
Unrestricted funds:					
Burlington Project (designated)	21	2,580,750	2,599,773	2,580,750	2,599,773
General funds	21	28,152,189	26,591,867	28,145,389	26,585,067
Pension reserve	21	<u>(428,000)</u>	125,000	<u>(428,000)</u>	125,000
		<u>30,304,939</u>	<u>29,316,640</u>	<u>30,298,139</u>	<u>29,309,840</u>
		<u>42,985,739</u>	<u>37,500,637</u>	<u>42,978,939</u>	<u>37,493,837</u>

Approved and authorised for issue by the President and Council of the Royal Academy of Arts on 1st December 2015


President

Christopher Le Brun PRA


Treasurer

Professor Chris Orr RA

Registered Company No. 06298947

**Royal Academy of Arts
Consolidated Cash Flow Statement
For the year ended 31 August 2015**

	Notes	2015 £	2014 £
Net cash inflow from operating activities	23(a)	<u>8,349,069</u>	<u>4,885,303</u>
Returns on investments and servicing of finance			
Interest paid		(245,605)	(28,916)
Interest received		<u>58,499</u>	<u>43,962</u>
Net cash (outflow)/inflow from returns on investment and servicing of finance		<u>(187,106)</u>	<u>15,046</u>
Capital expenditure and financial investments			
Payments to acquire tangible fixed assets	14	(8,013,693)	(5,407,751)
Proceeds from sale of tangible fixed assets		5,311	-
Payments to acquire fixed asset investments		<u>(1,487)</u>	<u>(1,600,322)</u>
Net cash outflow from capital expenditure and financial investments		<u>(8,009,869)</u>	<u>(7,008,073)</u>
Financing			
Unsecured loan advanced		10,000,000	-
Bank loans and hire purchase repayments		<u>(248,276)</u>	<u>(250,993)</u>
Net cash inflow/(outflow) from financing activities		<u>9,751,724</u>	<u>(250,993)</u>
Cash increase/(decrease) in the year	23(b)	<u><u>9,903,818</u></u>	<u><u>(2,358,717)</u></u>

Royal Academy of Arts
Notes to the Financial Statements
For the year ended 31 August 2015

1 Accounting policies

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards, the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005), published in March 2005, the Charities Act 2011, and the Companies Act 2006.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Royal Academy of Arts ("Royal Academy") and its three trading subsidiaries (together the Group): RA (Arts) Limited, Burlington House Limited and R.A. Enterprises Limited made up to 31 August 2015. The total income and expenditure of these entities is shown in the Statement of Financial Activities ("SOFA") and the detailed results are disclosed in note 4 of the financial statements. The statements are consolidated on a line by line basis.

The Royal Academy has taken advantage of the exemption available under s.408 of the Companies' Act 2006 and paragraph 397 of SORP 2005 to not produce a SOFA for the Royal Academy only.

Burlington House

The Royal Academy holds a 999 year lease on Burlington House, of which almost 850 years remain, title to which is vested in the Secretary of State for the Department of Communities and Local Government. The rent of the property is nominal but it is the responsibility of the Royal Academy to maintain the property in a sound condition. The property is inalienable in that its ownership reverts to the Government if it is no longer used by the Royal Academy. The property works carried out on the galleries, Schools and Library are principally to maintain the fabric in its original condition and ensure an adequate environment for the exhibits. As the value of these works is part of the fabric of the building and cannot be realised, they are not recognised in the balance sheet except in the case of building improvements as detailed in the fixed assets and depreciation policy described below.

Heritage assets

The Royal Academy holds a collection of works of art, which consists of paintings, sculptures and prints, together with a library of books acquired by the Royal Academy by donation, bequest and from members on election to the Royal Academy ("Diploma Works").

The trustees do not consider that reliable cost or valuation information can be obtained for the vast majority of heritage assets held by the Royal Academy. In particular, the Diploma Works have an intrinsic value to the Royal Academy collection as an embodiment of the development of the Royal Academy as an institution. The manner in which they are given to the Royal Academy makes the valuation of these items very subjective, such that a reliable value cannot be arrived at. Furthermore, the cost of valuing the entire collection would be onerous compared with the benefit derived by users of the financial statements in assessing the Royal Academy's stewardship of these assets.

As such, the Royal Academy does not recognise these assets on its balance sheet other than acquisitions made since 1 April 2010 with a value of £10,000 or more. These are reported at cost where the asset is purchased or at the curator's best estimate of current value where the asset is donated. Such assets are not depreciated but are reviewed for impairment in the event of physical deterioration. Any impairment in the value of an asset is treated as charitable expenditure in the year in which it arises.

Expenditure which is required to preserve or prevent further deterioration of the collection is recognised in the SOFA when it is incurred.

Fixed assets and depreciation

Expenditure on building improvement, new machinery and equipment is capitalised as fixed assets and stated at cost less accumulated depreciation. The Royal Academy applies a £1,000 threshold to the capitalisation of fixed assets. Depreciation is charged at the following rates on a straight line basis:

Building improvements	5 to 25 years
Computers	over 3 years
Office fixtures and fittings	3 to 10 years
Plant and equipment	5 to 10 years
Motor vehicles	over 3 years

Short leasehold property improvements are depreciated over the period of the lease.

Freehold property has been capitalised and included in fixed assets at cost. Depreciation has not been provided after taking into account the value of the land, the residual value of the property and the estimated useful life of the asset. The property is reviewed annually for any potential impairment. No depreciation is charged on the assets in the course of construction.

No depreciation is charged on assets in course of construction. Where assets are constructed as part of a project for which specific identifiable assets are brought into service before the overall project is completed, such assets will be transferred from assets in course of construction to building improvements or fixtures, fittings and equipment as appropriate and depreciated from the date they are placed in service.

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the SOFA as incurred.

Finance leases

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

Any interest element of the rental obligations is charged to the SOFA over the period of the lease.

Royal Academy of Arts
Notes to the Financial Statements
For the year ended 31 August 2015 (continued)

1 Accounting policies (continued)

Stock

Stock, which principally consists of shop and mail order products is valued at the lower of cost and net realisable value. In the case of artworks provided by an artist these items are recognised in the financial statements at their anticipated sales price, less anticipated cost of sales and any subsequent impairment.

Income

Income, which is stated net of VAT, where applicable, and intra-group transactions, consists of box office takings, sponsorship, donations and grants, and is accounted for on an accruals basis. Income received for an activity taking place in a subsequent period is deferred to that period in accordance with FRS5.

Exhibitions

The results of exhibitions are recognised in the financial statements of the year in which the majority of the exhibition takes place. Costs incurred and income received in connection with forthcoming exhibitions are deferred at the balance sheet date. If a decision is made not to proceed with an exhibition, the costs are written off.

Donations

Where an artist has donated their services, for example, in the creation of artworks or artworks themselves, to be sold alongside an exhibition, the donated services or artworks are recognised in the financial statements in accordance with the policy for exhibitions income disclosed above.

Legacies

Legacies are recognised in the financial statements when receipt is both probable, and the amount receivable can be estimated with sufficient accuracy.

Patrons

Patrons income is recognised in the financial statements on a cash received basis.

Grants

For performance related grants, income entitlement is considered to be conditional upon the meeting of conditions imposed by the grant. Income is therefore recognised in the financial statements to the extent that the Royal Academy has demonstrably met any grant conditions imposed.

Expenditure

Expenditure is accounted for on an accruals basis.

Costs of generating funds consist of costs of trading subsidiaries, fundraising and publicity expenditure. These include the direct costs of the development department, including the running costs of sponsorship, fundraising and events, together with a share of the support costs of the Royal Academy.

Charitable activities include all costs related to the main purpose of the Royal Academy and include: direct costs of exhibitions and the associated education programme; running the Royal Academy Schools; supporting Friends; and the conservation of the permanent collection and the Library.

Governance costs include those costs incurred in the governance of the charity and are primarily associated with constitutional and regulatory requirements.

Support costs are the costs of departments which are shared by the various activities of the Royal Academy such as finance, human resources, information technology and the upkeep of the property. These costs are allocated to activities on a basis that is appropriate to the nature of the expenditure and have therefore been allocated overheadcount.

Administered funds

Investments held by the administered funds are stated at market value at the balance sheet date. Dividend income from investments is recognised on an accruals basis.

Pension costs

The Royal Academy contributes to a defined benefit pension scheme for eligible staff. Rates are set by the scheme actuary and advised to the Royal Academy by the scheme administrator. This scheme is being accounted for under FRS17, with the annually calculated surplus or deficit on the funding of the scheme shown in the financial statements as an unrestricted fund entitled "pension reserve", which is added to or deducted from unrestricted funds in the balance sheet. The trustees of the pension scheme believe that the scheme currently meets the minimum funding requirements. The assets of the scheme are held completely independently from the Royal Academy and the scheme is closed to new entrants.

Royal Academy of Arts
Notes to the Financial Statements
For the year ended 31 August 2015 (continued)

1 Accounting policies (continued)

Fund accounting

Unrestricted funds are available for use at the discretion of the Council in furtherance of the general objectives of the Royal Academy and have not been designated for any other purpose. Designated funds comprise unrestricted funds that have been set aside by the Council for particular purposes. Restricted funds are funds that are to be used in accordance with specific instructions imposed by donors or which the Royal Academy has raised for specific purposes. Transfers between funds represents the funds transferred between restricted funds to the general unrestricted fund on completion of the project and the restriction being satisfied.

Investments

Listed investments are stated at market value at the year end. The market value of securities is based on the middle market quotation on the relevant stock exchange and investments that are held in units are stated at the average of the unit bid and offer prices. Unlisted investments are stated at cost as no market value is available. The SOFA includes any realised or unrealised gain/(loss) during the year. Investment income, including the related tax credit, and interest on bank and short-term deposits are accounted for on a receivable basis.

Foreign currencies

Investment transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are retranslated at the rate ruling at the balance sheet date.

2 Other donations - unrestricted and restricted funds

	Unrestricted funds £	Restricted funds £	Total 2015 £	Total 2014 £
Exhibitions	55,305	552,463	607,768	231,382
Schools	101,856	372,770	474,626	373,991
Library	26,307	31,900	58,207	25,835
Education	10,998	164,155	175,153	174,953
General - plant upgrade	1,258,800	-	1,258,800	-
General - other	1,479,641	22,034	1,501,675	815,869
Burlington Project	438,174	6,037,913	6,476,087	5,105,951
Total	<u>3,371,081</u>	<u>7,181,235</u>	<u>10,552,316</u>	<u>6,727,981</u>

3 Grant income - unrestricted and restricted funds

	Unrestricted funds £	Restricted funds £	Total 2015 £	Total 2014 £
Exhibitions	-	-	-	3,822
Schools	14,225	-	14,225	96,310
Library	7,860	73,753	81,613	20,765
General - other	-	49,765	49,765	68,479
Burlington Project	-	504,418	504,418	173,357
Total	<u>22,085</u>	<u>627,936</u>	<u>650,021</u>	<u>362,733</u>

Royal Academy of Arts
Notes to the Financial Statements
For the year ended 31 August 2015 (continued)

4 Results from subsidiaries

The Royal Academy has three wholly owned trading subsidiaries: R.A. Enterprises Limited, which operates a shop and mail order business, a restaurant and cafés, a publications and art sales business and commercial learning; RA (Arts) Limited, which provides entertainment services to the corporate sector; and Burlington House Limited, which raises funds from the corporate sector and individuals through ticketed events. These companies donate their distributable profits to the Royal Academy. A summary of their trading results is shown below. Audited financial statements for these subsidiaries are filed annually with the Registrar of Companies.

Profit and Loss

	Total	R.A. Enterprises Limited		RA Arts Limited		Burlington House Limited	
	2015	2015	2014	2015	2014	2015	2014
	£	£	£	£	£	£	£
Turnover	9,449,950	7,013,801	5,100,058	1,832,446	1,776,349	603,703	1,095,933
Cost of sales	(2,804,975)	(2,450,501)	(1,839,963)	(50,329)	(59,212)	(304,145)	(539,195)
Administrative expenses	(2,407,078)	(1,914,127)	(1,940,080)	(386,362)	(389,294)	(106,589)	(106,229)
Total expenses	<u>(5,212,053)</u>	<u>(4,364,628)</u>	<u>(3,780,043)</u>	<u>(436,691)</u>	<u>(448,506)</u>	<u>(410,734)</u>	<u>(645,424)</u>
Net result	4,237,897	2,649,173	1,320,015	1,395,755	1,327,843	192,969	450,509
Gift Aid donation	<u>(4,237,897)</u>	<u>(2,649,173)</u>	<u>(1,320,015)</u>	<u>(1,395,755)</u>	<u>(1,327,843)</u>	<u>(192,969)</u>	<u>(450,509)</u>

No charge to taxation will arise as the Gift Aid donation will be paid within nine months of the end of the financial year.

Balance Sheet

Fixed assets	73,112	73,112	76,720	-	-	-	-
Current assets							
Stock	551,302	551,302	499,116	-	-	-	-
Debtors	1,199,076	665,622	826,006	510,483	195,320	22,971	62,215
Cash at bank and in hand	130,511	79,312	67,297	26,199	29,338	25,000	25,250
	<u>1,880,889</u>	<u>1,296,236</u>	<u>1,392,419</u>	<u>536,682</u>	<u>224,658</u>	<u>47,971</u>	<u>87,465</u>
Current liabilities							
Creditors: Amounts falling due within one year	<u>(1,953,893)</u>	<u>(1,369,344)</u>	<u>(1,469,135)</u>	<u>(536,678)</u>	<u>(224,654)</u>	<u>(47,871)</u>	<u>(87,365)</u>
	<u>(1,953,893)</u>	<u>(1,369,344)</u>	<u>(1,469,135)</u>	<u>(536,678)</u>	<u>(224,654)</u>	<u>(47,871)</u>	<u>(87,365)</u>
Total assets less total liabilities	<u>108</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>100</u>	<u>100</u>
Capital and reserves							
Called up share capital	108	4	4	4	4	100	100
Equity shareholders' funds	<u>108</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>100</u>	<u>100</u>

Royal Academy of Arts
Notes to the Financial Statements
For the year ended 31 August 2015 (continued)

5 Support costs

	Finance	IT	Personnel	Facilities	2015 Total
	£	£	£	£	£
Exhibitions	822,875	407,721	190,278	1,126,304	2,547,178
Schools	176,330	87,369	40,774	241,352	545,825
Library	235,107	116,492	54,365	321,801	727,765
Education	279,189	138,334	64,558	382,139	864,220
Fundraising and publicity	690,627	342,195	159,697	945,291	2,137,810
Governance costs	88,165	43,684	20,387	120,675	272,911
2015 total	<u>2,292,293</u>	<u>1,135,795</u>	<u>530,059</u>	<u>3,137,562</u>	<u>7,095,709</u>
2014 total	<u>1,767,570</u>	<u>821,438</u>	<u>508,349</u>	<u>4,435,442</u>	<u>7,532,799</u>

Facilities costs in 2014 included £1,115,591 in respect of security for exhibitions. In 2015 these costs, which amounted to £733,096, have been directly charged to exhibitions.

6 Fundraising and publicity

	2015	2014
	£	£
Direct fundraising costs	1,827,009	2,536,190
Direct publicity costs	2,663,856	2,200,682
Support costs (note 5)	<u>2,137,810</u>	<u>2,570,013</u>
	<u>6,628,675</u>	<u>7,306,885</u>

7 Charitable activities

	Direct costs	Support costs	2015 Total	2014 Total
	£	£	£	£
Exhibitions	9,659,470	2,547,178	12,206,648	9,732,109
Schools	1,190,295	545,825	1,736,120	1,551,966
Library	1,341,452	727,765	2,069,217	1,574,459
Intellectual property expenditure	1,484	-	1,484	5,624
Education	<u>1,125,753</u>	<u>864,220</u>	<u>1,989,973</u>	<u>1,736,019</u>
	<u>13,318,454</u>	<u>4,684,988</u> (note 5)	<u>18,003,442</u>	<u>14,600,177</u>

Exhibitions expenditure includes the direct costs of mounting all loan exhibitions and the Summer Exhibition and all associated costs, such as curatorial staff, art handling, security, press and box office (see also note 5 above in respect of security costs).

8 Governance

	2015	2014
	£	£
Audit fees - internal and external	68,162	76,882
Council, committees and members	46,382	37,085
Legal and professional	4,867	3,274
Management and governance support	550,818	536,047
Support costs (note 5)	<u>272,911</u>	<u>265,864</u>
	<u>943,140</u>	<u>919,152</u>

Royal Academy of Arts
Notes to the Financial Statements
For the year ended 31 August 2015 (continued)

9 Total resources expended	2015	2014
This is stated after charging:	£	£
Depreciation	1,851,002	1,412,895
Auditors' remuneration:		
External auditors		
Audit services - group undertakings	43,960	45,118
Audit services - pension services	7,500	7,100
Other audit services	10,920	9,005
Internal auditors	30,075	39,578
Interest payable and similar charges	<u>245,605</u>	<u>28,916</u>

10 Officers' and Council Members' remuneration	2015	2014
	£	£
Officers' remuneration, excluding pension contributions, is as follows:		
President	60,000	60,000
Keeper	50,000	50,000
Secretary and Chief Executive	170,940	167,585
Treasurer	<u>40,000</u>	<u>30,000</u>
	<u>320,940</u>	<u>307,585</u>

Remuneration for officers is set by the Remuneration Committee.

Pension contributions for one officer were £43,076 (2014: £39,438).

Council members are only reimbursed for expenses incurred in the performance of their duties, except for those individuals who are remunerated for their duties as officers. Four (2014: two) trustees received reimbursed expenditure of:

	2015	2014
	£	£
Travel	5,062	5,389
Other	<u>5,703</u>	<u>7,547</u>
	<u>10,765</u>	<u>12,936</u>

11 Staff costs

	Group		Royal Academy	
	2015	2014	2015	2014
	£	£	£	£
Salaries and wages	10,605,301	9,870,627	9,177,121	8,245,093
Social security costs	1,005,469	914,687	881,176	772,317
Pension contributions - normal	689,237	655,192	607,610	568,248
Pension contributions - additional	360,205	547,677	360,205	547,677
Pension fund adjustment - FRS 17	<u>(1,020,000)</u>	<u>(1,063,000)</u>	<u>(1,020,000)</u>	<u>(1,063,000)</u>
	<u>11,640,212</u>	<u>10,925,183</u>	<u>10,006,112</u>	<u>9,070,335</u>

Staff costs include payroll for temporary as well as permanent staff.

Royal Academy of Arts
Notes to the Financial Statements
For the year ended 31 August 2015 (continued)

11 Staff costs (continued)

The number of employees, including officers, whose remuneration exceeded £60,000, is shown below:

Band:	2015 No.	2014 No.
£60,000 to £69,999	9	6
£70,000 to £79,999	3	-
£80,000 to £89,999	-	2
£90,000 to £99,999	1	-
£100,000 to £109,999	3	2
£110,000 to £119,999	-	-
£120,000 to £129,999	-	1
£130,000 to £139,999	-	1
£140,000 to £149,999	1	-
£150,000 to £159,999	-	1
£160,000 to £169,999	-	1
£170,000 to £179,999	2	-

Pension contributions for the above employees were £153,053 (2014: £118,671).

The average number of full-time equivalent permanent employees, including officers, during the year was:

	2015 No.	2014 No.
Charitable activities	103	90
Fundraising and publicity	48	55
Trading activities	39	32
Governance	7	5
Support	70	70
	<u>267</u>	<u>252</u>

The number of part-time staff employed by the Royal Academy varies throughout the year, depending on the exhibition programme.

12 Taxation

The Royal Academy has suffered no tax charge, as it is not subject to UK corporation tax on its charitable activities.

13 Heritage assets

The Royal Academy holds assets that fall under the definition of FRS30: "Heritage Assets". These fall into three broad collections: The Works of Art Collection, The Royal Academy Library and The Royal Academy Archive. Each of these is considered in turn, below.

All items in these collections are available to view by appointment. Items are also from time to time included in exhibitions at the Royal Academy, as well as being loaned out to other exhibitors.

Works of Art Collection

The Works of Art Collection consists of works of art and other objects of historic, artistic or associational significance owned by the Royal Academy, namely: paintings, sculpture (including medals, dies, cameos, and intaglio gems); drawings; artists' sketchbooks; individually issued prints; photographs; plaster casts (including pastes of gems); historic skeletons relating to teaching in the Schools; objects of memorabilia, including artists' tools and materials; historic silver and silver-plate; historic items of furniture; picture frames; and certain fittings and fixtures within Burlington House.

The Royal Academy holds around 950 paintings in its permanent collection and over 25,000 prints and drawings.

Royal Academy of Arts
Notes to the Financial Statements
For the year ended 31 August 2015 (continued)

13 Heritage assets (continued)

The majority of works and objects in the collections date from the foundation of the Royal Academy in 1768 to the present day. Exceptions include the *Taddei Tondo*, the only marble by Michelangelo in the UK; early copies after the Old Masters, such as those by Giampietrino, Rosso Fiorentino and Sir James Thornhill; as well as some prints and drawings.

The core of the Works of Art Collection is the Diploma Works. These are given by Academicians on election to the institution and are predominantly by British artists and architects. Other works of art were purchased, bequeathed or given to the Royal Academy and range from drawings to plaster casts and from photographs to paintings. There is also a collection of silver given to the Royal Academy by Academicians, which is of historical importance to the Royal Academy.

The Royal Academy Library (Special Books Collection)

The Library comprises the Historic Books Collection dating from the 16th century to approximately 1920, and the Special Illustrated Books Collection.

The Royal Academy Archive

The Archive holds papers and documents and copies of electronic correspondence relating to the institution's history as well as artists' letters and archives. The Archive also includes photographic prints, transparencies, glass slides and negatives, films and videotapes which relate to the history and activities of the institution.

More information about the Royal Academy's collection is available at www.racollection.org.uk.

Capitalisation of the collections

In the opinion of the trustees, reliable information on cost or value is not available for the Royal Academy permanent collection. This is owing to the lack of reliable information on purchase cost; the lack of comparable market values; the diverse nature of the objects; and the volume of items held.

The collections have a significant intrinsic value relating to the way they provide a unique insight into the development of art and the study of art over the past 250 years. The manner in which items are given by Academicians makes valuation of these items difficult as there is no original cost to the item. In addition there is an intrinsic value to the collections as an embodiment of the development of the Royal Academy as an institution, which would also be far too subjective and unique to place any reliable value upon.

For this reason, the permanent collection, large proportions of which were gifted to the Royal Academy at nil cost, are incomparable in nature and are not recognised as assets in the Royal Academy's balance sheet.

Acquisitions and disposals

Diploma Works are proposed by newly elected members and accessioned into the collection following approval of Council. The approval of non-diploma works (by purchase, bequest or donation) is by the Director of Collections, in consultation with the relevant curator. If the acquisition is more than £5,000 in value, a case for accessioning must be made by the Director of Collections to the Collections and Library Committee. All acquisitions are reported annually to the Collections and Library Committee by the Director of Collections. The list is subsequently submitted to Council as part of an annual report and the Director of Collections attends Council to discuss any matters arising from the report.

Disposals will only take place in accordance with the Acquisitions and Disposal Policy

Objects will only be deaccessioned by way of exchange (in the case of Diploma Works) or if there is irreparable damage to or total loss of an object.

In the financial year, Diploma Works were presented by three Academicians being Rebecca Salter RA, Cathie Pilkington RA and Tim Shaw RA. One purchase was made, an HD Video installation with sound by Julie Born Schwartz. Gifts this year included 34 works on paper by Peter Freeth RA from the artist, a group of sketchbooks by Michael Kenny RA from his widow and Brian Falconbridge, 19 works on paper by F Ernest Jackson RA from Mrs Margaret Bear and 50 etchings by Christopher Le Brun PRA from the artist. No disposals were made during the year.

The Acquisitions and Disposals Policy is available for review on the Royal Academy's website www.royalacademy.org.uk.

Preservation

The Royal Academy is committed to the preservation of its collections. It aims to ensure the longest possible life of the collections. This includes security, financial, environmental, storage and staffing that all help to preserve the collections for posterity.

Royal Academy of Arts
Notes to the Financial Statements
For the year ended 31 August 2015 (continued)

13 Heritage assets (continued)

Works of art are ordinarily stored and displayed in conditioned spaces. Some sculpture is stored in spaces without environmental controls; however these have proven to be naturally stable environments. The Royal Academy complies as closely as it is able with BS 5454:2000 "Recommendations for the Storage and Exhibition of Archival Documents 7.3" for the storage of its archives. Some items are held off-site in specialist warehouses.

For the works of art, most conservators employed by the Royal Academy are on the ICON Conservation Register. For other areas of the collections, a variety of conservation experts are consulted.

Collections management

The Works of Art Collection, Special Books Collection and Archive are catalogued in a series of discrete but interconnected databases, each fully conforming to their relevant professional standards, i.e. Spectrum for museum objects; AACR2 and MARC21 for books and ISAD(G) for archives. The three databases are linked to a series of shared authority files and thesauri against which terms such as personal names, corporate names, materials and techniques, and production roles must be validated. This ensures consistency in data entry and in data searches.

The Collection, Library and Archive are designated as collections of national importance as awarded by the Arts Council in 2011. In order to meet the stringent requirements for this award, an extensive list of procedures and policies for the management of the collection, informed by nationally and internationally recognised standards, were approved by Council. These documents can be consulted in the Collections' Office.

14 Tangible fixed assets

<i>(a) Group</i>	Building improvements £	Assets in course of construction £	Fixtures, fittings and equipment £	Total £
Cost				
At 31 August 2014	10,523,377	4,301,524	10,153,921	24,978,822
Additions	684,964	4,967,439	2,361,290	8,013,693
Reclassification	-	(34,123)	34,123	-
Disposals	<u>(66,808)</u>	<u>-</u>	<u>-</u>	<u>(66,808)</u>
At 31 August 2015	<u>11,141,533</u>	<u>9,234,840</u>	<u>12,549,334</u>	<u>32,925,707</u>
Depreciation				
At 31 August 2014	2,404,473	-	3,398,173	5,802,646
Disposals	(26,542)	-	-	(26,542)
Provided during the year	<u>569,747</u>	<u>-</u>	<u>1,281,255</u>	<u>1,851,002</u>
At 31 August 2015	<u>2,947,678</u>	<u>-</u>	<u>4,679,428</u>	<u>7,627,106</u>
Net book value				
At 31 August 2015	<u>8,193,855</u>	<u>9,234,840</u>	<u>7,869,906</u>	<u>25,298,601</u>
At 31 August 2014	<u>8,118,904</u>	<u>4,301,524</u>	<u>6,755,748</u>	<u>19,176,176</u>

Included above are assets held under finance leases or hire purchase contracts with a net book value at 31 August 2015 of £nil (2014:£22,249) and depreciation charged for the year of £22,249 (2014:£22,249).

Royal Academy of Arts
Notes to the Financial Statements
For the year ended 31 August 2015 (continued)

14 Tangible fixed assets (continued)

<i>(b) Royal Academy</i>	Building improvements	Assets in course of construction	Motor vehicles	Fixtures, fittings and equipment	Total
	£	£	£	£	£
Cost					
At 31 August 2014	10,260,965	4,301,524	21,944	9,303,303	23,887,736
Additions	684,965	4,967,439	-	2,327,558	7,979,962
Reclassification	-	(34,123)	-	34,123	-
Disposals	(66,808)	-	-	-	(66,808)
At 31 August 2015	10,879,122	9,234,840	21,944	11,664,984	31,800,890
Depreciation					
At 31 August 2014	2,142,069	-	21,944	2,624,269	4,788,282
Disposals	(26,542)	-	-	-	(26,542)
Provided during the year	569,747	-	-	1,243,915	1,813,662
At 31 August 2015	2,685,274	-	21,944	3,868,184	6,575,402
Net book value					
At 31 August 2015	8,193,848	9,234,840	-	7,796,800	25,225,488
At 31 August 2014	8,118,896	4,301,524	-	6,679,034	19,099,454

(c) 6 Burlington Gardens (Freehold property)

	Group 2015	Group 2014	Royal Academy 2015	Royal Academy 2014
	£	£	£	£
Balance as at 31 August 2014 and 31 August 2015	14,470,064	14,470,064	14,470,064	14,470,064

In the opinion of the trustees, the current open market value of the Royal Academy's interest in 6 Burlington Gardens exceeds the book value of the asset by approximately £29m. The Royal Academy would have no liability to taxation if the asset was sold at open market value.

15 Investments	Group 2015	Group 2014	Royal Academy 2015	Royal Academy 2014
	£	£	£	£
Investments at market value	1,783,151	1,654,154	1,783,151	1,654,154
Investments in subsidiaries at cost	-	-	108	108
	1,783,151	1,654,154	1,783,259	1,654,262

The Royal Academy beneficially owns all of the called up share capital of RA (Arts) Limited, R.A. Enterprises Limited and Burlington House Limited, each of which is registered in England and Wales.

Group and Royal Academy

Movement in market value of investments

	2015	2014
	£	£
Market value of investments at 1 September	1,654,154	-
Additions	2,000	1,600,322
Fees	(513)	-
Unrealised gains	127,510	53,832
Market value of investments at 31 August	1,783,151	1,654,154

Royal Academy of Arts
Notes to the Financial Statements
For the year ended 31 August 2015 (continued)

16 Stock

	Group	Group	Royal	Royal
	2015	2014	Academy	Academy
	£	£	2015	2014
			£	£
Finished goods and goods for resale	499,850	499,116	33,548	-
Artist donated artworks for resale	1,250,000	-	-	-
	<u>1,749,850</u>	<u>499,116</u>	<u>33,548</u>	<u>-</u>

17 Debtors and prepayments

	Group	Group	Royal	Royal
	2015	2014	Academy	Academy
	£	£	2015	2014
			£	£
Royal Academy related entities	-	-	1,086,603	1,396,001
Prepayments and deferred expenditure	866,011	538,185	558,715	442,641
Trade debtors	791,463	606,537	236,176	253,342
Taxation and social security	302,224	308,257	302,224	308,257
Staff loans	43,269	39,600	43,269	39,600
Sundry debtors	1,197,993	585,239	914,456	448,930
	<u>3,200,960</u>	<u>2,077,818</u>	<u>3,141,443</u>	<u>2,888,771</u>

18 Creditors: Amounts falling due within one year

	Group	Group	Royal	Royal
	2015	2014	Academy	Academy
	£	£	2015	2014
			£	£
Bank loan	228,744	228,744	228,744	228,744
Hire purchase	12,979	22,248	12,979	22,248
Friends of the Royal Academy	394,044	81,326	394,028	572,151
Royal Academy Trust	65,025	89,107	44,399	11,791
Royal Academy related entities	-	-	20,586	11,645
Deferred income (i)	2,120,451	1,516,624	781,537	1,459,851
Trade creditors	1,256,474	1,192,473	1,042,737	1,108,635
Taxation and social security	430,069	331,228	290,614	257,222
Accruals	2,570,153	1,178,689	2,297,932	1,087,865
Sundry creditors	471,117	178,596	462,973	179,025
	<u>7,549,056</u>	<u>4,819,035</u>	<u>5,576,529</u>	<u>4,939,177</u>

- (i) Deferred income in 2015 includes ticket sales and sponsorship income for exhibitions in the next financial year, including Ai Weiwei, Liotard, Modern Garden and MacLise Waterloo Cartoon, and is analysed as follows:

	Brought forward	Amount added	Amount released	Carried forward
	£	£	£	£
Deferred income	<u>1,516,624</u>	<u>955,451</u>	<u>(351,624)</u>	<u>2,120,451</u>

Royal Academy of Arts
Notes to the Financial Statements
For the year ended 31 August 2015 (continued)

19 Creditors: Amounts falling due after more than one year

	Group 2015 £	Group 2014 £	Royal Academy 2015 £	Royal Academy 2014 £
Hire purchase	-	14,835	-	14,835
Bank loan	1,910,779	2,134,951	1,910,779	2,134,951
Unsecured loan	10,000,000	-	10,000,000	-
	<u>11,910,779</u>	<u>2,149,786</u>	<u>11,910,779</u>	<u>2,149,786</u>

Creditors include amounts not wholly repayable within 5 years as follows:

Unsecured loan	10,000,000	-	10,000,000	-
Bank loan repayable by instalments	995,799	1,219,971	995,799	1,219,971
	<u>10,995,799</u>	<u>1,219,971</u>	<u>10,995,799</u>	<u>1,219,971</u>

The bank loan was taken out in 2009 and is repayable in instalments by 2025. Interest of £35,682 was charged in the year.

In December 2014, the company entered into an unsecured £10.0m loan facility agreement. This amount was advanced in December 2014 and is repayable in ten instalments of £1.0m each from 2034 until 2043, and has a fixed rate of interest of 4.21% pa. This facility is being used to fund exceptional operating costs during the Burlington Project construction phase and the continuing plant upgrade/renewal programme for conditioning the Burlington House galleries.

20 Analysis of net assets by fund

	Restricted: Burlington Project £	Restricted: Other funds £	Designated: Burlington Project £	Unrestricted: General funds £	Unrestricted: Pension reserve £	Total £
<i>(a) Group</i>						
Investment	-	-	1,783,151	-	-	1,783,151
Tangible assets	7,420,535	-	-	32,348,130	-	39,768,665
Current assets	5,336,013	65,084	797,599	15,123,062	-	21,321,758
Current liabilities	(140,832)	-	-	(7,408,224)	-	(7,549,056)
Long term liabilities	-	-	-	(11,910,779)	-	(11,910,779)
Pension liabilities	-	-	-	-	(428,000)	(428,000)
	<u>12,615,716</u>	<u>65,084</u>	<u>2,580,750</u>	<u>28,152,189</u>	<u>(428,000)</u>	<u>42,985,739</u>
<i>(b) Royal Academy</i>						
Investment	-	-	1,783,151	108	-	1,783,259
Tangible assets	7,420,535	-	-	32,275,017	-	39,695,552
Current assets	5,336,013	65,084	797,599	13,216,740	-	19,415,436
Current liabilities	(140,832)	-	-	(5,435,697)	-	(5,576,529)
Long term liabilities	-	-	-	(11,910,779)	-	(11,910,779)
Pension liabilities	-	-	-	-	(428,000)	(428,000)
	<u>12,615,716</u>	<u>65,084</u>	<u>2,580,750</u>	<u>28,145,389</u>	<u>(428,000)</u>	<u>42,978,939</u>

Royal Academy of Arts
Notes to the Financial Statements
For the year ended 31 August 2015 (continued)

21 Analysis of funds

(a) Group

	Opening funds £	Transfers £	Incoming resources £	Resources expended £	Revaluation £	Closing funds £
Restricted funds:						
Other funds	104,376	-	1,935,986	(1,975,278)	-	65,084
Burlington Project	8,079,621	(606,236)	6,542,331	(1,400,000)	-	12,615,716
Total restricted funds	8,183,997	(606,236)	8,478,317	(3,375,278)	-	12,680,800
Unrestricted funds:						
Burlington Project (designated)	2,599,773	(313,317)	620,212	(325,918)	-	2,580,750
General funds	26,591,867	(100,447)	30,655,352	(28,994,583)	-	28,152,189
Pension reserve	125,000	1,020,000	-	-	(1,573,000)	(428,000)
Total unrestricted funds	29,316,640	606,236	31,275,564	(29,320,501)	(1,573,000)	30,304,939
Total funds	37,500,637	-	39,753,881	(32,695,779)	(1,573,000)	42,985,739

(b) Royal Academy

	Opening funds £	Transfers £	Incoming resources £	Resources expended £	Revaluation £	Closing funds £
Restricted funds:						
Other funds	104,376	-	1,935,986	(1,975,278)	-	65,084
Burlington Project	8,079,621	(606,236)	6,542,331	(1,400,000)	-	12,615,716
Total restricted funds	8,183,997	(606,236)	8,478,317	(3,375,278)	-	12,680,800
Unrestricted funds:						
Burlington Project (designated)	2,599,773	(313,317)	620,212	(325,918)	-	2,580,750
General funds	26,585,067	(100,447)	30,655,352	(28,994,583)	-	28,145,389
Pension reserve	125,000	1,020,000	-	-	(1,573,000)	(428,000)
Total unrestricted funds	29,309,840	606,236	31,275,564	(29,320,501)	(1,573,000)	30,298,139
Total funds	37,493,837	-	39,753,881	(32,695,779)	(1,573,000)	42,978,939

Restricted funds include the development of the Burlington Project. The restricted funds will be transferred to unrestricted funds on completion of each phase of the project. Currently this is represented as assets in the course of construction in note 14 and will be transferred to building improvements or fixtures, fittings and equipment from the date they are placed in service.

Other restricted funds include donations of £669,146 received from Royal Academy Trust and other donations of £1,143,322 and grants of £123,518 received for specific and general activities as disclosed in notes 2 and 3 respectively and have been fully expended during the year, with the exception of £65,084 on an ongoing Library project.

Transfer between funds

Transfers between funds represent the donations to the Library plant upgrade and purchase of computer equipment for the temporary accommodation which was put into service during the year.

Royal Academy of Arts
Notes to the Financial Statements
For the year ended 31 August 2015 (continued)

22 Administered funds

The Royal Academy has six funds which have not been consolidated within the financial statements of the Royal Academy, on the basis that while the Royal Academy is administering the funds, it is not the ultimate beneficiary. However, as the funds are administered by the Royal Academy, they have been disclosed separately below for information.

These funds consist of the following:

Frampton Fund
 Agnes Ethel MacKay Fund
 Jack Goldhill Sculpture Fund
 Charles Wollaston Award Fund
 Pitchforth Scholarship Fund
 Sir John Reeves Ellerman Fund

	2015	2014
	£	£
Amount of funds brought forward	<u>3,325,541</u>	<u>3,000,778</u>
Incoming resources		
Investment income	70,464	47,566
Outgoing resources		
Expenditure for the year	<u>(66,706)</u>	<u>(72,216)</u>
Net outgoings for the year	<u>3,758</u>	<u>(24,650)</u>
	3,329,299	2,976,128
Net adjustment of investments to market value	<u>340,182</u>	<u>349,413</u>
Amount of funds carried forward	<u><u>3,669,481</u></u>	<u><u>3,325,541</u></u>
Represented by:		
Investments	3,539,241	3,277,560
Cash at bank	87,809	42,945
Debtors	51,557	16,157
Creditors	<u>(9,126)</u>	<u>(11,121)</u>
	<u><u>3,669,481</u></u>	<u><u>3,325,541</u></u>

Royal Academy of Arts
Notes to the Financial Statements
For the year ended 31 August 2015 (continued)

23 Notes to the consolidated statement of cash flows	2015	2014	
	£	£	
<i>(a) Reconciliation of net change in resources to net cash inflow from operating activities:</i>			
Net incoming resources	6,930,592	4,446,638	
Depreciation and loss on disposal of tangible fixed assets	1,885,957	1,412,895	
Current pension service costs	409,000	404,000	
Pension contributions paid	(774,000)	(991,000)	
Return on pension scheme	(655,000)	(476,000)	
Increase in stock	(1,250,734)	(182,616)	
(Increase)/decrease in debtors	(1,123,142)	611,220	
Increase/(decrease) in creditors	2,739,290	(324,788)	
Interest paid	245,605	28,916	
Interest received	(58,499)	(43,962)	
Net cash inflow from operating activities	<u>8,349,069</u>	<u>4,885,303</u>	
	2015	2014	
	£	£	
<i>(b) Reconciliation of net cash flow to movement in funds</i>			
Increase/(decrease) in cash in the year	9,903,818	(2,358,717)	
Cash (inflow)/outflow from (increase)/decrease in debt	<u>(9,751,724)</u>	<u>250,993</u>	
Movement in net funds in the year	152,094	(2,107,724)	
Net funds at 1 September	<u>4,066,352</u>	<u>6,174,076</u>	
Net funds at 31 August	<u>4,218,446</u>	<u>4,066,352</u>	
<i>(c) Analysis of changes in net funds</i>			
	2014	Cash flow	2015
	£	£	£
Net cash:			
Cash at bank and in hand	<u>6,467,130</u>	<u>9,903,818</u>	<u>16,370,948</u>
Debt:			
Amounts falling due within one year	(250,992)	9,269	(241,723)
Amounts falling due after more than one year	<u>(2,149,786)</u>	<u>(9,760,993)</u>	<u>(11,910,779)</u>
	<u>(2,400,778)</u>	<u>(9,751,724)</u>	<u>(12,152,502)</u>
	<u>4,066,352</u>	<u>152,094</u>	<u>4,218,446</u>

24 Pension costs

In order to comply with the requirements of FRS 17, the Royal Academy has incorporated the pension scheme into the SOFA and the balance sheet.

The Royal Academy, together with its subsidiary undertakings, participates in a funded defined benefit pension scheme, operated by the Royal Academy of Arts Pension Scheme, providing benefit based on final pensionable salary. The assets of the scheme are held independently from those of the Royal Academy.

Contributions to the scheme are made in accordance with the recommendations of an independent professionally qualified actuary based upon triennial valuations. The contributions are calculated using actuarial valuation methods.

Royal Academy of Arts
Notes to the Financial Statements
For the year ended 31 August 2015 (continued)

24 Pension costs (continued)

The most recent actuarial valuation of the scheme was carried out at 31 August 2013. The actuarial method adopted for the valuation was the "Projected Unit" method. Assets were valued at the market valuation at the valuation date and liabilities were valued using financial assumptions derived from gilt yields at the valuation date.

In accordance with actuarial recommendations the employer contribution rate until February 2014 was at least 21.2%. From 1 February 2014 the rate was at least 25.2% and employee contribution rate was 6% of basic salaries for the whole year.

The scheme actuary, appointed by the trustees under section 47 of the Pensions Act, was Punter Southall Limited and Stuart Southall.

Financial assumptions used to calculate scheme liabilities under FRS 17 were:

The main assumptions used by the actuary are:

	2015	2014	2013
Price inflation (RPI)	3.20%	3.10%	3.40%
Price inflation (CPI)	2.20%	2.10%	2.60%
Pay increases	3.70%	3.60%	3.90%
Pension increases – pre 6 April 1997	2.40%	2.40%	2.50%
Pension increases – post 6 April 1997	3.10%	3.00%	3.20%
Pension increases – post 30 September 2006	2.10%	2.10%	2.20%
Increases of preserved pensions	2.10%	2.10%	2.60%
Discount rate	3.80%	3.90%	4.60%

Valuation is based on the projected unit method.

The assets within the scheme and the expected rate of return were:

	<i>Expected rate of return</i>	<i>Value at</i>	<i>Expected rate of return</i>	<i>Value at</i>	<i>Expected rate of return</i>	<i>Value at</i>
	<i>31 August 2015</i>	<i>31 August 2015</i>	<i>31 August 2014</i>	<i>31 August 2014</i>	<i>31 August 2013</i>	<i>31 August 2013</i>
		£		£		£
Equities	6.60%	23,502,000	7.00%	22,045,000	7.70%	18,681,000
Government bonds	3.90%	-	3.00%	1,835,000	3.70%	1,723,000
Index-linked						
government bonds	2.70%	-	2.70%	641,000	3.45%	281,000
Non-government bonds	4.00%	2,850,000	4.00%	4,300,000	4.60%	3,687,000
LDI funds	0.50%	1,327,000	-	-	-	-
Other (liquid funds)	0.50%	3,017,000	0.50%	672,000	0.50%	1,930,000
Total market value of scheme assets		30,696,000		29,493,000		26,302,000
Present value of scheme liabilities		(31,124,000)		(29,368,000)		(26,820,000)
Net pension (liability)/asset		(428,000)		125,000		(518,000)

No allowance has been made for any deferred taxation on the net pension asset as the Royal Academy has no charge to UK corporation tax.

Royal Academy of Arts
Notes to the Financial Statements
For the year ended 31 August 2015 (continued)

24 Pension costs (continued)

Analysis of amount charged to net incoming resources

	2015	2014	2013
	£	£	£
Current service cost	(409,000)	(404,000)	(427,000)
Total operating charge	(409,000)	(404,000)	(427,000)

Analysis of amount debited to other finance expenditure

	2015	2014	2013
	£	£	£
Expected return on pension scheme assets	1,797,000	1,708,000	1,361,000
Interest on pension scheme liabilities	(1,142,000)	(1,232,000)	(1,058,000)
Net return	655,000	476,000	303,000

Analysis of amount recognised in the SOFA

	2015	2014
	£	£
Actual return less expected return on pension scheme assets	(814,000)	953,000
Experienced gains and losses arising on the scheme liabilities	108,000	965,000
Changes in assumptions underlying the present value of the scheme liabilities	(867,000)	(2,338,000)
Actuarial loss recognised in the SOFA	(1,573,000)	(420,000)
Percentage of present value of scheme liabilities at year end	5.05%	1.43%

Movement in (deficit)/surplus during the year

	2015	2014
	£	£
Surplus/(deficit) in scheme at beginning of the year	125,000	(518,000)
Current service cost	(409,000)	(404,000)
Contributions	774,000	991,000
Other finance expenditure	655,000	476,000
Actuarial deficit	(1,573,000)	(420,000)
(Deficit)/surplus in scheme at end of year	(428,000)	125,000

Percentage of present value of scheme liabilities at year end

History of experience gains and losses

	2015	2014	2013	2012	2011
	£	£	£	£	£
Difference between the actual and expected return on scheme assets	(814,000)	953,000	1,726,000	264,000	(181,000)
Value of plan assets	30,696,000	29,493,000	26,302,000	22,330,000	19,906,000
Percentage of scheme assets	-2.65%	3.23%	6.56%	1.18%	-0.91%
Experienced (losses)/gains on scheme liabilities	(759,000)	(1,373,000)	(1,676,000)	(3,687,000)	3,520,000
Present value of scheme liabilities	(31,124,000)	(29,368,000)	(26,820,000)	(24,043,000)	(19,400,000)
Percentage of the present value of scheme liabilities	-2.44%	-4.68%	-6.25%	-15.34%	18.14%
Actuarial (losses)/gains recognised in SOFA	(1,687,000)	(420,000)	50,000	(3,423,000)	3,339,000
Present value of scheme liabilities	(31,124,000)	(29,368,000)	(26,820,000)	(24,043,000)	(19,400,000)
Percentage of the present value of scheme liabilities	-5.42%	-1.43%	0.19%	-14.24%	17.21%

Royal Academy of Arts
Notes to the Financial Statements
For the year ended 31 August 2015 (continued)

24 Pension costs (continued)

Analysis of net (liabilities)/assets

	2015	2014	2013	2012	2011
	£	£	£	£	£
Defined benefit obligation	(31,124,000)	(29,368,000)	(26,820,000)	(24,043,000)	(19,400,000)
Scheme assets	30,696,000	29,493,000	26,302,000	22,330,000	19,906,000
(Deficit)/surplus	<u>(428,000)</u>	<u>125,000</u>	<u>(518,000)</u>	<u>(1,713,000)</u>	<u>506,000</u>

25 Authorised and contracted capital expenditure (Group and Royal Academy)

	Total project cost	Assets in service	Assets in course of construction	Authorised but not contracted for	Contracted for
	£	£	£	£	£
Plant upgrades	10,827,663	2,830,432	1,996,322	5,621,013	379,896
Minor projects	665,266	382,692	16,264	131,338	134,972
Burlington Project	48,205,000	-	7,222,254	39,153,129	1,829,617
	<u>59,697,929</u>	<u>3,213,124</u>	<u>9,234,840</u>	<u>44,905,480</u>	<u>2,344,485</u>

Authorised but not contracted for includes £34.3m in respect of the agreement for the main contractor for the Burlington Project, which is due to be signed in December 2015.

26 Contingent liabilities

The Royal Academy and its subsidiaries had no contingent liabilities as at 31 August 2015 (2014: none).

27 Financial commitments (Group and Royal Academy)

At 31 August annual commitments under operating leases were as follows:

	Land and buildings	Others	2015 Total	Land and buildings	Others	2014 Total
	£	£	£	£	£	£
Under one year	-	12,616	12,616	-	17,813	17,813
Two to five years	1,073,232	25,467	1,098,699	-	42,470	42,470
Over five years	40,520	-	40,520	-	-	-
	<u>1,113,752</u>	<u>38,083</u>	<u>1,151,835</u>	<u>-</u>	<u>60,283</u>	<u>60,283</u>

Royal Academy of Arts
Notes to the Financial Statements
For the year ended 31 August 2015 (continued)

28 Related party transactions

Those in positions of authority within the Royal Academy group of companies, including trustees, Council members and directors, use facilities of the Royal Academy and its subsidiaries on the same terms as other Academicians, Friends, Patrons or external customers. This includes access to exhibitions, purchases from shops, Summer Exhibition, and auctions, and also the use of catering facilities. For the year ended 31 August 2015, all transactions with related parties are considered within the scope of normal transactions.

The company has taken advantage of the exemption available in FRS 8 "Related Party Disclosures", whereby it has not disclosed transactions with any wholly owned subsidiary.

During the year the company carried out the following transactions with its other related entities:

	Income	Expenditure	Year end balance
	£	£	£
Royal Academy Trust	669,146	(1,439,292)	44,399
Friends of Royal Academy	8,640,459	-	394,028

Income from the Royal Academy Trust consists of donations made to the Royal Academy to support various campaigns and projects undertaken. Expenditure with the Royal Academy Trust is the transfer of funds to be held in investments, designated for the Royal Academy.

Income from Friends of the Royal Academy comprises Gift Aid donations net of the reimbursement of salary and other expenses recharged.