

BRITISH ACADEMY



Annual Report of the
Trustees and Financial Statements
For the year ended 31 March 2018



TRUSTEES AND PRINCIPAL
ADVISERS
As at 31 March 2018

COUNCIL

President

Professor Sir David Cannadine*

Vice-Presidents

Professor Sarah Worthington QC*
Treasurer

Professor Dominic Abrams*
Vice President, Social Sciences

Professor Ash Amin CBE*
Foreign Secretary

Professor John Baines*
*Vice President, British International
Research Institutes*

Professor Alan Bowman*
Vice President, Humanities

Revd Professor Diarmaid MacCulloch Kt*
Vice President, Public Engagement

Professor Roger Kain CBE*
*Vice President, Research and Higher
Education Policy*

Professor Mary Morgan*
Vice President, Publications

Professor Genevra Richardson*
Vice President, Public Policy

* Member of the Management Advisory Committee

Ordinary Members of Council

Professor David Abulafia
Professor Julia Barrow
Professor Christine Bell
Professor Maxine Berg
Professor Julian Birkinshaw
Professor Stella Bruzzi
Professor Eleanor Dickey
Professor Marianne Elliott
Professor Glynnis Jones
Professor Michael Keating
Professor Anne Phillips
Professor John Scott CBE*
Professor Sally Shuttleworth*
Professor Nicholas Sims-Williams
Professor Bencie Woll

AUDIT COMMITTEE

Chair

Professor Julia Black

Ordinary Members

Mr Ian Creagh (External Member)
Mr Gerard Hetherington (External Member)
Professor April McMahon

PRINCIPAL ADVISERS

REGISTERED AUDITORS:

BDO LLP
55 Baker Street
London W1U 7EU

BANK:

The Royal Bank of Scotland plc
Western Branch
60 Conduit Street
London W1R 9FD

SOLICITORS:

Macfarlanes
10 Norwich Street
London EC4A 1BD

INVESTMENT FUND MANAGER:

BlackRock Investment Management (UK) Ltd
12 Throgmorton Avenue
London EC2N 2DL

CUSTODIAN:

BNY Mellon (International) Ltd
One Canada Square
London E14 5AL

REGISTERED CHARITY NUMBER:

233176

CONTENTS

1	TRUSTEES AND PRINCIPAL ADVISERS	2
2	TRUSTEES' REPORT FOR THE YEAR 31 MARCH 2018	4
3	STATEMENT OF COUNCIL'S RESPONSIBILITIES	13
4	INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES	14
5	CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES 2018	17
6	ACADEMY STATEMENT OF FINANCIAL ACTIVITIES 2018	18
7	CONSOLIDATED AND ACADEMY BALANCE SHEET 2018	19
8	CONSOLIDATED CASH FLOW STATEMENT	20
9	NOTES TO THE ACCOUNTS	21



TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2018

The Academy receives public funding from the Science and Research budget allocated by a grant from the Department for Business, Energy and Industrial Strategy. It also receives support from other public and private sources and draws on its own funds.

GOVERNANCE AND MANAGEMENT

The British Academy is a charity, registered with the Charity Commission for England and Wales (number 233176). Its principal place of business is its registered office at 10–11 Carlton House Terrace, London SW1Y 5AH, and its professional advisers are listed within Section 1.

The Academy was established by Royal Charter in 1902. It is a private, independent, self-governing corporation, composed of almost 1,000 UK Fellows and 300 overseas Fellows elected in recognition of their distinction as scholars and researchers. Its objectives, powers and framework of governance are set out in the Charter and its supporting Bye-Laws, as approved by the Privy Council.

The Academy receives public funding from the Science and Research budget allocated by a grant from the Department for Business, Energy and Industrial Strategy (BEIS). It also receives support from private sources and draws on its own funds. It endeavors to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life and with the Guidance on Codes of Practice for Board Members of Public Bodies, issued by the Cabinet Office.

PUBLIC BENEFIT REPORTING

The Council, as formal Trustees of the Academy, operates in accordance with the Charities Act 2011 and this Annual Report meets the requirement in the Act to set out the public benefits of the Academy's work. The Council is also satisfied that it has complied with the duties set out in Section 17 of the Act to have due regard to the public benefit guidance published by the Charity Commission.

COUNCIL AND COMMITTEES

Council is responsible for the governance of the Academy, making decisions on strategy, policy and finance. To aid this it is supported by a number of committees who discuss and advise on matters including finance, audit and risk, membership and nominations. Memberships of the committees include Fellows, other researchers and others with relevant expertise. Committees that report directly to Council include:

- Standing Committee of Council: Council's principal executive advisory committee comprising the Officers of the Academy.
- Audit Committee: A committee examining the Academy's arrangements for governance, risk management, internal control, and value for money, and which advises Council on their adequacy and effectiveness.
- Nominations Committee: A committee advising Council on the strongest candidates for election as members of Council.

The day to day managements of the affairs of the Academy is delegated to the Senior Management Team.

SENIOR MANAGEMENT

As at 31 March 2018

Chief Executive & Secretary

Mr Alun Evans

Director of Communications

Ms Liz Hutchinson

Director of Development

Ms Jo Hopkins

Director of Finance & Corporate Services

Mr Robert Hopwood

Director of Research Funding & Policy

Ms Vivienne Hurley

RETIREMENTS DURING THE YEAR

No Officer members of Council retired during the year.

Six Ordinary members of Council retired during the year:

Professor Archie Brown

Professor Gillian Clark

Professor Terence Irwin

Professor Richard McCabe

Professor Nicholas Vincent

Professor Janet Watson

TRUSTEES

The Academy's Trustees are the members of its Council. Nominations for vacancies are sought and received by the Nominations Committee and new members are elected by the Fellowship. Following election, new members of Council are provided with an information pack comprising the Charter, Statutes, Bye-laws and Regulations of the Academy, a Charity Commission publication on the responsibilities of charity Trustees and the strategic plan. A thorough induction is provided and members are also encouraged to attend recommended external training courses for charity Trustees.

REMUNERATION OF TRUSTEES AND SENIOR MANAGEMENT PERSONNEL

None of the Officers or Council members receives any payment apart from the reimbursement of expenses for their work for the Academy. The Academy has a Remuneration Committee whose terms of reference include the setting of pay for its senior management personnel. The committee takes into account performance reviews, relevant sectoral pay awards and pay benchmarking exercises conducted by independent professional consultants.

FUNDRAISING STATEMENT

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake widespread fundraising from the general public, the legislation defines fundraising as "soliciting or otherwise procuring money or other property for charitable purposes". Such amounts receivable are presented in our accounts as "voluntary income" and include legacies and donations. The Academy regularly reviews its fundraising objectives and targets and investing in its fundraising activities accordingly.

In relation to the above we confirm that all solicitations are managed internally without involvement of commercial participators or professional fund-raisers, or third parties. The day to day management of all income generation is delegated to the Senior Management Team, who are accountable to the Trustees.

The charity follows guidance and standards as set by the Fundraising Regulator in order that our fundraising activity adheres to their code of conduct and standards whilst following best practice. No complaints were received during the year in relation to our fundraising. The appropriateness of our fundraising activity continues to form a natural part of our risk management framework and our scheme of delegation.

GRANT MAKING POLICY

The Academy's grant making policy and procedures are set out in its Code of Practice for Consideration of Research Proposals, published on its website. Guidelines are issued on the information to be supplied by applicants, details of the criteria against which applications are assessed, and the process and timescale for assessing them.

Applications are judged on their academic merit through a stringent process of peer review by appropriately qualified experts, normally drawn from the Academy's Fellowship, then passed to the relevant awarding committee for the final decision. Appeals may not be made against the academic judgement of the Academy's assessors, panels, or committees, but may be made on the sole ground of improper procedure.

Assessors are required to declare actual or potential conflicts of interest. Fellows of the Academy who wish to apply for a grant during the period in which they are serving in any capacity as an assessor must abstain from any involvement in the competition to which they are applying. The Code of Practice is reviewed annually.

RISK MANAGEMENT

Council has overall responsibility for the Academy's risk management and internal control system and has identified and reviewed the major risks faced by the Academy. Council analyses risks by impact and likelihood and the necessary level of management or mitigation. The major risks identified are included on the Academy's corporate risk register which is then reviewed bi-annually by the Audit Committee and then reviewed and formally adopted by Council each year.

The major risks to which the Academy is exposed and its mitigating actions are set out below:

Risk	Mitigating Action
Failure to secure funding to achieve objectives.	<p>Major engagement plans with Government to secure the best outcome for the Humanities and Social Sciences and the Academy.</p> <p>Scenario planning</p> <p>Financial strategy to lead diversification of income from public and private sources.</p>
Reputation surrounding grant awarding process and outcomes and policy and communications outputs.	<p>Clear policies and procedures, including annual review of grant making Code of Practice.</p> <p>Policy outputs issued following peer review and clearance by Standing Committee of Council.</p> <p>Clear delegation of authority to speak on behalf of the Academy, media training and controlled use of social media.</p>

The Council has identified and reviewed these major risks and is satisfied that systems are in place to mitigate them.



The British Academy is the national body for the Humanities and Social Sciences, which cover approximately half of all disciplines.

OBJECTIVES AND ACTIVITIES FOR THE BENEFIT OF THE PUBLIC

The Trustees, as advised by the Standing Committee of Council (SCC), confirm that they have referred and had regard to the Charity Commission's general guidance on public benefit, when reviewing the Academy's aims and objectives, and in planning future activities. The Academy's overarching objective is to inspire, recognise and support high achievement in the Humanities and Social Sciences throughout the UK and internationally, and to champion their role and value.

The strategic objectives of the Academy are:

1. Championing the Humanities and Social Sciences
2. Advancing Excellent Research
3. Shaping Policy and Public Understanding
4. Delivering Global Leadership in Research

The British Academy is one of the four national bodies which together represent the full spectrum of disciplines within the spheres of science, research, knowledge and learning in the UK. The British Academy is the national body of the Humanities and Social Sciences, which cover approximately half of all disciplines. The Academy recognises, nurtures and puts excellence in these disciplines to work, through its distinguished Fellowship, through the research and researchers it funds, and through its independent engagement with policy making and with many of the challenges facing the world today.

In addition to the public benefit flowing from the objectives and activities noted above, the benefits explicitly delivered to society from the Academy's work include:

- Through the award of the Fellowship of the Academy, the recognition of those reaching the highest attainment of scholarship in our disciplines, who are seen as world-leaders in their fields, and who can make signal contributions to the work of the Academy in providing benefit to society as a whole.
- Identifying, funding and nurturing the best early and mid-career researchers to produce world-leading researchers of the future.
- Promoting diversity and excellence across all our funding schemes.
- Recognising and incentivising outstanding contributions to humanities and social science research and to society through the award of prizes and medals.
- Enhancing the UK's economic and social development by convening policy makers, academics, and other experts to provide focused, evidence-based advice on current policy issues.
- Working with other National Academies, to demonstrate the benefits of research and learning and to shape national policies to enhance them further.
- Convening high-level forums where informed views help shape policy on topics of national and international importance.
- Deepening public understanding of a range of issues through events, publications and online activity.
- Disseminating excellent academic research within the academic community and beyond through publications, conferences, lectures and online activity.



ACHIEVEMENTS AND PERFORMANCE

PERFORMANCE INDICATORS

The Academy uses a scorecard of measures which tie in to the delivery plans it has agreed with its funders (principally BEIS) to assess performance. These measures include delivery targets for our research funding which are referred to in the next section. The Academy holds regular meetings with its funders to account for progress.

Our strategic plan is currently being reviewed. Measures against the currently published strategic objectives of the Academy are referred to within the sections below.

OUR DISTINGUISHED FELLOWSHIP – STRATEGIC OBJECTIVE NO 1.

Our Fellowship continues to flourish and grow with 66 Fellows elected in 2017. We elected 42 Fellows based in the UK, 20 from overseas and 4 Honorary Fellows, across our disciplines. We are proposing to increase the number of Fellows elected this year.

We have worked hard to encourage diversity within the Fellowship and maintain its excellence. The diversity of the Fellowship continues to reflect the community from which it is drawn. Of the 66 Fellows elected in 2017, 28 were female.

OUR FUNDING FOR EXCELLENT RESEARCH FELLOWS – STRATEGIC OBJECTIVE NO 2.

We invested £12.2m and gave 85 new awards to British Academy Postdoctoral Fellows as an investment in future world-leading HSS researchers. This included 45 awards made from core BEIS grant in line with the delivery plan agreed with BEIS and an additional 40 awards supported from the Global Talent Fund. There are currently 180 Postdoctoral Fellows in total.

We made 47 Mid-Career Fellowship awards in 2017/18 including 13 additional awards funded from the Global Talent Fund, an investment of £4.3m in the researcher pipeline for established researchers immediately succeeding early career.

We made 29 awards to British Academy Newton International Fellows, enabling them to spend two years being mentored by leading experts at universities across the UK. This included 3 awards funded from the Newton Fund, 11 awards from the core BEIS grant and 15 additional awards funded from the Global Talent Fund.

We built research capacity by making awards to post-doctoral researchers from across the world, benefitting the economic development and social welfare of 15 partner countries.

OUR FUNDING FOR DIVERSE AND EXCELLENT RESEARCH – STRATEGIC OBJECTIVE NO 2.

We made some 316 strategic and innovative Small Research Grant awards, funded by public and private sources. These Academy awards leverage considerable funding from other funders to supplement them. The total number of grants awarded and amount of funding for this purpose delivered the targets expected and maintained an overall success rate of 16%.

We awarded 54% of our funding to women, and around 19% to non-white ethnic minority researchers. Academy grants and fellowships went to researchers based in 107 different Higher Education Institutions as well as 27 independent researchers.

16 prestigious prizes and medals were awarded in recognition of humanities and social science research excellence and contributions to society.

We launched an innovative new Future of the Corporation project that aims to stimulate a paradigm shift in the purpose of business and build trust between business and society. Following the launch, we have commissioned 13 research papers on 10 themes, looking at the nature of the corporation and its future role, through the lens of a range of humanities and social science disciplines.

OUR ENGAGEMENT ON POLICY ISSUES – STRATEGIC OBJECTIVE NO 3.

We published the findings of our major skills project in *The Right Skills: Celebrating skills in the arts, humanities and social sciences*. This sets out the key skills which graduates in our disciplines develop – collaboration, communication, intercultural awareness, analysis and decision making, adaptability and dealing with uncertainty – and why they are vital to the economy and to society. We also continued distinct strands of work on two areas core across our disciplines, languages and quantitative skills.

With the passing of the Higher Education and Research Act in April 2017, we have been working to influence the direction of the new landscape as it is created. With our sister national academies we launched a major project aimed at refreshing the case for investment in research and innovation, looking at how money invested in science and research can be most effectively distributed to deliver the full range of benefits to society. In light of the creation of UK Research and Innovation and the Office for Students, we are looking at the interactions between teaching and research in policy and practice.

We launched an innovative new Future of the Corporation project that aims to stimulate a paradigm shift in the purpose of business and build trust between business and society. Following the launch, we have commissioned 13 research papers on 10 themes, looking at the nature of the corporation and its future role, through the lens of a range of humanities and social science disciplines.

We published our joint report with the Royal Society on Data Management and Use: Governance in the 21st century which set out some high-level principles for data governance and which directly influenced the Government's decision to establish a Centre for Data Ethics and Innovation.

We also published a series of essays and case studies on local actions to promote social integration which was quoted in the Government's Integrated Communities Green Paper.

We responded to the Government's Industrial Strategy Green Paper and gave oral evidence to the House of Commons Science and Technology committee on the Science Budget and Industrial Strategy. We also responded to the early consultation on the Knowledge Exchange Framework and submitted evidence to the House of Lords Select Committee on Artificial Intelligence.

OUR EXCELLENCE AND ITS ENGAGEMENT WITH NATIONAL AND INTERNATIONAL CHALLENGES – STRATEGIC OBJECTIVE NO 4.

Through the Government's Global Challenges Research Fund (GCRF), we invested over £2 million in supporting excellent, interdisciplinary research projects which aimed to address the challenge of creating and maintaining sustainable and resilient cities in developing countries. We also invested a further £2.0 million, through partnership with the GCRF and the Department for International Development (DfID), in funding a programme geared towards strengthening early childhood development and transforming the life chances of children in lower- and middle-income countries.

Also in partnership with DfID, we funded a programme aimed at identifying measures to eradicate forced labour, end modern slavery and human trafficking, and secure the prohibition and elimination of the worst forms of child labour. We made 17 awards via our research programme which aims to tackle UK aspects of international challenges and awarded a further 9 international interdisciplinary research projects. The Academy also opened a new programme of Visiting Fellowships with funding from the Rutherford Fund that supported 89 award holders coming to the UK from 34 different countries.

DfID continued to fund programmes in relation to anti-corruption in developing countries and addressing sustainable development goals as well as providing additional funding of £0.9m, together with £1.0m from BEIS towards the Early Childhood Development Programme. This programme funds interdisciplinary research projects that will inform the policies and interventions that will transform life chances of children in their early years in lower and middle income developing countries.

Funding of £4.1m for new programmes was also secured regarding the BEIS Global Research Talent programme which provides awards to overseas researchers active at any career stage and in any discipline within the humanities and social sciences, plus £2.5m in relation to the BEIS GCRF Resilient Futures Cities and Infrastructure programme which funds interdisciplinary research projects that address the challenge of creating and maintaining sustainable and resilient cities in developing countries.

The Academy engaged in activities to pursue its international thematic priorities (Conflict, Stability & Security; Europe's Futures; Urban Futures; Justice, Rights & Equality; Knowledge Frontiers) including working with the American Academy of Arts & Sciences and the American Philosophical Society on an early career workshop on violence, and making the case for the importance and value of the humanities and social sciences in the UK's negotiations with the EU through reports, briefings and parliamentary select committee submissions. In addition, the Academy provided evidence to the Migration Advisory Committee's consultations on international students and EEA workers.

OUR CONTRIBUTION TO SOCIETY

The Humanities and Social Sciences are integral to our understanding of the world as it has been, as it is now, and as it faces the challenges ahead. As outlined above, the Academy enables those who study these subjects and the insights they produce to make a highly effective and significant contribution to the UK's well-being and to society as a whole.



FINANCIAL REVIEW

RESULTS FOR THE YEAR

The financial statements for 2017/18 continue the trend from previous years of significant expansion for the Academy, with new funding streams secured and existing streams either extended or developed further.

BEIS remained the Academy's principal funder, with £27.0m of the group's total income of £62.2m coming in the form of recurrent annual BEIS grant. This was fully invested in research and scholarship across the humanities and social sciences and includes grant for operational delivery of the investment.

A capital grant of £14.0m was also received during the year from BEIS in relation to securing the Academy's long-term future at its premises, 10-11 Carlton House Terrace. The Academy agreed the main terms of a new lease with the Crown Estate, a premium of £14.0m being agreed for a long lease of 125 years.

Group accounts were again prepared for the Academy and its wholly owned subsidiary, Clio Enterprises Limited ("Clio"). The group's total funds amounted to £35.7m as at 31 March 2018, an increase of £15.2m on the year before, chiefly because of the BEIS capital grant in relation to the new lease of 10-11 Carlton House Terrace and a retained surplus of c.£1.0m generated by the Academy's trading subsidiary, Clio.

£47.0m was expended in total. Resources were largely expended on supporting the most talented people at key stages of their careers through fellowships and small scale innovative funding. The British International Research Institutes programme accounted for a spend of £4.5m, with £3.1m spent on Global Challenges. Spend on new international programmes, Cities and Infrastructure £2.5m, Early Childhood Development £1.9m, Visiting Fellowships £1.5m and Modern Slavery £0.9m, totalled £6.8m.

Trading activity conducted through the Academy's wholly owned subsidiary, Clio, again generated a welcome surplus this time of £1.0m, its highest result to date.

Clio fulfils several purposes and it underpins the Academy's financial and corporate strategy by:

1. Subsidising operational expenditure which government grant no longer covers
2. Strengthening the Academy's financial independence by adding capital to the Academy's Development Fund (ADF)
3. Increasing income available from the ADF in order to cover the costs, for the time being, of other strategic priorities and initiatives.
4. Providing a clear conduit through which conferences and events may be organised, operated and managed.

FUNDS AND RESERVES

The Academy Development Fund (ADF)

This remains the Academy's principal free reserve. It now stands at £9.5m. The Academy has unfettered discretion in its use of ADF fund and growth in these funds remains a strategic objective.

The intention in creating the Fund was to enable the Academy to take new initiatives funded by Fellows' subscriptions and donations along with investment income generated from capital. Historical upturns in the capital value of the investment portfolio has contributed to growth over the past number of years as has the increase in Clio profits.

Other Unrestricted Funds

The BEIS Carlton House Terrace Fund has been created following receipt of a £14.0m grant in relation to securing the Academy's long-term future at 10-11 Carlton House Terrace. The fund will be written down over the life of the new 125-year lease.

Other general and designated funds include reserves set aside for operational expenses such as building repairs, decorations, IT systems and publications. These funds, excluding those invested in fixed assets, total £0.7m.

Permanent Endowment Funds

There are three permanent endowment capital funds, the Webster Fund, the Ullendorf Fund and the Rose Mary Crawshay Prize for English Literature, the capital totalling £0.6m. The capital of permanent endowment funds may not be spent.

Expendable Endowment Funds

These capital funds generate income for various prizes, lectures, grants and conferences. The capital totals £7.6m.

Restricted Income Funds

These are almost entirely represented by a Carlton House Terrace property fund but also income balances generated by permanent and expendable endowment capital held for various specific purposes, such as prizes, lectures, grants and conferences.

POLICIES

Reserves Policy

Unrestricted Funds (general and designated Funds) have a combined balance at 31 March 2018 of £24.3m, an increase of £14.9m from last year with the BEIS Carlton House Terrace grant and the Clio surplus for the year the main reasons behind this. As noted above, the Academy is free to devote the income of the ADF to whatever object it deems fit. Council continues to view the long-term growth of the fund as key to a further strengthening of the Academy's financial independence. This would require an unrestricted endowment of at least £100m in order to generate an annual return to cover current annual operating expenditure in perpetuity. Taking general Funds and the ADF to be the free reserves of the Academy (excluding any investment in tangible fixed assets), the Academy's free, unrestricted reserves amount to £9.7m as at 31 March 2018 (£8.8m as at 31 March 2017). Council considers the minimum level of free reserves to be £5m, broadly equivalent to operational expenditure for one year. The Council is minded to adopt a capital or endowed model for the covering of such annual expenditure and thus a long-term capital target of £100m has been set.

The Academy seeks to produce the best financial return within an acceptable level of risk. The investment objective is to generate a return of inflation plus three per cent per annum over the long term after expenses.

Investment Policy

The Academy seeks to produce the best financial return within an acceptable level of risk. The investment objective is to generate a return of inflation plus three per cent per annum over the long term after expenses. This should allow the Academy to maintain the real value of the assets, while funding annual expenditure in the region of three per cent per annum. To achieve this, the Academy applies a proportion of its funds in equity and/or equity related investments balanced by an element of fixed income generating investments.

Since asset valuations are constantly affected by factors such as changing discount rates, liquidity and confidence levels, achievement of the Academy's investment objectives is assessed over the longer term. Council is advised on investment matters by an Investment Management Committee chaired by the Treasurer and attended by at least one external member with fund manager experience. £17.3m is held in several tracker funds managed by BlackRock Advisors (UK) Ltd. Investment funds managed by BlackRock provided a return of 2.4 per cent for the year.

The Academy's assets should be invested in line with its aims. The Trustees do not wish to adopt an inclusionary or exclusionary policy, being a passive investor, but individual investments may be excluded if materially conflicting with the Academy's core purpose(s).

VOLUNTEERS

The Academy is critically dependent on the voluntary services of its Fellows who, whether as Officers, Chairs or members of the Sections, Committees and Sub-committees, or as referees and assessors, perform a wide and crucial range of tasks for which they are wholly unremunerated outside the recovery of their direct expenses. The Academy also consults external academic experts and relies extensively on the services and goodwill of numerous referees and assessors outside its Fellowship and external members of the Investment Management and Audit Committees. All this constitutes an unquantifiable voluntary contribution without which the Academy would be unable to fulfil its objectives.

LONGER TERM FINANCIAL POSITION AND FUTURE PLANS

The last Government Spending Review was conducted during the 2015/16 financial year where the Academy made a sound and successful case for a further period of investment until 2020. With the next Government Spending Review due to take place during 2019, the Academy will again prepare its case, as always, with the aim of securing an increased level of investment.

The Academy has sustained expansion over a considerable period and the management and generation of sufficient resources to do so continue to present challenges. While the Academy has made a welcome and major step forward in increasing its capital base during the 2017/18 financial year, there remains more work to be done to grow its capital to the level required.

AUDITORS

A resolution for the appointment of BDO LLP for the ensuing year will be proposed at the Annual General Meeting.

Approved by Council on 18 June 2018

Professor Sarah Worthington QC (Hon), FBA

*Treasurer
18 June 2018*



STATEMENT OF COUNCIL'S RESPONSIBILITIES

Charity Law requires the Council to prepare for each financial year financial statements that give a true and fair view of the state of affairs of the group and parent charity and of the incoming resources and application of resources of the group for the year.

The Council (as Trustee body of the Charity) is responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Charity Law requires the Council to prepare for each financial year financial statements that give a true and fair view of the state of affairs of the group and parent charity and of the incoming resources and application of resources of the group for the year. In preparing those financial statements the Trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and accounting estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed, including FRS 102, 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

The Trustees are responsible for keeping accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent charity and enable them to ensure that the financial statements comply with Charities Act 2011 and regulations made there under. They are responsible for safeguarding the assets of the group and parent charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Council has taken steps to:

- Ensure that funds from BEIS are used only for the purposes for which they have been given and in accordance with the BEIS grant terms and conditions and any other conditions which BEIS may from time to time prescribe
- Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources
- Safeguard the assets of the Academy and prevent and detect fraud
- Secure the economical, efficient and effective management of the Academy's resources and expenditure



INDEPENDENT AUDITOR'S REPORT TO TRUSTEES OF THE BRITISH ACADEMY

Opinion

We have audited the financial statements of The British Academy (“the Parent Charity”) and its subsidiary (“the Group”) for the year ended 31 March 2018 which comprise the consolidated and Academy statements of financial activities, the consolidated and Academy balance sheets, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charity's affairs as at 31 March 2018 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Opinion on other matters as required by BEIS grant letters

In our opinion, in all material aspects, the grant payments received from the Department of Business, Energy and Industrial Strategy Skills (BEIS) have been applied for the purposes set out in the Grant Letters and in accordance with the terms and conditions of the grants.

Basis for opinion

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

Conclusions related to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent Charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Annual Report of the Trustees, other than the financial statements and our auditor's report thereon. The other information comprises: the Trustees' report. The Trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion;

- the information contained in the financial statements is inconsistent in any material respect with the Trustees' Annual Report; or
- adequate accounting records have not been kept by the Parent Charity; or
- the Parent Charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Council's Responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

This report is made solely to the Charity's trustees, as a body, in accordance with the Charities Act 2011. Our audit work has been undertaken so that we might state to the Charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud

or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Julia Poulter, Senior Statutory Auditor

*For and on behalf of BDO LLP, statutory auditor
London*

Date: 14 August 2018

BDO LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



CONSOLIDATED AND ACADEMY STATEMENT OF FINANCIAL ACTIVITIES

5 YEAR ENDED 31 MARCH 2018

	Notes	General Funds	Designated Funds	Restricted Funds	Endowment Funds	2018 Funds	2017 Funds
		£	£	£	£	£	£
Income and endowments from							
Donations and legacies	3	-	240,884	10,000	-	250,884	609,160
Charitable activities							
Grants receivable	4	-	5,000	58,749,763	-	58,754,763	35,984,813
Other trading activities							
Funds generated	5	2,358,324	218,849	-	-	2,577,173	2,308,433
Investment income	6	5,283	239,136	248,150	-	492,569	453,348
Other incoming resources	7	-	-	172,889	-	172,889	183,721
Total incoming resources		2,363,607	703,869	59,180,802	-	62,248,278	39,539,475
Expenditure on							
Cost of generating income	8	1,369,215	834,560	-	-	2,203,775	2,028,176
Charitable activities							
Grants and awards, Property etc.	8	-	(77,166)	44,874,495	-	44,797,329	36,913,909
Total expenditure		1,369,215	757,394	44,874,495	-	47,001,104	38,942,085
Net (Loss)/Gains on investments	12	-	(32,912)	(2,364)	(31,865)	(67,141)	2,975,981
Net incoming/(outgoing) resources		994,392	(86,437)	14,303,943	(31,865)	15,180,033	3,573,371
Transfers between funds	17	(994,392)	14,992,490	(13,998,098)	-	-	-
Net movement in funds		-	14,906,053	305,845	(31,865)	15,180,033	3,573,371
Fund balances brought forward at 1 April 2017		200,000	9,151,752	2,962,205	8,209,658	20,523,615	16,950,244
TOTAL FUNDS CARRIED FORWARD AT 31 MARCH 2018		200,000	24,057,805	3,268,050	8,177,793	35,703,648	20,523,615

All of the above results are derived from continuing activities. There are no other recognised gains or losses other than those stated above.

The consolidated and Academy statement of financial activities includes the results of the charity's wholly owned subsidiary, Clio Enterprises Ltd.



STATEMENT OF FINANCIAL ACTIVITIES OF THE ACADEMY

YEAR ENDED 31 MARCH 2018

	General Funds	Designated Funds	Restricted Funds	Endowment Funds	2018 Funds	2017 Funds
	£	£	£	£	£	£
Income and endowments from						
Donations and legacies	-	240,884	10,000	-	250,884	609,160
Qualifying charitable donation	989,109	-	-	-	989,109	888,637
Charitable activities						
Grants receivable	-	5,000	58,749,763	-	58,754,763	35,984,813
Other trading activities						
Publications	-	218,849	-	-	218,849	133,906
Investment income	5,283	239,136	248,150	-	492,569	453,348
Other incoming resources	-	-	172,889	-	172,889	183,721
Total incoming resources	994,392	703,869	59,180,802	-	60,879,063	38,253,585
Expenditure on						
Raising funds	-	568,927	-	-	568,927	529,229
Charitable activities						
Grants and awards	-	(77,166)	44,874,495	-	44,797,329	36,913,909
Other						
Publications	-	265,633	-	-	265,633	197,017
Investment management fees	-	-	-	-	-	16,040
Total expenditure	-	757,394	44,874,495	-	45,631,889	37,656,195
Net (losses)/gains on investments	-	(32,912)	(2,364)	(31,865)	(67,141)	2,975,981
Net incoming/(outgoing) resources	994,392	(86,437)	14,303,943	(31,865)	15,180,033	3,573,371
Transfers between funds	(994,392)	14,992,490	(13,998,098)	-	-	-
Net movement in funds	-	14,906,053	305,845	(31,865)	15,180,033	3,573,371
Fund balances brought forward at 1 April 2017	200,000	9,151,752	2,962,205	8,209,658	20,523,615	16,950,244
TOTAL FUNDS CARRIED FORWARD AT 31 MARCH 2018	200,000	24,057,805	3,268,050	8,177,793	35,703,648	20,523,615



CONSOLIDATED AND ACADEMY BALANCE SHEETS

AS AT 31 MARCH 2018

	Notes	Group 2018	Group 2017	Academy 2018	Academy 2017
		£	£	£	£
FIXED ASSETS					
Tangible assets	11	15,611,154	1,779,500	15,611,154	1,779,500
Investments	12, 13	17,256,839	17,329,666	17,256,849	17,329,676
		32,867,993	19,109,166	32,868,003	19,109,176
CURRENT ASSETS					
Debtors	14	2,313,502	838,714	2,540,943	1,204,473
Cash at bank and in hand		17,823,029	3,635,455	17,303,032	2,995,221
		20,136,531	4,474,169	19,843,975	4,199,694
CREDITORS					
Amount falling due within one year	15	(17,262,058)	(2,999,892)	(16,969,512)	(2,725,427)
		2,874,473	1,474,277	2,874,463	1,474,267
NET CURRENT ASSETS					
		2,874,473	1,474,277	2,874,463	1,474,267
CREDITORS					
Amounts falling due after more than one year	16	(38,818)	(59,828)	(38,818)	(59,828)
		35,703,648	20,523,615	35,703,648	20,523,615
NET ASSETS					
		35,703,648	20,523,615	35,703,648	20,523,615
Represented by:					
Endowment funds	17	8,177,793	8,209,658	8,177,793	8,209,658
Restricted funds	17	3,268,050	2,962,205	3,268,050	2,962,205
General funds	17	200,000	200,000	200,000	200,000
Designated funds	17	24,057,805	9,151,752	24,057,805	9,151,752
		35,703,648	20,523,615	35,703,648	20,523,615

The Financial Statements on pages 18 to 39 were approved and authorised for issue on 18 June 2018 and signed by:

Professor Sarah Worthington
Treasurer

Alun Evans
Chief Executive and Secretary



CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2018

	2018	2017	
	£	£	
Reconciliation of net income to net cash flow from operating activities			
Net income for the reporting period	15,180,033	3,573,371	
Depreciation charges	168,346	233,606	
Losses/(gains) on investments	67,141	(2,975,981)	
Losses on fixed asset disposal	-	28,131	
Investment Income	(492,569)	(453,348)	
Increase in debtors	(1,474,788)	(175,064)	
Increase in creditors	261,555	582,375	
Net cash inflow from			
Operating activities	13,709,718	813,090	
Cash flow statement			
Net cash inflow from operating activities	13,709,718	813,090	
Returns on investments	492,569	453,348	
Financial investment	(330)	(488,223)	
Finance lease payments	(20,400)	(44,866)	
Increase in cash and liquid resources	14,181,557	733,349	
Reconciliation of net cash inflow			
Change in cash and liquid resources	14,181,557	733,349	
Cash and liquid resources at 1 April 2017	3,732,024	2,998,675	
Cash and liquid resources at 31 March 2018	17,913,581	3,732,024	
Notes to Cash flow statement			
Note (i) Gross cash flows			
Financial investment			
Payments to acquire investments	(375,950)	(866,849)	
Receipts from sales of investments	375,620	378,626	
	(330)	(488,223)	
Note (ii) Analysis of change in net funds			
	At 1 April	Cash	At 31 March
	2017	flows	2018
	£	£	£
Cash in hand, at bank	3,635,455	14,187,573	17,823,028
Cash held with investment managers	96,569	(6,016)	90,553
	3,732,024	14,181,557	17,913,581



9 NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

a. Basis of preparation of the accounts

The Annual Report, incorporating the financial statements for the year ended 31 March 2018, has been prepared in accordance with the Academy's Royal Charter, and in compliance with the Charities Act 2011, the Statement of Recommended Practice applicable to the charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (The FRS 102 Charities SORP).

The financial statements have been prepared under the historical cost convention, as modified for the inclusion of investment assets.

The financial statements are prepared on a going concern basis. The Trustees have reviewed reserve levels, budget and cash flow forecast for the next 12 months and believe the going concern basis to be appropriate.

b. Group and charity financial statements

Group financial statements consolidate the results of the charity and its wholly owned subsidiary Clio Enterprises Ltd on a line-by-line basis. A separate statement of financial activities for the charity itself is also presented. Notes to the accounts for the parent alone are not prepared, as the notes to consolidated financial statements identify the charity results.

c. Incoming resources

The specific bases for accounting for income are described below. In general terms, income is accounted for on a receivable basis, gross of related expenditure. Income is only recognised where there is evidence of entitlement, its receipt is probable and there is reasonable certainty of the amount.

- Donations and legacies include donations which are accounted for in the year in which they are received, subscriptions and income tax recoverable
- Grants receivable are recognised when entitlement to the grant is confirmed. This also includes returned grants which are accounted for on receipt. Income received for expenditure in future accounting periods is deferred
- Venue hire income includes income receivable from the rent and hire of rooms. Income received in advance is deferred until entitlement to the income has arisen at which time it is credited to the SOFA
- Publications income includes royalties which are recognised on an accruals basis
- Investment income is included in the Statement of Financial Activities in the year in which it is receivable
- Other incoming resources consist of conference, service provision and recharges income
- Capital grants are recognised in the year in which they are received and are accounted for in a separate fund

d. Resources expended

Expenditure is recognised on an accruals basis, gross of any related income. Where costs cannot be directly attributed to particular categories they have been allocated to activities on a basis consistent with the use of resources.

- Costs of raising funds include expenditure incurred in generating unrestricted and restricted income through fundraising.
- Charitable activities include grants, awards, prizes and other activities supporting the Academy's aims and objectives. Grants are charged to the statement of financial activities when a constructive obligation exists notwithstanding that they may be paid in future periods.
- Other expenditure includes expenditure directly incurred in generating income from the subsidiary activity, publications programme and investments.
- Governance costs include those associated with the management of the Academy's assets and with constitutional and statutory requirements. They are allocated to activities on a full-time staff equivalent basis.

e. Operating leases

Rental costs under operating leases are charged to the Statement of Financial Activities, as the charges are incurred, over the lease period.

f. Tangible fixed assets

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset over its expected useful life, as follows:

- Furniture and equipment at cost of up to £25,000 is fully written off within the year of purchase
- Furniture and equipment – over five years
- Leasehold improvements – 5 per cent
- Long leasehold – over the lease term
- Items which are fully depreciated are treated as disposals
- Items under finance leases are capitalised and written off over the term of the lease.

g. Investments

Listed investments are included in the financial statements at market value which is measured at bid price, in accordance with the revised Statement of Recommended Practice.

Gains/losses on disposal of investments and revaluation of investments are recognised in the year of gain or loss and are allocated to the funds to which the investments relate in accordance with their percentage share of the investments.

h. Stocks of publications

Costs of publications are written off in the Statement of Financial Activities when incurred. Stocks of books donated to the Academy for its library are not valued within the accounts.

At 31 March 2018, the estimated value of stocks of publications not included in the balance sheet was £57,912 (2017: £55,462), being the lower of cost and net realisable value.

i. Pensions

The Academy is a Participating Employer in Superannuation Arrangements of the University of London (SAUL). The actuarial valuation applies to SAUL as a whole and does not identify surpluses or deficits applicable to individual employers. As a whole, the market value of SAUL's assets was £1,927 million representing 97% of the liabilities for benefits accrued up to 31 March 2014.

It is not possible to identify an individual Employer's share of the underlying assets and liabilities of SAUL. The Academy accounts for its participation in SAUL as if it were a defined contribution scheme and pension costs are based on the amounts actually paid (i.e. cash amounts) in accordance with paragraphs 28.11 of FRS 102.

The Trustee and Employers agreed that the Technical Provisions deficit at the 31 March 2014 valuation will be addressed by employer contributions of 3% of Salaries between 1 April 2016 and 31 March 2018 (inclusive). The defined benefit liability recognized by the Academy in respect of the deficit contribution due to SAUL (i.e. the present value of the deficit contributions) was £60,000 as at 31 March 2017 and has now been paid. This liability was based on a projection of Salaries over the period to 31 March 2018.



j. Funds

Endowment funds represent capital funds which must be held permanently or which may be expended by the Academy. Income arising from Endowment funds is allocated to the correspondingly named individual restricted income funds in accordance with their percentage share of the investments and applied for the purposes for which they were originally given.

Restricted funds are funds that are subject to restrictions imposed by donors and are applied in accordance with these restrictions. Details of the nature and purpose of certain restricted funds are set out in note 17.

General funds are those which are available for use at the Council's discretion in the furtherance of the Academy's objects.

Designated funds are unrestricted funds set aside for unrestricted purposes and which would otherwise form part of General Funds. Details of the nature and purpose of each designated fund are set out in note 17.

k. Tax

The Academy is a charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. No tax charge arose in the period.

The subsidiary, Clio Enterprises Ltd made qualifying donations of all taxable profit to the Academy so no corporation tax liability on the subsidiary arises in the accounts.

l. Heritage assets

In accordance with section 34 of FRS102 heritage assets acquired have not been capitalised, since reliable estimates of cost or value are not available on a basis that would justify the costs of establishing them. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material. Donated assets are accounted for at their valuation at the time of donation.

ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these financial statements, the Trustees have made the following judgements:

- Determine whether there are indicators of impairment of the charity's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Whether leases entered into by the charity as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Other key sources of estimation uncertainty:

- **Tangible fixed assets**

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- **Investments**

Listed investments are valued at the quoted bid price at the reporting date.



DONATIONS & LEGACIES

	Designated	Restricted	2018 Total	Designated	Restricted	2017 Total
	£	£	£	£	£	£
Donations	149,648	10,000	159,648	118,985	10,000	128,985
Legacies	1,076	-	1,076	387,500	-	387,500
Subscriptions *	90,160	-	90,160	92,675	-	92,675
Total	240,884	10,000	250,884	599,160	10,000	609,160

* Subscriptions are gift aided



GRANTS RECEIVABLE

	2018	2017
	£	£
Department for Business, Energy & Industrial Strategy: Main Grant	27,000,000	27,000,000
Department for Business, Energy & Industrial Strategy: Carlton House Terrace	14,000,000	-
Department for Business, Energy & Industrial Strategy: Global Challenges Res. Fund	3,000,000	3,000,000
Department for Business, Energy & Industrial Strategy: Cities & Infrastructure	2,519,160	-
Department for Business, Energy & Industrial Strategy: Early Childhood Development	1,000,000	-
Department for Business, Energy & Industrial Strategy: Global Research Talent	4,059,375	-
Department for Business, Energy & Industrial Strategy: Newton Fund	2,578,322	2,337,976
Department for International Development: Early Childhood Development	943,750	-
Department for International Development: Modern Slavery	941,900	-
Department for International Development: Anti Corruption	163,040	1,666,070
Leverhulme Trust	857,716	1,013,664
Grants returned redistributed	725,774	535,016
Wolfson Foundation	220,000	-
Other grants	745,726	432,087
	58,754,763	35,984,813

Grants receivable is split between designated and restricted funds. £5,000 (2017: £nil) pertain to designated funds and £58,749,763 (2017: £35,984,813) pertain to restricted funds.



FUNDS GENERATED

	General	Designated	2018 Total	General	Designated	2017 Total
	£	£	£	£	£	£
Generated income						
Venue hire	2,358,324	-	2,358,324	2,174,527	-	2,174,527
Publications	-	218,849	218,849	-	133,906	133,906
Total generated income	2,358,324	218,849	2,577,173	2,174,527	133,906	2,308,433
Cost of generating income						
Raising funds	-	568,927	568,927	-	529,229	529,229
Venue hire costs	1,369,215	-	1,369,215	1,285,890	-	1,285,890
Publications	-	265,633	265,633	-	197,017	197,017
Total cost of generating income	1,369,215	834,560	2,203,775	1,285,890	726,246	2,012,136



INVESTMENT INCOME

	Unrestricted	Restricted	2018 Total	Unrestricted	Restricted	2017 Total
	£	£	£	£	£	£
Investment income	238,602	248,150	486,752	211,233	231,809	443,042
Bank interest	5,817	-	5,817	10,306	-	10,306
	244,419	248,150	492,569	221,539	231,809	453,348
UK						
Bonds	58,488	60,828	119,316	75,906	83,300	159,206
Equities	81,261	84,513	165,774	82,156	90,158	172,314
Bank and deposit interest	5,817	-	5,817	10,306	-	10,306
	145,566	145,341	290,907	168,368	173,458	341,826
Overseas						
Equities	98,853	102,809	201,662	53,171	58,351	111,522
	244,419	248,150	492,569	221,539	231,809	453,348



7 | OTHER INCOMING RESOURCES

	Restricted	2018 Total	Restricted	2017 Total
	£	£	£	£
Service recharges	60,000	60,000	80,000	80,000
UK Border Agency	90,350	90,350	65,610	65,610
Conferences	11,611	11,611	26,627	26,627
Sundry income	10,928	10,928	11,484	11,484
	172,889	172,889	183,721	183,721

Other incoming resources pertain to restricted funds.



8

TOTAL RESOURCES EXPENDED

	Direct costs	Staff costs	Depreciation	Support costs	Total 2018	Total 2017
	£	£	£	£	£	£
Costs of generating funds						
Fundraising	279,551	244,664	-	44,712	568,927	529,229
Venue hire	785,653	203,041	-	380,521	1,369,215	1,285,891
Publications	129,013	98,382	-	38,238	265,633	197,018
Investment managers' fees	-	-	-	-	-	16,040
Total costs of generating funds	1,194,217	546,087	-	463,471	2,203,775	2,028,178
Charitable activities						
Grants awards and activities						
Research programmes						
Early career fellowships	12,174,016	153,708	-	108,601	12,436,325	10,253,838
Mid career fellowships	4,308,163	130,937	-	46,217	4,485,317	3,424,432
Senior research fellowships	418,460	-	-	-	418,460	354,750
Newton fellowships	1,250,067	22,772	-	18,713	1,291,552	1,206,570
Small research grants	2,732,557	170,787	-	34,043	2,937,387	3,501,031
Rising stars awards	502,798	96,779	-	5,671	605,248	525,074
Excellence kitemark	229,494	5,693	-	1,985	237,172	227,973
Policy engagement	926,096	696,003	-	89,868	1,711,967	1,898,227
Communications & Public engagement	771,074	594,522	-	71,996	1,437,592	1,731,164
Future of the corporation	102,131	35,508	-	33,575	171,214	-
International programmes						
International challenges	1,072,646	208,320	-	34,343	1,315,309	1,533,382
British International Research Institutes	4,189,260	182,173	-	90,165	4,461,598	4,573,974
Global Challenges (BEIS)	2,763,917	66,319	-	259,646	3,089,882	2,966,589
Cities & Infrastructure (BEIS)	2,273,993	28,597	-	216,566	2,519,156	-
Visiting Fellowships (BEIS)	1,403,730	-	-	68,716	1,472,446	-
Newton fund	2,392,472	88,383	-	97,467	2,578,322	2,337,974
Early childhood Development (BEIS)	825,000	23,101	-	126,899	975,000	-
DfID Early childhood Development	867,523	23,101	-	25,649	916,273	-
DfID Anti-corruption programme	112,298	22,718	-	42,734	177,750	1,666,071
DfID Modern Slavery	763,325	28,016	-	130,260	921,601	-
Other grants, prizes & lectures	147,390	-	-	728	148,118	177,375
Property, Equipment & Conservation etc.	154,638	163,852	168,346	2,804	489,640	535,483
Total charitable activities	40,381,048	2,741,289	168,346	1,506,646	44,797,329	36,913,907
Total resources expended	41,575,265	3,287,376	168,346	1,970,117	47,001,104	38,942,085

Expenditure on charitable activities was £47,001,104 (2017: £38,942,085) of which £1,369,215 pertained to unrestricted general funds (2017: £1,285,888), £757,394 to designated funds (2017: £1,053,021) and £44,874,495 was restricted (2017: £36,603,176).

8 TOTAL RESOURCES EXPENDED (CONTINUED) GRANTS PAID TO INSTITUTIONS

The 50 largest total payments to single institutions in 2017/18 and the total payments made to them in 2016/17 were as follows:

INSTITUTION	2018	2017
	£	£
University of Oxford	4,002,076	3,458,727
University College London	2,370,048	2,380,032
University of Cambridge	1,936,355	1,011,702
University of Edinburgh	1,285,463	964,093
London School of Economics	1,221,100	608,619
King's College London	1,217,015	546,987
British School at Rome	1,018,672	1,139,519
University of Bristol	839,027	544,948
University of Manchester	792,349	939,323
University of Nottingham	784,848	705,665
University of Sussex	769,137	613,682
University of Birmingham	766,441	618,630
University of Exeter	728,264	473,863
Council for British Research in the Levant	714,999	681,864
British School at Athens	694,143	754,144
British Institute at Ankara	682,905	677,021
University of York	682,280	442,198
University of Leeds	648,248	398,097
University of Sheffield	627,085	370,591
University of Kent	600,554	292,457
University of Warwick	570,796	343,408
Cardiff University	547,783	421,695
University of Essex	535,506	708,501
Newcastle University	533,920	264,271
Durham University	530,296	354,695
University of Glasgow	522,875	207,745
British Institute of Eastern Africa	514,247	495,618
Institute Development Studies	505,351	239,993
Loughborough University	499,900	104,611
Royal Holloway, University of London	488,582	300,706
Institute for Fiscal Studies	437,051	428,240
School of Oriental and African Studies	426,304	429,215
Queen Mary, University London	425,333	488,546
University of East Anglia	383,286	214,718
University of Southampton	298,311	522,393
Lancaster University	296,201	297,096
University of Leicester	287,397	342,991
University of St Andrews	263,522	223,948
University of Bath	255,234	149,600
Queen's University Of Belfast	246,604	208,771
Coventry University	230,428	-
University of Liverpool	229,520	-

	2018	2017
Birkbeck, University of London	215,524	203,829
Manchester Metropolitan University	210,990	-
University of Reading	210,793	328,667
Goldsmiths University London	206,974	-
Bangor University	166,962	-
Heriot - Watt University	157,089	-
Overseas Development Institute	138,295	249,745
Int'l Institute for Environment & Development	138,295	-

ANALYSIS OF TOTAL GRANTS PAYABLE

Total amount of grants payable included in total charitable activities for the year is £37,758,870 (2017: £28,813,933).

	Grants to institutions	Grants to individuals	2018 Total	Grants to institutions	Grants to individuals	2017 Total
	£	£	£	£	£	£
Fellowship	21,272,301	-	21,272,301	14,971,624	-	14,971,624
Small Grants	2,657,089	75,468	2,732,557	3,078,651	139,269	3,217,920
Overseas Research facilitation	4,370,434	-	4,370,434	4,830,299	-	4,830,299
Global & UK Challenges	3,836,563	-	3,836,563	3,454,279	-	3,454,279
Research Projects	5,044,217	-	5,044,217	1,826,102	-	1,826,102
Engagement Awards	502,798	-	502,798	501,319	-	501,319
Other grants	-	-	-	11,033	1,357	12,390
	37,683,402	75,468	37,758,870	28,673,307	140,626	28,813,933

GOVERNANCE COSTS INCLUDED IN TOTAL RESOURCES EXPENDED

	2018	2017
	£	£
External Audit	21,700	20,800
Internal Audit	7,158	21,625
Council and AGM travel	10,258	9,770
Staff costs	88,759	91,172
Support costs	53,933	57,073
Depreciation	278	313
	182,086	200,754

£10,263 (2017: £13,300) of the above governance costs were unrestricted with the remainder being restricted.



STAFF COSTS

	2018	2017
	£	£
Salaries	2,515,276	2,152,365
Social security costs	271,631	240,341
Pension costs - SAUL	361,229	319,648
Other staff costs*	139,240	140,234
	3,287,376	2,852,588

*Other staff costs include severance payments of £44,503 relating to 3 positions (2017: £70,172 for 2 positions).

The average number of full time equivalent permanent employees (all administrative staff) during the year was 65 (2017: 57)
Remuneration of higher paid staff greater than £60,000 is:

	2018	2017
£70,001 – £80,000	1	1
£80,001 – £90,000	3	2
£120,001 – £130,000	0	1
£140,001 – £150,000	1	1

Total employer pension contributions for the higher paid staff above were £74,845 compared to £71,679 in 2016/17.

Total remuneration received by key management personnel for services during the year is £526,714 (2017: £550,953 Restated to include social security costs).

No Officer or Ordinary Member of the Council received any remuneration from the Academy for the year ended 31 March 2018 (2017: £Nil). Such members are reimbursed in respect of travel and other expenses necessarily incurred by them in the furtherance of the Academy's activities. During the year ended 31 March 2018 such reimbursement to 25 Council members (2017: 25) amounted to £8,735 (2017: £8,159).



NET INCOMING RESOURCES ARE AFTER CHARGING:

	2018	2017
	£	£
Auditors – remuneration	21,700	20,800
– other services	1,035	1,076
Investment management fees	-	16,040
Operating leases		
– land and buildings	680,000	565,000



11

TANGIBLE FIXED ASSETS: GROUP AND ACADEMY

	Long Leasehold	Leasehold improvements	Furniture and equipment	Leased assets	Total
		£	£	£	£
Cost					
At 1 April 2017	-	4,440,061	44,751	50,439	4,535,251
Additions	14,000,000	-	-	-	14,000,000
Disposals	-	-	(44,751)	-	(44,751)
At 31 March 2018	14,000,000	4,440,061	-	50,439	18,490,500
Depreciation					
At 1 April 2017	-	2,703,634	44,551	7,566	2,755,751
Charge for the year	-	158,058	200	10,088	168,346
Disposals	-	-	(44,751)	-	(44,751)
At 31 March 2018	-	2,861,692	-	17,654	2,879,346
Net book value					
At 31 March 2018	14,000,000	1,578,369	-	32,785	15,611,154
At 31 March 2017	-	1,736,427	200	42,873	1,779,500

The fixed assets are used to promote the direct charitable activities of the Academy.



12

INVESTMENTS: GROUP AND ACADEMY

	2018		2017	
	£		£	
At 1 April 2017	17,233,097		13,768,893	
Additions	375,950		866,849	
Disposals	(375,620)		(378,619)	
Net (loss)/gain in market value	(67,141)		2,975,974	
	17,166,286		17,233,097	
Bank balances	90,553		96,569	
At 31 March 2018	17,256,839		17,329,666	
Fixed Interest and Equities at cost	15,031,064		14,994,819	
	UK	Overseas	Total 2018	Total 2017
Comprising	£	£	£	£
Bonds	3,562,602	-	3,562,602	1,542,087
Equities and cash	4,601,230	9,093,007	13,694,237	15,787,579
	8,163,832	9,093,007	17,256,839	17,329,666

The Academy has invested £10 in the share capital of its wholly owned subsidiary.



13

CLIO ENTERPRISES LTD: VENUE HIRE

The wholly owned trading subsidiary Clio Enterprises Ltd was incorporated in the United Kingdom on 7 April 2011 (company registration number: 07595846) and handles the hospitality activity of the Academy. It donates all of its profits to the charity by gift aid. As such no corporation tax is payable. A summary of the trading results is shown below.

The summary financial performance of the subsidiary alone is:

	2018	2017
	£	£
Turnover	3,073,478	2,820,372
Cost of sales and administration costs	(2,085,210)	(1,932,175)
Interest receivable	841	440
Net profit	989,109	888,637
Amount gift aided to the charity	(989,109)	(888,637)
Retained in subsidiary	-	-
The assets and liabilities of the subsidiary were:		
Current assets	730,301	754,383
Current liabilities	(730,291)	(754,373)
Shareholder's funds/total net assets	10	10

The above results are shown in the consolidated statement of financial activities net of intra-group trading.



14

DEBTORS

	Group 2018	Group 2017	Academy 2018	Academy 2017
	£	£	£	£
Debtors	213,169	484,163	8,647	373,807
Amounts due from subsidiary	-	-	437,744	479,908
Prepayment and accrued income	2,087,323	343,181	2,081,542	339,389
Recoverable VAT	13,010	11,370	13,010	11,370
	2,313,502	838,714	2,540,943	1,204,474



CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2018	Group 2017	Academy 2018	Academy 2017
	£	£	£	£
Other creditors	313,135	1,085,347	161,077	940,913
Grants and awards (see below)	2,074,545	872,897	2,074,545	872,897
Accruals	14,731,411	798,048	14,726,666	793,552
Deferred income	142,967	243,600	7,224	118,065
	17,262,058	2,999,892	16,969,512	2,725,427
Lease Obligation included in creditors	38,818	59,828	38,818	59,828

Grant and awards included within creditors

Grants and awards allocated, not yet paid comprise:

Early career fellowships			202,559	527,006
Mid career fellowships			-	266,892
Newton fellowships			333,276	-
Small Research Grants			1,336,455	-
International engagement			202,255	13,049
Excellence kitemark			-	65,950
			2,074,545	872,897

Deferred income

At 1 April 2017	243,600	383,848	118,065	290,789
Taken to income in the year	(521,414)	(745,959)	(117,091)	(289,815)
Taken to deferred income in the year	420,781	605,711	6,250	117,091
At 31 March 2018	142,967	243,600	7,224	118,065

Deferred income is split as below:

Amount falling due within one year (see above)	142,967	243,600	7,224	118,065
Amount falling due after one year	-	-	-	-
	142,967	243,600	7,224	118,065



CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2018	Group 2017	Academy 2018	Academy 2017
	£	£	£	£
Lease obligation	38,818	59,828	38,818	59,828
Deferred income	-	-	-	-
Total amount falling due after more than one year	38,818	59,828	38,818	59,828



NET MOVEMENT IN FUNDS

	Balance 1st April 17	Incoming resources	Resources expended	Transfers	Net realised/ unrealised gains/losses	Balance 31 March 18
	£	£	£	£	£	£
Permanent Endowment Funds						
Rose Mary Crawshay	35,217	-	-	-	(140)	35,077
Edward Ullendorff	118,020	-	-	-	(467)	117,553
Webster	455,402	-	-	-	(1,812)	453,590
Total Permanent Endowment Funds	608,639	-	-	-	(2,419)	606,220
Expendable Endowment Funds						
Elisabeth Barker	485,637	-	-	-	(1,878)	483,759
Browning	193,975	-	-	-	(750)	193,225
Caton Thompson	194,832	-	-	-	(754)	194,078
Neil Ker	442,971	-	-	-	(1,713)	441,258
Leopold Schweich	250,079	-	-	-	(967)	249,112
Stenton	538,553	-	-	-	(2,083)	536,470
Albert Reckitt	2,242,988	-	-	-	(8,676)	2,234,312
Stein Arnold	248,771	-	-	-	(962)	247,809
Thanks Offering to Britain	1,195,370	-	-	-	(4,623)	1,190,747
S T Lee	293,071	-	-	-	(1,133)	291,938
Marc Fitch	570,694	-	-	-	(2,196)	568,498
Other	944,078	-	-	-	(3,711)	940,367
Total Expendable Endowment Funds	7,601,019	-	-	-	(29,446)	7,571,573
Total endowment funds	8,209,658	-	-	-	(31,865)	8,177,793
Restricted Income Funds						
Investment funds						
Elisabeth Barker	19,789	13,972	(24,836)	-	(49)	8,876
Browning	15,768	5,701	(7,348)	-	(36)	14,085
Caton Thompson	14,100	5,688	(3,432)	-	(30)	16,326
Neil Ker	55,873	13,602	(8,524)	-	(163)	60,788
Leopold Schweich	102,536	9,110	(230)	-	(290)	111,126
Webster	61,562	13,139	(12,248)	-	-	62,453
Stenton	84,395	16,889	(15,814)	-	(247)	85,223
Albert Reckitt	162,964	65,832	(96,136)	-	(405)	132,255
Stein Arnold	22,325	7,258	(10,105)	-	(38)	19,440
Thanks Offering to Britain	122,521	36,117	(19,554)	-	(359)	138,725
S T Lee	34,164	8,429	437	-	(29)	43,001
Marc Fitch	98,508	18,224	(116,176)	-	(318)	238
Other	235,854	35,842	(77,370)	-	(400)	193,926
	1,030,358	249,803	(391,336)	-	(2,364)	886,461
Non-investment funds						
BEIS grant	-	27,000,000	(27,000,000)	-	-	-
BEIS Carlton House Terrace	-	14,000,000	-	(14,000,000)	-	-
Grants returned redistributed	-	725,774	(725,774)	-	-	-
Academy other support costs	-	-	(1,902)	1,902	-	-

	Balance 1st April 17	Incoming resources	Resources expended	Transfers	Net realised/ unrealised gains/losses	Balance 31 March 18
DfID Anti-corruption programme	-	163,040	(84,331)	-	-	78,709
DfID Modern Slavery	-	941,900	(921,600)	-	-	20,300
BEIS Cities & Infrastructure	-	2,519,160	(2,519,157)	-	-	3
BEIS Early Childhood Development	-	1,000,000	(975,000)	-	-	25,000
DfID Early Childhood Development	-	943,750	(916,273)	-	-	27,477
Global Challenges	33,411	3,000,000	(3,000,000)	-	-	33,411
Global Research Talent	-	4,059,375	(4,081,329)	-	-	(21,954)
Newton fund	-	2,578,322	(2,578,322)	-	-	-
Leverhulme Trust	188,453	857,716	(794,339)	-	-	251,830
Wolfson Foundation	58,324	220,000	(85,856)	-	-	192,468
Future of the Corporation	47,500	389,000	(171,214)	-	-	265,286
Other	72,354	532,961	(484,098)	-	-	121,217
CHC Property	1,531,807	-	(143,964)	-	-	1,387,843
	1,931,849	58,930,998	(44,483,159)	(13,998,098)	-	2,381,589
Total restricted income funds	2,962,207	59,180,801	(44,874,495)	(13,998,098)	(2,364)	3,268,050
Unrestricted Funds						
General Funds	200,000	2,363,607	(1,369,215)	(994,392)	-	200,000
Designated funds						
Academy Development Fund (ADF)	8,563,338	476,958	(468,597)	988,384	(32,912)	9,527,171
Property-ADF	204,823	-	(14,294)	-	-	190,529
BEIS Carlton House Terrace	-	-	-	14,000,000	-	14,000,000
Research Fund	(3,297)	8,062	(8,871)	4,106	-	-
Publications	136,889	218,849	(265,633)	-	-	90,105
Repairs and maintenance	150,000	-	-	-	-	150,000
External redecoration	100,000	-	-	-	-	100,000
Total designated funds	9,151,752	703,869	(757,395)	14,992,490	(32,912)	24,057,805
Total unrestricted funds	9,351,752	3,067,476	(2,126,610)	13,998,098	(32,912)	24,257,805
Total funds	20,523,617	62,248,277	(47,001,104)	-	(67,141)	35,703,648

ENDOWMENT FUNDS

Permanent endowment funds represent capital funds which must be held permanently by the Academy. The purposes for which the income generated by these assets is to be applied are shown below:

Rose Mary Crawshay Fund: For historical or critical work of sufficient value on any subject connected with English Literature.

Edward Ullendorff Fund: For awarding achievement in the field of Semitic and Ethiopian languages and culture.

Webster Fund: For entertaining and representation overseas, and the better administration of the Academy

Expendable endowment funds represent capital funds which Trustees have the power to convert into income funds if there is a requirement to spend or apply the capital. The purposes for which the income generated by these assets is to be applied are shown for the funds below:

Elizabeth Barker Fund: Supports studies in recent European history, particularly the history of central and eastern Europe.

Browning Fund: Funds original research, or its publication, in the field of British history in the early modern period with particular reference to the seventeenth century.

Caton Thompson Fund: For the furtherance of archaeological research, whether in the field or in publication, by scholars selected preferably but not necessarily from the Fellows of the Academy.

Neil Ker Fund: Supports the promotion of the study of Western medieval manuscripts, in particular those of British interest.

Leopold Schweich Fund: Funds lectures, and their publication, on subjects relating to the archaeology, art, history, languages and literature of Ancient Civilisation with reference to Biblical Study.

Stenton Fund: Supports three undertakings: Syllogue of Coins of the British Isles, the Seldon Society, and the Pipe Roll Society.

Albert Reckitt Fund: Funds annual awards for the exploration and excavation of ancient sites and the preservation and exhibition of objects discovered, and the publication of results.

Stein Arnold Fund: Funds research on the antiquities, historical geography, early history or arts in parts of Asia.

Thank Offering to Britain Fund: Funds the equivalent of a Senior Research Fellowship.

S T Lee Fund: Funds a visiting fellowship on a topic related to the humanities or social sciences.

Marc Fitch Fund: To further research in any area of humanities or social sciences and also fund fellowship allowing postdoctoral scholars to have three years to work on a major programme of research and gain teaching experience.

RESTRICTED INCOME FUNDS

Investment funds are those funds arising from income generated through investment of endowment funds. These funds are applied for the intended restricted purposes.

Non-investment funds are those arising from grants made by government, research foundations, philanthropic societies and funds supporting other activities:

BEIS Grant: This includes grant income and expenditure. The balance represents the net book value of assets bought over the years.

Academy Other Support Costs: represent BEIS activity support costs not covered by BEIS operational grant which have to be funded by the Academy's unrestricted funds. The subsidy for the year amounted to £1,902.

DfID Anti-Corruption Programme: represents activity funded by DfID aimed at promoting research to contribute to the development of more effective policies and interventions that will reduce corruption in developing countries and address its negative impact on people's lives.

DfID Modern Slavery Programme: funds research which aims to address Sustainable Development Goal 8.7 in relation to taking immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour.

BEIS Cities and Infrastructure Programme: funds interdisciplinary research projects that address the challenge of creating and maintaining sustainable and resilient cities in developing countries.

BEIS GCRF and DfID Early Childhood Development Programme: funds interdisciplinary research projects that will inform the policies and interventions that will transform the life chances and destinies of children in their early years in lower and middle income developing countries.

Global Research Talent Programme: provides awards to overseas researchers active at any career stage and in any discipline within the humanities and social sciences. These awards demonstrate the British Academy's profound commitment to international engagement and aim to strengthen the UK's research base in the humanities and social sciences.

Future of the Corporation Programme: represents activity funded by individuals and trusts to address the purpose of business and what its role in society should be.

Newton Fund: represents activity funded by BEIS aimed at promoting research and innovation capacity in developing countries.

Leverhulme Trust: Funds seven awards which allow established scholars to undertake or complete programmes of sustained research for the duration of one year and supports small research grants in the humanities and social sciences.

Wolfson Research Professorship: Funds four Research Professorship awards over a three-year period.

Other non-investment funds: Funds to support a few small awards for research, publication and education related to the promotion of the humanities and social sciences.

CHT property: The Academy received capital grants from BEIS and the Wolfson Foundation to fund the expansion and refurbishment of the Academy at 10-11 Carlton House Terrace.

UNRESTRICTED FUNDS

General Fund: A general purpose fund providing liquidity and contingency funds.

Designated funds have been set aside for the following purposes:

Academy Development Fund: The Academy is free to devote the income of this fund to whatever object it deems fit. The purpose of the fund is to enable the Academy to take new initiatives at its unfettered discretion. Proposals for the use of the fund are reviewed annually. There was a transfer of £988,384 into the fund at the year-end from Clio, part of which covers the cost of fundraising.

Academy Development Fund-Property: This fund reflects the contribution that the Academy Development Fund made towards the expansion and refurbishment of the Academy during the 10-11 Carlton House Terrace project in 2011.

BEIS Carlton House Terrace: The balance represents the net book value of the lease premium paid in respect of the 125 year lease on the Academy's premises at 10-11 Carlton House Terrace. The grant for this fund was initially treated as restricted due to its sole purpose being to secure the new lease. It was then transferred to designated funds once the condition was fulfilled by committing to the new lease.

Research Fund: To assist the revival of the Academy's Small Research Grants scheme.

Publications: This fund is to cover the estimated direct costs of publications work in progress for the year ahead and resulted in an overall reduction of the fund by £46,784.

Repairs and maintenance fund: To cover certain repairs and maintenance relating to the building. There was no transfer into this fund this year, the fund stands at £150,000, which is considered sufficient, this reserve is reviewed annually.

External redecoration fund: To set aside sufficient funds to enable the Academy to comply with its obligation, under its lease with the Crown Estate, to redecorate the exterior of its building. Under the new lease this is to be carried out every five years beginning in 2019. The cost of this is now being treated as a provision within the accounts as opposed to a transfer of reserves.



NET ASSET FUNDS

	Fixed assets	Investments	Net current assets	Long term liabilities	2018 Total assets	2017 Total assets
	£	£	£	£	£	£
Endowment	-	8,177,793	-	-	8,177,793	8,209,658
Restricted	1,420,625	-	1,886,243	(38,818)	3,268,050	2,962,205
General	-	-	200,000	-	200,000	200,000
Designated	14,190,529	9,079,046	788,230	-	24,057,805	9,151,752
	15,611,154	17,256,839	2,874,473	(38,818)	35,703,648	20,523,615



PENSION SCHEME

General description of the pension scheme

The Academy participates in SAUL, which is a centralised defined benefit scheme within the United Kingdom and contracted-out of the Second State Pension (prior to April 2016).

SAUL is an independently-managed pension scheme for the non-academic staff of over 50 colleges and institutions with links to higher education.

Pension benefits accrued within SAUL currently build up on either a Final Salary basis or a Career Average Revalued Earnings (“CARE”) basis. Following a consultation with Members, the SAUL Final Salary Section closed from 31 March 2016 and all Members build up benefits on a CARE basis from 1 April 2016.

The Academy is not expected to be liable to SAUL for any other current participating employer’s obligations under the Rules of SAUL, but in the event of an insolvency event of any participating employer within SAUL, an amount of any pension shortfall (which cannot otherwise be recovered) in respect of that employer, may be spread across the remaining participating employers and reflected in the next actuarial valuation.

Funding policy

SAUL’s statutory funding objective is to have sufficient and appropriate assets to meet the costs incurred by the Trustee in paying SAUL’s benefits as they fall due (the “Technical Provisions”). The Trustee adopts assumptions which, taken as a whole, are intended to be sufficiently prudent for pensions and benefits already in payment to continue to be paid and for the commitments which arise from Members’ accrued pension rights to be met.

The Technical Provisions assumptions include appropriate margins to allow for the possibility of events turning out worse than expected. However, the funding method and assumptions do not completely remove the risk that the Technical Provisions could be insufficient to provide benefits in the future.

A formal actuarial valuation of SAUL is carried out every three years by a professionally qualified and independent actuary. The last actuarial valuation was carried out with an effective date of 31 March 2014. Informal reviews of SAUL’s position, reflecting changes in market conditions, cash flow information and new accrual of benefits, are carried out between formal valuations. The funding principles were agreed in November 2015 and are due to be reviewed at SAUL’s next formal valuation which was scheduled for 2017, the results of which are yet to be published.

The Trustee and Employers agreed that the Technical Provisions deficit at the 31 March 2014 valuation was to be addressed by employer contribution of 3% of Salaries between 1 April 2016 and 31 March 2018 (inclusive). The overall level of the Employers’ contribution therefore, increased from 13% of Salaries to 16% of Salaries with effect from 1 April 2016.



20

LEASES AND OTHER COMMITMENTS

The Academy expended £680,000 (2017: £565,000) under an operating lease in respect of land and buildings in the 2017/18 financial year.

The Academy has committed itself to a new 125 year long leasehold, replacing the operating lease, for its premises 10-11 Carlton House Terrace with an annual rent of £645,000. The lease premium payable to the landlord is £14.0m. The premium will be written down over the useful economic life of the lease.

The Academy has commitments totalling £222,814 (2017: £185,377) in respect of work in progress on publications.

The Academy has a finance lease commitment of £56,906 (2017: £74,113) in respect of photocopiers. The lease expires in March 2021.



21

CONTINGENT LIABILITIES

The Academy commits to multi-year grants funded from outside sources. Should those sources be withdrawn a contingent liability of £37.0m (2017: £24.5m) may arise.



22

RELATED PARTY TRANSACTIONS

Professor Nicholas Sims-Williams is Chair of Corpus Inscriptionum Iranicarum, a registered charity and company limited by guarantee. Corpus Inscriptionum Iranicarum received a grant of £2,000 from the British Academy for a meeting of its International Committee.

After successful applications, during the year, the Academy awarded grants to the following Council member: Professor Julian Birkinshaw £16,000, as co-ordinator for a small grant awarded to the London Business School in regard to the Future of the Corporation Programme.

Professor Julian Birkinshaw is also a board member of the Society for the Advancement of Management Studies (SAMS), which exists to advance management studies primarily in the UK and also overseas. SAMS provided funding to the Academy of £150,000 in relation to the Future of the Corporation programme and an additional £55,000 in relation to the Small Research Grants scheme.



The British Academy
10-11 Carlton House Terrace
London, SW1Y 5AH
www.britishacademy.ac.uk

Registered charity number: 233176