

BRITISH ACADEMY



The Annual Report of the Trustees
and financial statements

For the year ended 31 March 2017



The British Academy is the UK's national body for the humanities and social sciences – the study of peoples, cultures and societies, past, present and future.

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TRUSTEES AND PRINCIPAL ADVISERS

As at 31 March 2017

COUNCIL

President

Professor Nicholas Stern Kt, FRS
(Lord Stern of Brentford) *

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 & HE Policy

Professor Genevra Richardson *
Vice-President, Public Policy

Professor Mary Morgan *
Vice-President, Publications

* Member of the Management Advisory Committee

Ordinary Members of Council

Professor David Abulafia
Professor Maxine Berg
Professor Archie Brown
Professor Gillian Clark
Professor Marianne Elliot
Professor Terence Irwin
Professor Glynis Jones
Professor Michael Keating
Professor Richard McCabe
Professor Anne Phillips
Professor John Scott CBE
Professor Sally Shuttleworth
Professor Nicholas Vincent
Professor Janet Watson
Professor Bencie Woll

AUDIT COMMITTEE

Chair

Professor Sir Ian Diamond

Ordinary Members

Mr Ian Creagh (External member)
Mr Gerard Hetherington (External member)
Professor April McMahon
Professor Andrew Wallace-Hadrill OBE

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



TRUSTEES' REPORT FOR THE YEAR ENDED 2017

2.1

GOVERNANCE AND MANAGEMENT

The British Academy is a charity, registered with the Charity Commission for England and Wales. Its principal place of business is its registered office at 10–11 Carlton House Terrace, London SW1Y 5AH, and its professional advisers are listed on page 3.

The Academy was established by Royal Charter in 1902. It is a private, independent, self-governing corporation, composed of almost 1,000 UK Fellows elected in recognition of their distinction as scholars and researchers. Its objectives, powers and framework of governance are set out in its Charter and 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. It also receives support from other public and private sources, and draws on its own funds. It endeavours 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 supported by a range of committees, whose memberships include Fellows, other researchers and others with relevant expertise. Committees that report directly to Council include:

- Management Advisory Committee: 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 most suitable candidates for election as members of 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. It also receives support from other public and private sources, and draws on its own funds.

SENIOR MANAGEMENT

As at 31 March 2017

Chief Executive & Secretary

Mr Alun Evans

Director of Communications

Ms Liz Hutchinson

Director of Finance & Corporate Services

Mr Robert Hopwood

Director of Research Funding & Policy

Ms Vivienne Hurley

Director of Development

Ms Jo Hopkins

RETIREMENTS DURING THE YEAR

Three Officer members of Council retired during the year:

Professor Dame Vicki Bruce
(Vice-President Public Engagement)

Professor Colin Crouch
(Vice-President Social Sciences)

Professor Iain MacLean
(Vice-President Public policy)

Five Ordinary members of Council retired during the year:

Professor Simon Baron-Cohen

Professor Mary Fullbrook

Professor Deborah Howard

Professor John Marenbon

Professor Anthony Venables CBE

Mr Tim Brassell, Director of Communications and External Relations (member of the Senior Management Team) also retired.

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. An induction is provided and members are also encouraged to attend recommended external training courses for charity trustees.

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 grants. The Academy is in the process of developing its fundraising objectives and targets and is investing in its fundraising activities.

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 Executive team, who are accountable to the Trustees.

The charity is not bound by any undertaking to be bound by any regulatory scheme and we have received no complaints in relation to fundraising activities. The appropriateness of our fundraising activity continues to form a natural part of our risk management framework and our scheme of delegation.

REMUNERATION OF TRUSTEES AND SENIOR MANAGEMENT

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.

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

The major risks to which the Academy is exposed are: securing funding to achieve its objectives, and reputational risks surrounding grant awarding processes and outcomes, and policy and communications outputs. Council has identified and reviewed these major risks and is satisfied that systems are in place to mitigate them. The Audit Committee reviews the risk register annually, and it is then reviewed and formally adopted by Council each year.



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

OBJECTIVES AND ACTIVITIES FOR THE BENEFIT OF THE PUBLIC

The Trustees, as advised by the Academy's Management Advisory Committee, 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 for the Humanities and Social Sciences, which cover approximately half of all disciplines and thus of the research base. The Academy recognises, nurtures and puts excellence in these disciplines to work, through its distinguished Fellowship, through the research and researchers it funds, 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 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, the Department for Business, Energy and Industrial Strategy) to assess performance. The Academy holds regular meetings with its funders to account for progress.

OUR DISTINGUISHED FELLOWSHIP:

Our Fellowship continues to flourish and grow with 66 Fellows elected in 2016. 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 in 2018.

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 2016, 31 were women.

OUR FUNDING FOR EXCELLENT RESEARCH FELLOWS:

We invested £10m and gave 45 new awards to British Academy Postdoctoral Fellows as an investment in future world-leading HSS researchers. This was in line with the target set out on our delivery plan agreed with BEIS. There are currently 180 Postdoctoral Fellows in total.

We made 35 Mid-Career Fellowship awards in 2016/17, an investment of £3m in the researcher pipeline immediately succeeding early career.

We made 17 awards to British Academy Newton International Fellows, enabling them to spend two years being mentored by leading experts at universities across the UK. This again compared well to target.

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

OUR FUNDING FOR DIVERSE AND EXCELLENT RESEARCH:

We made some 400 strategic and innovative Small Research Grants awards, funded by public and private sources. These Academy awards lever considerable funding from other funders to supplement them. The total number of grants awarded and amount of funding for this purpose thus compared well with target and our delivery plans.

We awarded over half of our funding to women, and around 15 per cent to non-white ethnic minority researchers. Academy grants and fellowships went to researchers based in 111 different Higher Education Institutions, as well as to 26 independent researchers.

We awarded 13 prestigious prizes and medals in recognition of humanities and social science research excellence and contributions to society.

OUR ENGAGEMENT ON POLICY ISSUES

Our President, Lord Stern, chaired the review of the UK's research excellence framework, to which the Academy separately and independently contributed.

We influenced the shape of the UK's Higher Education and Research Act, on matters pertaining to research and the teaching excellence framework in Universities.

We submitted written evidence to a number of select committee inquiries including the House of Commons Science & Technology Select Committee inquiry on leaving the EU, the House of Commons Education Select Committee inquiry on the impact of exiting the

We have begun a major new flagship skills programme, seeking to identify and lever the skills developed in the study of arts, humanities, and social sciences, and which are demanded by employers in fields as diverse as financial services and other professions, creative and digital companies, museums, theatres, and galleries, teaching, and health care.

As the President of the British Academy, Lord Stern, has said:



Our times confront us with tough choices, as societies, as economies, and as individuals. To understand challenges, which include an ageing population, migration, sustaining the environment and managing climate change, we require conceptual clarity and impartial, evidence-based research and analysis, together with open-mindedness and creativity in exploring new ideas. This is precisely what research and scholarship in humanities and social sciences do. The quest for a better, deeper, more valuable life has always been at their heart. They seek to illuminate the human condition and explain how economies, cultures and societies function. In addition to the intrinsic value of this quest, the insights it generates can guide – and promote – reasoned political and public discourse, by bringing fresh knowledge and ideas to the fore.”

European Union on higher education, and the House of Commons Exiting the EU Select Committee inquiry on the UK's negotiating objectives for the withdrawal from the EU. We published two major policy reports. *Crossing Paths* looks at interdisciplinary research. *Where We Live Now* is a major exploration of how people feel about the places in which they live, and what this means for shaping policies that will improve people's lives.

We worked with the Royal Society to understand the key social and ethical aspects of data governance, identifying how to establish a governance framework for data that allows innovation while retaining public confidence.

We held a series of briefings with sector leaders, civil servants, academics, and policy-makers on the UK's relationship with the European Convention on Human Rights.

We are undertaking a multi-disciplinary project, *Governing England*, which explores constitutional reform and issues brought to the fore by the referendum on Scottish independence and by Brexit. We have convened people from local councils, universities, media and think tanks, to discuss perspectives on England and Englishness.

We have begun a major new flagship skills programme, seeking to identify and lever the skills developed in the study of arts, humanities, and social sciences, and which are demanded by employers in fields as diverse as financial services and other professions, creative and digital companies, museums, theatres, and galleries, teaching, and health care. These skills include critical thinking and analysis; problem-solving; creation of ideas, writings, objects and insights; negotiation and communication; teaching and listening; performing arts and speaking other languages.

OUR EXCELLENCE AND ITS ENGAGEMENT WITH NATIONAL AND INTERNATIONAL CHALLENGES

Through the Government's Global Challenges Research Fund, we invested £3m million to support excellent research projects geared towards eliminating poverty and furthering sustainable development.

In partnership with DfID, we funded a programme aimed at identifying effective interventions in tackling corruption in developing countries. We made 18 awards via a new research programme aimed at tackling UK aspects of international challenges.

We ran a range of events aimed at informing and engaging the public with the big issues facing our society, such as Inequalities and Robotics.

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 2016/17 reflect another year of significant expansion for the Academy. New funding streams were again secured with certain existing streams extended.

The Department for International Development (DfID) continued to fund a programme exploring policies and interventions that have reduced corruption in different countries. This, together with £3.0m additional funding for a new programme addressing sustainable development goals through the Global Challenges Research Fund (GCRF), and funded by the Department for Business, Energy and Industrial Strategy (BEIS), ensured that the Academy's income rose again this year. Partners other than government also continued to provide welcome funding.

The Academy's principal funder remained BEIS, with £27.0m of the group's total income of £39.5m 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. Such operational grant has fallen significantly in real terms and, as a consequence, remains insufficient. The Academy therefore has to supplement operational funding from its own private resource in order to deliver programmes effectively.

Group accounts were again prepared for the Academy and its wholly owned subsidiary, Clio Enterprises Ltd ("Clio"). The group's total funds amounted to £20.5m as at 31 March 2017, an increase of £3.6m on the year before, principally as a result of an upturn in the stock markets, an unrestricted legacy and effective cost control which resulted in an overall operational surplus.

£38.9m was expended in total. Resources were chiefly 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 £4.6m, and £3.0m was spent on Global Challenges. The Academy also expended £1.7m on the anti-corruption programme, funded by DfID.

Income exceeded expenditure by £0.6m during the year which, together with a net investment gain of some £3.0m, took the overall net increase in funds to £3.6m for the year.

Once again, trading activity conducted through the Academy's wholly owned subsidiary, Clio, generated welcome surplus and this contributed significantly to providing financial support for delivering programmes and for fundraising. Clio generated a surplus of £0.9m against a target of £0.7m

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)

The ADF remains the Academy's largest unrestricted fund and principal free reserve. It now stands at £8.6m. ADF investment capital has risen from £2.4m to £8.5m in seven years. The Academy has unfettered discretion in its use of ADF funds and growth in these funds remains a strategic objective.

The intention in creating the Fund was to enable the Academy to take new initiatives and is funded by Fellows' subscriptions and donations along with investment income generated from capital. An upturn in the capital value of the investment portfolio contributed to growth of this fund, as did an unrestricted legacy.

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.

Other unrestricted funds

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 £0.6m. Considerable investment in IT systems was undertaken during the year.

Permanent Endowment Funds

There are three permanent endowment capital funds, the Webster Fund, the Ullendorff 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 the Carlton House Terrace property fund and 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 2017 of £9.4m, up from £7.3m last year, mostly due to stock market fluctuations and surplus in the year. The largest designated Fund remains the ADF. 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 operational expenditure in perpetuity, and the Academy will target this figure primarily through fundraising. Taking general Funds and the ADF to be the free reserves of the Academy (again excluding any investment in tangible fixed assets), the Academy's free, unrestricted reserves amount to £8.8m as at 31 March 2017 (£6.6m as at 31 March 2016). Council considers the minimum level of free reserves to be £5m, broadly equivalent to operational expenditure for one year.

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 professional fund management experience. £17.3m is held in several tracker funds managed by BlackRock Advisors (UK) Ltd. Investment funds managed by BlackRock provided a return of 24.8 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 Academy made a sound and successful case for funding during the Government Spending Review and has secured a further period of investment until 2020. It will consequently deliver ongoing benefit to the public by continuing to provide funding for excellent research and researchers. The Academy has secured further funding from the Government's new Global Challenges Research Fund, and challenges on Early Childhood Development and work on cities and infrastructure will figure prominently in the Academy's work. The Academy has bid for funding from the Government's new Industrial Strategy Challenge Fund and if successful this will increase our investment in the excellent researchers of the future.

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's capital base has increased significantly during a tough economic time, as noted previously it remains small and in need of growth.

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 13 June 2017

Professor Sarah Worthington QC (Hon), FBA

Treasurer

13 June 2017



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STATEMENT OF TRUSTEES' 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 Statement of Recommended Practice (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



4

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES

We have audited the financial statements of The British Academy for the year ended 31 March 2017 which comprise the consolidated and Academy statements of financial activities, the consolidated and Academy 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 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.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under that Act. 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 Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 March 2017, 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 (including FRS 102); and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Opinion on other matter as required by BEIS grant letter

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

Matters on which we are required to report by exception

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

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

Julia Poulter

BDO LLP

Statutory Auditor
London, United Kingdom
Date: 21 June 2017

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

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



5 FINANCIAL STATEMENTS

5.1

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2017

	Notes	General Funds	Designated Funds	Restricted Funds	Endowment Funds	2017 Funds	2016 Funds*
		£	£	£	£	£	£
Income and endowments from							
Donations and legacies							
Donations	3	-	599,160	10,000	-	609,160	312,954
Charitable activities							
Grants receivable	4	-	-	35,984,813	-	35,984,813	32,940,543
Other trading activities							
Funds generated	5	2,174,527	133,906	-	-	2,308,433	2,364,803
Investment income	6	10,306	211,233	231,809	-	453,348	431,097
Other incoming resources	7	-	-	183,721	-	183,721	174,130
Total incoming resources		2,184,833	944,299	36,410,343	-	39,539,475	36,223,527
Expenditure on							
Cost of generating income	5, 8	1,285,890	726,246	-	-	2,012,136	1,961,854
Charitable activities							
Grants and awards, Property etc.	8	-	318,910	36,594,999	-	36,913,909	34,459,114
Investment management fees	8	-	7,862	8,178	-	16,040	16,664
Total expenditure		1,285,890	1,053,018	36,603,177	-	38,942,085	36,437,632
Net gains/(losses) on investments	12	-	1,458,803	134,707	1,382,471	2,975,981	(798,228)
Net incoming/(outgoing) resources		898,943	1,350,084	(58,127)	1,382,471	3,573,371	(1,012,333)
Transfers between funds	17	(898,943)	705,361	193,582	-	-	-
Net movement in funds		-	2,055,445	135,455	1,382,471	3,573,371	(1,012,333)
Fund balances brought forward at 1 April 2016		200,000	7,096,307	2,826,750	6,827,187	16,950,244	17,962,577
TOTAL FUNDS CARRIED FORWARD AT 31 MARCH 2017		200,000	9,151,752	2,962,205	8,209,658	20,523,615	16,950,244

* 2015/16 re-analysed for consistent comparison for 2017

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 FOR THE YEAR ENDED 31 MARCH 2017

	General Funds	Designated Funds	Restricted Funds	Endowment Funds	2017 Funds	2016 Funds
Income and endowments from	£	£	£	£	£	£
Donations and legacies						
Donations	-	599,160	10,000	-	609,160	312,954
Qualifying charitable donation	888,637	-	-	-	888,637	747,266
Charitable activities						
Grants receivable	-	-	35,984,813	-	35,984,813	32,940,543
Other trading activities						
Publications	-	133,906	-	-	133,906	194,452
Investment income	10,306	211,233	231,809	-	453,348	431,097
Other incoming resources	-	-	183,721	-	183,721	174,130
Total incoming resources	898,943	944,299	36,410,343	-	38,253,585	34,800,442
Expenditure on						
Raising funds	-	529,229	-	-	529,229	440,254
Charitable activities						
Grants and awards	-	318,910	36,594,999	-	36,913,909	34,238,147
Other						
Publications	-	197,017	-	-	197,017	319,482
Investment management fees	-	7,862	8,178	-	16,040	16,664
Total expenditure	-	1,053,018	36,603,177	-	37,656,195	35,014,547
Net gains/(losses) on investments	-	1,458,803	134,707	1,382,471	2,975,981	(798,228)
Net incoming/(outgoing) resources	898,943	1,350,084	(58,127)	1,382,471	3,573,371	(1,012,333)
Transfers between funds	(898,943)	705,361	193,582	-	-	-
Net movement in funds	-	2,055,445	135,455	1,382,471	3,573,371	(1,012,333)
Fund balances brought forward at 1 April 2016	200,000	7,096,307	2,826,750	6,827,187	16,950,244	17,962,577
TOTAL FUNDS CARRIED FORWARD AT 31 MARCH 2017	200,000	9,151,752	2,962,205	8,209,658	20,523,615	16,950,244



STATEMENT OF FINANCIAL ACTIVITIES OF THE ACADEMY FOR THE YEAR ENDED 2016

	General Funds	Designated Funds	Restricted Funds	Endowment Funds	2016 Funds
	£	£	£	£	£
Income and endowments from					
Donations and legacies					
Donations	-	205,698	7,256	100,000	312,954
Gift aid from subsidiary company	747,266	-	-	-	747,266
Charitable activities					
Grants receivable	-	-	32,940,543	-	32,940,543
Other trading activities					
Publications	-	191,735	2,717	-	194,452
Investment income	16,408	193,733	220,956	-	431,097
Other incoming resources	-	23,906	150,224	-	174,130
Total incoming resources	763,674	615,072	33,321,696	100,000	34,800,442
Expenditure on					
Raising funds	-	440,254	-	-	440,254
Charitable activities					
Grants and awards	-	542,222	33,695,925	-	34,238,147
Other					
Publications	-	98,515	220,967	-	319,482
Investment management fees	-	7,785	8,879	-	16,664
Total expenditure	-	1,088,776	33,925,771	-	35,014,547
Net (losses)/gains on investments	-	(372,913)	(30,384)	(394,931)	(798,228)
Net incoming/(outgoing) resources	763,674	(846,617)	(634,459)	(294,931)	(1,012,333)
Transfers between funds	(763,674)	396,792	366,882	-	-
Net movement in funds	-	(449,825)	(267,577)	(294,931)	(1,012,333)
Fund balances brought forward at 1 April 2015	200,000	7,546,132	3,094,327	7,122,118	17,962,577
TOTAL FUNDS CARRIED FORWARD AT 31 MARCH 2016	200,000	7,096,307	2,826,750	6,827,187	16,950,244



5.4 CONSOLIDATED AND ACADEMY BALANCE SHEET AS AT 31 MARCH 2017

	Notes	Group 2017	Group 2016	Academy 2017	Academy 2016
		£	£	£	£
FIXED ASSETS					
Tangible assets	11	1,779,500	1,990,799	1,779,500	1,990,799
Investments	12	17,329,666	13,895,211	17,329,676	13,895,221
		19,109,166	15,886,010	19,109,176	15,886,020
CURRENT ASSETS					
Debtors	14	838,714	663,650	1,204,473	836,336
Cash at bank and in hand		3,635,455	2,872,357	2,995,221	2,480,363
		4,474,169	3,536,007	4,199,694	3,316,699
CREDITORS					
Amount falling due within one year	15	(2,999,892)	(2,451,228)	(2,725,427)	(2,231,930)
NET CURRENT ASSETS					
		1,474,277	1,084,779	1,474,267	1,084,769
CREDITORS					
Amounts falling due after more than one year	16	(59,828)	(20,545)	(59,828)	(20,545)
NET ASSETS					
		20,523,615	16,950,244	20,523,615	16,950,244
Represented by:					
Endowment funds	17, 18	8,209,658	6,827,187	8,209,658	6,827,187
Restricted funds	17, 18	2,962,205	2,826,750	2,962,205	2,826,750
General funds	17, 18	200,000	200,000	200,000	200,000
Designated funds	17, 18	9,151,752	7,096,307	9,151,752	7,096,307
TOTAL FUNDS					
		20,523,615	16,950,244	20,523,615	16,950,244

The Financial Statements on pages 16 to 38 were approved and authorised for issue on 13 June 2017 and signed by:

Professor Sarah Worthington
Treasurer

Alun Evans
Chief Executive and Secretary



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

	2017	2016	
	£	£	
Reconciliation of net income/(expenditure) to net cash outflow from operating activities			
Net income/(expenditure) for the reporting period	3,573,371	(1,012,333)	
Depreciation charges	233,606	269,136	
Gains/(losses) on investments	(2,975,981)	798,228	
Loss on disposal	28,131	-	
Investment income	(453,348)	(431,097)	
(Increase) in debtors	(175,064)	(101,957)	
Increase in creditors	582,375	356,992	
Net cash inflow/(outflow) from operating activities	813,090	(121,031)	
Cash flow statement			
Net cash inflow/(outflow) from operating activities	813,090	(121,031)	
Returns on investments	453,348	431,097	
Financial investment	(488,223)	(223,631)	
Finance lease payments	(44,866)	(14,702)	
Increase in cash and liquid resources	733,349	71,733	
Reconciliation of net cash inflow			
Change in cash and liquid resources	733,349	71,733	
Cash and liquid resources at 1 April 2016	2,998,675	2,926,942	
Cash and liquid resources at 31 March 2017	3,732,024	2,998,675	
Notes to Cash flow statement			
Note (i) Gross cash flows			
Financial investment			
Payments to acquire investments	(866,849)	(552,388)	
Receipts from sales of investments	378,626	328,757	
	(488,223)	(223,631)	
Note (ii) Analysis of change in net funds			
	At 1 April	Cash	At 31 March
	2016	flows	2017
	£	£	£
Cash in hand, at bank	2,872,357	763,098	3,635,455
Cash held with investment managers	126,318	(29,749)	96,569
	2,998,675	733,349	3,732,024



6 NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

a. Basis of preparation of the accounts

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
- 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 2017, the estimated value of stocks of publications not included in the balance sheet was £55,462 (2016: £61,434), 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 per cent 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 have 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 to be recognized by the Academy in respect of the deficit contribution due to SAUL (i.e. the present value of the deficit contributions) is £60,000 as at 31 March 2017. This liability is 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 corresponding named individual restricted 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 each restricted fund 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
- the exemptions to be taken on transition to FRS 102

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

	Designated	Restricted	Endowment	2017 Total	Designated	Restricted	Endowment	2016 Total
	£	£	£	£	£	£	£	£
Donations	506,485	10,000	-	516,485	102,422	7,256	100,000	209,678
Subscriptions *	92,675	-	-	92,675	103,276	-	-	103,276
Total	599,160	10,000	-	609,160	205,698	7,256	100,000	312,954

* Subscriptions are gift aided



GRANTS RECEIVABLE

	2017	2016
	£	£
Department for Business, Energy and Industrial Strategy: Main Grant	27,000,000	27,000,000
Department for Business, Energy and Industrial Strategy: Global Challenges Res. Fund	3,000,000	-
Department for International Development – Anti-corruption	1,666,070	1,726,295
Department for International Development – Religion & Conflict	-	21,071
Department for Business, Energy and Industrial Strategy: Newton Fund	2,337,976	2,129,329
Leverhulme Trust	1,013,664	820,208
Grants returned redistributed	535,016	537,327
Wolfson Foundation	-	270,000
Other grants	432,087	436,313
Total	35,984,813	32,940,543

Grants receivable pertain to restricted funds.



FUNDS GENERATED

	General	Designated	2017 Total	General	Designated	2016 Total
	£	£	£	£	£	£
Generated income						
Venue Hire	2,174,527	-	2,174,527	2,170,351	-	2,170,351
Publications	-	133,906	133,906	-	194,452	194,452
Total generated income	2,174,527	133,906	2,308,433	2,170,351	194,452	2,364,803
Cost of generating income						
Raising funds	-	529,229	529,229	-	440,254	440,254
Venue hire costs	1,285,890	-	1,285,890	1,423,085	-	1,423,085
Publications	-	197,017	197,017	-	98,515	98,515
Total cost of generating income	1,285,890	726,246	2,012,136	1,423,085	538,769	1,961,854



INVESTMENT INCOME

	Unrestricted	Restricted	2017 Total	Unrestricted	Restricted	2016 Total
	£	£	£	£	£	£
Investment income	211,233	231,809	443,042	193,733	220,956	414,689
Bank interest	10,306	-	10,306	16,408	-	16,408
	221,539	231,809	453,348	210,141	220,956	431,097
UK						
Bonds	75,906	83,300	159,206	53,333	60,827	114,160
Equities	82,156	90,158	172,314	60,890	69,446	130,336
Bank and deposit interest	10,306	-	10,306	16,408	-	16,408
	168,368	173,458	341,826	130,631	130,273	260,904
Overseas Equities	53,171	58,351	111,522	79,510	90,683	170,193
Total	221,539	231,809	453,348	210,141	220,956	431,097



7 | OTHER INCOMING RESOURCES

	Designated	Restricted	2017 Total	Designated	Restricted	2016 Total
	£	£	£	£	£	£
Service recharges	-	80,000	80,000	-	80,000	80,000
UK Border Agency	-	65,610	65,610	-	42,500	42,500
Conferences	-	26,627	26,627	-	19,580	19,580
Sundry income	-	11,484	11,484	23,906	8,144	32,050
Total	-	183,721	183,721	23,906	150,224	174,130



8

TOTAL RESOURCES EXPENDED

	Direct costs	Staff costs	Depreciation	Support costs	Total 2017	*Total 2016
	£	£	£	£	£	£
Costs of generating funds						
Fundraising	250,463	201,997	-	76,769	529,229	440,254
Venue hire	722,840	182,352	-	380,699	1,285,891	1,423,085
Publications	97,963	59,615	-	39,440	197,018	98,515
Investment managers' fees	16,040	-	-	-	16,040	16,664
Total costs of generating funds	1,087,306	443,964	-	496,908	2,028,178	1,978,518
Charitable activities						
Grants awards and activities						
Research programmes						
Senior research fellowships	354,750	-	-	-	354,750	548,517
Early career fellowships	9,793,366	197,107	-	263,365	10,253,838	10,655,398
Mid career fellowships	3,230,833	81,521	-	112,078	3,424,432	3,559,370
Newton fellowships	1,128,180	33,009	-	45,381	1,206,570	1,272,363
Small research grants	3,337,990	80,484	-	82,557	3,501,031	3,163,616
Rising stars awards	501,319	10,003	-	13,752	525,074	630,935
Excellence kitemark	219,659	3,501	-	4,813	227,973	235,476
International challenges	1,351,600	98,498	-	83,284	1,533,382	142,748
Policy engagement	918,994	761,297	-	217,936	1,898,227	1,830,040
Public engagement	836,674	719,894	-	174,596	1,731,164	1,723,635
Languages & quantitative skills	-	-	-	-	-	1,270,012
International programmes						
BIRI	4,196,277	159,041	-	218,656	4,573,974	4,491,436
Global Challenges (BEIS)	2,715,994	40,593	-	210,002	2,966,589	-
Newton fund	2,182,997	66,144	-	88,833	2,337,974	2,129,330
DfID Anti-corruption programme	1,547,439	25,520	-	93,112	1,666,071	1,705,221
DfID Religion & Conflict	-	-	-	-	-	21,071
Other grants, prizes & lectures	175,610	-	-	1,765	177,375	218,722
Conservation etc.	112,494	132,012	-	6,804	251,310	499,004
Property & equipment	50,567	-	233,606	-	284,173	362,220
Total charitable activities	32,654,743	2,408,624	233,606	1,616,934	36,913,907	34,459,114
Total resources expended	33,742,049	2,852,588	233,606	2,113,842	38,942,085	36,437,632

*Re-analysed to give consistent comparison with 2017.

Under the Charities SORP (FRS 102), governance costs are included under support costs and allocated across the other categories of expenditure.

Total resources expended were £36,942,085 (2016: £36,437,632) of which £1,285,888 related to general funds (2016: £1,423,085), £1,053,021 related to designated funds (2016: £1,088,776) and £36,603,176 related to restricted funds (2016: £33,925,771).

TOTAL RESOURCES EXPENDED (CONT.)

GRANTS PAID TO INSTITUTIONS

The 50 largest total payments to single institutions in 2016/17 and the total payments made to them in 2015/16 were as follows:

	2017	2016
INSTITUTION	£	£
University of Oxford	3,458,727	3,671,870
University College London	2,380,032	1,529,019
British School at Rome	1,139,519	1,083,500
University of Cambridge	1,011,702	984,122
University of Edinburgh	964,093	851,813
University of Manchester	939,323	981,291
British School at Athens	754,144	715,555
University of Essex	708,501	296,027
University of Nottingham	705,665	889,628
Council for British Research in the Levant	681,864	686,141
British Institute at Ankara	677,021	591,415
University of Birmingham	618,630	471,956
University of Sussex	613,682	356,721
London School of Economics	608,619	771,716
King's College London	546,987	478,310
University of Bristol	544,948	424,120
University of Southampton	522,393	423,476
British Institute in Eastern Africa	495,618	485,696
Queen Mary, University London	488,546	631,150
University of Exeter	473,863	501,805
University of York	442,198	396,456
School of Oriental and African Studies	429,215	285,550
Institute for Fiscal Studies	428,240	136,379
Cardiff University	421,695	199,863
University of Leeds	398,097	309,859
University of Sheffield	370,591	420,407
Durham University	354,695	356,742
University of Warwick	343,408	423,599
University of Leicester	342,991	390,559
University of Reading	328,667	321,539
Royal Holloway, University of London	300,706	262,557
Lancaster University	297,096	114,264
University of Kent	292,457	91,632
Newcastle University	264,271	104,531
Overseas Development Institute	249,745	147,539
Institute Development Studies	239,993	88,766
University of St Andrews	223,948	272,735
University of East Anglia	214,718	187,956
Queen's University Of Belfast	208,771	184,270
University of Glasgow	207,745	324,442
Birkbeck, University of London	203,829	127,184
University of Bath	149,600	33,116

	2017	2016
University of Westminster	145,074	32,047
University of Aberdeen	143,020	102,327
British Institute for Persian Studies	127,001	114,529
Imperial College London	124,097	171,279
Loughborough University	104,611	109,298
De Montfort University	99,966	77,864
University of Portsmouth	98,733	43,748
Medical Research Council	96,861	249,243

ANALYSIS OF TOTAL GRANTS PAYABLE

Total amount of grants payable included in total charitable activities for the year is £28,813,933 (2016: £27,702,620)

	Grants to institutions	Grants to individuals	2017 Total	Grants to institutions	Grants to individuals	2016 Total
	£	£	£	£	£	£
Fellowship	14,971,624	-	14,971,624	16,852,330	-	16,852,330
Small Grants	3,078,651	139,269	3,217,920	3,152,290	61,618	3,213,908
Overseas Research facilitation	4,830,299	-	4,830,299	4,820,040	-	4,820,040
Global & UK Challenges	3,454,279	-	3,454,279	-	-	-
Research Projects	1,826,102	-	1,826,102	2,105,636	-	2,105,636
Engagement Awards	501,319	-	501,319	518,998	-	518,998
Other grants	11,033	1,357	12,390	178,601	13,107	191,708
Total	28,673,307	140,626	28,813,933	27,627,895	74,725	27,702,620

GOVERNANCE COSTS INCLUDED IN TOTAL RESOURCES EXPENDED

	2017	2016
	£	£
External Audit	20,800	21,900
Internal Audit	21,625	15,425
Council and AGM travel	9,770	13,523
Staff costs	91,172	97,856
Support costs	57,073	36,081
Depreciation	313	601
Total	200,754	185,386

£13,300 (2016: £4,114) of the above governance costs were unrestricted with the remainder being restricted.



STAFF COSTS

	2017	2016
	£	£
Salaries	2,152,365	2,126,766
Social security costs	240,341	178,496
Pension costs – SAUL	319,648	379,701
Other staff costs*	140,234	40,362
Total	2,852,588	2,725,325

Pension costs include present value of Academy's recognised liability in respect of the deficit contributions due to SAUL of £60,000. See note 18 for details.

*Other staff costs include severance payments of £70,172 relating to 2 positions.

The average number of full time equivalent permanent employees (all administrative staff) during the year was 57 (2016: 55)
Remuneration of higher paid staff greater than £60,000 is:

	2017	2016
£70,001–£80,000	1	2
£80,001–£90,000	2	1
£120,001–£130,000	1	0
£130,001–£140,000	0	1
£140,001–£150,000	1	0

Total employer pension contributions for the higher paid staff above were £71,679 compared to £47,376 in 2015/16.

Total remuneration received by key management personnel for services during the year is £492,734 (2016: £465,642).

No Officer or Ordinary Member of the Council received any remuneration from the Academy for the year ended 31 March 2017 (2016: £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 2017 such reimbursement to 25 Council members (2016: 25) amounted to £8,159 (2016: £9,754).



NET INCOMING/(OUTGOING) RESOURCES ARE AFTER CHARGING:

	2017	2016
	£	£
Auditors – remuneration	20,800	21,900
– other services	1,076	1,076
Investment management fees	16,040	16,664
Operating leases		
– land and buildings	565,000	565,000
Hire of equipment	-	-



11

TANGIBLE FIXED ASSETS: GROUP AND ACADEMY

	Leasehold improvements	Furniture and equipment	Leased assets	Total
	£	£	£	£
Cost				
At 1 April 2016	4,440,061	44,751	70,326	4,555,138
Additions	-	-	50,439	50,439
Disposals	-	-	(70,326)	(70,326)
At 31 March 2017	4,440,061	44,751	50,439	4,535,251
Depreciation				
At 1 April 2016	2,481,632	40,512	42,195	2,564,339
Charge for the year	222,002	4,039	7,565	233,606
Disposals	-	-	(42,194)	(42,194)
At 31 March 2017	2,703,634	44,551	7,566	2,755,751
Net book value				
At 31 March 2017	1,736,427	200	42,873	1,779,500
At 31 March 2016	1,958,429	4,239	28,131	1,990,799

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



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INVESTMENTS: GROUP AND ACADEMY

	2017		2016	
	£		£	
At 1 April 2016		13,768,893		14,343,490
Additions		866,849		552,388
Disposals		(378,626)		(328,757)
Net (loss)/gain in market value		2,975,981		(798,228)
		17,233,097		13,768,893
Bank balances		96,569		126,318
At 31 March 2017		17,329,666		13,895,211
Fixed Interest and Equities at cost				
	UK	Overseas	Total 2017	Total 2016
Comprising	£	£	£	£
Bonds	-	1,542,087	1,542,087	2,747,613
Equities and cash	3,402,129	12,288,881	15,691,010	11,021,280
	3,402,129	13,830,968	17,233,097	13,768,893

Single investments representing more than 5% of the Academy's portfolio were: Charitrak UK Common Inv FD Class A Inc. 25.8%, BLK Nth. Amer. IDX Sub FC Inst Dist. 15.6%, BR Europe Ex-UK Sub Fund Inst Dist 14.2%, BLK Emerging Markets GBP Inst Dist 8.0%, BLK Pacific IDX Sub FD Ins Dist 7.3%, BR Japan Index Sub Fund Inst Dist 8.9%.

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



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:

	2017	2016
	£	£
Turnover	2,820,372	2,708,306
Cost of sales and administration costs	(1,932,175)	(1,962,064)
Interest receivable	440	1,024
Net profit	888,637	747,266
Amount gift aided to the charity	(888,637)	(747,266)
Retained in subsidiary	-	-
The assets and liabilities of the subsidiary were:		
Current assets	754,383	505,432
Current liabilities	(754,373)	(505,422)
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.



DEBTORS

	Group 2017	Group 2016	Academy 2017	Academy 2016
	£	£	£	£
Debtors	484,163	352,833	373,807	247,109
Amounts due from subsidiary	-	-	479,908	286,124
Prepayment and accrued income	343,181	302,942	339,389	295,228
Recoverable VAT	11,370	7,875	11,370	7,875
Total	838,714	663,650	1,204,474	836,336



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CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2017	Group 2016	Academy 2017	Academy 2016
	£	£	£	£
Other creditors	1,085,347	612,324	940,913	490,506
VAT liability	-	-	-	-
Grants and awards (see below)	872,897	813,990	872,897	813,990
Accruals	798,048	641,066	793,552	636,646
Deferred income	243,600	383,848	118,065	290,788
Total	2,999,892	2,451,228	2,725,427	2,231,930
Lease Obligation included in creditors	59,828	19,504	59,828	19,504
Grant and awards included within creditors				
Grants and awards allocated, not yet paid comprise:				
Early career fellowships			527,006	399,993
Mid career fellowships			266,892	306,797
International engagement			13,049	107,200
Excellence kitemark			65,950	-
			872,897	813,990
Deferred income				
At start of year	383,848	323,732	290,789	186,976
Taken to income in the year	(745,959)	(305,352)	(289,815)	(168,596)
Taken to deferred income in the year	605,711	365,468	117,091	272,408
At end of year	243,600	383,848	118,065	290,788
Deferred income is split as below:				
Amount falling due within one year (see above)	243,600	383,848	118,065	290,788
Amount falling due after one year	-	-	-	-
	243,600	383,848	118,065	290,788



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CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2017	Group 2016	Academy 2017	Academy 2016
	£	£	£	£
Lease obligation	59,828	20,545	59,828	20,545
Total amount falling due after more than one year	59,828	20,545	59,828	20,545



NET MOVEMENT IN FUNDS

	Balance 1st April 16	Incoming resources	Resources expended	Transfers	Net realised/ unrealised gains/losses	Balance 31 March 17
	£	£	£	£	£	£
Permanent Endowment Funds						
Rose Mary Crawshay	29,819	-	-	-	5,398	35,217
Edward Ullendorff	100,000	-	-	-	18,020	118,020
Webster	386,182	-	-	-	69,220	455,402
Total Permanent Endowment Funds	516,001	-	-	-	92,639	608,640
Expendable Endowment Funds						
Elisabeth Barker	402,310	-	-	-	83,327	485,637
Browning	160,644	-	-	-	33,331	193,975
Caton Thompson	161,501	-	-	-	33,331	194,832
Neil Ker	367,083	-	-	-	75,888	442,971
Leopold Shweich	207,225	-	-	-	42,854	250,079
Stenton	446,298	-	-	-	92,255	538,553
Albert Reckitt	1,858,491	-	-	-	384,497	2,242,988
Stein Arnold	206,214	-	-	-	42,557	248,771
Thanks Offering to Britain	990,325	-	-	-	205,045	1,195,370
S T Lee	242,777	-	-	-	50,294	293,071
Marc Fitch	473,379	-	-	-	97,315	570,694
Other	794,939	-	-	-	149,139	944,078
Total Expendable Endowment Funds	6,311,186	-	-	-	1,289,833	7,601,019
Total endowment funds	6,827,187	-	-	-	1,382,471	8,209,658
Restricted Income Funds						
Investment funds						
Elisabeth Barker	20,897	13,112	(16,316)	-	2,097	19,789
Browning	12,041	5,350	(3,148)	-	1,525	15,768
Caton Thompson	10,790	5,338	(3,475)	-	1,447	14,100
Neil Ker	44,021	13,115	(8,540)	-	7,277	55,873
Leopold Shweich	89,335	9,961	(9,603)	-	12,842	102,536
Webster	61,971	12,330	(23,847)	-	11,108	61,562
Stenton	67,579	16,781	(10,971)	-	11,006	84,395
Albert Reckitt	153,190	61,780	(70,002)	-	17,997	162,964
Stein Arnold	18,060	6,812	(4,368)	-	1,821	22,325
Thank Offering to Britain	119,649	33,894	(46,793)	-	15,771	122,521
S T Lee	34,290	7,910	(9,278)	-	1,242	34,164
Marc Fitch	75,437	17,102	(8,136)	-	14,104	98,508
Other	194,370	30,669	(25,652)	-	36,467	235,854
	901,630	234,153	(240,130)	-	134,703	1,030,356
Non-investment funds						
BEIS grant	1,636	27,000,000	(27,001,636)	-	-	-
Grants returned redistributed	-	535,017	(535,017)	-	-	-
Academy other support costs	-	-	(193,582)	193,582	-	-

	Balance 1st April 16	Incoming resources	Resources expended	Transfers	Net realised/ unrealised gains/losses	Balance 31 March 17
DfID Anti-corruption programme	-	1,666,070	(1,666,070)	-	-	-
Global Challenges	-	3,000,000	(2,966,589)	-	-	33,411
Newton Fund	-	2,337,977	(2,337,977)	-	-	-
Leverhulme Trust	89	1,013,664	(825,300)	-	-	188,453
Wolfson Foundation	105,862	-	(47,539)	-	-	58,324
Other	77,816	623,464	(581,426)	-	-	119,854
CHT property	1,739,717	-	(207,910)	-	-	1,531,807
	1,925,120	36,176,192	(36,363,046)	193,582	-	1,931,849
Total restricted income funds	2,826,750	36,410,345	(36,603,176)	193,582	134,703	2,962,205
Unrestricted funds						
General funds	200,000	2,184,831	(1,285,888)	(898,943)	-	200,000
Designated funds						
Academy Development Fund (ADF)	6,444,283	793,892	(764,989)	631,344	1,458,807	8,563,337
Property – ADF	221,317	-	(16,494)	-	-	204,823
Research Fund	4,158	16,500	(23,955)	-	-	(3,297)
Publications	200,000	133,906	(197,017)	-	-	136,889
Repairs and maintenance	150,000	-	-	-	-	150,000
External redecoration	50,000	-	-	50,000	-	100,000
IT development	26,549	-	(50,566)	24,017	-	-
Total designated funds	7,096,307	944,298	(1,053,021)	705,361	1,458,807	9,151,752
Total unrestricted funds	7,296,307	3,129,129	(2,338,909)	(193,582)	1,458,807	9,351,752
Total funds	16,950,244	39,539,475	(38,942,085)	-	2,975,981	20,523,615

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 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: Sylloge 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.
Marc Fitch Fund: Funds a fellowship allowing postdoctoral scholars to have three years to work on a major programme of research and gain teaching experience.

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

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 governmental grants, grants made by 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: represents BEIS activity support costs no longer covered by BEIS operational grant, which have to be funded by the Academy's unrestricted funds in order to deliver the programmes effectively. The total subsidy for the year amounted to £193,582.

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.

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 £631,344 into the fund at the year-end principally to cover 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.

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 £63,111.

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 the lease with the Crown Estate, to redecorate the exterior of its building every four years. A transfer of £50,000 was made into the fund for this purpose.

IT development fund: A transfer of £24,017 was made into the IT development projects to cover costs incurred during the year.



NET ASSET FUNDS

	Fixed assets	Investments	Net current assets	Long term liabilities	2017 Total assets	2016 Total assets
	£	£	£	£	£	£
Endowment	-	8,209,658	-	-	8,209,658	6,827,187
Restricted	1,574,677	625,134	822,222	(59,828)	2,962,205	2,826,750
General	-	-	200,000	-	200,000	200,000
Designated	204,823	8,494,874	452,055	-	9,151,752	7,096,307
Total	1,779,500	17,329,666	1,474,277	(59,828)	20,523,615	16,950,244



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 will 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

PENSION SCHEME (CONT)

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 in 2017.

The Trustee and Employers have agreed that the Technical Provisions deficit at the 31 March 2014 valuation will 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 will, therefore, increase from 13% of Salaries to 16% of Salaries with effect from 1 April 2016.

The pension cost relating to this scheme charged to the Statement of Financial Activities page 6 for the year was £319,648 (2016: £379,701).



LEASES AND OTHER COMMITMENTS

The Academy has an annual commitment of £565,000 (2016: £565,000) under operating leases in respect of land and buildings, which expires in a period greater than five years. The total value of commitment at 31 March 2017 is £13.6m.

The Academy has commitments totalling £185,377 (2016: £189,884) in respect of work in progress on publications.

The Academy has a finance lease commitment of £74,113 in respect of photocopiers. The lease expires in March 2021.



CONTINGENT LIABILITIES

The Academy commits to multi-year grants funded from outside sources. Should those sources be withdrawn a contingent liability of £24.5m (£23.8m in 2016.15) may arise.



RELATED PARTY TRANSACTIONS

After successful applications, during the year, the Academy awarded grants to the following Council members: Professor Dominic Abrams £10,000, as co-ordinator for a small grant awarded to the University of Kent and £36,980 was awarded, being a host for a Newton Advanced Fellowship award. Trustees, including key management personnel, made donations to the Academy totalling £3,395 (2016: £2,655). Professor Bencie Woll received a grant in relation to 'Cognitive benefits of Language Learning: Broadening our perspectives' for £149,500 beginning on 1st April 2016 and ending on 30th September 2017. Professor Nicholas Vincent received a grant totalling £10,000 in relation to two academic research projects, which he supervises.



INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2017

This page does not form part of the statutory financial statements.

	Group 2017		Group 2016	
Income	£	£	£	£
Grants				
BEIS-Main grant	27,000,000		27,000,000	
BEIS-Newton fund	2,337,976		2,129,329	
BEIS-GCRF	3,000,000		-	
DfID	1,666,070		1,747,366	
Grants returned redistributed	535,016		537,327	
Leverhulme Trust	1,013,664		820,208	
Wolfson Foundation	-		270,000	
Other grants	432,087		436,313	
		35,984,813		32,940,543
Donations		516,485		209,678
Subscriptions		92,675		103,276
Trading income		2,174,527		2,170,351
Publications income		133,906		194,452
Investment income including bank interest		453,348		431,097
Other income		183,721		174,130
Total income		39,539,475		36,223,527
Expenditure				
Grants, awards and charitable activities		33,742,049		31,522,841
Staff costs		2,852,588		2,725,325
Other operating expenses		2,113,842		1,920,330
Total expenditure before depreciation		38,708,479		36,168,496
Net result before depreciation		830,996		55,031
Depreciation		233,606		269,132
Net result before gain/(loss) on investments		597,390		(214,101)
Net recognised gain/(loss) on investments		2,975,981		(798,228)
Net result for the year		3,573,371		(1,012,329)



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