

# 1800s



**Royal College of Art**  
Postgraduate Art & Design

**ANNUAL REPORT & ACCOUNTS**

# ANNUAL REPORT

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# VICE- CHANCELLOR'S FOREWORD



Dr Paul Thompson

# This is where the legendary creativity of an RCA mind has measurable impact: leveraging a scientific base of knowledge and solving real-world problems.

Welcome to our review of 2017/18, designed by alumni Scott Doran and Ian Vickers of Eureka!

The past year has witnessed some real successes, as new initiatives dreamed of in our strategic plan 2016–2021 started to roll off the assembly line: the new Burberry Material Futures Research Group, led by Burberry Professor Sharon Baurley; the successful funding bid to EPSRC by our robotics lead Dr Sina Sareh, whose research focuses on using robots in dangerous or complex environments; the growth of our School of Architecture, with new MA Programmes in City Design and Environmental Architecture; and in the School of Communication, MA Digital Direction, which examines media and storytelling in the digital age.

In July, we bid farewell to an outgoing cohort of 868 MRes, MA, MPhil and PhD students – and, snatching our breath for just one moment – welcomed in that same month, a fresh group of 50 students to an entirely new RCA offer – Graduate Diploma Art & Design, led by alumnus Gary Clough.

Last year, I articulated my vision of the RCA at the vanguard of the STEAM agenda, placing critical value on the catalysing power of the creative arts (the 'A') alongside science, technology, engineering and maths (STEM). The need for greater interdisciplinarity within our education system is often articulated, and I have been especially pleased to announce the appointment of a number of new faculty members at the RCA – Dr Elif Ozden in the field of composite nano structures in textiles, Professor Saeema Ahmed-Kristensen, whose research includes the internet of things, and climate change expert Dr Godofredo Pereira.

These disciplines work well with the aspirations and intellectual curiosity of our students and research faculty; together, they enrich and accelerate the solutions to some of the global challenges the RCA is tackling. Our students may go on to design revolutionary systems that reduce our reliance on plastics; or create environments in which AI technologies are harnessed in a humanising way for older people; and they will ensure that the new 'smart' cities of the future are not so smart and so efficient that they become joyless and alienating, at a time when loneliness and poor mental health are on the rise. This is where the legendary creativity of an RCA mind has measurable impact: leveraging a scientific base of knowledge and solving real-world problems.

On 25 January the RCA received consent to create a radical, new crucible in which to experiment with these collaborative ways of working: a new factory for ideas designed by world-leading architects Herzog & de Meuron, which will be the most significant new building in the 180-year history of the RCA. As well as placing sculptors alongside design engineers, and filmmakers and fashion students next to a robotics hangar, labs for immersive and augmented realities, the Helen Hamlyn Centre for Design and our Intelligent Mobility Design Centre will all be housed under one, bold roof.

Once these exciting new reactions and interactions occur, our role will be to take these early-stage student projects and transform them into innovative businesses in our incubator, InnovationRCA. Like all alchemy, this takes time, patience – and investment. I am delighted that we have this year been able to partner with Venrex to find the substantial investment funds required to seed InnovationRCA start-ups and build capacity in our very talented InnovationRCA team. Especial thanks to Mark Esiri of Venrex. The Clore Innovation Centre is featured on p. 65.



**WE WERE VERY HONoured TO RECEIVE THE NEWS THAT HIS ROYAL HIGHNESS THE PRINCE OF WALES GRACIOUSLY AGREED TO SERVE AS ROYAL VISITOR TO THE ROYAL COLLEGE OF ART. HIS INTEREST AND PASSION FOR THE WORK OF THE INSTITUTION IS MUCH APPRECIATED. WE WERE ALSO DELIGHTED TO WELCOME SIR JONY IVE INTO HIS NEW ROLE AS CHANCELLOR OF THE RCA. IT IS DIFFICULT TO IMAGINE A MORE FITTING AMBASSADOR AND ROLE MODEL FOR DESIGN AND CREATIVE EXCELLENCE THAN SIR JONY.**

2017/18 was a year of great significance, and we were very honoured to receive the news that His Royal Highness The Prince of Wales graciously agreed to serve as Royal Visitor to the Royal College of Art. His interest and passion for the work of the institution is much appreciated. We were also delighted to welcome Sir Jony Ive into his new role as Chancellor of the RCA. It is difficult to imagine a more fitting ambassador and role model for design and creative excellence than Sir Jony. And we are pleased, too, to welcome three exceptionally gifted experts to join our governing body, Council: Senior Partner at McKinsey Michael Birshan, Chief Executive of buildingSMART International Richard Petrie, and publisher, author and philanthropist Sigrid Rausing.

Working within the world's leading art and design university demands especial commitment and talent, and I wish to thank all of the faculty and staff who've contributed to the successes of the past few years. In terms of remuneration, we reported a median gender pay gap of 0%; this compares to a 14.3% gap in the higher education sector. While the RCA can be proud of these results, there are areas where we can do more to support gender equality, diversity and talent.

We ended 2017/18 in a good financial position, generating a surplus of 2.5% and an operating cash flow that represented 24% of total income. Our goal is to ensure continued financial resilience through a sustained 5% annual surplus year on year, as this is the minimum level of cash I forecast is required to invest in infrastructure upgrades, so vital if we are to provide state-of-the-art facilities for our students and faculty (see Treasurer's Introduction, p. 85).

Finally, as ever, I would like to thank our Council, in particular the Pro-Chancellor and Chair Baroness Rebuck and Treasurer Caragh Merrick, whose expertise and tireless support of the university is truly remarkable; the Presidents of the Students' Union; our funding body the Office for Students, and all members of our Chancellor's Circle, whose philanthropy has enabled us to invest in the future of this institution and its brain trust. New members of the Chancellor's Circle in 2017/18 are Ms Ling Liu, Prosit Philosophiae Foundation and John Studzinski CBE, who have supported the 'People and Projects' pillar of our GenerationRCA campaign, with scholarships and the new Genesis Professor of Innovation. The Clore Duffield Foundation, The Monday Charitable Trust, Apple, Sir Jony and Lady Ive, and Lydia and Manfred Gorvy, have all made exceptionally generous new donations this year to the new Battersea South building project (see p. 38).

I hope you enjoy reading about this remarkable institution and look forward to welcoming you to our campus.

**Dr Paul Thompson**  
*Vice-Chancellor*

4 SCHOOLS

28 PROGRAMMES

228 POSTGRADUATE  
RESEARCH STUDENTS

228

450

OVER 450  
CONTRACTED STAFF

NO. 1 ART & DESIGN UNIVERSITY  
4TH YEAR RUNNING\*

\*QS World University Rankings by Subject

OVER 1,000  
VISITING LECTURERS

389.4k

389.4K SOCIAL MEDIA FOLLOWERS

# 2,154

2,154 STUDENTS

# 1

1 RESEARCH  
GROUP

# 1.02m

1.02M WEBSITE VISITORS

# 4

4 RESEARCH  
CENTRES

# 76

76 NATIONALITIES

# 50

50 START-UPS LAUNCHED  
BY 75 GRADUATES



<b>Programmes</b>	<b>Number of Applicants 2017/18</b>	<b>Students Enrolled 2017/18</b>	<b>Number of Students 2017/18</b>
<b>School of Architecture</b>			
MA Architecture	359	85	137
MA City Design	30	7	7
MA Environmental Architecture	13	6	6
MA Interior Design	255	37	68
MRes RCA: Architecture Pathway	18	6	6
Postgraduate Research (MPhil/PhD)	34	11	20
<b>School Total</b>	<b>709</b>	<b>152</b>	<b>244</b>
<b>School of Arts &amp; Humanities</b>			
MA Ceramics & Glass	65	19	38
MA Contemporary Art Practice	203	61	124
MA Critical Writing in Art & Design	34	12	26
MA Curating Contemporary Art	82	27	54
MA History of Design	91	44	73
MA Jewellery & Metal	142	27	48
MA Painting	389	46	115
MA Photography	168	47	82
MA Print	112	45	76
MA Sculpture	214	58	92
MRes RCA: Fine Art Pathway	39	7	7
MRes RCA: Humanities Pathway	18	2	2
Postgraduate Research (MPhil/PhD)	129	33	126
<b>School Total</b>	<b>1,686</b>	<b>428</b>	<b>863</b>
<b>School of Communication</b>			
MA Animation	135	39	62
MA Digital Direction	32	17	17
MA Information Experience Design	129	41	75
MA Visual Communication	427	60	117
MRes RCA: Communication Design Pathway	14	7	7
Postgraduate Research (MPhil/PhD)	39	10	31
<b>School Total</b>	<b>776</b>	<b>174</b>	<b>309</b>
<b>School of Design</b>			
MA Design Interactions	–	–	1
MA Design Products	274	47	106
MA Fashion	510	64	120
MA RCA/ICL Global Innovation Design	197	22	42
MA RCA/ICL Innovation Design Engineering	251	47	97
MA Service Design	160	40	76
MA Textiles	222	63	118
MRes Healthcare & Design	14	5	26
MA Vehicle Design	–	–	10
MRes RCA: Design Pathway	28	7	7
Postgraduate Research (MPhil/PhD)	48	7	51
<b>School Total</b>	<b>1,704</b>	<b>302</b>	<b>654</b>
<b>Intelligent Mobility Design Centre</b>			
MA Intelligent Mobility	<b>97</b>	<b>36</b>	<b>36</b>
<b>College-wide Programme</b>			
Graduate Diploma in Art & Design	<b>262</b>	<b>48</b>	<b>48</b>
<b>TOTAL</b>	<b>5,234</b>	<b>1,140</b>	<b>2,154</b>

# 365 DAYS

REVIEW OF THE YEAR 2017/18

Highlights from a year that has seen substantial progress in teaching, research and knowledge exchange alongside major achievements from staff, students and alumni.





‘Since 2012, I’ve used video games and 3D animation software as an artistic medium, drawing from my background in architecture and music to create site-specific virtual worlds and videos. The Stavros Niarchos Foundation Scholarship at the RCA allows me to explore what I call ‘posthuman cinematography’ – moving image works created by non-human authors. By integrating machine learning techniques within my own filmmaking process, I hope to formulate an answer to the question: What kind of film would an AI make?’

**Lawrence Lek**, PhD Candidate

Lek joined the College in November 2017 as part of the first cohort of RCA STEAM-focused (Science, Technology, Engineering, Art and Mathematics) doctoral students to benefit from the Stavros Niarchos Foundation STEAM Scholarship & Research Fund, established to strengthen the RCA’s leadership and innovation in three new fields. Fellows will help build the foundations for the RCA’s research activity and capacity in City Design, Machine Learning and Materials Science, delivering creative solutions at the vanguard of design and technology to help solve today’s global challenges.

## European Commission Creative Europe

The Royal College of Art was announced as the UK partner of the €1.8 million project From Conflict to Conviviality through Creativity and Culture (4Cs), a major four-year programme of work supported by the European Commission's Creative Europe fund. The RCA and seven other key European organisations will deliver a diverse programme exploring how art and culture can constitute powerful resources to address the subject of conflict.



## RCA–IIS Tokyo Design Lab

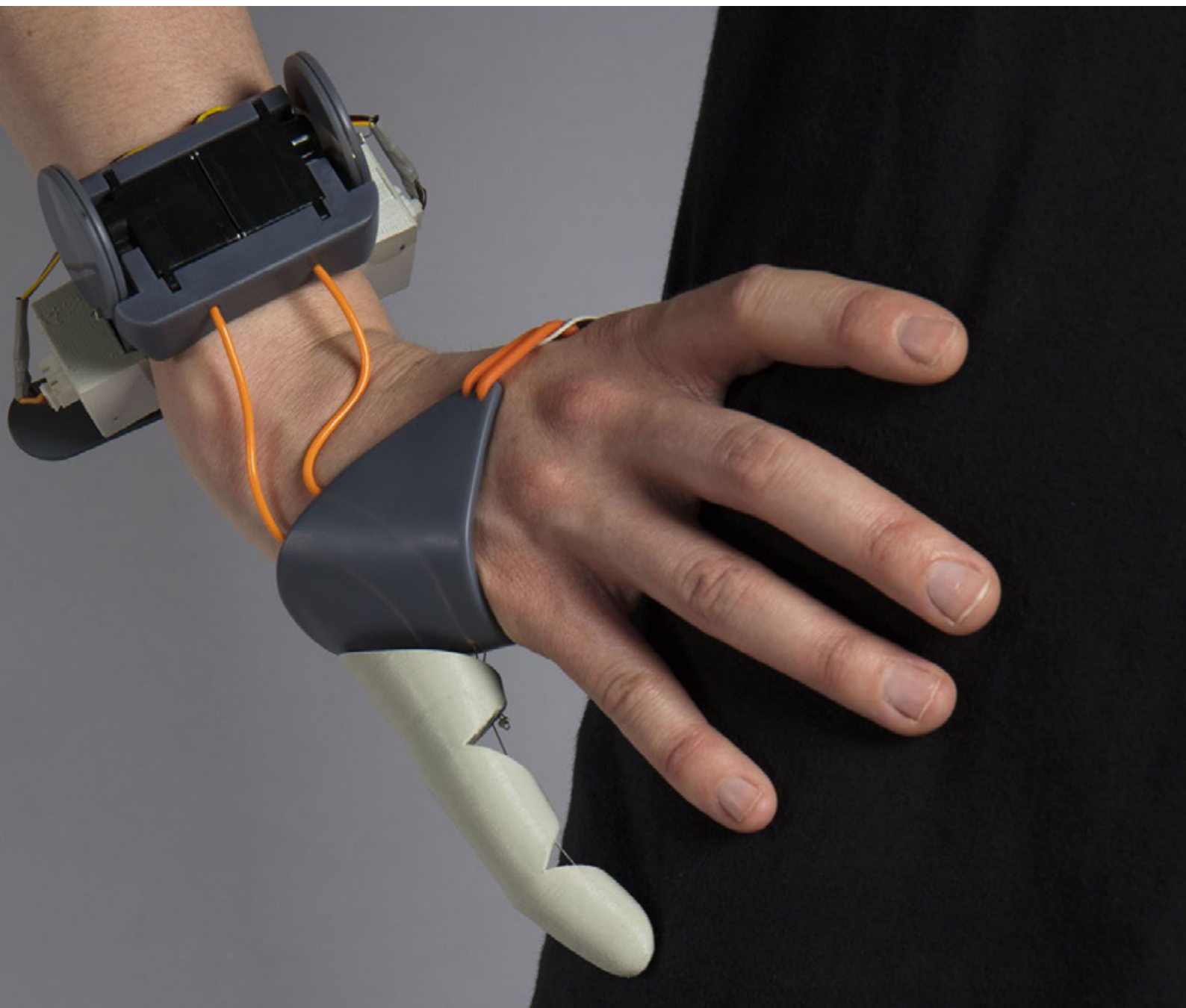
As the next stage of development of the RCA–IIS Tokyo Design Lab – a partnership between the Royal College of Art (RCA) and University of Tokyo's Institute of Industrial Science (IIS) – IIS recruited four companies to be founding members of the University of Tokyo Design-Led X (DLX) Lab.





## Helen Hamlyn Awards 2017

From the world's first manual wheelchair with a steering system to a solution to poor air quality in the London Underground, the Helen Hamlyn Awards recognised six RCA graduate projects that have the potential to improve people's lives through inclusive design that addresses real social issues, including Dani Clode's Third Thumb project (below). Organised annually by the Helen Hamlyn Centre for Design, each award winner receives £2,000 prize money to support further development of their project.



## **Stewarts Law RCA Secret 2017**

On 9 September 2017, the Royal College of Art's annual anonymous exhibition and fundraising sale opened its doors to the public, including postcard-sized artworks donated by artists and designers including Christopher Bailey, Peter Blake, James Dyson, Asif Kapadia, Paula Rego and Lawrence Weiner.



## **London Design Festival 2017**

RCA alumni and former staff won three of the four prestigious British Land London Design Festival Awards, part of the annual celebration of design excellence and innovation that takes place across the capital every autumn. Margaret Calvert OBE was awarded the Lifetime Achievement Medal, Paul Priestman of PriestmanGoode was awarded the Design Innovation Medal, and Julian Melchiorri was awarded the Emerging Talent Medal.







## Turner Prize 2017

Three of the four artists nominated for the Turner Prize 2017 – held at the Ferens Art Gallery in Hull as part of the UK City of Culture celebrations – were alumni of the Royal College of Art (see Institutional Positioning, p. 98).

# OCTOBER



## Vienna Design Week

The *Designing Craft, Crafting Design* exhibition at Vienna Design Week explored the collaborative relationship between craftspeople and designers, showcasing ten objects designed and created by Design Products MA students in collaboration with members of the Werkraum Bregenzerrwald, an Austrian craft and trade association.

## Hard Engineering

Senior Tutor and Reader in Art and Post-Urbanism Dr Jaspar Joseph-Lester co-curated *Hard Engineering: Proposals for Future Ruins*, an exhibition at the National Museum of Natural History and Science in Lisbon, exploring sites of urban development and transformation to consider how we navigate and repurpose the future ruins of our urban surroundings.







# NOVEMBER

## **Graduate Diploma in Art & Design**

A new interdisciplinary pre-Master's Programme to prepare graduate students for MA study in Art and Design, giving a taster of the experience of Master's study at the RCA.



## Woman's Hour Craft Prize

RCA alumna Phoebe Cummings won the inaugural Woman's Hour Craft Prize, announced at the Victoria and Albert Museum (V&A) in a live broadcast on BBC Radio 4. The prize was launched by the Crafts Council, BBC Radio 4 and the V&A, to celebrate the most innovative and exciting craft makers in the UK.



## Design Trust/RCA Fellow

Inaugural Design Trust/RCA Fellow Mina Song took up her fellowship to explore design curation in a global context. The Fellowship was established with kind support from the Design Trust, an initiative of the Hong Kong Ambassadors of Design.





## Battersea Expansion Plans Approved by Wandsworth Council

The College's flagship new building, designed by Herzog & de Meuron, was granted planning permission by Wandsworth Council. The building is part of a £108m investment programme in the RCA – the most radical transformation of the institution's campus in its 181-year history.



## RCA / CERN Collaboration

The College partnered with CERN at the beginning of an innovative project that brings together science, technology and design to propose solutions for international sustainability challenges, resulting in the symposium Future States: Science and Design for Sustainability.



## World's Top University for Art & Design for the Fourth Year

The Royal College of Art was again named the world's leading university of art and design in the prestigious QS World University Subject Rankings 2018. Ranking ahead of Parsons The New School for Design, Rhode Island School of Design, MIT and Stanford, the RCA leads the league table of 200 of the world's top programmes for the study of art and design. This is the fourth consecutive year that the RCA has taken the top spot, and consolidates its position as the world's most influential university of art and design.

## InnovationRCA Design Jam / MedTech Entrepreneurs

InnovationRCA partnered with the Royal Society of Medicine and CW+, the charity for Chelsea and Westminster Hospital NHS Foundation Trust, to host the first ever Design Jam: Design for Health, to create design solutions to major challenges in health and uncover the next generation of innovative MedTech companies.





## Jonny West

Jonny West, Senior Research Fellow in the Helen Hamlyn Centre for Design, was named co-investigator on a £4 million research grant from the National Institute for Health Research (NIHR) that brings together a unique team of NHS trusts, universities, a mental health charity, the Royal College of Art, and a University of Oxford tech start-up. The project enables state-of-the-art psychological therapy to be delivered via virtual reality (VR) in NHS mental health services, and West will be working with patients to refine the design of the virtual reality therapy.



## RCA Battersea South Artist in Residence

Rut Blees Luxemburg was announced as artist in residence for the new building at Battersea. In this new role of Senior Research Fellow, Blees Luxemburg will act as artist and researcher in residence over a four-year period, following the transformation of the Battersea South campus from construction site through to inhabited workshops, studios and research spaces.

## British Animation Awards 2018

Recent RCA Animation graduates produced over half of the 21 short films nominated for the Best Student Film at the British Animation Awards 2018. The winner was Diyala Muir for her film *The Day After the Party*.



# MARCH



## Munich Jewellery Week 2018

A collective of Jewellery & Metal MA students exhibited work at Munich Jewellery Week 2018. Their bold and innovative designs were displayed in a guerrilla-style exhibition that journeyed through the streets of Munich.

## Future of the Car at the Design Museum

The Intelligent Mobility Design Centre (IMDC) collaborated with the Design Museum to organise a symposium: The Future of the Car. The day-long event brought together leading voices within the field of automotive design, spatial practice and technology to discuss the future of the car and new approaches to mobility.







## RCA Easter Fair

The RCA Students' Union's inaugural Easter Fair took place in the Dyson Gallery in Battersea. The Fair offered the opportunity to meet the makers of bespoke and innovative art and design – as well as to purchase their creations.



## Future Homes for London: Alternate Models

Examining alternative models of affordable and community-led housing projects for the UK, the City Design Programme (Intergenerational Cities) and the School of Architecture (ADS7 Social Movements) hosted a series of events examining Future Homes for London to help facilitate change in the city.



# APRIL



## Milan Design Week 2018

More than 20 students from the RCA's Design Products, Innovation Design Engineering and Fashion MA Programmes exhibited their work in *Blend House*, an exhibition at Milan Design Week. The exhibition offered a window into the future of design from a collective of emerging talent, with work ranging from sustainability-led material innovations to immersive VR experiences.



## RCA Book Test Unit 2018

MRes RCA Communication Design Pathway and Visual Communication MA students launched a new book that explores the current state and future of sustainability. *A guide to \_\_\_\_\_ing sustainability* expands the understanding of sustainability beyond the environmental to the sustaining of knowledge and systems of distribution.



## Summer Short Courses

The RCA opened its studios and facilities to students and practitioners through a range of short courses. Lasting from one day to three weeks, these courses offered the opportunity to learn new skills, approaches and conceptual frameworks from world-leading art and design academics, researchers and practitioners – at the College's London campus.

## After the Creative City: MRes RCA Architecture

An exhibition of collaborative research from seven MRes RCA Architecture Pathway students, *After the Creative City* explored the interrelationships between cultural planning, urban regeneration and cultural production.



## Curating Contemporary Art

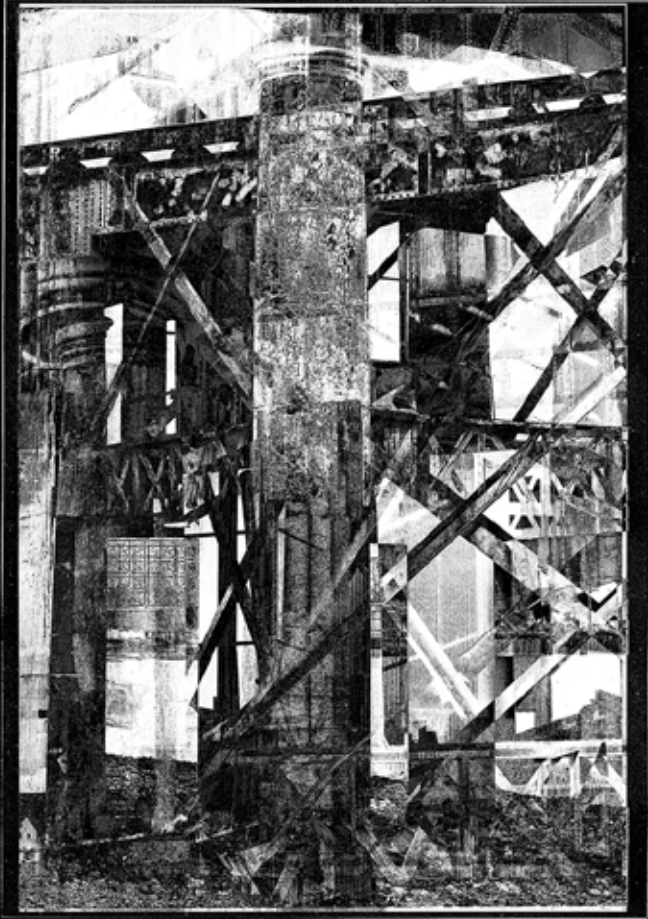
Students opened exhibitions in the Dyson Gallery, continuing at the Design Museum, Gasworks and other partner institutions.





## Gordon Peter Pickard Travel Award

Three Visual Communication students exhibited work made with the support of the Gordon Peter Pickard Travel Award at White City. Awarded annually to first-year Visual Communication students, the award enabled James Gosnold, Emma Harry and Rachel Sale to make independent research trips to Athens, the Isle of Skye and Mexico.





## His Royal Highness The Prince of Wales

His Royal Highness The Prince of Wales became Royal Visitor to the RCA. The Prince of Wales succeeded His Royal Highness The Duke of Edinburgh who was Royal Visitor for 50 years from 1967, the year the Royal Charter was granted by Her Majesty The Queen, giving the RCA university status and the power to grant degrees.

## Design for Safety – Protecting Lives from the Start

The Lloyd's Register Foundation published its most recent Foresight Review, investigating the role of design in safety. The principal investigator was Dean of Design Professor Paul Anderson, with co-chairs Professor Rachel Cooper and Chris Ross, and co-investigators from the RCA School of Design Professor Ashley Hall and Dr Laura Ferrarello.



## Central Academy of Fine Arts (CAFA) Beijing

Professor Naren Barfield, Deputy Vice-Chancellor and Provost of the RCA, signed a strategic cooperation agreement with Fan Di'an, President of the Central Academy of Fine Arts, Beijing. Professor Barfield and Fan Di'an held cordial discussions on art and design education, future cooperation and development between the two institutions (see Institutional Positioning, p. 98).

## Museum of London

*London Nights*, an exhibition at the Museum of London, explored the capital after dark through photographs from the late nineteenth century to the present day. It featured work by RCA students and alumni, including Tom Hunter, Sophy Rickett and Emma Charles.





# JUNE



## EPSRC UKRI Innovation Fellowship

Dr Sina Sareh, academic leader in Robotics, was awarded an EPSRC (Engineering & Physical Sciences Research Council) UKRI (UK Research Innovation) Innovation Fellowship, providing £400,000 funding towards Dr Sareh's research project *Getting a Grip*, which focuses on developing advanced robotic anchoring mechanisms.

## Royal College of Art Show 2018

The annual RCA Fashion Show took place at 180 The Strand followed by *Show 2018* across four London sites: Kensington, Battersea, White City and Lambeth. Visitors to *Show 2018* encountered pioneering artworks, critical interventions, advances in artificial intelligence, designs for space exploration and the latest in synthetic biotechnology.



# 10 YEARS OF DRAW — RCA

What is  
DRAWing?

## DRAW Alumni Exhibition

*What is DRAWing?* celebrated ten years of the RCA DRAW seminar series. Curated by two DRAW alumni, Grace Holliday and Bethan Durie, the exhibition represented contemporary drawing practice in all its forms, exploring the significance of drawing to the practices of 20 MA Visual Communication alumni.

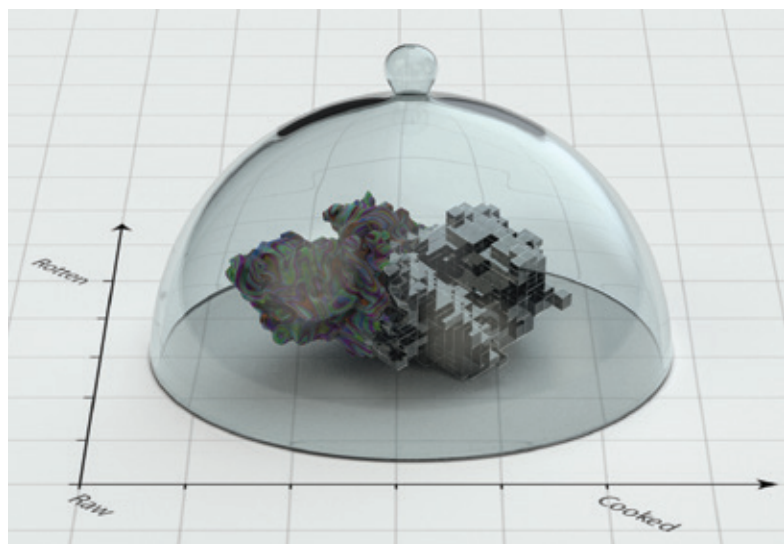


## South Bank Sky Arts Award

Painting alumna Rose Wylie was awarded the South Bank Sky Arts Award for her 2017 exhibition *Quack Quack* at the Serpentine Sackler Gallery. Wylie graduated from the Royal College of Art in 1981 and is highly regarded internationally for her unique paintings and drawings, which are subtly sophisticated meditations on the nature of visual representation itself.

## Liverpool Independents Biennial

*Cooked and Raw* was a four-day event for the Liverpool Independents Biennial featuring RCA students and staff. Over 30 artists joined forces to create an exhibition, performances and participatory happenings. Collectively the works presented unpacked the contemporary social phenomena of intensity, value, exploitation of labour and its spectacle.



## International Flavors & Fragrances Perfume Prize

RCA Fashion student Katharina Dubbick won the International Flavors & Fragrances (IFF) competition for her perfume, *Soi-Même*.



# WORLD LEADER

**EMBODYING THE RCA'S VALUES**



'I am thrilled to be Chancellor of the RCA at this pivotal moment. The College has had a profound influence on many generations of artists and designers that I admire. My own team at Apple includes many RCA alumni, all of whom embody the fundamental values of the College. I look forward to being part of this exciting next phase of growth and development and ask you to join me in supporting the RCA's compelling vision for the future of education, research and innovation in art and design.'

**Sir Jony Ive KBE**

Chancellor, Royal College of Art  
Chief Design Officer, Apple





‘At College, I was able to work with artists, animators, sound designers, fashion and graphic designers, to pull them into the world of film and learn from them. Film encompasses all of these disciplines, and it was that unique environment that taught me to make films that were visually compelling. Of the films that I’ve subsequently made, all of them somehow link back to what I learnt at the RCA.’

**Asif Kapadia** (MA Film & Television, 1997)

Asif Kapadia is an Academy Award and four time Bafta-winning writer/director. Following his debut feature *The Warrior* (2001) and *Far North* (2007), international box office hit *Senna* (2012) established Kapadia as a vital name in documentary film. This success was triumphantly surpassed by *Amy* (2015), the moving documentary about singer Amy Winehouse, which won an Academy Award and is now the highest grossing UK documentary of all time. Kapadia counts his award-winning short film *The Sheep Thief* (1997), made while studying at the RCA, among his proudest achievements.



# A WORLD- LEADING UNIVERSITY

The RCA's world-leading status is based on the quality of our teaching and research and the reputation of our graduates. The College attracts the best staff and students, from more than 75 nationalities, who are ambitious, willing to relocate for work and study, and want to flourish in the world's most dynamic creative environment.

The QS World University Rankings introduced rankings for art and design universities in 2015. Since then, the RCA has achieved and successfully retained the premier position every year. We are judged number one in the world, in the context of leading global institutions including Massachusetts Institute of Technology, Parsons The New School for Design, Rhode Island School of Design, Politecnico di Milano and Stanford University, as well as esteemed institutions such as Carnegie Mellon University, ArtCenter College of Design and California Institute of the Arts.

## **The Vision**

The Royal College of Art's Strategic Plan 2016–21 articulates a bold vision to marry creative arts and design with science, technology and medicine. This marks a 'step change' for the RCA, as it applies creative insights to evidence-based science to address global challenges.

Art, design, creative thinking, science, engineering and technology must all collaborate to solve today's global challenges. These include: migration and rapid urbanisation; health and social care for ageing populations; and the social and economic implications of artificial intelligence. Through a series of strategic interventions, the RCA is injecting and interweaving the creative arts and design with three core scientific disciplines: computer science, materials science and robotics.

The RCA is a unique institution that brings together international communities of art and design talent. To continue to be the global leader in this field, we must offer world-class facilities, anticipate new ways of working, and attract the very best students to academic study and top talent to staff teams.





# BATTERSEA SOUTH CAMPUS

The Studio Building,  
Battersea Bridge Road





To support its ambitions, the Royal College of Art is building a new campus at Battersea – designed by world-renowned architects Herzog & de Meuron – with our academic vision at its heart.

Designed by renowned architects Herzog & de Meuron, our new, state-of-the-art building will sit alongside the RCA's existing Dyson, Woo and Sackler Buildings and Clore Innovation Centre, on the south bank of the River Thames.

The striking new building represents the most significant development of our campus since 1961. As the Darwin Building set out the vision for art and design in Britain in the post-war era, so the new Battersea Building will define these creative disciplines in the twenty-first century.

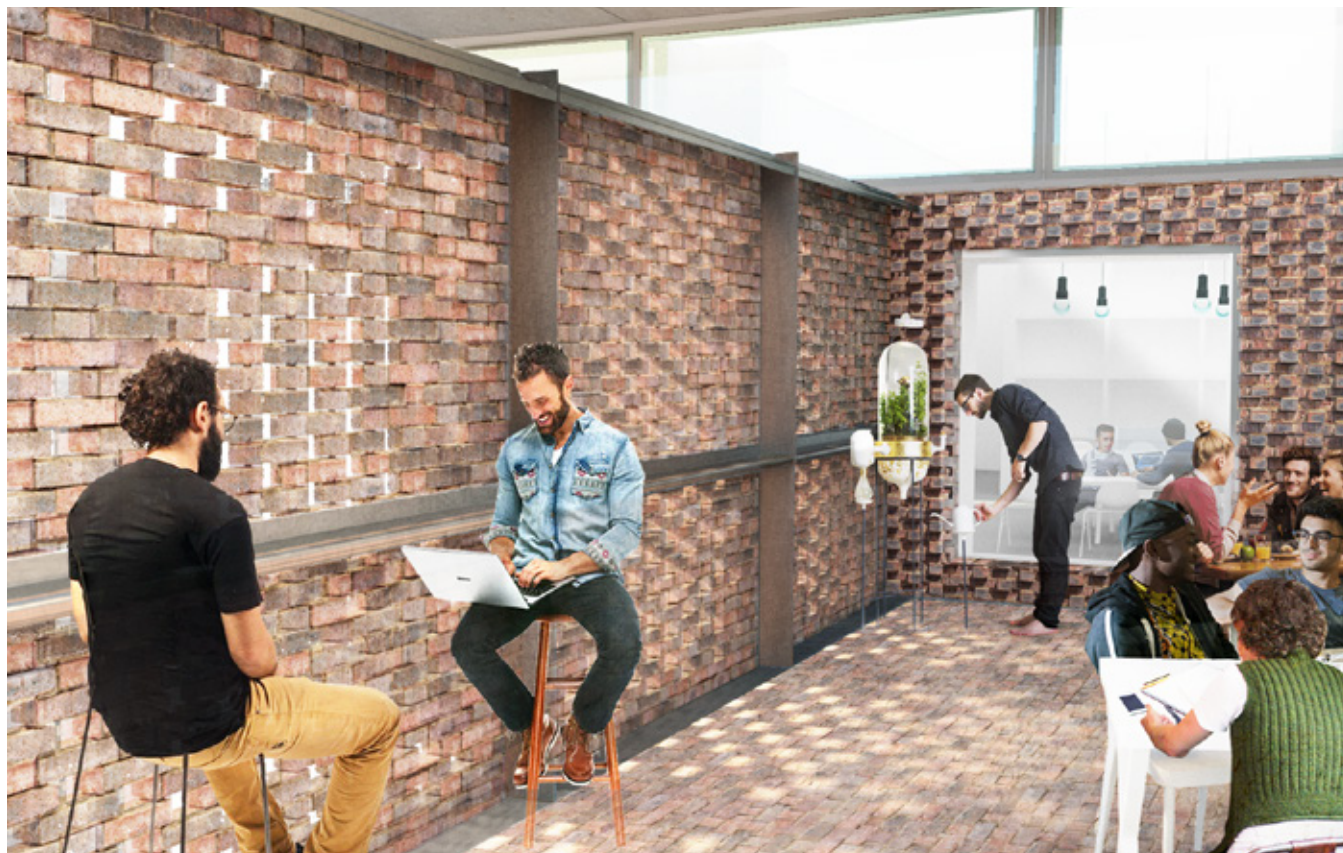
It is designed as two separate but interconnected spaces that provide approximately 15,000 square metres of distinct, flexible areas for teaching and research.

– **The Studio Building** has three floors of naturally lit and ventilated studios located above a complex of sophisticated workshops – from hand-craft to robotics – which will form the creative hub of the campus.

– **The Research Building** labs host material science and intelligent mobility, which form part of the new vision for the RCA in 2021. The Research Building will also house the Helen Hamlyn Centre for Design and the College's expanded incubator programme, InnovationRCA, which will see the number of supported start-up businesses increase two-fold.

– **A double-height hangar** will allow students to assemble, prototype or display large-scale artworks or inventions, providing opportunities to open up the RCA campus to the public and support an enhanced cultural programme.

– **A new café and art materials shop** will open to the local community, alongside other public realm enhancements, with improved routes through the site to connect the new building to the surrounding area.





The Research Building,  
Parkgate Road





## Timeline 2017/18

**Summer 2017:** Darwin Building works, Radstock Building and White City

**November:** Planning application submitted

**December:** Sculpture moved from Battersea to 3rd and 4th floor Darwin Building, to make room for ground clearing in advance of building Battersea South.

**January 2018:** Rut Blees Luxemburg announced as Artist in Residence for Battersea South

**25 January:** Planning approval unanimously granted by LB Wandsworth Planning Committee

**July:** Moving Image Studio and Sculpture Building demolished



Terrace



Garden and café

‘Our design is rooted in the surrounding townscape – it is simple, robust and flexible, and delivers a formula for the transforming dynamic of the RCA.’

**Ascan Mergenthaler,**  
Senior Partner, Herzog & de Meuron

# ACADEMIC DEVELOPMENTS



## Cross-disciplinary Education

The RCA currently offers 28 distinct taught Programmes of study, representing the widest range of specialist postgraduate art and design education in the world. It is not only this breadth and depth that places the RCA in an outstanding position. The opportunities for students to work collaboratively, within and across Programmes, workshops and specialisms, linking knowledge from different fields together, creates a model for the future that will enable our graduates to lead in their chosen profession and to shape and employ talent in future creative landscapes.

We attract students from a range of academic backgrounds, significantly more than comparable institutions. Around 11% of our students hold a first degree in fields beyond art and design, for example medicine, finance, law or engineering. They are drawn to our effectiveness in re-orientating careers in new directions and by demonstrating the impact that art, design and creative thinking can have on the widest range of industries and professional circumstances. These students bring knowledge and expertise from previous careers, and find new, creative applications and solutions through studying at the College.



Landrover EUV Project, Dr Farhana Safa



**Dr Farhana Safa** was working as an eye surgeon at Moorfields Hospital in London when she applied to the RCA in 2013 to study Vehicle Design. Her background in science and 12 years of experience in medicine gave her a unique perspective as a designer. This was recognised by Jaguar Land Rover who offered her a career on graduation in 2015.

‘There were about four months between my first attempt at vehicle design and the RCA application deadline. I’ve never worked so hard in my life, but I was so determined. The College was open-minded enough to realise I could bring a lot of skills to the mix, and the students learn so much from each other here. My background has trained me to be a critical thinker, to always challenge things and push boundaries, and that’s what we need in design.’

**Farhana Safa**  
(MA Vehicle Design, 2015)



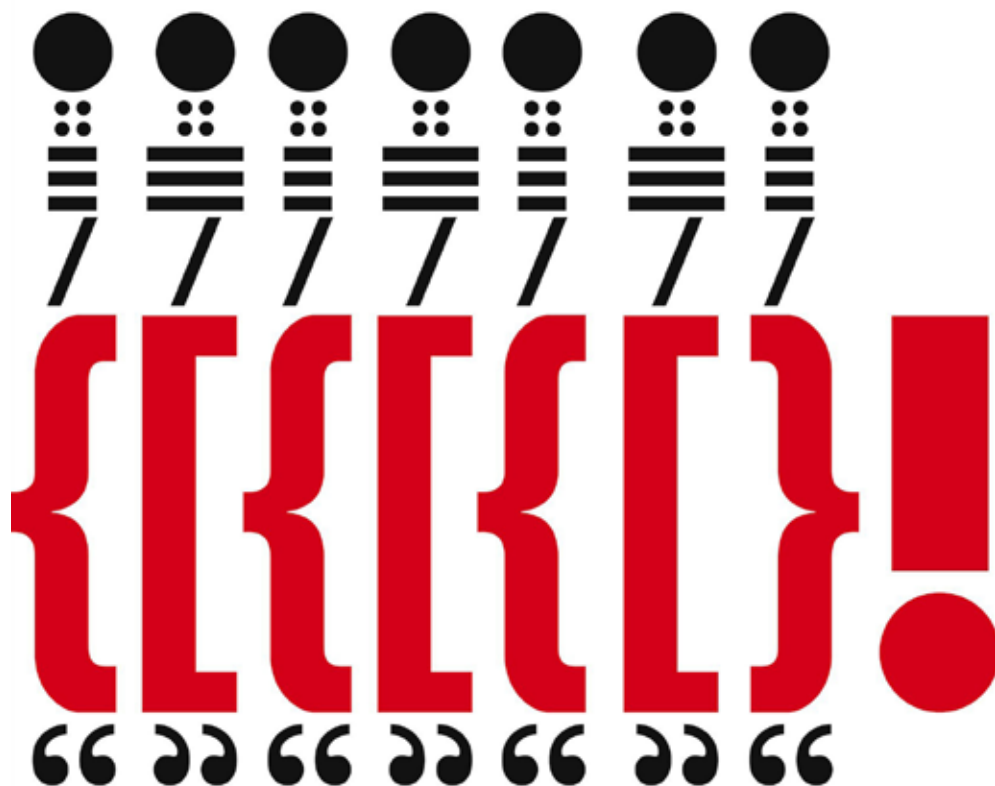
**Dr Roland Lamb**, founder of ROLI, has attracted the attention of some of the biggest names in the music industry and raised in excess of US \$50 million from investors such as Sony, Universal Music, Balderton Capital and Foundry Group. He came to the RCA to study MA Design Products and completed his PhD in 2014.

Lamb took an unusual route to studying at the RCA, with a degree in Classical Chinese and Sanskrit Philosophy from Harvard University. A lifelong passion for playing the piano motivated Lamb to create a more responsive keyboard that would allow for a similar range of sounds offered by other instruments. Despite an initial lack of knowledge in sensor engineering and material science, Lamb used his time at the RCA to experiment, taking apart pianos and keyboards to gain the practical understanding needed to realise his idea.

The RCA also has immense pulling power to attract leading, internationally recognised faculty, professors, and academic visitors who bring experience from the UK, US, Europe, South America, Asia and Australasia. This enriches the diverse cross-cultural environment of the RCA and affords students the benefits of learning with experts who know, understand and can bring knowledge of multiple contexts, people and places.

Seaboard Block © ROLI Ltd. 2018





**Dr Rathna Ramanathan** is a Reader in Visual Communication, and her research is focused on intercultural graphic communication – specifically multicultural and experimental forms of the book, and publishing and typographic practices with a South Asian focus. She brings 20 years of work experience in diverse cultural contexts: South Asian, European and North American. She leads the research and typographic book design for the Murty Classical Library of India, a 100-year publishing project at Harvard University, and regularly publishes, delivers talks and keynotes, and joins international panels of expertise.

‘I am excited to work with my colleagues to realise a vision that situates human and non-human communication within the frames of culture, community, consciousness, commercialism and creativity.

I look forward to leading our School in delivering an inclusive and transformative education that has student experience at its core. As an international academic, I am proud to lead a critical academic initiative in decolonising the curriculum across the College.’

**Dr Rathna Ramanathan**  
Dean, School of Communication



## Academic Vision

Founded in response to the first industrial revolution, the RCA now stands at the brink of the fourth industrial revolution which promises breakthroughs in robotics, autonomous vehicles, nanotechnology, computing science and artificial intelligence, the internet of things, 3D printing and mass customisation, material science and fields of human knowledge where technology becomes embedded in systems, societies and even the human body.

The 'big questions' of the human, the material and the digital, and challenges arising in society, culture and the global economy, will be the foundation for our teaching and research which will lead to exciting new Programmes and pathways in Design Robotics, Intelligent Mobility, Medical Design, Design Gaming, Design for Safety, and a growing number of global partnerships and programmes.

Alongside these responses to a rapidly changing world, we remain committed to our arts and humanities disciplines, and the culture of experimentation and making that has made the RCA the most influential provider of high-quality art and design education in the world. Our Herzog & de Meuron-designed Battersea South campus will enhance and extend our commitment to making, to fabricating, and to working with materials. The RCA's academic vision is not about replacing fine art, or crafts, with new high-tech, science-based subjects: it is about expanding the possibilities, and looking for the opportunities and new insights that can emerge when we retain and develop what we have, and expand our horizons to apply our greatest asset – the creative imagination – in addressing the challenges of today and tomorrow.

With applications to study up by 44% on the preceding year, we are developing a flexible academic model that will attract a wider range of the most talented students to programmes of study that offer new modes of learning, and engage students as active agents in designing the flexible education they need, in order to become leaders in the careers and fields of human activity that are yet to be invented.

### Professor Naren Barfield

Deputy Vice-Chancellor & Provost



## New Programmes



The first Graduate Diploma cohort

### Graduate Diploma Art & Design

The Graduate Diploma Art & Design is a 30-week Programme of full-time study that prepares students for Master's study in art and design. The Programme focuses on developing proficiency in the discursive languages and independent learning methods and practices of art and design, and on introducing students to the role and influence of art and design in the world today.



### MA City Design

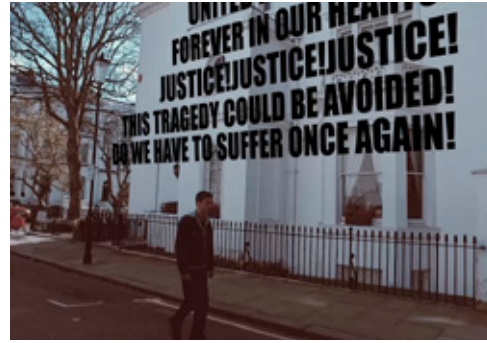
City Design is a 15-month MA Programme aimed at an emerging generation of architects and allied design professionals interested in the convergence of new social, technical and spatial innovations, and harnessing their potential to generate alternative forms of urban life.

City Design field trip  
to Hong Kong



## MA Digital Direction

MA Digital Direction is a 15-month MA Programme that addresses media and storytelling in the digital era, assessing emerging issues associated with contemporary digital communication and the creative economy. It develops new creative leaders who are responsive to continually changing contexts, infrastructures and technologies to engender a new wave of creative leadership.



Prototype AR App for the Grenfell Silent March,  
Lena Dobrowolska, Olivia Chou and Michele Coralli  
(MA Digital Direction)



## MA Environmental Architecture

Environmental Architecture is a 15-month, project-based MA Programme exploring the future of landscapes, environments and ecosystems. It focuses on the co-dependence of life forms and earth systems as well as the co-existence of alternative concepts of landscapes, environments and territories as they are expressed by different societies.

Environmental Architecture field  
trip to the Atacama Desert





*Aleppo City Memory*, Amas Shretahe  
(MRes RCA: Architecture Pathway,  
2018)

## MRes RCA

The Master's of Research (MRes) RCA is a one-year Programme of full-time study that offers early-career research students the opportunity to develop and demonstrate mastery in the theory, methods and practice of research within an art and design environment.

MRes RCA pathways are offered in all four Schools (Architecture, Communication, Design and Fine Art & Humanities) and are designed to provide early-career researchers with the intellectual, technical and professional tools with which to complete high-quality research projects, whether at doctoral level or within the cultural and creative industries, working across traditional sociocultural, disciplinary and sectoral boundaries.

## MRes Healthcare & Design

MRes Healthcare & Design is a unique interdisciplinary two-year part-time Programme that draws on the complementary expertise from the Royal College of Art's School of Design and Helen Hamlyn Design Centre, and the healthcare expertise from Imperial College London's medical faculty and the Helix Centre based at St Mary's Hospital in Paddington, London.



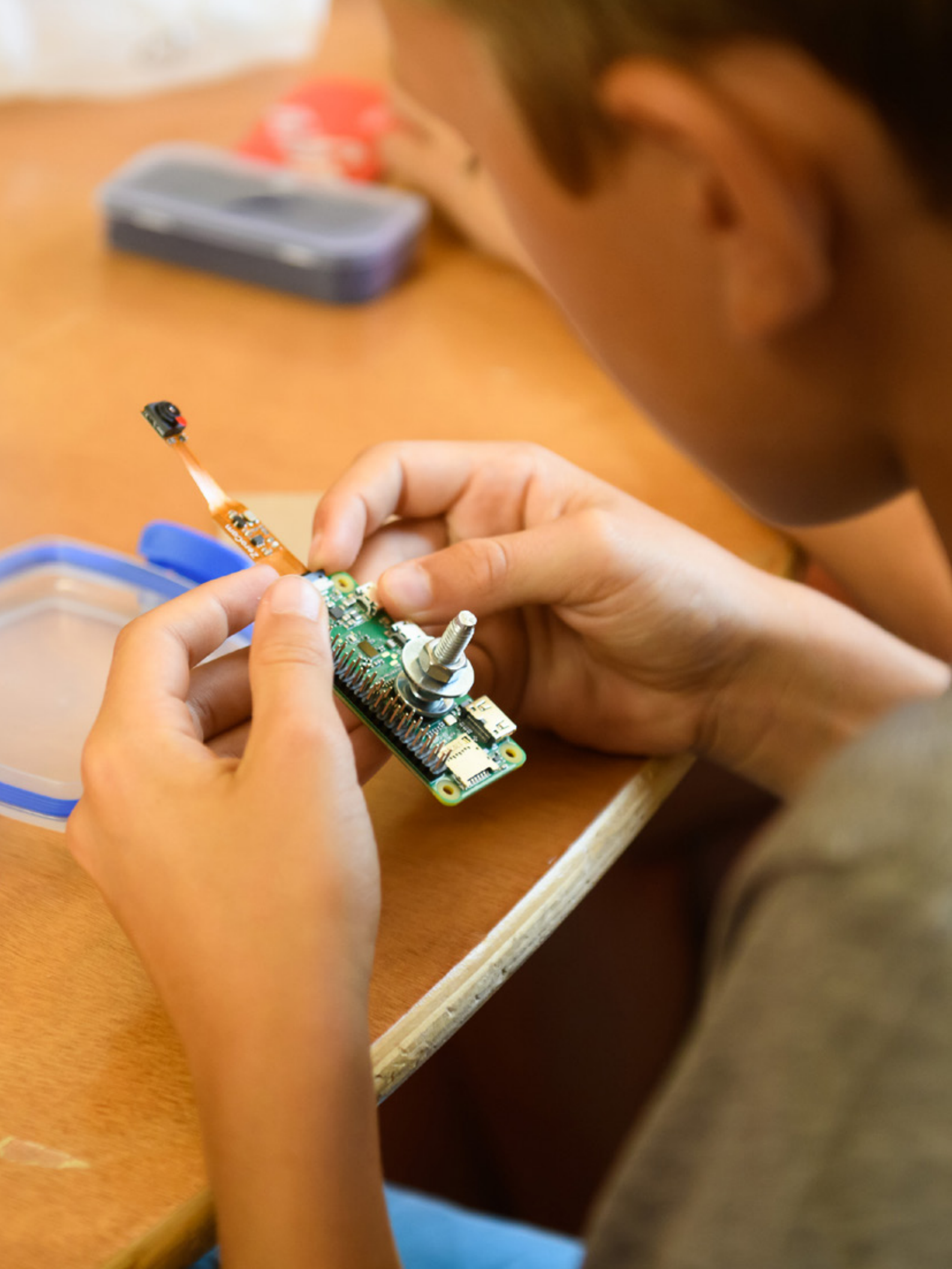
*Show 2018*, MRes  
Healthcare & Design

# TOGETHER WORK

RESEARCH, KNOWLEDGE EXCHANGE & INNOVATION

Research, Knowledge Exchange & Innovation at the RCA continues to grow in scale and scope. This year we have seen the value of our research grant submissions increase by over 200% compared to the previous year – the result not just of more members of staff submitting research proposals, but also of the scale of ambition increasing. The value of research grants successfully awarded in 2017/18 was up 46% compared to the previous year, and the value of knowledge exchange projects with business, industry, policy, community and cultural partners increased by 36% this year compared to last year.





Dr Rob Phillips, a Senior Tutor in Design Products at the RCA, is collaborating with the Interaction Research Studio at Goldsmiths, University of London, on the EPSRC-funded Citizen Naturewatch project. The project aims to bring digital making to a new and broad UK audience by linking with the BBC's award-winning Springwatch series to produce collections of bespoke digital devices that viewers can make at home.

Citizen Naturewatch involves research in the wild, with devices undergoing extended use outdoors. The devices allow experts, community groups and the wider public to capture information about wildlife in ways that are engaging and relevant to scientific and social concerns.

For Springwatch 2018, the team released two open-source designs that the public can easily build at home: one for a camera that photographs when it senses motion, and one for a birdfeeder that incorporates a radio-frequency identification (RFID) reader to read electromagnetic chips in bird rings. This means that scientists do not need to recapture birds to record information about their movement.

The research is addressing two topical challenges together – public engagement with environmental science and wildlife, and public involvement in digital making. As a result of the project, a wide variety of younger and older participants is engaging with the latest technologies and with the changing environment around them.

## Research, Knowledge Exchange & Innovation

Our new research centres, the Intelligent Mobility Design Centre, supported by Hyundai-Kia, and the Material Futures Research Group, supported by Burberry, have all appointed research teams and are delivering research projects and forging new collaborations for the future. The Helen Hamlyn Centre for Design, along with our Knowledge Exchange partnerships and Executive Education programme, are similarly scaling up their activities, particularly in the international arena.

As we build our capacity to work across disciplines, combining our art and design research expertise with insights from science, technology and engineering, we were proud to learn that Dr Sina Sareh, the RCA's recently appointed academic leader in Robotics, was awarded a prestigious EPSRC-UKRI Innovation Fellowship for his project Getting a Grip, which will develop advanced robotic anchoring mechanisms inspired by the adaptive power of the octopus sucker.

Increasingly close working between our Knowledge Exchange team and InnovationRCA resulted in a major success in April 2018, when the RCA became part of the consortium winning £5 million from Research England, part of the Industrial Strategy Connecting Capability Fund, to deliver a MedTech SuperConnector (MTSC) for the UK. The MTSC is a three-year accelerator programme and the RCA is part of a consortium led by Imperial College London alongside the Francis Crick Institute, the Institute of Cancer Research, Queen Mary University of London, the Royal College of Music, the Royal Veterinary College and Buckinghamshire New University. The MTSC accelerator supports early-career researchers, giving them an opportunity to test and apply their research findings in the medtech market, and the RCA is leading on providing incubation and accelerator expertise and knowledge exchange best practice.



**Dr Emma Wakelin**

Director, Research, Knowledge Exchange & Innovation

Our new MRes RCA Programme saw its first cohort graduate this year, and a larger second cohort begin their studies. And we were delighted to have secured funding to support a new generation of RCA doctoral students for five cohorts starting in 2019. The RCA is part of the London Arts & Humanities Partnership led by UCL and King's College London, one of just ten successful doctoral training consortia in this round of the Arts and Humanities Research Council (AHRC) doctoral training partnership funding.





2017/18 saw a number of successes in research and knowledge exchange across all areas of the College. Jonathan West, Senior Research Fellow in the Helen Hamlyn Centre for Design, is a co-investigator on a £4 million research grant from the National Institute for Health Research working in partnership with a team at Oxford University. The Helen Hamlyn Centre for Design also secured a large grant from the Public Health Agency, Northern Ireland, for their Future Foyle project, which was featured in the *Guardian* in September (more detail p. 55). Dr Sam Jacoby (Architecture) was awarded British Academy funding through their 'Tackling the UK's International Challenges' call for his project Collective Forms in China. Dr Elif Ozden (Textiles) was awarded EU funding in the form of a Marie Skłodowska Curie Individual Fellowship, to develop her research in composite nanofibres. And Dr Nick de Leon (Service Design) secured a research consultancy contract of over £1 million with Alpha Health, part of Telefonica.

Jordan Baseman, Head of the Moving Image Pathway in the School of Arts & Humanities, was awarded funding from the Wellcome Trust for his project *Marked*, which explores the personal narratives of female breast cancer survivors. The project funded interviews with female breast cancer survivors who underwent mastectomy surgery but opted for mastectomy scar tattoos instead of reconstruction surgery; these interviews were used to begin script development for an animated film exploring these personal narratives. Baseman has recently received additional public engagement funding from the Wellcome Trust to develop the film further, with a broader focus on the psychological impact of disfigurement and post-surgical trauma.



A number of major bids were submitted at the very end of the 2017/18 year to Research England's new Expanding Excellence in England scheme, totalling approximately £14m: one focusing on building capacity in design-led approaches to human interactions with digital technologies, particularly artificial intelligence and immersive technologies (Schools of Communication and Design), and one on building capacity in our interdisciplinary, industry-facing new research centres in Intelligent Mobility and Material Science. Both bids address key issues set out in the Government's Industrial Strategy Grand Challenges, particularly the Future of Mobility and Artificial Intelligence & Data Economy, and are great examples of researchers across the College collaborating to scale up their research activity.

Opposite right: *Getting a Grip*, Dr Sina Sareh  
 Above left: MedTech SuperConnector Launch  
 Above right: *Marked* (working title), Portrait of Inga, Production still courtesy of Jordan Baseman and Matt's Gallery





**In 2017/18, in addition to new graduates of RCA MA design Programmes, the start-up teams entering the InnovationRCA incubator programme included a member of RCA research centre staff, a graduate of the new MRes Programme, and graduates from Programmes including Architecture, Fashion and Textiles. This increase in the diversity of backgrounds will serve InnovationRCA well as it steadily expands the scale of its operations over the coming years. We are very grateful to Venrex Investment Management, who, having confirmed support for InnovationRCA, agreed to invest in four of the new start-ups entering the incubator programme in 2017/18:**

- **Jiva Materials** (Jack Herring, MA Design Products, 2017) is developing a soluble, flax-based substrate to replace the fibreglass boards used in printed circuit boards, enabling safer, more environmentally friendly recycling of electronic waste. RCA patent filed.
- **Olombria** (Sam Roots, MA/MSc Innovation Design Engineering, 2017; Louis Alderson-Bythell, MA Fashion Womenswear, 2017; Tashia Tucker, MA Architecture, 2017; Greg Orrom Swan, MA Information Experience Design, 2018) is developing pollination systems that use pheromones in a controlled manner to attract flies, making them more effective pollinators and thus reducing dependence on bee populations.
- **FloMark** (Jonathan West, Helen Hamlyn Centre Research Fellow) is a redesigned hospital drip which will improve patient safety by making it simpler for nurses to set the rate of drug infusion accurately.
- **Amy Collins** (MA Textiles, 2017) is a luxury consumer brand developing fashion accessories based on Amy's unique botanical drawings and prints.

One of the longer-established start-ups, Gravity Sketch, has secured over £1 million of investment and will be exiting the incubator this year.

In addition to its start-up incubator programme, InnovationRCA delivered a Design for Health design jam and hackathon over one weekend in February 2018, in partnership with the Royal Society of Medicine and the Chelsea and Westminster Hospital NHS Trust charity, Chelsea & Westminster Plus. The aim of the event was to inspire and catalyse the creation of student start-ups to tackle pressing problems in healthcare, and we were delighted that over 200 students signed up to take part.

InnovationRCA was cited in the Government's Industrial Strategy (2017, p.81) as an example of successful investment by the Government, through the Research England HEIF fund, in supporting universities to respond to business needs.

### **Awards:**

The RCA has been shortlisted in the National Business Awards for the Duke of York Award for University Entrepreneurship for our Knowledge Exchange work. The British Chamber of Commerce in Japan has nominated the RCA and University of Tokyo for a British Business Award in recognition of the joint Tokyo Design Lab project.

Naren Barfield has been selected by UKRI to join the new Research England Council as one of ten board members. Professor Juan Cruz (Dean, School of Arts & Humanities) and Professor Saeema Ahmed-Kristensen (Head of Programme, Design Products) have been appointed to the Art and Design panel for the forthcoming Research Excellence Framework exercise (REF2021).



## Research Centres

**The Helen Hamlyn Centre for Design's** Future Foyle project was featured in the *Guardian*. This project explores how design can help to improve and revitalise the banks of the River Foyle in Derry/Londonderry – an area of the city that has come to be associated with poor emotional wellbeing.

The Helen Hamlyn Centre for Design (HHCD) team's work, led by Ralf Alwani, uses cultural interventions to increase public engagement with the area. The first intervention is Foyle Reeds, an interactive art installation inspired by local flora that grows along the riverside. The 'reeds' will span the length of the Foyle Bridge, creating an aesthetic barrier against the elements to help residents feel more comfortable with crossing the exposed bridge. A key feature of the installation is its use of interactive lighting to provide a sensory experience for passers-by: the tip of each reed will contain an LED light which can change in brightness and colour. An app that allows a member of the public to 'adopt' a reed for a small amount is being developed alongside the installation, to increase the public's sense of shared ownership (and therefore a shared responsibility) not just of the reeds, but of the bridge itself. The lighting installation will help

the bridge to become a bright landmark for the city – an icon that the community can relate to. The second intervention, Foyle Bubbles, is a series of portable pods designed to house arts, commercial, educational and wellbeing initiatives along both sides of the riverfront. These pods offer the opportunity for enterprise and community engagement, and those occupying the pods will undertake mental health training in return for reduced rent.

The aim is that teaching a community to care for one another, within less clinical but rather more everyday environments, will have a positive effect on overall mental health and wellbeing of local people.

A team from HHCD completed a ten-week collaboration with Hong Kong Polytechnic University, with generous support from the Debbie Lo Creativity Foundation. The project, called Ageing in a Vertical City, explored the challenges of ageing in Hong Kong using the principles of inclusive design, with researchers and designers working with older people and care home staff to co-create solutions to improve people's lives.

Foyle Bubbles





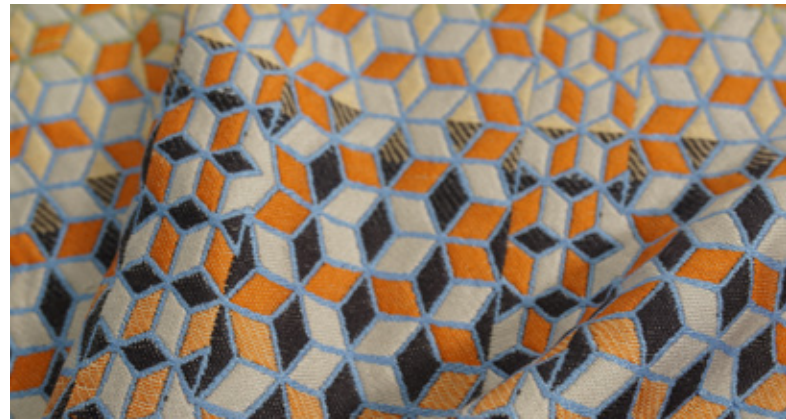
Intelligent Mobility Design Centre

### **Burberry Material Futures Research Group**

We were delighted to announce in 2017 the appointment of Professor Sharon Baurley, formerly Head of Design Products at the RCA, as Chair of the Burberry Material Futures Research Group. The Group is the first explicit 'STEAM' research initiative at an art and design university, and was launched in 2017 following an award of £3 million from the Burberry Foundation. The Group will apply radical thinking to develop new sustainable materials, transform consumer experience and advance manufacturing to benefit the whole industry and wider community. Professor Baurley is in the process of recruiting a research team and completing an initial scoping study for Burberry.

### **The Intelligent Mobility Design Centre (IMDC)**

has established its core research team, with the appointment of Senior Research Fellows Dr Jiayu Wu from Tsinghua University, Beijing, and Dr Artur Masach from Sao Paulo University, Brazil. Their experience in user experience and transport and urban design add to the breadth of expertise in the Centre under Professor Dale Harrow's direction. They are joined by Research Associates Samuel Johnson and Daniel Quinlan, both of whom were previously Research Associates in the Helen Hamlyn Centre for Design. The team has already completed two projects for its major sponsor, Hyundai-Kia, exploring Future Luxury and 'Emotional Tech'.



Immersive Sensory Environment, Amy Collins

### **HELIX**

As the HEFCE grant that established the HELIX Centre as a joint venture between the RCA and Imperial College London's Institute of Global Health comes to an end, HELIX continues to thrive, with the team working on projects including new approaches to stroke rehabilitation and enhancing safety in paediatric emergency dosing procedures. Staff from the School of Design are undertaking collaborative research projects with the Centre.

## Executive Education

**This summer saw a new range of RCA short courses and summer schools on offer, including summer schools in Architecture, Contemporary Art, and Criticism & Curating, as well as short courses for professionals in areas including spatial design, disruptive market innovation, and writing about contemporary art. These attracted over 150 delegates from over 35 countries, all keen to benefit from the RCA's teaching and research expertise. Some of those attending apply to study with the RCA as a direct result of their short course experience, and others return to request the development of a customised RCA executive education programme for their company.**

RCA staff delivered custom short courses for major business clients including Bertelsmann and J P Morgan this year. Repeat business for our bespoke Executive Education courses is steadily building, with clients including Newton Business School (China) and the National University of Singapore returning to the College for the second year running for our Design Thinking & Innovation Masterclass led by Jeremy Myerson. The National University of Singapore's prestigious Business School brought a cohort of 44 of their current Executive MBA students from Asia to the RCA for an intense one-day participatory workshop with Professor Myerson.

Executive Education Workshop







# GENERATION RCA

DEVELOPMENT & ALUMNI RELATIONS

## Thank You

The College would like to express its appreciation to all those individuals, trusts, foundations, corporations and alumni who donated and pledged £6.4m in philanthropic support to the early stage of GenerationRCA, the campaign to secure the future of the Royal College and enable our students, researchers and academics to pursue creative excellence, innovation and entrepreneurship.

GenerationRCA is a celebration of every past, present and future generation of talented RCA students and staff – whose successes make us the world's pre-eminent university of art and design. It is about the generation of new ideas, solutions and visions, and the cross-disciplinary studios, workshops and research and knowledge-exchange labs in which they are spawned.





In 2012, the Clore Innovation Centre opened at the RCA's Battersea Campus, enabled by a multi-year gift from the Clore Duffield Foundation. The Foundation's support enables the work of InnovationRCA, the College's successful business start-up incubator, and the Visiting Clore Innovation Professor, a position that inspires entrepreneurship and provides mentoring of those engaged with the Clore Innovation Centre.

Each year, InnovationRCA receives c. 100 applications from graduates. It selects and incubates ideas with the most compelling design-led social, commercial and technological potential such as Aeropowder, founded by RCA alumna Elena Diekmann (p. 64). Through incubation, designers evolve into entrepreneurs and agents of change, and real businesses are built. The Clore Duffield Foundation's support has enabled pioneering projects to become successful global companies.

In June 2018, the Foundation generously pledged to support plans to expand the Centre in the Royal College of Art's flagship new Battersea South Campus, with a gift of £2 million. In line with the RCA's STEAM agenda, the Clore Innovation Centre will operate from an enlarged space at Battersea South. This will enable a doubling of the number of new start-up businesses incubated, so that even more design insights, responses to user need and lab inventions will turn into commercial innovations and viable businesses.



*Amphibio*, Jun Kamei  
(MA Design Products, 2018)





## Development & Alumni Relations

### Philanthropy at the RCA

GenerationRCA will secure the future of the RCA: a vision rooted in our historic identity, founded on a research-intensive academic framework and embodied in the expansion of our campus in Battersea and the revitalisation of our iconic Kensington home. It will support new investigations – embedding cutting-edge technologies alongside the traditional disciplinary practices that make us who we are.

GenerationRCA will enable the RCA to move into an exciting and vital new era by supporting developments in three key areas:

- **Places** – the development of a new flagship Battersea South Campus, and the refurbishment of the Darwin Building on Kensington Gore
- **People** – creating a significant Scholarship Endowment that will support talented individuals, no matter what their background, to study at the RCA
- **Projects** – investment in research and knowledge exchange that will inform and inspire a new generation of visionary practice in the creative industries, and provide design-led solutions to global challenges.

The following highlights show a few ways our community supported GenerationRCA and demonstrated its belief in the importance of creative endeavours.

### Helen Protheroe

Director, Development & Alumni Relations



## Places

### The Monday Charitable Trust Make the Largest Donation in its History

Robert and Elspeth Lane, through the Monday Charitable Trust, have pledged a gift of £1 million towards Battersea South. It is the largest single gift in the Trust's history. Robert Lane has a unique connection with the location of the RCA's new campus expansion, that goes back more than 80 years.

Chelsea Estates was founded by Robert Lane's grandfather John Munday. In the 1930s, Munday acquired the land currently occupied by the RCA's Battersea South development, where it operated as a major haulage contractor – J R Munday Ltd – fulfilling contracts such as fleets of boarded tilt-van vehicles for the London County Council. The company became known for providing innovative delivery solutions in the busy city streets, by making modifications to the vehicles, such as fitting side hatches to open directly onto the pavement, instead of into the road. Robert still recalls spending time driving the vans in the yard of the Munday depot – admitting that he thinks of his grandfather every time he passes by the site at Battersea Bridge Road.

The family's strong connection with advancing vehicular performance doesn't stop there. Robert Lane's uncle, Reginald Munday, was a racing car pioneer, achieving a notable diesel car record using a Perkins diesel engine at Brooklands Race Track in 1935.

It is the Munday family's enterprising approach to mobility – in and out of the city – which will see the family name honoured in recognition of the gift, by the naming of a key teaching space in the RCA's Intelligent Mobility Design Centre (IMDC). Conducting critical research into the future of transportation, the IMDC will be situated on the ground floor of the new Battersea South Research Building, opening in 2020.



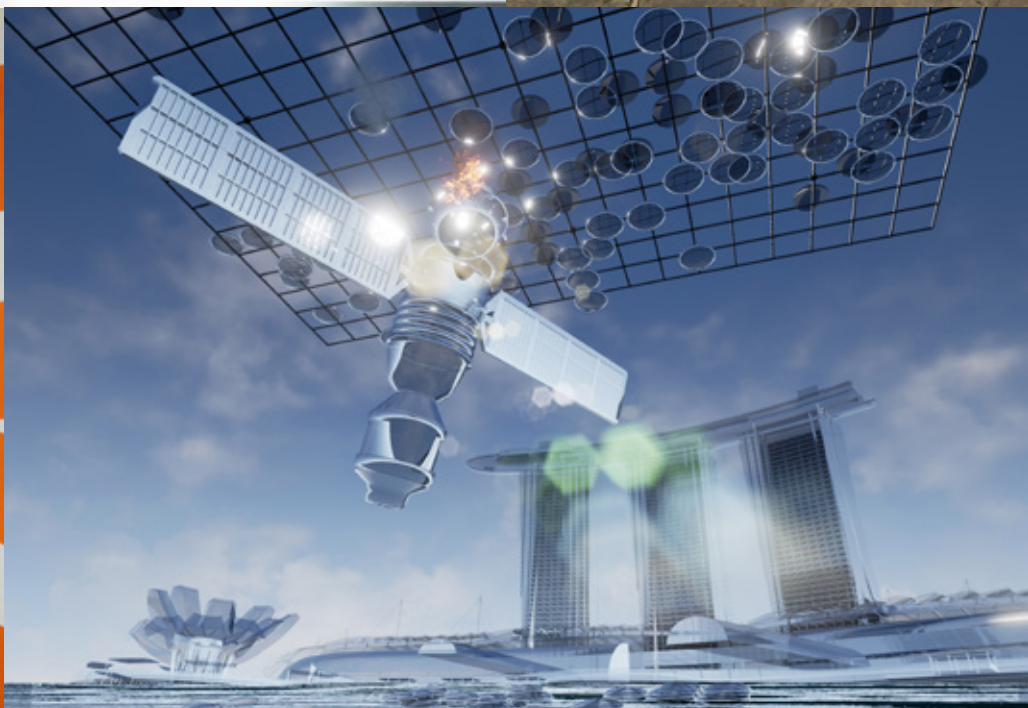
*Strand*, using synthetic fibre weaving for car manufacturing, Elliot Winslow-Thorpe (MA Vehicle Design, 2017)





Charles Kausters  
The Big "Chameleon" being



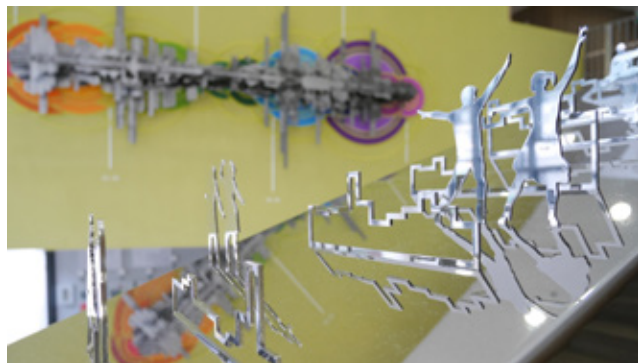




## People

### Inaugural Design Trust/RCA Fellow Addressed Design Curation in a Global Context

The Royal College of Art was delighted to welcome Mina Song as the inaugural Design Trust/RCA Fellow in Design Curation. The Fellowship was established with kind support from the Design Trust, an initiative of the Hong Kong Ambassadors of Design.



### The Royal College of Art Welcomed Six Stavros Niarchos Foundation PhD Scholars

The Royal College of Art and the Stavros Niarchos Foundation were pleased to welcome the first generation of RCA STEAM-focused (Science, Technology, Engineering, Art and Mathematics) doctoral students to benefit from the Stavros Niarchos Foundation STEAM Scholarship & Research Fund, established earlier this year to strengthen the RCA's leadership and innovation in three new fields.

Fellows will help build the foundations for the RCA's research activity and capacity in City Design, Machine Learning and Materials Science, aiming to deliver creative solutions at the vanguard of design and technology to help solve today's global challenges.

### Tony Snowdon Scholarship Supports its First Scholar

In recognition of Lord Tony Snowdon's long association with the Royal College of Art, the RCA was chosen as the Snowdon Trust's first partner as it launched a programme of scholarships for disabled students undertaking Master's degrees.

The Tony Snowdon Scholarship aims to give a small number of exceptionally talented disabled people an opportunity to achieve their true potential through studying at the RCA. Open to students with physical and sensory disabilities, the scholarship covers the recipients' full Master's fees for a two-year Programme and provides a grant of £15,000 per annum towards living costs. Provost of the RCA from 1995 to 2004, Lord Snowdon also endowed a series of awards for disability design projects at the College's Helen Hamlyn Centre for Design.

The Tony Snowdon Scholarship programme was launched to celebrate the fortieth anniversary of the publication of the Snowdon Working Party's groundbreaking 1976 report, *Integrating the Disabled*. An investigation into issues affecting disabled people, the report also made a series of key recommendations on better integrating disabled people into society. *Integrating the Disabled* laid the foundations for a transformation in attitudes towards disability in areas such as education, employment, housing, public transport, sport and accessibility of public buildings. Almost two decades later, in 1995, the Disability Discrimination Act was passed by Parliament.

The inaugural recipient of the Tony Snowdon Scholarship is Ryan McDonagh. Ryan completed his first year of study on the Visual Communication Programme in summer 2018. His dissertation investigated accessibility in London, in particular the underground Tube system, and how it can be improved in the future.

## Projects

### Stewarts Law RCA Secret 2017

Stewarts Law RCA Secret 2017 saw nearly 1,500 postcard-sized artworks exhibited and anonymously sold to raise money for the RCA Fund in the 23rd edition of the unique fundraising initiative. Nearly 400 alumni took part, and contributors included Tracey Emin, Orla Kiely, Paul Smith, Lord Norman Foster, Grayson Perry and Sir James Dyson. More than £54,855 was raised for the RCA Fund, helping to ensure that the best students can access an RCA education regardless of their background or financial circumstances by providing scholarships and bursaries for talented students in need.



Stewarts Law RCA Secret 2017

### Burberry: Material Futures Research Group and Scholarship

In June 2017, the Burberry Foundation awarded £3 million to the RCA to establish the Burberry Material Futures Research Group (BMFRG) – the first of its kind in the world – and expand the Burberry Design Scholarship fund in line with Burberry's new five-year responsibility agenda.

Established with a five-year grant of £2.25 million, BMFRG is the first explicit 'STEAM' research centre at a traditional art and design university, applying radical thinking to invent more sustainable materials, transform consumer experience and advance manufacturing for the benefit of industry and the wider community.

Alongside this, £750,000 was pledged to expand the existing Burberry Design Scholarship at the RCA to support more than 30 UK and EU students between 2017 and 2023.

The BMFRG is delivering the academic vision for materials science research outlined in the RCA's strategic plan 2016–21. The Group will act as a virtual Centre until it takes up its permanent home in the College's new Battersea South Campus, and plans to achieve demonstrable economic and social impacts through influencing research agendas, industry leaders and policy-makers in the UK and internationally.

This year, Professor Sharon Baurley was appointed as Professor of Design and Materials and the Chair of the BMFRG, to drive the commercial and practical application of material science research outcomes through industry-facing collaborations.

Eight RCA students received Burberry Design Scholarships in 2017/18, representing seven Programmes from across the College's four Schools: Architecture, Design Products, Fashion, Photography, Print, Textiles and Visual Communication. In 2018/19, the cohort will grow to 16.





## Alumni RCA

With active alumni communities all over the world, we regularly reach out to over 20,000 alumni, residing in more than 70 countries around the globe.

RCA alumni from all generations continue to play an instrumental role in defining the impact art and design has on society. An impressive percentage of RCA alumni is employed at the appropriate post-MA level within one year of graduation, across diverse industries and disciplines. Many of our alumni go on to become leaders in their fields, establishing their own art or design business, while others hold senior roles at the most celebrated design-led companies in the world: from Peter Russell-Clarke, industrial designer at Apple, to Clare Waight Keller, Artistic Director at Givenchy, and Peter Schreyer, Head of Design Management at Hyundai-Kia.

Not surprisingly, our alumni are major figures all across the creative industries. Sir David Adjaye, Tracey Emin, David Hockney, Chris Ofili, Thomas Heatherwick, Orla Kiely, Zandra Rhodes and Christopher Bailey are among some of our most accomplished alumni whose work has made important contributions to their fields, to society and to culture.

Every year RCA alumni are recognised around the world as innovators and leaders in their disciplines, making headlines on both a national and international scale. News from 2017/18 includes: Clare Waight Keller (MA Fashion Knitwear, 1993) designing the wedding dress for the Duchess of Sussex, Meghan Markle; 2017 Turner Prize winner Lubaina Himid (MA Cultural History, 1984) and South Bank Sky Arts Award winner Rose Wylie (MA Painting, 1981) were honoured in the Queen's annual Birthday List with an OBE; Anita Corbin (MA Photography, 1983) celebrated the 100th anniversary of women's suffrage in the UK with an exhibition of *100 First Women* (honouring a group of British women who were the 'first' in their respective fields); and Sir Ridley Scott (ARCA Diploma Graphic Design, 1961) was awarded the BAFTA Fellowship, giving a heartfelt speech at the televised ceremony.

Building on the successes of international activity in 2016/17, official AlumniRCA Clubs are being established across the world, with alumni volunteers taking the lead on events in their areas closely supported by the College. This year saw annual receptions held in Shanghai, Hong Kong, San Francisco, Los Angeles and New York, hosted through our AlumniRCA and RCAUSA communities.

## Alumni Council

Sir David Adjaye OBE  
(MA Architecture, 1993)

Frank H Auerbach  
(ARCA Diploma Class I Painting,  
1955)

Christopher Bailey MBE  
(MA Fashion Womenswear, 1994)

David Constantine MBE  
(MDES Computer Related Design,  
1990)

Sir James Dyson CBE, OM  
(MDES Furniture, 1971)

Tracey Emin CBE  
(MA Painting, 1989)

Lady Hamlyn  
(DesRCA Diploma Fashion, 1955)

Thomas Heatherwick CBE  
(MA Furniture, 1994)

David Hockney OM CH RA  
(ARCA Diploma Class I Painting,  
1962)

Alison Jackson  
(MA Photography, 1999)

Asif Kapadia  
(MA Film & Television, 1997)

Orla Kiely OBE  
(MA Knitted Textiles, 1992)

Professor Magdalene Odundo OBE  
(MA Ceramics & Glass, 1982)

Dame Zandra Rhodes DBE  
(DesRCA Diploma Class I Textile  
Design, 1965)

Peter Schreyer  
(MA Vehicle Design, 1980)

Sir Ridley Scott  
(ARCA Diploma Graphic Design,  
1961)

Emma J Shipley  
(MA Textiles, 2011)

Clare Waight Keller  
(MA Fashion Knitwear, 1993)

## RCA USA

Chair: Tim Brown  
(MDES Industrial Design, 1987)

Treasurer: Professor Tony Jones

Caroline Baumann

Deborah Lloyd  
(MA Fashion Design, 1988)

Peter Russell-Clarke  
(MA Industrial Design, 1993)

Dr Paul Thompson





*Politeness*, Taeyoung Choi  
(MA Information Experience Design, 2018)

# HONORARY DEGREES

## **Honorary Doctors**

Dr Sue Black OBE  
*Computer scientist  
and digital evangelist*

Siobhan Davies CBE  
*Choreographer*

Peter Gabriel  
*Musician and songwriter*

## **Professor Emeritus**

David Rayson  
*Professor of Painting*

## **Honorary Fellows**

Dinah Casson  
*Environmental and  
exhibition designer*

Judith Hall  
*Former Assistant to  
the Vice-Chancellor*

Professor Hiroshi Kashiwagi  
*Design historian and curator*

Ben Kelly  
*Founder  
Ben Kelly Design*

Dr Louise Kiesling  
*Designer and joint Chairman  
VW Automative Group  
Supervisory Board*

Stephen Rockman  
*Founder, Mersim Capital, and  
entrepreneur in residence  
InnovationRCA*

Kinya Tagawa  
*Design engineer and Partner  
Takram*

## **Fellows**

Maria Ohlson  
*Senior Registry Administrator*

Octavia Reeve  
*Head of Content Strategy  
Communications & Marketing*

Michael Turco  
*School General Manager  
School of Arts & Humanities*

Alex Watt  
*Technology Coordinator  
IT Services*

Amanda White  
*Director of Finance*

# APPOINTMENTS

Professor Saeema Ahmed-Kristensen  
*Head of Programme*  
*Design Products*

Professor Sharon Baurley  
*Professor of Design & Materials, and*  
*Chair of the Burberry Material Futures Research Group*

Professor Suzanne Buchan  
*Head of Programme*  
*Animation*

Paul Draper  
*Programme Manager*  
*Buildings & Estates*

Phil Harvey  
*Executive Director for Transformation & Delivery,*  
*Vice-Chancellor's Office*

Claudia Linden  
*Deputy Director of Finance*

Lucy Kennedy  
*Executive Director*  
*Research Centres*

Lee Rose  
*Head of Information & Communication Technology*  
*Information, Learning & Technical Services*

Dr Stephen Wang  
*Head of Programme*  
*Global Innovation Design and Innovation Design Engineering*



# DONORS & SUPPORTERS

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 of Framework Knitters  
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 Monica Ford  
 Ben Hillier  
 Orene Joyce Robinson

### **Legacy Circle**

John W Coleman  
 The Desty Family  
 Michael & Caroline Howes  
 Annie Woodford-Taylor  
 Stanley Tucker  
 Linda Ward

### **Partnerships**

Conduit Club

### **Alumni Council**

Sir David Adjaye OBE  
 Frank H Auerbach  
 Christopher Bailey MBE  
 David Constantine MBE  
 Sir James Dyson CBE, OM  
 Tracey Emin CBE

Lady Hamlyn  
 Thomas Heatherwick CBE  
 David Hockney OM CH RA  
 Alison Jackson  
 Asif Kapadia  
 Orla Kiely OBE  
 Professor Magdalene Odundo OBE  
 Dame Zandra Rhodes DBE  
 Peter Schreyer  
 Sir Ridley Scott  
 Emma J Shipley  
 Clare Waight Keller

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 University of Oxford  
 University of York  
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 Wellcome Trust  
 Worktech Academy  
 WSP

\* Donors of Royal College of Art USA, Inc

## **Trade Union Facility Time 2017/18**

### **1 April 2017 – 31 March 2018**

Section 13 of the Trade Union Act 2016 introduced a new requirement to publish data on facility time in 'public sector employers', including HEIs, in England and Scotland.

#### **Trade union representatives and full-time equivalents**

Trade union representatives: 5

FTE trade union representatives: 4.2

#### **Percentage of working hours spent on facility time**

0% of working hours: 0 representatives

1–50% of working hours: 5 representatives

51–99% of working hours: 0 representatives

100% of working hours: 0 representatives

#### **Total pay bill and facility time costs**

Total pay bill: £18,745,000

Total cost of facility time: £23,000

Percentage of pay spent on facility time: 0.12%

#### **Paid trade union activities**

Hours spent on paid facility time: 780

Hours spent on paid trade union activities: 70

Percentage of total paid facility time hours spent on paid TU activities: 8.97%





*Space Pulgs for Zero Gravity.*  
Anna Talvi  
(MA Fashion Menswear, 2018)

AGGREGATE  
2017/18

**OVER THE COURSE OF THE YEAR, THE  
RCA HAS CONTINUED TO DEMONSTRATE  
FINANCIAL RESILIENCE, HAVING  
ACHIEVED AN IMPROVED NET CASH  
INFLOW FROM OPERATING ACTIVITIES.**



# £52.5m

CORE INCOME\* OF £52.5M, 20% FROM  
FUNDING COUNCIL GRANTS

KEY  
FINANCIAL  
HIGHLIGHTS

## 20%

# £6.4m

£6.4M OF DONATIONS AND ENDOWMENTS  
INCOME (CASH RECEIVED) IN YEAR

# £14.8m

## 24%

£14.8M NET CASH INFLOW FROM OPERATING  
ACTIVITIES, 24% OF TOTAL INCOME

# £10.3m

£10.3M OF CAPITAL INVESTMENT

# 2.5%

CORE UNDERLYING OPERATING  
SURPLUS\*\* OF £1.3M,  
2.5% OF CORE INCOME

# £1.3m

# No loans

FOR THE FIRST TIME SINCE 2008/9

\*Core income is defined as Total Income before Donations and Endowments, and excluding £2.2m deferred capital grant release.

\*\*Core underlying operating surplus is defined as Unrestricted Comprehensive Income for the year, excluding £0.9m unrestricted donations, £2.2m deferred capital grant release and £1.3m loss on disposal of fixed assets.

# TREASURER'S REPORT



Caragh Merrick, Treasurer

- 1 Core underling operating surplus is defined as Unrestricted Comprehensive Income for the year, excluding £2.2m deferred capital grant release, £1.3m loss on disposal of fixed assets and £0.9m unrestricted legacy donation. Further details can be found on page 101.
- 2 Core income is defined as Total Income before Donations and Endowments, and excluding £2.2m deferred capital grant release. Further details can be found on page 91.



A new five-year financial plan was approved by Council, including £124m of investment funding, which is needed to deliver the infrastructure projects and academic development initiatives that will further transform the student experience.

I am delighted to provide the Royal College of Art's Treasurer's Report for the fourth year – one that has seen the completion of significant milestones towards the College's ambitious strategic plan, not least the preparations for building at the Battersea South campus.

Over the course of the year, the RCA has continued to demonstrate financial resilience, having achieved an improved net cash inflow from operating activities (2017/18: £14.8m, 24% of total income; 2016/17: £10.8m, 17% of total income). Cash generation is an important part of the College's financial strategy, which is formulated to support investment in sustainable development and future growth. The core underlying operating surplus<sup>1</sup> (2017/18: 2.5% of core income<sup>2</sup>; 2016/17: 8%) was lower than prior year largely due to a planned increase in strategic investment, including funding for new programme development and international initiatives.

A new five-year financial plan was approved by Council in July. It includes £124m of investment funding, which is needed to deliver the infrastructure projects (buildings and digital) and academic development initiatives that will further transform the student experience, including the funding needed to complete the Battersea South campus. Given the scale of the transformation, the College has also begun investing in interim senior staff with significant experience in change implementation and major project management. These staff will be joining the College for fixed terms of between two and three years to help the College implement its strategic plans. Although the impact of this investment will be seen more fully in next year's results, the first appointment was that of an Executive Director of Transformation & Delivery who joined the College in June and will be responsible, over the next three years, for leading a number of projects including the new campus development.

The College continues to build academic resilience through the introduction of new Programmes (see **Vice-Chancellor's Foreword**, p. 2). The findings from the final report by EY Parthenon on the market intelligence commissioned about the new Programmes and Pathways that were included as proposals in the Strategic Plan will be valuable in guiding the development of further new academic offers over the next two to three years.

As the RCA grows into its position as the UK's leading STEAM-focused university of art and design, we've seen investment in research, from new centres of expertise, to knowledge exchange, to partnered projects. Of note among major awards is the substantial investment in InnovationRCA by Venrex, to increase funding for start-ups, build capacity and ensure that the centre is on track to deliver the Key Performance Indicators (KPIs) outlined in the Department for Business, Energy and Industrial Strategy (BEIS) business case for Battersea South (see **Research**, p. 57)

The current educational landscape is not without its challenges. UK Government funding continues its downward trend: in 2017/18 Higher Education Funding Council (HEFCE) funding represented 20% of income; in 2018/19 it is forecast to be 15%. Considerable uncertainty remains around the Office for Students (OfS), as the disburser of non-Quality Related (QR) research funds. For example, the future of Institutional Specific Targeted Allocation (ISTA), which is the additional OfS funding the College currently receives as a specialist institution. The College's future planning has proved robust, as these risks were considered in 2015/16, and have been tested again alongside other key delivery risks and sensitivities as part of the 2018–23 financial plan update.

On the broader political landscape, we experienced a year of considerable change, with the introduction of the new Office for Students regulator and the new GDPR data privacy laws. Brexit, and its implications for our European students, research partnerships and staff is a significant concern for the higher education sector. Strategic plans for risk management addressing a variety of Brexit scenarios have been mapped out by the Vice-Chancellor's Group. The College's investigations into international opportunities as part of its Internationalisation Strategy continue to be important, in response to the UK Government's plans to leave the European Union.

Bursary and scholarship funding fell during the year as transition funding related to the withdrawal of the HEFCE bursary scheme came to an end. Scholarships remain a priority, particularly for overseas and US recruitment. There have been some successes: Aedas has agreed to increase its scholarship to Chinese students in Architecture and City Design. In addition, this year has seen an increase in philanthropic activity in support of named scholarships (more details can be found in the Development & Alumni Relations section on page 71), including a generous donation from Ms Ling Liu to establish the Liu Ling Scholarship for Service Design students. To ensure maximum returns, the College reviewed its investment policy during the year and moved its endowed investments to Close Brothers Asset Management.

The financial statements that follow demonstrate the Royal College of Art's continued ability to deliver as a world-leading art and design university. Please do take the opportunity to learn more about the work of this unique institution by reading the accompanying review.



**Caragh Merrick**  
*Treasurer*

## Overview of the Year

This has again been a highly cash generative year, with net cash inflow from operating activities of £14.8m (24% of total income), compared to £10.8m (21% of total income, excluding the £12m capital grant) in 2016/17. This increase reflects the College's continued strength in student recruitment, more timely tuition fee invoicing enabled by the College's new Student Information System and an increase in cash from donations linked to the College's new Battersea South campus development.

In line with policy, excess cash was used to pay down borrowings. As a result the College ended the year with zero debt for the first time since 2008/9, and with access to £28m of undrawn revolving credit facility.

## Total Income

Total income for the year of £61.1m, included £2.2m of deferred capital grant related to the disposal of the Sculpture Building in preparation for the Battersea South development. The 2016/17 total income of £62.9m included £12m of match-funded capital grant income relating to the purchase of freehold land at Battersea. Income also included £6.4m associated with new donations and endowments (2016/17: £2m), the majority of this improvement was as a result of the increased focus of fundraising related to Battersea South.



## Core Income

	Year ended 31 July 2018	Year ended 31 July 2017
Total Income	61,080	62,893
Donations and Endowments	(6,434)	(1,991)
Deferred grant release	(2,196)	–
Capital Grant	–	(12,000)
<b>Core Income</b>	<b>52,450</b>	<b>48,902</b>

Core income, which excludes the match-funded grant and income from donations and endowments, grew 7% during the year to £52.5m (2016/17: £48.9m). This growth was largely driven by an increase in student numbers and associated tuition fee income, partly enabled by the launch of the Graduate Diploma and by the introduction of three other new Programmes; City Design, Environmental Architecture and Digital Direction.

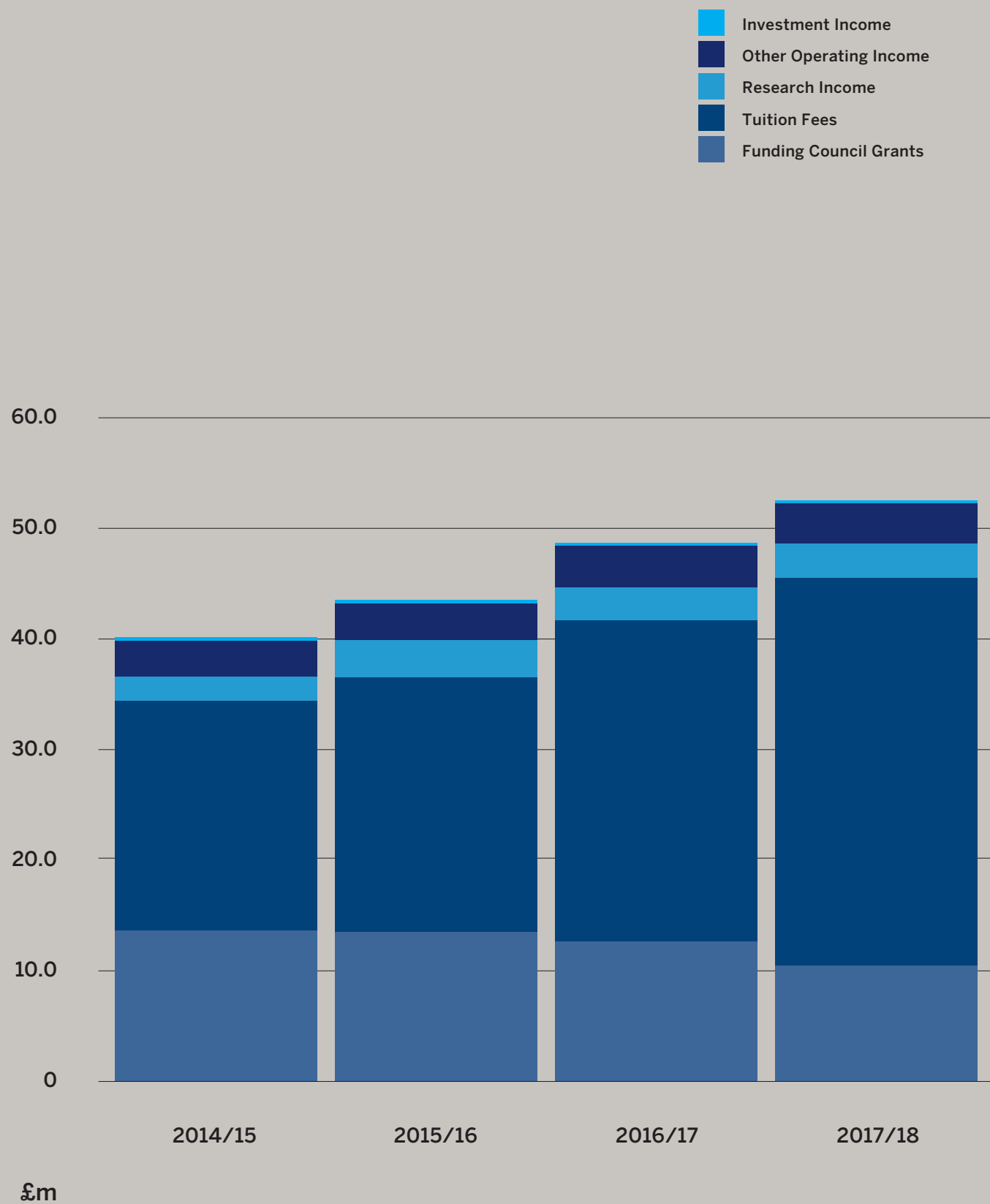
Income from tuition fees grew 20% to £34.9m (2016/17: £29.2m), representing 67% of the College's core income compared to just over 50% in 2014/15. The College continues to develop its postgraduate taught programmes, with 2,024 FTE (full-time equivalent) students registering in 2017/18, 52% of whom were from outside the EU (2016/17: 1,796 FTE, 36% overseas).

Applications for places at the College remain strong, however we cannot be complacent regarding the uncertainty created by Brexit, the cost of living and studying in London, increasing international competition and the financial pressures on UK students who may have accrued significant debts as a result of undergraduate student loans. Our focus continues to be on improving the student experience, launching new learning initiatives including accelerated Programmes, and identifying and delivering efficiencies in our professional services. We are also looking to develop more flexible study routes and pathways into MA study.

Income from Higher Education Funding Council for England (HEFCE) / Office for Students and Research England grants fell 18% in 2017/18 to £10.5m (2016/17: £12.7m). In 2010/11 the College received almost half of its income from this source; this figure has now reduced to a fifth (20%) of core income. Bursary funding fell by £1.6m following the withdrawal of HEFCE bursaries and there was a £0.5m reduction in the College's Institute Specific Teaching Allocation (ISTA).

Research and other income levels were similar to prior year.

## Core Income



## Total Expenditure

Total expenditure increased 16% to £53.9m (2016/17: £46.4m), reflecting the growth in student numbers and investment to support the College's Strategic Plan. 2017/18 spend included c. £1m of Battersea South project-related costs (Rights of Light insurance and demolition costs) and £1m of other strategic investment spend, including funding for academic programme development, international projects, market research and consultancy support for the development of the College's new five-year operating and financial plans.

Staff costs of £21.8m included a provision release (£0.4m) relating to a deficit repayment charge for the SAUL pension scheme (Superannuation Arrangements of the University of London). At the 31 March 2017 valuation, SAUL was fully funded on its Technical Provisions so no new deficit contributions were required. The Trustee and the Employers have agreed that the ongoing Employers' contributions will continue at a rate of 16% of Career Average Revalued Earnings (CARE) salaries. Excluding the pension adjustment, underlying staff costs increased 13% to £22.2m (2016/17: £19.6m) driven by an increase in academic and technical staff linked to higher student numbers, plus investment in professional services posts linked to fundraising, student recruitment and fixed-term projects.

Premises costs increased 17% to £8.7m (2016/17: £7.4m) following the addition of the College's White City campus at the end of 2016/17. Also linked to this was an increase in catering costs (and income).

Expenditure on bursaries, scholarships, prizes and awards fell to £2.7m (2016/17: £4.0m) representing 5% of the College's total expenditure, compared to 11% in 2015/16. The reduction reflects the withdrawal of the HEFCE-funded bursary scheme.

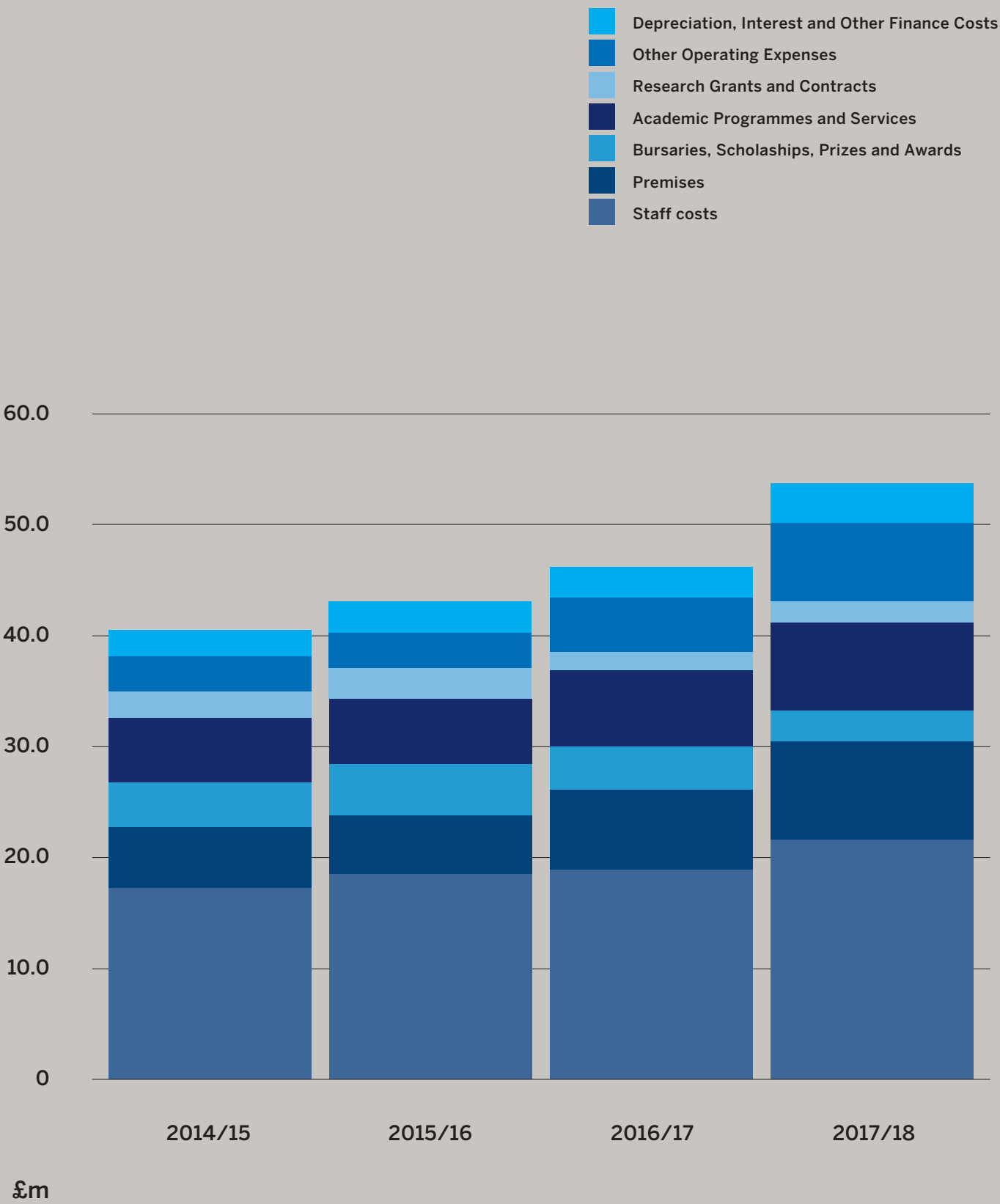
Depreciation and amortisation charges increased 26% to £3.4m due to the investment and capitalisation of the new Radstock Yard building at Battersea and development in strategic IT systems such as the Student Information System.

## Bursaries and Scholarships

Following the withdrawal of the HEFCE-funded bursary scheme, the College continues to pursue avenues through which it can secure new funding. During the year, the College distributed just over £1.1m of funding for named scholarships, benefiting students in each of its academic Schools, which is a significant increase from the previous year. These named scholarships were mainly awarded during the Programme application process, enabling talented applicants to take up places that they would otherwise have had to turn down for financial reasons. Additionally, the College has distributed £0.2m to enrolled students to help enable those in financial difficulty to complete their studies. This was mainly allocated via the Continuation Fund, which ran as an open-call for all continuing students, and the Back on Track Fund which exists to help students out of crisis situations.



Total Expenditure

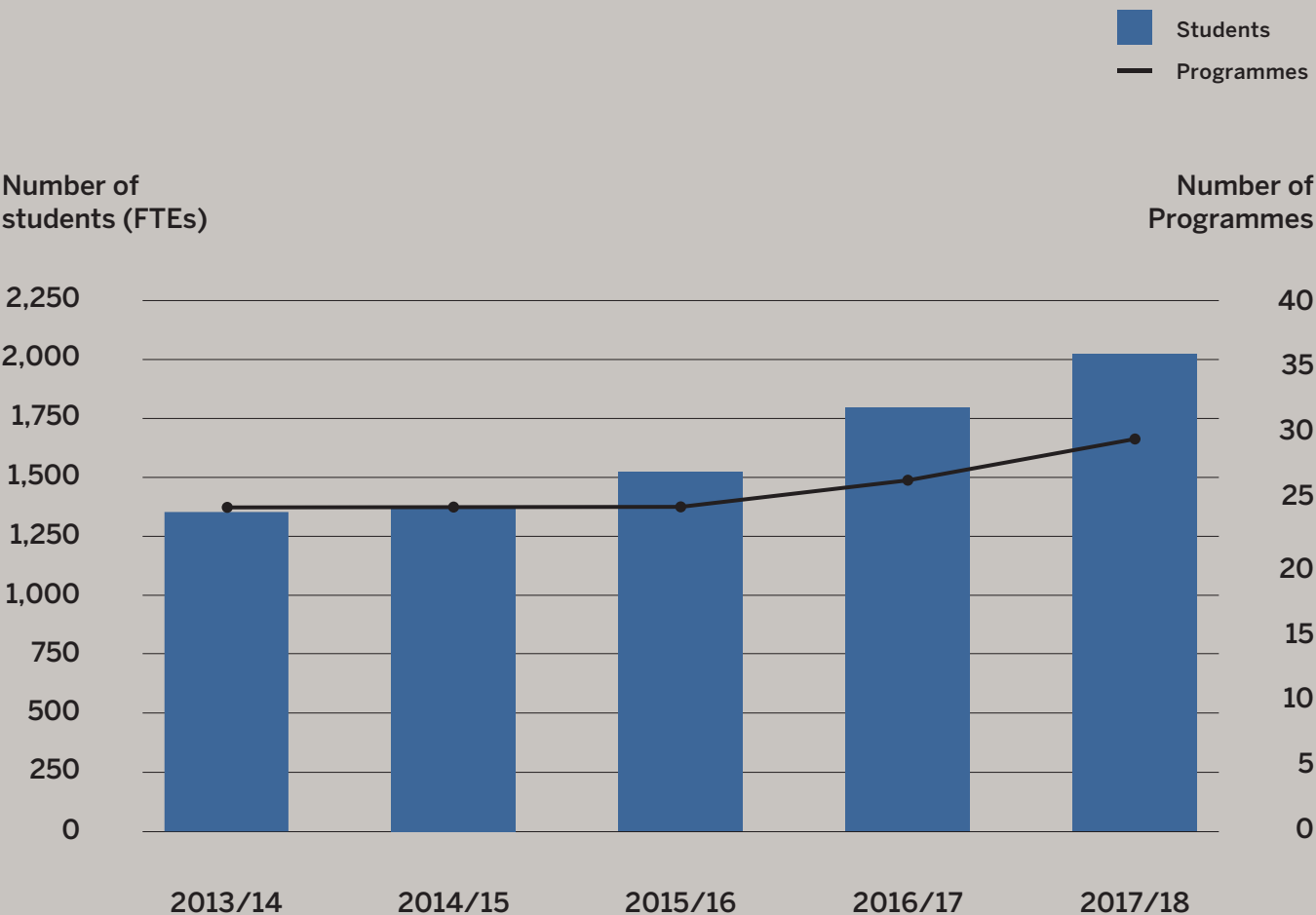


Goal 1: To advance art and design education

The 2016–21 Strategic Plan outlines the roadmap for the development of the College's taught Programmes. Over the planning period, the College will develop new Programmes to ensure that it remains at the forefront of art and design education, and explore more flexible teaching models to meet the needs of students and employers.

The RCA has a strong track record of preparing its postgraduate students for careers in art, design and the creative sector. For example, Service Design continues with its high degree of employability among the world's leading companies, professional services and design firms and Government departments. Its recent graduates have joined McKinsey, Boston Consulting

Group, Accenture, Ernst & Young, Tata Consulting Services, Lloyds Banking Group, Porsche, LiveWork, We Are Just, Idean UK and Government departments including the Ministry for Housing, Communities and Local Government, Public Health England, Government Digital Service, Ministry of Justice and the Chilean Government Laboratory.

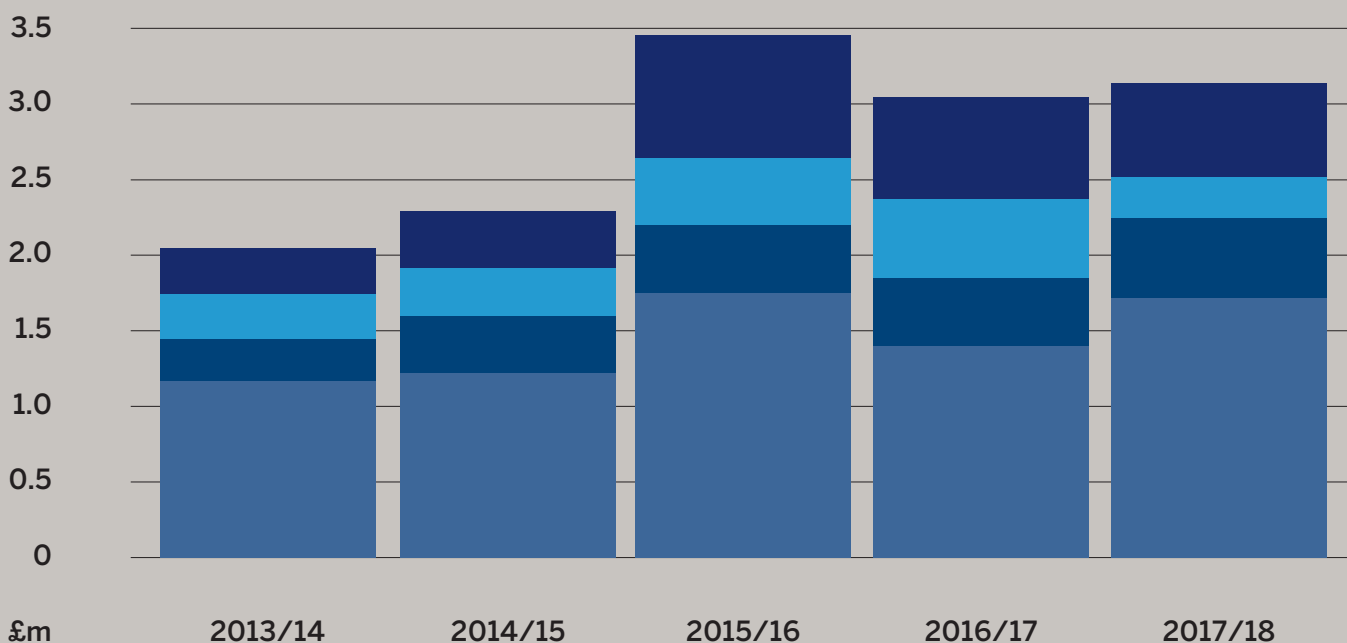
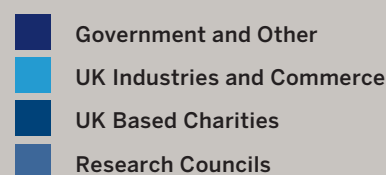


## Goal 2: To create new knowledge in art and design through research and scholarship

The RCA continues to expand its world-leading research and to invest in developing the research careers of its staff and research students. Income from research grants and contracts totalled £3.1m in 2017/18, comparable to the prior year, but with growing success in winning larger-scale research awards.

We again secured some major awards from the new UK research funding body UK Research & Innovation (UKRI), which incorporates the UK Research Council, InnovateUK and Research England, and takes over the research and knowledge exchange functions of HEFCE. These included, for the first time, a number of UK Government Industrial Strategy fellowships for

early-career researchers secured through our LDoc doctoral training consortium. Income from UK-based charities included a grant from the Wellcome Trust and an Engineering and Physical Sciences Research Council (EPSRC)–UKRI Innovation Fellowship was awarded to Dr Sina Sareh, the RCA's academic leader in Robotics. Jonny West, Senior Research Fellow in the Helen Hamlyn Centre for Design, was named co-investigator on a £1.6m research grant from the Economic and Social Research Council (ESRC) for PASS (Preserving Antibiotics through Safe Stewardship), a collaborative research framework that will provide vital information on how we use antibiotics across society and the health system.





### **Goal 3: To enhance knowledge exchange and foster innovation**

Income from contract research, consultancy and studio projects continues to increase in scale and in surplus generated for the College, through careful management and pricing of projects. These include the continuation of the Design for Safety research commissioned by Lloyds Register Foundation and delivered by researchers in the School of Design, which works across a wide range of sectors, including projects for British Land, Bentley Motors, L'Oreal, Royal Bank of Scotland and Fujitsu.

Income from UK industry and business increased with major industry-funded research projects for Telefonica, Phillips Healthcare and Huawei, as well as for a consortium of businesses in Japan through our partnership with the University of Tokyo's Institute of Industrial Science (the RCA–IIS Tokyo Design Lab).

The growth of our Executive Education programmes continues, with more short courses offered over the summer, and with more bespoke programmes and masterclasses in creative and cultural leadership and design-led innovation offered all year round to international major business clients. Income of £0.6m was slightly down on prior year despite an increase in the number of programmes undertaken as income generated from 2018 summer short courses will be recognised in the next financial year.

## Enabling Strategy 1: Institutional positioning

As noted in the Vice-Chancellor's Foreword, 2017/18 has seen significant steps taken towards the realisation of the Strategic Plan 2016–21, and these are reflected in the activities relating to institutional positioning.

In March 2018, for the fourth year running, the College met its primary KPI for institutional positioning and was named the world's leading university of art and design in the prestigious QS World University Subject Rankings 2018.

High-profile appointments, partnerships, events and projects continue to confirm the RCA as a voice of authority for design and art internationally – across influence, practice, pedagogy and research.

The College agreed a partnership with CERN during the year that brought together science, technology and design to propose solutions for international sustainability challenges. Among other partnerships, the College also hosted the Future Homes for London: Alternate Models conference, repositioning architecture and attracting the attention of policymakers from London government, including the GLA, and signed an agreement with the RCA and the Central Academy of Fine Arts (CAFA) in Beijing, focusing on the close relationship between design and society, the future of design education, and international cooperation between the RCA and CAFA.

The new building at Battersea is instrumental in the RCA's future planning to be an institution that provides transformative experiences for individuals who will go on to transform the world. Advocacy for the university's contribution to the UK economy and cultural and creative industries has brought positive political attention. Jo Johnson, Minister for Universities and Science, visited the RCA for a tour of start-up companies incubated by InnovationRCA, as well as the site of the new Battersea South building. Marsha de Cordova, the newly elected Labour MP for Battersea, toured the RCA and met staff from InnovationRCA, the Helen Hamlyn Centre for Design and the Ceramics & Glass Programme, as part of the celebrations of the 50th anniversary of the College's Royal Charter and 180 Years of the RCA.

Recent and established alumni continue to evidence the College's ambition to be recognised as the world's most influential art and design university, graduating more world-leading artists and designers than any other single university. Anna Mantzaris (MA Animation 2018) won 15 international awards for her RCA short film *Enough*. Three out of four nominations for the prestigious Turner Prize were alumni: Hurvin Anderson (MA Painting, 1998), Andrea Büttner (PhD Printmaking, 2010) and Lubaina Himid (MA Cultural History, 1984).

## Enabling Strategy 2: Estates and infrastructure

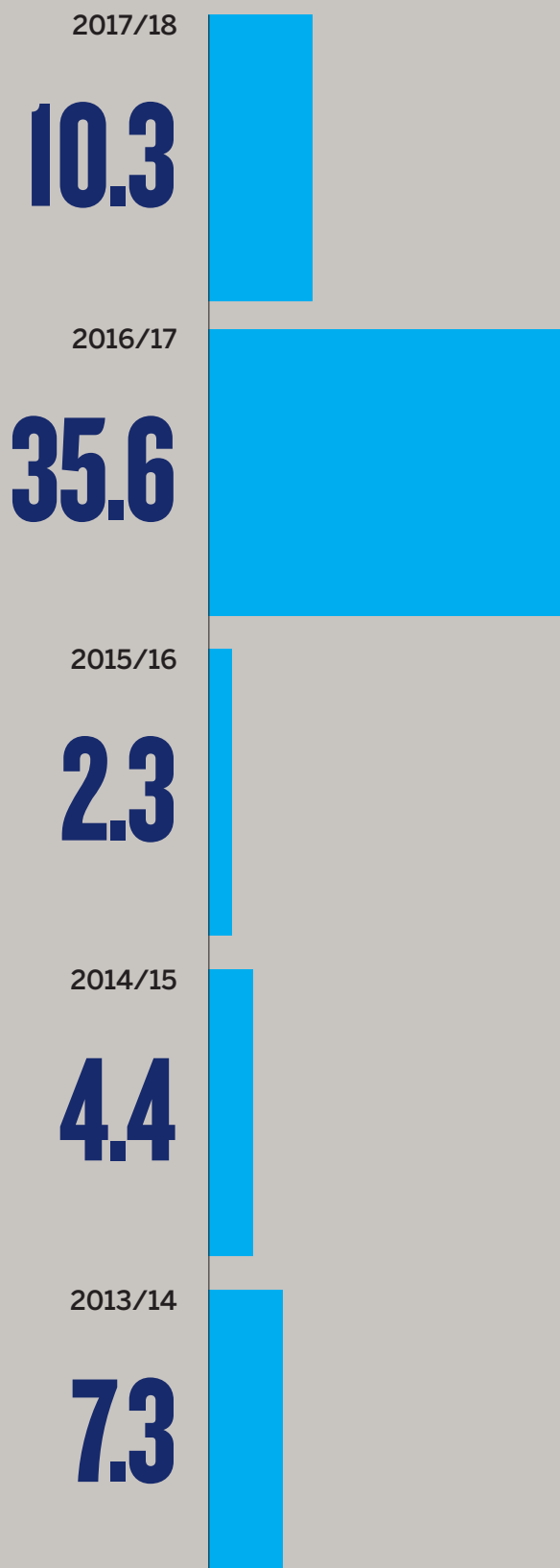
The RCA has invested c. £60m over the last five years in the development of its estate and other infrastructure improvements, which is part of the College's ambition to develop a world-class campus. Over the next five years, this investment will more than double as we look to complete work on the new campus building at Battersea, and start the refurbishment of our Kensington campus.

In 2017/18, the College spent £10.3m on capital additions, which includes £5.4m on the new campus development at Battersea (2016/17: £35.6m which included £30.7m of Battersea-related expenditure). The Battersea campus project is 50% match-funded by Government, with £18.7m of the £54m capital grant spent to date.

As well as investing in the new campus, the College also invested £1.3m to complete the construction of a building on Radstock Street in Battersea. £1.5m was spent on summer works and other estates-related projects, including an upgrade of the fire alarm system in the Stevens Building in Kensington. A further £0.4m was spent on design fees for the Darwin Building and £0.3m on White City.

Additionally, the College invested over £1.4m in IT systems, software and technical equipment. This included £0.3m for the Student Information System; the first phase going live for the Registry Team at the end of May 2018, with the financial phase due to be implemented in the first half of 2018/19, this system is expected to deliver significant benefits for both students and staff.

## Capital Investment (£m)



Total 5-year spend: £59.9 million

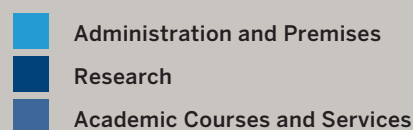


## Enabling Strategy 3: People

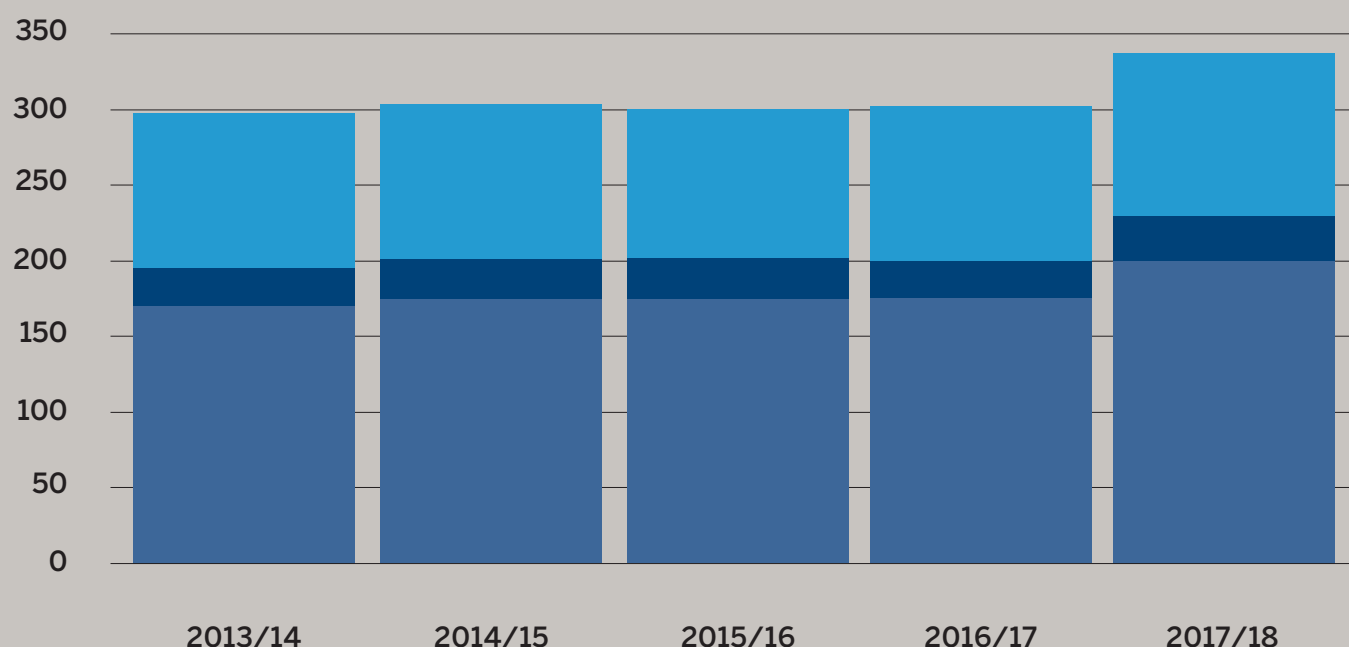
In 2017/18 the RCA employed 460 permanent staff over the course of the academic year supplemented by over 1,000 visiting lecturers. The average number of full-time equivalent (FTE) permanent staff was 337 (2016/17: 303). Total staff costs, including spend on visiting lecturers and casual/agency staff totalled £25.3m, which was 47% of total expenditure.

The College prides itself on its ability to recruit the very best researchers and practitioners to join the academic staff, and it remains essential to the unique quality of teaching and research that it continues to attract and retain world-leading academic staff as well as inspirational practising artists and designers and a large number of highly specialised technicians.

Work on the RCA Strategic Workforce Plan to 2021 is progressing, capitalising on proposals to develop a more flexible academic model and encompassing a review of professional services, both critical components in defining and developing a workforce that is fit for the future and supports the achievement of the RCA's strategic aims.



**Number of Staff (Average Full-time Equivalent)**



## Enabling Strategy 4: Finance – Indicators of financial strength

### Surplus for the Year

	Year ended 31 July 2018	Year ended 31 July 2017
Unrestricted Comprehensive Income	3,172	17,516
Unrestricted donations	(934)	–
Deferred grant release	(2,196)	–
Disposal of fixed assets	1,260	(1,456)
Capital Grant	–	(12,000)
<b>Core Underlying Operating Surplus</b>	<b>1,302</b>	<b>4,060</b>

Total Unrestricted Comprehensive Income for the year was £3.2m. The core underlying operating surplus was £1.3m, 2.5% of core income (2016/17: £4.1m, 8% of core income). The reduction versus prior year was in part due to the inclusion of c. £1m of Battersea South costs, as mentioned above, and £1m of other strategic investment costs and increased professional services costs linked specifically to fundraising, student recruitment and change-management support.

### Cash Flow from Operating Activities

As previously mentioned, the RCA's cash flow increased significantly during the year. Net cash inflow from operating activities was £10.8m in 2016/17 (21% of total income, excluding the £12m capital grant), compared to £14.8m (24% of total income) in 2017/18.

### Borrowings/Cash and Cash Equivalents

At the end of the year, the College held cash of £7.8m (2016/17: £6.7m) and had no borrowings (2016/17: £7m). The main drivers of the improvement were higher cash receipts from student fee deposits (£4m), lower than expected capital spend (£2.5m) due to some items being expensed rather than capitalised and the timing of activities, and an increase in the level of year-end accruals.

The College has access to a £28m revolving credit facility with HSBC. The purpose of the facility is to assist with the financing of, and cash flows relating to, the RCA's project to build a new campus at Battersea South. The facility with HSBC is for a ten-year term (from February 2017 to January 2027) and the loan drawdown is subject to monthly interest rate repayments. There is no charge over the RCA's assets. Construction of the new building is due to start towards the end of 2018, at which point the College expects to

start drawing down on the facility. The RCA is required to maintain a minimum cash balance of £5m or 40 liquidity days, whichever is the higher. Any excess cash will be used to minimise the College's debt position, thereby reducing the level of interest repayments.

### Net Assets

The RCA's balance sheet remains strong: net assets have increased to £122.1m (2016/17: £115.9m). The main reason for the movement was an increase of £5.5m in the College's fixed assets. There was a £6.5m increase in short-term creditors, which is linked to the increase in student fee deposits and accruals mentioned above. Long-term creditors have reduced by £5.8m following the repayment of the College's loans. The remaining balance of £13.1m relates to deferred income for capital projects, including Battersea. These are released over the life of the related fixed asset.

### Current Ratio

The ratio of Current Assets: Current Liabilities measures an organisation's ability to pay its short term creditors. The College's ratio reduced from 0.9 to 0.6 during the year. As mentioned above, the RCA's policy is to use cash reserves to repay debt. Therefore, the current ratio reduced, however the College had access to the full £28m of undrawn loan facility at the end of the financial year.

The RCA is fully committed to the prompt payment of its suppliers' invoices, and aims to pay in accordance with contracted conditions, or where no such conditions exist, within 30 days of receipt of invoice or of the goods or services concerned.

## **Endowment Assets**

The RCA's investments are overseen by the Investment Committee (a subcommittee of the Resources Committee), which is charged with setting investment policies for the College's endowments and cash reserves, and monitoring their implementation. The College transferred its investments to a new investment manager, Close Brothers Asset Management, towards the end of the financial year. As at 31 July 2018, Close Brothers were holding £19.6m, £0.7m was held with Ruffer Investment Management LLP waiting to be transferred and £23k of cash was in transit. The value of total endowments at year end was £20.3m.



## Risks

The RCA has a well-developed strategic risk register, which is reviewed by the Audit & Risk Committee at each meeting. The most significant risks on the register at the end of 2017/18 related to the UK's decision to leave the EU, including the potential threat to student recruitment and the potential loss of EU research funding.

The development of the Battersea campus is a huge opportunity for the RCA, but also presents significant risks which could be exacerbated if uncertainties surrounding the UK's exit from the EU begin to affect the wider economy. Financing for the new campus is on a match-funded basis, with the College responsible for funding £54m, including through fundraising. The level and phasing of future donations remains a key project risk.

Other important risks include the ongoing investment to ensure that the College's physical and digital infrastructure continue to develop in line with innovations in teaching and research and innovation.

Maintaining and enhancing a high-quality student experience will be a key focus for the Senior Management Team during a period of growth and change. Action is being taken to mitigate these and other risks identified in the College's strategic risk register, and both Council and the Senior Management Team will continue to monitor the position closely. Further information about the College's risk management process is set out on page 103.

## Subsidiaries

The RCA owns the following subsidiaries: RCA Design Group Ltd, which acted as the developer of the Woo Building, safeguarding the College's potential recovery of input VAT on the projects; a 100%-owned subsidiary, RCA Angel Investor Club Ltd, to handle investment opportunities for incubator companies supported by InnovationRCA; and Lion and Unicorn Press Ltd, a historic imprint which published books. None of these subsidiaries has been consolidated in the accounts as they were all dormant in 2017/18. RCA Design Group Ltd and Lion and Unicorn Press Ltd were in the process of being dissolved at year end.

## Conclusion

The higher education sector continues to be subject to change and financial pressure, both nationally and internationally. The College remains in a strong market position in postgraduate teaching and world-leading research, as demonstrated by our continued number one position in the QS World University Rankings in art and design, held for the fourth year in 2018. The Strategic Plan 2016–21 provides a robust roadmap for the future, to ensure the RCA remains in a pre-eminent position in the global education landscape. To support the sustainable development and future growth ambitions of the College, an important part of our financial strategy will be to preserve and build on our surpluses and operating cash flow, to ensure we have funding to remain agile and responsive to change, and to invest accordingly.

## Scope of the Financial Statements

The RCA is an exempt charity which operates under the terms of a Royal Charter. The College has no shareholders and it does not distribute profits. Any surpluses which arise on its income and expenditure are reinvested in the RCA's teaching and research activities.

The trustees of the charity are the current Council members (see p. 111). The current Charter was granted in 1967, although the RCA was originally founded in 1837 – at that time it was called the Government School of Design.

The RCA has governance arrangements which are similar to those of most pre-1992 English universities. It is funded by the Higher Education Funding Council for England (HEFCE), which also acts as the College's regulator under the terms of the Charities Act 2011. The College's accounts are required to follow the format laid down in the Statement of Recommended Practice: Accounting for Further and Higher Education (SORP).

The objectives of the RCA are set out in its Charter: to advance learning, knowledge and professional competence particularly in the field of fine art, in the principles and practice of art and design in their relation to industrial and commercial processes and social developments and other subjects relating thereto through teaching, research and collaboration with industry and commerce.



## Public Benefit Statement

The Royal College of Art is an exempt charity under the terms of the Charities Act 2011. As regulator from January 2018, the Office for Students (OfS) requires the exempt charities which it regulates to publish an annual public benefit statement having regard to relevant Charity Commission guidance.

### Education

The RCA provides postgraduate programmes in art and design on a non-profit-making basis. Fees charged to EU-domiciled students are well below the cost of teaching those students as their costs are subsidised by Office for Students/Higher Education Funding Council grants. Fees charged to non-EU domiciled students are set at a full cost level. As noted in previous sections of this report, the College provides bursaries and hardship grants to some of its students, which help students of limited means to study at the College. During 2017/18 the College launched a number of 15-month MA Programmes, with support from funding from the Higher Education Funding Council. These have enhanced recruitment in a number of areas and the College is continuing to review its offer of taught Programmes and to develop more flexible options to widen access and ensure that the most talented students continue to benefit from its specialist, high-quality Programmes.

The College's vision is to be the world's most influential art and design university, training a greater percentage of the world's prominent artists and leading designers than any other higher education institution. The College offers a transformative experience to students who go on to transform the world, and many graduates hold prominent positions in the arts and creative industries.

### Research

The RCA undertakes world-leading research in art and design. A particular emphasis is placed on design for an ageing population; including through the Helen Hamlyn Centre for Design. Much of the research carried out at the College is funded by charities and UK Research Councils and is undertaken in order to advance knowledge and understanding. In some cases research is carried out on behalf of commercial sponsors. These projects are conducted on the basis of full cost recovery, with any surplus remaining when the direct and indirect costs of this work have been met being reinvested in the College's teaching and research activities, where permissible by the funder.

### Other Activities

The RCA organises public exhibitions, seminars, lectures and conferences which enable students to show their work and also enable the public to engage with the work of the College. All College exhibitions and lectures are free of charge to members of the public and any charge which might be made for conferences or seminars is designed to cover costs only. The College also operates a schools liaison programme, known as ReachOutRCA, which runs workshops for around 500 young people each year to work with RCA staff and students. In addition, the College runs collaborative projects with partners including Gasworks, Delfina Foundation and others. During 2017/18 the College appointed a Public Engagement Manager to develop further its work with the local communities around its campuses in Battersea, White City and Kensington.

### Policies and Operations

The RCA has adopted policies on environmental and ethical issues and makes every effort to operate in a sustainable and responsible way. These policies are available on the College's website.

## Corporate Governance Statement

The following statement provides information about the College's governance procedures. The RCA is committed to exhibiting best practice in corporate governance, including through compliance with the Governance Code of Practice published by the Committee of University Chairs (CUC).

The Council is the governing body of the College, and comprises a majority of lay members together with staff and student members. All members are appointed under the College's Statutes. The roles of Chair and Vice-Chair of Council are separated from the role of the College's Chief Executive, the Vice-Chancellor. The Council is responsible for the College's ongoing strategic direction, approval of major developments and receiving regular reports from Executive Officers on day-to-day operations. The Council adopted a revised statement of its primary responsibilities in June 2016, and this is set out in the next section of this report.

The College complies with the CUC Code in all material respects. The College implemented a maximum period of membership for lay Council members in 2014, reflecting the guidance in the CUC Code that members should normally serve for no more than three, three-year terms except where subsequently undertaking a more senior role. The Chair and Pro-Chancellor and the Treasurer have been members of Council for more than nine years, having served as lay members for a period prior to taking on their current, more senior roles. The constitution of Council includes 34 members. This is larger than the range indicated in the CUC Code, but the Code is not prescriptive and recognises that membership will depend on the nature of the institution and the range of skills and experience required. Subject to any recommendations arising from the forthcoming effectiveness review (noted below), Council considers the current membership appropriate for a unique small institution with a global reach.

During 2017/18 three new lay members were appointed to Council, on the recommendation of the Nominations Committee following a skills audit and identification of areas of expertise in which Council wished to strengthen. The Nominations Committee used an external search agency to assist in identifying potential candidates with the specific skills required.

The Office for Students (OfS) completed a routine assurance visit to the College in May 2018 to examine how the College exercises accountability for the public funding which it receives. The OfS reviewed the annual accountability returns submitted by the College in 2017 and 2018, together with the minutes of Council, and the Audit & Risk and Resources Committees. The OfS also conducted interviews with Council members and executives. The OfS concluded that accountability returns were underpinned by appropriate and effective oversight and approval processes, and did not make any recommendations for improvement.

The College is committed to best practice in terms of governance, and in this context Council has commissioned a formal review of its effectiveness, which commenced in October 2018. A similar review was completed in 2015/16. The current review will focus on compliance with the CUC code and the OfS Regulatory Framework, including the role of the Council and the Senate in providing assurance on academic risk. The review will be completed during 2018/19.

### Office for Students Registration

The new Regulatory Framework for Higher Education in England requires institutions to apply to the Office for Students for registration as a recognised provider. The College submitted its application for registration in April 2018, including a self-assessment of how its management and governance arrangements meet OfS requirements to ensure it continues 'to meet its ongoing registration conditions, provide stability, deliver the courses students have signed up for, manage students' and taxpayers' money appropriately, demonstrate accountability and meet its commitments to other stakeholders'. The College's application was approved by the OfS, and it was formally added to the register with effect from 30th October 2018.

### The College's Governance Structure

Council delegates a number of functions to subcommittees. A number of these subcommittees are statutory, including an Audit & Risk Committee, a Remuneration Committee and a Nominations Committee. Other subcommittees, while not statutory, play a key role in supporting Council to fulfil its responsibilities under the Regulatory Framework and demonstrate good governance in accordance with the CUC Code. All Council subcommittees are formally constituted with terms of reference and include lay members of Council.

While not a statutory body, the Resources Committee has a key role in ensuring the financial sustainability of the College. It is responsible inter alia for recommending the College's annual revenue and capital budgets to Council, monitoring financial performance against agreed budgets, and advising Council on all resource and estates issues. Resources Committee has an Investment Sub-Committee, which advises on the management of the College's endowments and other investments.

The Audit & Risk Committee meets three times annually, with the Internal and External Auditors, to discuss audit findings and to consider detailed internal audit reports and recommendations for the improvement of the College's systems of internal control, together with management's response and implementation plans. The Audit & Risk Committee also receives and considers assurance and internal control reports from the Office for Students and other funders, and monitors adherence to regulatory and funding requirements. The Committee reports annually to Council and to the Office for Students on the operation of the College's internal control procedures, risk management, value for money, the management and quality assurance of data and other relevant matters. While Senior Management Team members attend meetings of the Audit & Risk Committee as necessary, they are not members of the Committee, and at each meeting the Committee offers the Internal and External Auditors the opportunity of private meetings with the Committee members without officers present.

The Nominations Committee considers nominations for vacancies on Council and Committee membership under the relevant Statute.

Following the publication of the CUC Higher Education Senior Staff Remuneration Code in June 2018, the RCA commissioned an independent review into the effectiveness of its Remuneration Committee. Revised terms of reference for the Remuneration Committee were agreed by Council in July 2018, which reflect the CUC Remuneration Code and will ensure continued compliance with best practice.

The Remuneration Committee determines the remuneration of the Vice-Chancellor and senior staff. The Committee is chaired by a lay member of Council, and also includes the Chair of Council and Treasurer. The Remuneration Committee considers any matters

related to senior staff pay in the context of: charity law (namely the obligation for trustees to use charity funds and assets only to further their charitable purposes); CUC guidance and principles set out by the Association of Chief Executives of Voluntary Organisations. It also ensures it complies with the OfS Accounts Direction and with other OfS guidance on senior staff remuneration issued from time to time.

The Remuneration Committee takes into account a range of indicators in considering whether reward proposals for senior staff are justified. These include but are not limited to:

- performance in support of the College's strategic objectives in areas such as teaching, research, management and administration, leadership of staff partnerships and external relations and major initiatives and projects
- comparative benchmark data, for example across: the HE sector in the UK and internationally
- the size, complexity and international reach of the College
- its global brand and ranking
- salary increase awards for the wider workforce.

The Vice-Chancellor's performance objectives are agreed each year with the Pro-Chancellor. These are considered and endorsed by the Remuneration Committee. The Pro-Chancellor undertakes an annual appraisal discussion with the Vice-Chancellor and then makes a recommendation to the Remuneration Committee on the Vice-Chancellor's remuneration for the coming academic year. In considering the Pro-Chancellor's recommendation the Committee reviews a range of data and information including:

- The Vice-Chancellor's salary history
- Comparative benchmark data, for example across: the HE sector in the UK and internationally and across similar organisations of size, complexity and global standing
- How the Vice-Chancellor's current salary compares to that of other staff in the College



- The Vice-Chancellor's performance and the College's performance over the review period.

The Vice-Chancellor's remuneration is set out in Note 7 to these accounts.

An annual report on the Remuneration Committee's work during the year, together with outcomes, will be presented to Council at its meeting in November.

The Senior Management Team recommends the College's annual revenue and capital budgets to the Resources Committee. The Senior Management Team advises Council on the College's overall objectives and priorities, and the strategies and policies required to achieve them.

### **Risk Management**

On behalf of Council, the Audit & Risk Committee has appointed BDO as the College's internal auditors. The internal auditors review the effectiveness of the College's systems of internal control, including risk management, and their findings are considered by management and reviewed by the Committee.

The Audit & Risk Committee is also responsible for the oversight of the College's policies and procedures for Risk Management, in accordance with guidelines issued by the Office for Students. During 2016/17 the Senior Management Team adopted a revised framework for managing risk. This links key risks to the objectives set out in the College's Strategic Plan, and documents the actions taken and further actions planned to manage and mitigate each risk. The Senior Management Team has also developed KPIs linked to the Strategy, which will enable the executive, Council and the Audit & Risk Committee to monitor the status of risks and progress towards the College's strategic objectives. This revised approach to risk management has been endorsed by the Audit & Risk Committee and Council, and both committees receive termly reports highlighting the current status of strategic risks, and any developments in the external or internal environment affecting these risks.

### **Register of Interests**

The RCA maintains a Register of Interests completed by Council members and senior managers and these declared interests are updated annually. Additionally, agendas at all meetings of Council and its subcommittees have 'declaration of interests' as the first substantive item. Members and officers are invited at that time to declare any interest in business to be considered by the meeting.

### **Internal Controls**

The Audit & Risk Committee, on behalf of the Council, has reviewed the effectiveness of the College's system of internal control. Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

The maintenance and integrity of the Royal College of Art website is the responsibility of the Council; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

## Primary Roles and Responsibilities of the Council

1. To approve the mission and strategic vision of the RCA, the Strategic Plan (including long-term academic and business plans and key performance indicators), and to ensure that these meet the interests of stakeholders;
2. To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the College against the Strategic Plan and approved key performance indicators, which should be – where possible and appropriate – benchmarked against other comparable institutions;
3. To delegate authority to the Vice-Chancellor, as Chief Executive for the academic, corporate, financial, estate and human resource management of the institution within the terms of the Strategic Plan and the budget as agreed by Council. And to establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the Vice-Chancellor;
4. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment and procedures for handling internal grievances and for managing conflicts of interest;
5. To establish processes to monitor and evaluate the performance and effectiveness of the Council itself;
6. To conduct its business in accordance with best practice in Higher Education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life;
7. To safeguard and promote the good name and values of the College;
8. To appoint and to remove the Vice-Chancellor as Chief Executive, and to put in place suitable arrangements for monitoring his/her performance;
9. To appoint and to remove the Chancellor, the Pro-Chancellor and Chair of Council, the Vice-Chair of Council, the Treasurer and other senior appointments as determined by Council currently and in the future;
10. To appoint and to remove a clerk to the Council and to ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability;
11. To be the employing authority for all staff in the institution and to be responsible for oversight of the human resources strategy;
12. To be the principal financial and business authority of the College, to ensure compliance with the Office for Students Terms and conditions of funding for higher education institutions, that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the College's assets, property and estate;
13. To be the College's legal authority and, as such, to ensure that systems are in place for meeting all the College's legal obligations, including those arising from contracts, legal commitments made in the College's name and legal obligations in relation to charity law, equality and diversity and health and safety;
14. To receive assurance that adequate provision has been made to uphold the quality of the student experience;
15. To receive assurance that academic governance is effective;
16. To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the College;
17. To ensure that the Students' Union operates in a fair, democratic, accountable and financially sustainable manner;
18. To ensure that the RCA's Charter, Statutes and Ordinances are followed at all times and that appropriate advice is available to enable this to happen.

## Council & Committee Members

The following served as members of Council during the year:

### Ex-officio Members

#### The Chancellor

Sir Jony Ive

#### The Chair and Pro-Chancellor

Baroness Rebuck of Bloomsbury DBE

#### The Vice-Chancellor

Dr Paul Thompson

#### The Treasurer and Vice-Chair of Council

Caragh Merrick

#### The Deputy Vice-Chancellor and Provost

Professor Naren Barfield

#### The Co-President of the Students' Union

Jazbo Gross

### Lay Members

Saffron Aldridge (until 6 August 2018)

Michael Birshan (from 1 April 2018)

Professor Richard Burdett CBE  
(until 30 September 2018)

Robert Careless

Professor Rachel Cooper OBE

Jennifer Duvalier

Mike Forster

Dr Tristram Hunt

Alan Leibowitz

Professor Magdalene Odundo OBE

Catherine Parry

Richard Petrie (from 1 March 2018)

Patrick Plant

Dr Sigrid Rausing (from 1 April 2018)

Lady Ritblat OBE

Dame Marjorie Scardino

John Studzinski CBE

Tom Van Oss

Ed Williams

### Members appointed by the Senate

Professor Paul Anderson

Professor Juan Cruz (from 1 August 2018)

Zowie Broach (until 31 July 2018)

Professor Graeme Brooker

Professor Neville Brody (until 31 March 2018)

Dr Melanie Jordan (until 31 July 2018)

Lucy Kennedy (until 5 November 2018)

Dr Adrian Lahoud (until 31 July 2018)

Dr Rathna Ramanathan (from 1 August 2018)

Dr Sarah Teasley

Dr Emma Wakelin (from 6 November 2018)

Dr Stephen Wang (from 1 August 2018)

### One Student elected by the Students

Benji Jeffrey

### Secretary

#### Chief Operating Officer

Richard Benson

The following served as members of the statutory subcommittees of Council:

### Audit & Risk Committee

Tom Van Oss, Chair

Michael Birshan (from 10 September 2018)

Jennifer Duvalier (until 30 September 2018)

Robert Careless

### Remuneration Committee

Jennifer Duvalier, Chair

Baroness Rebuck of Bloomsbury DBE

Caragh Merrick

### Nominations Committee

Baroness Rebuck of Bloomsbury DBE, Chair

Dr Paul Thompson

Caragh Merrick

Ed Williams

## Senior Officers & Advisers

### Senior Officers

#### Vice-Chancellor

Dr Paul Thompson

#### Deputy Vice-Chancellor and Provost

Professor Naren Barfield

#### Chief Operating Officer

Richard Benson

#### Director of Finance

Amanda White

#### Executive Director of Transformation & Delivery

Dr Philip Harvey (from 4 June 2018)

### Bankers

HSBC Bank plc, 71 Queen Victoria Street,  
London EC4V 4AY

National Westminster Bank plc, 1st Floor,  
440 Strand, London WC2R 0QS

### Solicitors

Stephenson Harwood, 1 Finsbury Circus,  
London EC2M 7SH

### Insurers

UM Association Ltd, Hasilwood House,  
60 Bishopsgate, London EC2N 4AW

### External Auditors

KPMG LLP, 15 Canada Square, London E14 5GL

### Internal Auditors

BDO, 55 Baker Street, London W1U 7EU

### Investment Managers

Close Brothers Asset Management, 10 Exchange  
Square, Primrose Street, London EC2A 2BY



# Independent Auditor's Report to the Council of the Royal College of Art

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of the Royal College of Art ('the College') for the year ended 31 July 2018 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes, including the Accounting Policies.

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2018, and of the College's income and expenditure, gains and losses and changes in reserves, and of the College's cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland*, and with the 2015 *Statement of Recommended Practice – Accounting for Further and Higher Education*; and
- meet the requirements of the Accounts Direction dated 19 June 2018 issued by the Office for Students.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the College in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### Other information

The Council is responsible for the other information included within the Annual Report and Accounts. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

### Council responsibilities

As explained more fully in their statement set out on page 110, the Council is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the College'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 it either intends to liquidate the College or to cease operations, or has no realistic alternative but to do so.

## **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## **Report on other legal and regulatory requirements**

We are required to report on the following matters under the Office for Students and Research England Audit Codes of Practice issued under the Further and Higher Education Act 1992.

In our opinion, in all material respects:

- funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the College's Statutes;
- funds provided by the Office for Students and Research England have been applied in accordance with these conditions and the terms and conditions attached to them; and
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them.

## **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the Council, in accordance with the Charters and Statutes of the College. Our audit work has been undertaken so that we might state to the Council 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 College and the Council for our audit work, for this report, or for the opinions we have formed.

**Neil Thomas**  
**For and on behalf of KPMG LLP,**  
**Statutory Auditor**

Chartered Accountants  
15 Canada Square  
London E14 5GL

**26 November 2018**

## Statement of Comprehensive Income and Expenditure for the Year ended 31 July 2018

		Year ended 31 July 2018	Year ended 31 July 2017
	Notes	College £'000	College £'000
<b>Income</b>			
Tuition Fees and Education Contracts	1	34,870	29,153
Funding Body Grants	2	12,792	24,717
Research Grants and Contracts	3	3,169	3,056
Other Income	4	3,618	3,774
Investment Income	5	197	202
Donations and Endowments	6	6,434	1,991
<b>Total Income</b>		<b>61,080</b>	<b>62,893</b>
<b>Expenditure</b>			
Staff Costs	7	21,826	19,080
Other Operating Expenses		28,554	24,462
Depreciation and Amortisation	10/11	3,385	2,697
Interest and Other Finance Costs	8	173	151
<b>Total Expenditure</b>	9	<b>53,938</b>	<b>46,390</b>
<b>Surplus Before Other Gains</b>		7,142	16,503
Gain/(Loss) on Disposal of Fixed Assets		(1,260)	1,456
Gain on Investments	13	298	745
<b>Total Comprehensive Income for the Year</b>		<b>6,180</b>	<b>18,704</b>
<b>Represented by:</b>			
Endowment Comprehensive Income for the Year		108	693
Restricted Comprehensive Income for the Year		2,900	495
Unrestricted Comprehensive Income for the Year		3,172	17,516
		<b>6,180</b>	<b>18,704</b>

All items of income and expenditure relate to continuing activities.

## Balance Sheet as at 31 July 2018

		As at 31 July 2018	As at 31 July 2017
	Notes	College £'000	College £'000
<b>Non-current Assets</b>			
Intangible Assets	10	664	74
Fixed Assets	11	108,805	103,755
Heritage Assets	11/12	11,020	11,020
Investments	13	21,954	22,311
		<b>142,443</b>	<b>137,160</b>
<b>Current Assets</b>			
Stock	14	96	100
Debtors	15	3,633	4,089
Investments	16	1,418	861
Cash and Cash Equivalents	22	7,816	6,675
		12,963	11,725
Less: Creditors: Amounts Falling Due Within One Year	17	(20,168)	(13,696)
<b>Net Current Liabilities</b>		<b>(7,205)</b>	<b>(1,971)</b>
<b>Total Assets Less Current Liabilities</b>		<b>135,238</b>	<b>135,189</b>
Creditors: Amounts Falling Due After More Than One Year	18	(13,137)	(18,913)
<b>Pensions</b>			
Pension Provision	19	–	(355)
<b>Total Net Assets</b>		<b>122,101</b>	<b>115,921</b>
<b>Restricted Reserves</b>			
Income and Expenditure Reserve – Endowment Reserve	20	20,290	20,182
Income and Expenditure Reserve – Restricted Reserve	21	7,152	6,141
<b>Unrestricted Reserves</b>			
Income and Expenditure Reserve – Unrestricted		50,239	45,178
Revaluation Reserve		44,420	44,420
<b>Total Reserves</b>		<b>122,101</b>	<b>115,921</b>

The financial statements on pages 115–137 were approved by the Council on 22 November 2018 and were signed for on its behalf by:



**Dr Paul Thompson, Vice-Chancellor**



**Caragh Merrick, Treasurer**



## Statement of Changes in Reserves for the Year ended 31 July 2018

	Income and Expenditure Account			Revaluation Reserve	Total
	Endowment £'000	Restricted £'000	Unrestricted £'000	£'000	£'000
<b>College</b>					
<b>Balance at 1 August 2017</b>	<b>20,182</b>	<b>6,141</b>	<b>45,178</b>	<b>44,420</b>	<b>115,921</b>
Surplus/(Deficit) from the Income and Expenditure Statement	(190)	2,900	4,432	–	7,142
Other Comprehensive Income	298	–	(1,260)	–	(962)
Release of Restricted Funds spent in year	–	(1,889)	1,889	–	–
	108	1,011	5,061	–	6,180
<b>Balance at 31 July 2018</b>	<b>20,290</b>	<b>7,152</b>	<b>50,239</b>	<b>44,420</b>	<b>122,101</b>

## Cash Flow Statement for the Year ended 31 July 2018

		Year ended 31 July 2018	Year ended 31 July 2017
	Notes	College £'000	College £'000
<b>Cash flow from Operating Activities</b>			
Surplus for the year		6,180	18,704
<b>Adjustment for Non-cash Items</b>			
Depreciation	11	3,263	2,627
Amortisation of Intangibles	10	123	70
(Gain) on investments	13	(298)	(745)
Decrease/(Increase) in Stock	14	4	(36)
Decrease/(Increase) in Debtors	15	456	(2,519)
Increase in Creditors	17/18	10,037	8,755
Decrease in Creditors: Amortisation of capital grants	17/18	(2,331)	(135)
(Decrease) in Pension Provision	19	(355)	(481)
<b>Adjustment for investing or Financing Activities</b>			
Investment Income	5	(197)	(202)
Interest Payable	8	173	151
Endowment Income	6/20	–	(211)
Loss/(Profit) on the Disposal/Sale of Fixed Assets		1,260	(1,456)
Capital Grant Income		(3,504)	(13,719)
<b>Net Cash Inflow from Operating Activities</b>		<b>14,811</b>	<b>10,803</b>
<b>Cash Flows from Investing Activities</b>			
Proceeds from Sales of Fixed Assets		–	2,498
Capital Grant Receipts	2	3,504	13,719
Disposal of Non-current Asset Investments	13	17,581	5,971
Short term deposits	16	(557)	1,499
Investment Income	5	197	202
Payments Made to Acquire Fixed Assets	11	(9,877)	(35,608)
Payments Made to Acquire Intangible Assets	10	(410)	(59)
New Non-current Asset Investments	13	(16,926)	(7,449)
		<b>(6,488)</b>	<b>(19,227)</b>
<b>Cash Flows from Financing Activities</b>			
Interest Paid	8	(173)	(151)
Endowment Cash Received	6/20	–	211
New Unsecured Loans	18	–	7,009
Repayments of Amounts Borrowed	18	(7,009)	(7,923)
		<b>(7,182)</b>	<b>(854)</b>
<b>Increase/(Decrease) in Cash and Cash Equivalents in the Year</b>		<b>1,141</b>	<b>(9,278)</b>
Cash and Cash Equivalents at Beginning of the Year	22	6,675	15,953
Cash and Cash Equivalents at End of the Year	22	7,816	6,675

# Statement of Accounting Policies

## A. Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS 102). The RCA is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of fixed assets and derivative financial instruments).

## B. Basis of consolidation

The financial statements include only the College. The College has the following dormant 100% owned subsidiaries, which were not consolidated in 2017/18: RCA Design Group Ltd, which provided development services for the College's Battersea campus; RCA Angel Investor Club Ltd, which was set up to facilitate funding opportunities for Innovation RCA's incubator companies and Lion & Unicorn Press Ltd, which published books and has been dormant for a number of years. The College is in process of dissolving RCA Design Group Ltd and Lion & Unicorn Press Ltd.

The financial statements do not include the income and expenditure of the Students' Union as the College does not exert control or dominant influence over policy decisions.

The College's financial statements in previous years include the 'Consolidated' and 'College' accounts. Reference should be made to the 'College' column in previous financial statements to compare the 2017/18 accounts on a consistent basis.

## C. Income recognition

Income from the sale of goods or services is credited to the Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Fee income is stated gross of any expenditure which is not a discount and credited to the Statement of Income and Expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Investment income is credited to the Statement of Comprehensive Income and Expenditure on a receivable basis.

Funds the RCA receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

## Grant funding

Government revenue grants including funding council block grant and research grants are recognised in income over the periods in which the College recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Grants (including research grants) from non-government sources are recognised in income when the RCA is entitled to the income and performance-related conditions have been met. Income received in advance of performance-related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

## Donations and endowments

Non-exchange transactions without performance-related conditions are donations and endowments. Donations and endowments with donor-imposed restrictions are recognised in income when the RCA is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer. Donations with no restrictions are recognised in income when the College is entitled to the funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms or other restriction applied to the individual endowment fund.

There are four main types of donations and endowments identified within reserves:

1. Restricted donations – the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the College.
3. Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the College has the power to use the capital.
4. Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

### **Capital grants**

Government capital grants (non-land related) are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance-related conditions being met.

### **D. Accounting for retirement benefits**

The College participates in the Superannuation Arrangements of the University of London (SAUL), which is a centralised defined benefit scheme within the United Kingdom and was contracted-out of the second State Pension (prior to April 2016). SAUL is an independently managed pension scheme of over 50 colleges and institutions with links to higher education. Prior to 1 April 2016, pension benefits accrued within SAUL built up on a Final Salary basis. Following a consultation with Members, the SAUL Final Salary Section closed from 31 March 2016 and all members build up benefits on a Career Average Revalued Earnings (CARE) basis from 1 April 2016. The College 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.

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 2017. 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 by the Trustee and employers in June 2018 and are due to be reviewed at SAUL's next formal valuation in 2020. At the 31 March 2017 valuation SAUL was fully funded on its Technical Provisions basis so no deficit contributions were required. The Trustee and the Employers have agreed that the ongoing Employers' contributions will continue at a rate of 16% of CARE Salaries.

### **E. Employment benefits**

Short-term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.



## F. Finance leases

Leases in which the RCA assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

## G. Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

## H. Foreign currency

The functional currency of the College is pounds Sterling. Transactions denominated in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income and Expenditure for the financial year. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

## I. Fixed assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. The College's buildings that had been revalued to fair value on the date of transition to the Statement of Recommended Practice (SORP) are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

## Land and buildings

Land and buildings are measured at cost. Chartered Quantity Surveyors carried out a revaluation as at July 2014. Under FRS 102 the College has opted to use this revaluation as the deemed cost of the College's buildings in the College's balance sheet and not to make regular revaluations. The College also adopted the remaining useful economic lives of the buildings according to the valuation.

Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the College.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight-line basis over their expected lives of up to 100 years.

Buildings are further apportioned into components: their structure, mechanical and electrical plant and fit out. Each component is depreciated according to the estimated useful life of that component as follows:

Mechanical & Electrical	35 years
Fit out	25 years
Structure	up to 100 years

No depreciation is charged on assets under construction.

## Equipment

Equipment, including computers and software, costing less than £10,000 per individual item or group of related items is expensed in the year of acquisition. All other equipment is capitalised.

Capitalised equipment is stated at cost and depreciated over its expected useful life as follows:

Computer Equipment	3 years
Other Equipment	5 years

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet.

### **Borrowing costs**

Borrowing costs which fund the acquisition, construction or production of assets are recognised as expenditure in the period in which they are incurred.

### **J. Heritage assets**

The College Collection consists mainly of works of art acquired free of charge from former students and artists associated with the College. Most items in the collection had nil or little value at the date of acquisition as the artists were not well known. An internal valuation of the Collection was carried out during 2009/10. This provided an estimate of the value of the Collection, which was used to bring the Collection on to the balance sheet. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

### **K. Intangible assets**

Computer software and consultancy costs of implementation costing less than £10,000 per individual item or group of related items are expensed in the year of acquisition. All other software and related consultancy costs are capitalised. Intangible assets are stated at cost and amortised over their expected useful life of three years.

### **L. Investment properties**

Investment property is land and buildings held for rental income or capital appreciation rather than for use in delivering services. Investment properties are measured initially at cost and subsequently at fair value with movements recognised in the Surplus or Deficit. Investment properties are not depreciated but are revalued or reviewed annually according to market conditions as at 31 July each year. Under FRS 102, the College has disclosed the retail unit in the Dyson Building as an investment property (formally disclosed as a tangible fixed asset).

### **M. Investments**

Investments consist of endowment asset investments and are included in the balance sheet at market value.

### **N. Stock**

Stock is held at the lower of cost and net realisable value. Where necessary, provision is made for slow-moving or defective stock.

### **O. Cash and cash equivalents**

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

### **P. Provisions, contingent liabilities and contingent assets**

Provisions are recognised in the financial statements when:

- (a) the RCA has a present obligation (legal or constructive) as a result of a past event
- (b) it is probable that an outflow of economic benefits will be required to settle the obligation and
- (c) a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the RCA a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the College a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

### **Q. Accounting for jointly controlled operations**

The College accounts for its share of transactions from joint operations in the Statement of Income and Expenditure.

## **R. Taxation**

The RCA is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The College receives no similar exemption in respect of Value Added Tax (VAT). Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost. The College's subsidiaries are liable to Corporation Tax in the same way as any other commercial organisation.

## **S. Reserves**

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the RCA, are held as a permanent restricted fund which the College must hold in perpetuity.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore the College is restricted in the use of these funds.

Transfers are made between unrestricted and restricted reserves to match expenditure incurred on the Battersea construction against donations received and allocated to the project.

## Notes to the Accounts for the Year Ended 31 July 2018

	Year ended 31 July 2018	Year ended 31 July 2017
	College £'000	College £'000
<b>1 Tuition and Education Contracts</b>		
Full-time Home and EU Students	10,591	10,447
Full-time International Students	23,621	18,090
Part-time Students	516	466
Other Short Courses	142	150
	<b>34,870</b>	<b>29,153</b>
<b>2 Funding Body Grants</b>		
<b>Recurrent Grant</b>		
Higher Education Funding Council/Office for Students	7,052	9,159
Higher Education Funding Council/Research England	2,322	2,328
Capital Grant	2,331	135
<b>Specific Grants</b>		
Higher Education Funding/Office for Students Helix	670	778
Higher Education Funding/Research England Innovation Fund	417	317
Capital Grant	–	12,000
	<b>12,792</b>	<b>24,717</b>
<b>3 Research Grants and Contracts</b>		
Research Councils	1,734	1,376
Research Charities	498	484
Government (UK and Overseas)	299	347
Industry and Commerce	296	489
Other	342	360
	<b>3,169</b>	<b>3,056</b>
<b>4 Other Income</b>		
Lettings/Rental Income	252	303
Catering	639	560
Other Services Rendered	947	1,084
Other Income	1,780	1,827
	<b>3,618</b>	<b>3,774</b>



	Year ended 31 July 2018	Year ended 31 July 2017
	College £'000	College £'000
<b>5 Investment Income</b>		
Investment Income on Endowments	183	177
Other Investment Income	14	25
	<b>197</b>	<b>202</b>
<b>6 Donations and Endowments</b>		
New Endowments	–	211
Donations with Restrictions	5,443	1,390
Unrestricted Donations	991	390
	<b>6,434</b>	<b>1,991</b>

## Notes to the Accounts for the Year Ended 31 July 2018

	Year ended 31 July 2018	Year ended 31 July 2017
	College £'000	College £'000
<b>7 Staff Costs</b>		
Salaries	17,547	15,479
Social Security Costs	1,785	1,540
Pension Costs	2,488	2,207
SAUL Pension Deficit	(355)	(481)
Compensation for Loss of Office*	361	335
<b>Total</b>	<b>21,826</b>	<b>19,080</b>
*Compensation for Loss of Office		
No. of Employees	13	14
Amount (£'000)	361	335
<b>Emoluments of the Vice Chancellor</b>		
Salary	230,625	225,000
Benefits	–	–
Pension Contributions to SAUL	53,074	50,427
	<b>283,699</b>	<b>275,427</b>

No performance related or other bonuses were awarded for the financial year. No sums were paid by way of an expense allowance during the year. No taxable benefits were received during the year.

When setting the Vice-Chancellor's total remuneration package for 2017/2018, the Remuneration Committee agreed that the College must ensure the Vice-Chancellor is paid appropriately for a unique small institution with a global reach. The Committee also reviewed the College's achievements against the goals in the five year strategic plan and the Vice-Chancellor's key responsibilities, which include delivering the largest ever capital programme in the College's history. To maintain fairness, the College referenced the award available to staff on the 51 point pay spine, ensuring the Vice-Chancellor's pay did not increase at an accelerated rate compared to lower paid staff. The decision was made after considering external national and international benchmarks and supporting contextual information. For further information, see p. 108.

### Pay Ratios

Basic Pay Ratio	5.1	5.4
Total Remuneration Ratio	5.4	5.7

In 2017/2018 the Vice-Chancellor's basic salary was 5.1 (5.4 in 2016/17) times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for salaries paid by the College to its staff. The Vice-Chancellor's remuneration was 5.4 (5.7 in 2016/17) times the median total remuneration, where the median total remuneration of staff is calculated on a full-time equivalent basis for salaries paid by the College to its staff.

The median pay is only reflective of permanent staff as a detailed analysis of atypical and agency staff is generally not captured in accounting records.

**Remuneration of other higher paid staff, excluding employer's national insurance and pension contributions:**

	Year ended 31 July 2018	Year ended 31 July 2017
	No.	No.
£100,000 to £104,999	1	1
£105,000 to £109,999	1	–
£110,000 to £114,999	2	–
£115,000 to £119,999	1	1
£155,000 to £159,999	–	1
£160,000 to £164,999	1	–
	<b>6</b>	<b>3</b>

No member of the Council receives remuneration in respect of his or her duties.

**Average Staff Numbers by Major Category:**

	No.	No.
Academic Programmes and Services	200	176
Premises	17	12
Research	30	25
Administrative and Other	90	90
	<b>337</b>	<b>303</b>

Average Full-time Equivalent (FTE) staff numbers in 2017/18 were calculated by taking an average of actual staff numbers at 31 July 2018 and July 2017.

**Key Management Personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College.

Staff costs includes compensation paid to key management personnel. Compensation consists of salary and benefits and includes employer pension contributions.

The key management personnel at the Royal College of Art are the Vice-Chancellor, the Deputy Vice-Chancellor and Provost, the Chief Operating Officer and the Director of Finance.

	£'000	£'000
<b>Key Management Personnel Compensation</b>	<b>818</b>	<b>712</b>

## Notes to the Accounts for the Year Ended 31 July 2018

	Year ended 31 July 2018	Year ended 31 July 2017
	College £'000	College £'000
<b>8 Interest and Other Finance Costs</b>		
Loan Interest	173	151
	<b>173</b>	<b>151</b>
<b>9 Analysis of Total Expenditure by Activity</b>		
Academic and Related Expenditure	13,985	12,276
Academic Services	6,718	5,983
HEFCE Student Bursaries	78	1,635
Scholarships, Prizes and Awards	2,637	2,328
Sponsored Projects, Exhibitions and Shows	1,121	973
Research Grants and Contracts	3,573	3,365
Premises (Including Service Concession Cost)	8,670	7,387
Residences, Catering and Conferences	1,189	764
Administration and Central Services	10,032	7,440
Depreciation	3,385	2,697
Other Expenses	2,550	1,542
	<b>53,938</b>	<b>46,390</b>
Other Operating Expenses Include:		
External Auditors Remuneration in Respect of Audit Services	43	42
External Auditors Remuneration in Respect of Non-audit Services	19	3
Internal Audit	41	24
Operating Lease Rentals – Land and Buildings	2,594	1,457
<b>10 Intangible Assets</b>		
<b>Software</b>		
<b>Cost</b>		
Opening Balance	904	542
Additions in the Year (including intangible assets under construction)	410	362
<b>Total Cost</b>	<b>1,314</b>	<b>904</b>
<b>Amortisation</b>		
Opening Balance	(527)	(457)
Amortisation Charge for the Year	(123)	(70)
<b>Accumulated Amortisation</b>	<b>(650)</b>	<b>(527)</b>
<b>Net Book Value 31 July 2018</b>	<b>664</b>	<b>377</b>

The additions during the year relate to the acquisition of software.  
The amortisation period is three years.



	Freehold Land and Buildings	Leasehold Land and Buildings	Fixtures, Fittings & Equipment	Fixed Assets Under Construction	Heritage Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>11 Fixed Assets</b>						
<b>College</b>						
<b>Cost and Valuation</b>						
At 1 August 2017	24,288	74,070	5,234	8,903	11,020	123,515
Transfer of Completed Assets from Assets Under Construction	–	6,078	507	( 6,585)	–	–
Additions	–	473	983	8,421	–	9,877
Disposals	–	(1,434)	–	–	–	( 1,434)
<b>At 31 July 2018</b>	<b>24,288</b>	<b>79,187</b>	<b>6,724</b>	<b>10,739</b>	<b>11,020</b>	<b>131,958</b>
<b>Depreciation</b>						
At 1 August 2017	–	(5,411)	(3,633)	–	–	(9,044)
Charge for the Year	–	(2,233)	(1,030)	–	–	(3,263)
Disposals	–	174	–	–	–	174
<b>At 31 July 2018</b>	<b>–</b>	<b>(7,470)</b>	<b>(4,663)</b>	<b>–</b>	<b>–</b>	<b>(12,133)</b>
<b>Net Book Value</b>						
<b>At 31 July 2018</b>	<b>24,288</b>	<b>71,717</b>	<b>2,061</b>	<b>10,739</b>	<b>11,020</b>	<b>119,825</b>
At 31 July 2017	24,288	68,659	1,601	8,903	11,020	114,471

A full valuation of academic, office, ancillary and support buildings was carried out on 31 July 2014 by Geraldeve. In June 2018, the RCA demolished the Sculpture Building. The value of this is represented in 'Disposals' under 'Leasehold Land & Buildings' in the above note.

## 12 Heritage Assets

The College has an art collection which consists mainly of works of art acquired free of charge from former students and artists associated with the College. Most items in the collection had nil or little value at the date of acquisition as the artists were not well known. Over time some items in the collection have appreciated in value. At 31 July 2018 there were over 1,300 in the collection.

An RCA internal valuation of the collection took place over the 2009/10 financial year. This estimate was used to capitalise the collection and recognise it on the balance sheet at 1 August 2010 in line with FRS 30 (Heritage assets). No items were acquired in 2017/18.

	2018	2017	2016	2015	2014
	£'000	£'000	£'000	£'000	£'000
Total Cost of Acquisitions Purchased	–	–	–	–	–
Value of Acquisitions by Donation	–	–	12	–	–
<b>Total Acquisitions Capitalised</b>	<b>–</b>	<b>–</b>	<b>12</b>	<b>–</b>	<b>–</b>

## Notes to the Accounts for the Year Ended 31 July 2018

### 13 Non-Current Investments

	Endowment Assets	Investment Property	Total
College	£'000	£'000	£'000
<b>At 1 August 2017</b>	<b>19,321</b>	<b>2,990</b>	<b>22,311</b>
Additions	16,926	–	16,926
Disposals	(17,581)	–	(17,581)
Increase in Market Value of Investments	298	–	298
<b>At 31 July 2018</b>	<b>18,964</b>	<b>2,990</b>	<b>21,954</b>

During the year, the College's investments have been transferred from Barings/Ruffers to Close Brothers Asset Management. The non-current investments have been valued at market value. For the breakdown of Endowment Assets by Investment Class, refer to Note 20.

	Year ended 31 July 2018	Year ended 31 July 2017
College	College	College
£'000	£'000	£'000
<b>14 Stock</b>	96	100
	<b>96</b>	<b>100</b>

Stock consists of stock from the College Shop, catering supplies and precious metals.

### 15 Debtors

Amounts falling due within one year:

Debtors	1,967	1,385
Accrued Income	1,115	2,424
Prepayments	551	280
	<b>3,633</b>	<b>4,089</b>

	Year ended 31 July 2018	Year ended 31 July 2017
<b>16 Current Investments</b>		
Short-term Deposits	1,418	861
	<b>1,418</b>	<b>861</b>
<b>17 Creditors: Amounts Falling Due Within One Year</b>		
Sundry Creditors	4,473	4,709
Social Security and Other Taxation Payable	607	300
Accruals and Deferred Income*	14,155	7,845
Staff Annual Leave Accrual	933	842
	<b>20,168</b>	<b>13,696</b>

\*Deferred income includes government grants received to fund capital projects. These are released over the life of the related fixed asset.

#### Deferred Income

Included within accruals and deferred income are the following items of income which have been deferred until specific performance related conditions have been met.

Donations	5	10
Research Grants	1,883	2,181
Grant Income	60	76
Other Income	9	468
	<b>1,957</b>	<b>2,735</b>

## Notes to the Accounts for the Year Ended 31 July 2018

	Year ended 31 July 2018	Year ended 31 July 2017
	<b>College</b>	<b>College</b>
	£'000	£'000
<b>18 Creditors: Amounts Falling Due After More Than One Year</b>		
Deferred Income*	13,137	11,904
Unsecured Loans	–	7,009
	<b>13,137</b>	<b>18,913</b>
Analysis of Unsecured Loans:		
Due Within One Year or on Demand (Note 17)	–	–
Due Between One and Two Years	–	–
Due Between Two and Five Years	–	–
Due in Five Years or More	–	–
<b>Due After More Than One Year</b>	<b>–</b>	<b>7,009</b>
<b>Total Unsecured Loans</b>	<b>–</b>	<b>7,009</b>
<b>Unsecured loans</b>	<b>–</b>	<b>7,009</b>

\* Deferred income includes government grants received to fund capital projects. These are released over the life of the related fixed asset.

In February 2017, the College agreed a £28m revolving credit facility with HSBC. The purpose of the facility is to assist with the financing of and cash flows relating to the College's project to build a new campus in Battersea. The undrawn amount attracts quarterly interest rate repayments. There is no charge over the College's assets. The facility with HSBC is over a ten-year period, repayable by 2027 and the loan drawn down is subject to monthly interest rate repayments.

As at 31 July 2017, the capital sum owed on the facility was £7,008,912 and repaid in August 2017. As at July 2018 £28m was undrawn.

	Obligation to fund deficit on SAUL Pension	Total Pensions Provisions	Total Other
	£'000	£'000	£'000
<b>19 Provisions for Liabilities</b>			
<b>College</b>			
At 1 August 2017	355	355	355
Utilised in year	(355)	(355)	(355)
<b>At 31 July 2018</b>	<b>–</b>	<b>–</b>	<b>–</b>



	Restricted Permanent Endowments	Unrestricted Permanent Endowments	Restricted Expendable Endowments	2018 Total	2017 Total
<b>20 Endowment Reserves</b>	£'000	£'000	£'000	£'000	£'000
Restricted net assets relating to endowments are as follows:					
<b>Balances at 1 August 2017</b>					
Capital	6,189	5,685	7,804	<b>19,678</b>	18,940
Accumulated Income	244	260	–	<b>504</b>	549
	6,433	5,945	7,804	<b>20,182</b>	19,489
New Endowments	–	–	–	–	211
Transfers (Capital)	1,048	–	(1,048)	–	–
Transfers (Income)	(16)	–	16	–	–
Investment Income	59	48	76	<b>183</b>	177
Expenditure	(145)	(34)	(194)	<b>(373)</b>	(410)
	(86)	14	(118)	<b>(190)</b>	(233)
Increase in Market Value of Investments	131	91	76	<b>298</b>	715
At 31 July 2018	7,510	6,050	6,730	<b>20,290</b>	20,182
<b>Represented by:</b>					
Capital	7,368	5,776	6,832	<b>19,976</b>	19,678
Accumulated Income	142	274	(102)	<b>314</b>	504
	7,510	6,050	6,730	<b>20,290</b>	20,182
<b>Analysis by Type of Purpose:</b>					
Scholarships and Bursaries	6,685	–	3,752	<b>10,437</b>	10,435
Research Support	–	–	2,887	<b>2,887</b>	2,896
Prize Funds	787	–	91	<b>878</b>	869
General	38	6,050	–	<b>6,088</b>	5,982
	7,510	6,050	6,730	<b>20,290</b>	20,182
<b>Analysis by Asset:</b>					
Fixed Interest Stocks				<b>6,720</b>	5,310
Equities/Securities				<b>12,244</b>	14,011
Accrued Income				<b>10</b>	115
Cash and Cash Equivalents (RCA)				<b>(102)</b>	–
Cash and Cash Equivalents (Investment Fund)				<b>1,418</b>	746
				<b>20,290</b>	20,182

## Notes to the Accounts for the Year Ended 31 July 2018

	Unspent Capital	Donations	2018 Total	2017 Total
	£'000	£'000	£'000	£'000
<b>21 Restricted Reserves</b>				
Reserves with Restrictions are as follows:				
<b>Balances at 1 August 2017</b>	4,785	1,356	6,141	6,296
New Grants	2,531	–	2,531	–
New Donations	–	2,915	2,915	1,390
Capital Grants Utilised	(1,889)	–	(1,889)	(651)
Expenditure	(1,085)	(1,461)	(2,546)	(894)
	(443)	1,454	1,011	(155)
At 31 July 2018	<b>4,342</b>	<b>2,810</b>	<b>7,152</b>	<b>6,141</b>

	2018 Total	2017 Total
	£'000	£'000
<b>Analysis of Other Restricted Funds/Donations by Type of Purpose:</b>		
Scholarships and Bursaries	922	524
Capital Grants	4,343	4,786
Prize Funds	96	75
General	1,791	756
	<b>7,152</b>	<b>6,141</b>

<b>22 Cash and Cash Equivalents</b>	<b>At August 2017</b>	<b>Cash Flows</b>	<b>At 31 July 2018</b>
	£'000	£'000	£'000
Cash and Cash Equivalents	6,675	1,141	7,816
	<b>6,675</b>	<b>1,141</b>	<b>7,816</b>

<b>23 Capital and Other Commitments</b>	<b>Year ended 31 July 2018</b>	<b>Year ended 31 July 2017</b>
	£'000	£'000
Provision has not been made for the following capital commitments:		
Commitments contracted for *	2,286	6,611
	<b>2,286</b>	<b>6,611</b>

\* These relate to contracts associated with the College's Battersea South Project and Summer Works across the College's Kensington, Battersea, and White City campuses.

## 24 Financial Instruments

### Unquoted Investments

At 31 July 2018, the College had unquoted equity investments of £1,175,200 which were held at cost. These consist of investments in 38 start-up companies supported by the InnovationRCA Incubator.

The InnovationRCA incubator aims to create new design entrepreneurs and business innovators. The objective is to create new firms that can attract further funding, create intellectual assets that can be licensed, or sold to other firms.

These investments have been recognised as equity investments and they have subsequently been impaired to nil so there is no carrying value in the balance sheet.

## 25 Lease Obligations

Total rentals payable under operating leases:

	<b>Land and Buildings</b>	
	<b>31 July 2018</b>	<b>31 July 2017</b>
	<b>Total</b>	<b>Total</b>
	£'000	£'000
Payable during the year	2,594	1,457
Future Minimum Lease Payments Due:		
Not Later than One Year	2,507	2,498
Later than One Year and Not Later than Five Years	7,342	9,237
Later than Five Years	45,671	46,196
<b>Total Lease Payments Due</b>	<b>55,520</b>	<b>57,931</b>

This represents lease payments that are to be made over the life of the College's leases.

	<b>31 July 2018</b>	<b>31 July 2017</b>
	£'000	£'000
Operating lease rentals receivable during the year	217	216
Future Minimum Lease Receipts Due:		
Not Later than One year	156	171
Later than One Year and Not Later than Five years	625	625
Later than Five Years	515	671
<b>Total Rental Income Receipts Due</b>	<b>1,296</b>	<b>1,467</b>

The College receives rental income under a 15-year lease for letting a ground floor unit of the Dyson building to the Co-operative Group Food limited.

# Notes to the Accounts for the Year Ended 31 July 2018

## 26 Pension Scheme

### General Description of the Scheme

The Royal College of Art participates in the Superannuation Arrangements of the University of London (SAUL), which is a centralised defined benefit scheme within the United Kingdom and was 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 a Career Average Revalued Earnings ('CARE') basis. The Royal College of Art 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 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 2017. 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 by the Trustee and employers in June 2018 and are due to be reviewed at SAUL's next formal valuation in 2020.

At the 31 March 2017 valuation SAUL was fully funded on its Technical Provisions basis so no deficit contributions were required. The Trustee and the Employers have agreed that the ongoing Employers' contributions will continue at a rate of 16% of CARE Salaries.

### Accounting Policy

The Royal College of Art is a Participating Employer in 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 £3,205 million representing 102% of the liabilities for benefits accrued up to 31 March 2017.

It is not possible to identify an individual Employer's share of the underlying assets and liabilities of SAUL. The Royal College of Art's 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.

### Non-adjusting Post Balance Sheet Event

On 26 October, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The implication for SAUL member benefits are being fully considered although we note an allowance in the 2017 actuarial valuation to fund the equalisation of GMPs was set aside.



## 27 Related Party Transactions Note

Due to the nature of the College's operations and the composition of its Council and staff, it is inevitable that transactions will take place with external bodies, trusts and organisations with which Council members and/or staff may be associated. The College maintains a Register of Interests in which all such interests are declared, and all transactions are conducted at arm's length and in accordance with the College's financial regulations and usual procurement procedures. There were no payments made to Council members for the reimbursement of incidental expenses during the year (2017/18, £0).

During the year, the following transactions took place with companies in which Council or staff members had interests: The College paid £499,522 to the Victoria and Albert Museum (2016/17, £453,974) for reimbursement of fees for the History of Design programme (run jointly by the College and the Victoria and Albert Museum), and reimbursements for study trips to Brussels and Lyon.

The College invoiced the Victoria and Albert Museum for the following items: £19,800 relating to the future design project and £11,424 for other services. Dr Paul Thompson, the Vice-Chancellor, is a Trustee of the Victoria and Albert Museum and Tristram Hunt, member of the College Council, is also Director of the Victoria and Albert Museum.

The College paid £18,800 to Research Studios Limited for working on the RCA logo design and work in association with 2016/17 year end accounts. Neville Brody is the Dean of Communications at the College and Director of Research Studios Limited.

The College paid £174,978 to the RCA student Union, of this £161,200 was in relation to subvention (from August 2017 to July 2018).

The College paid £6,837 to the British Council for various events held at British Council premises and promotional work. Magdalene Odundo is a member of the College's Council and an Arts Advisory Group member at the British Council.

The College paid £115 to the British Library in respect of loans. Patrick Plant is a member of the College's Council and Board member of the British Library.

The College paid £4,500 to Design Museum Enterprises. Lady Jillian Ritblat is a member of the College's Council and a Trustee at the Design Museum.

## 28 Jointly Controlled Operations

Velocity 400 Ltd was incorporated on 2 October 2015 as a private company limited by guarantee for the purpose of providing, among other services, a shared procurement service to enable its members to enjoy economies of scale in the procurement of goods, works and services and to benefit from the expertise of procurement professionals.

The Royal College of Art, the Royal Academy of Music, the Royal College of Music, Trinity Laban and Regents University were admitted as members of the company on 17 March 2016.

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**Assistant editor**

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EXPERIENCES FOR INDIVIDUALS  
WHO WILL GO ON TO  
TRANSFORM THE WORLD.’**