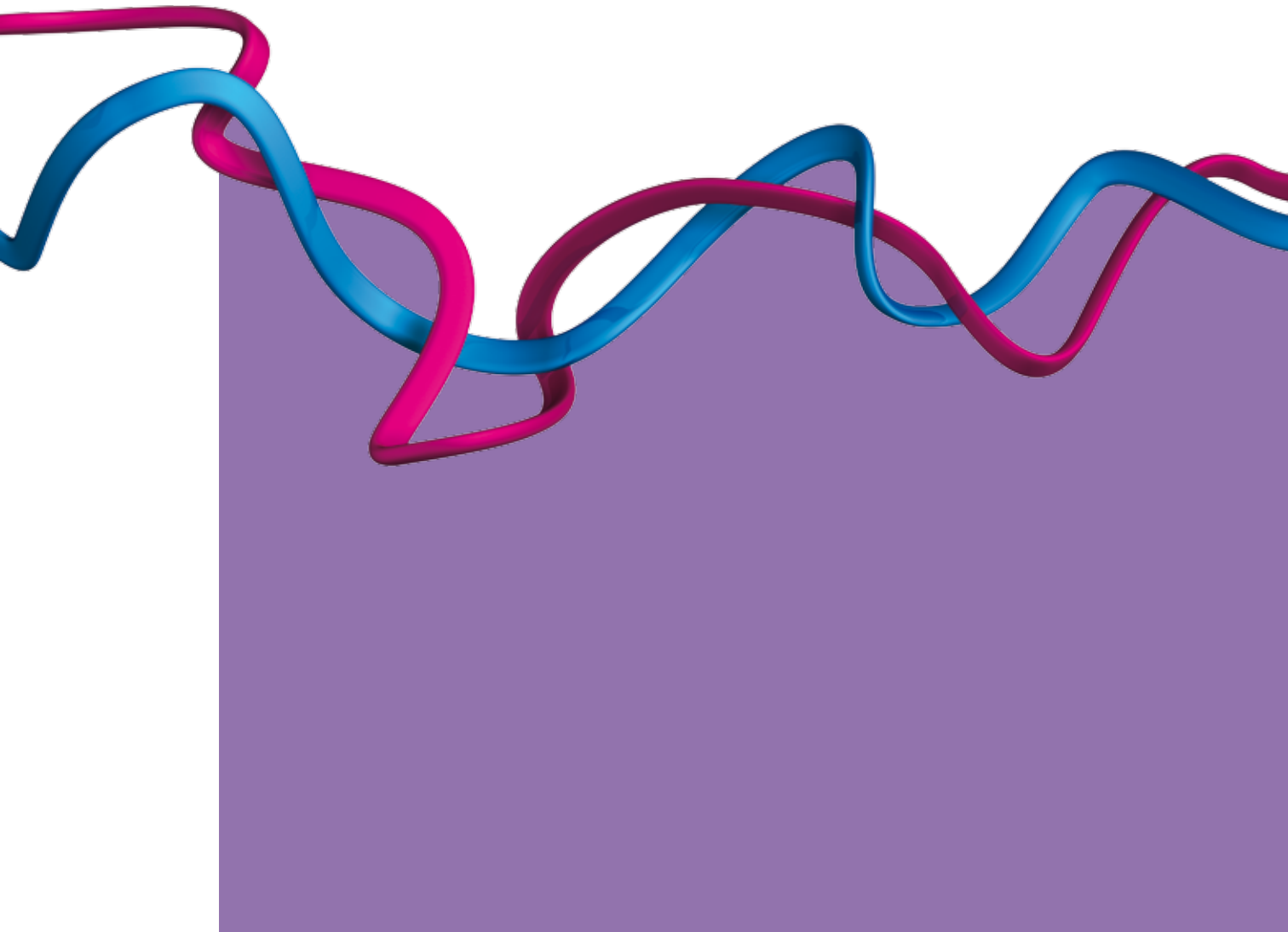




ROYAL
ACADEMY OF
ENGINEERING

Financial Report and Accounts

For the year ended 31 March 2015



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Chair of the Finance Committee's statement



RESULTS FOR THE YEAR

The Academy has produced group accounts for the year, having consolidated its accounts with those of its two subsidiaries, the Queen Elizabeth Prize for Engineering Foundation and RAE Trading Limited. Net of intragroup transactions, group income for the year was £32.1 million and group expenditure on charitable activities was £22.9 million. The cost of generating funds across the group was £1.5 million. The carrying value of the group's net assets was £53.1 million.

ROYAL ACADEMY OF ENGINEERING

Total income for the year was £25.5 million. The largest element, core grants from the Department for Business, Innovation and Skills (BIS), has increased to £13.1 million.

Income from other grants and contracts increased by £2 million to £7.7 million. This is mainly due to the Newton Fund programme, funding for which was £1.9 million in the year.

Expenditure on charitable activities was £21.2 million, compared to £19.1 million in the previous year. The increase in expenditure on charitable activities relates to a number of new multi-year programmes. The Academy recognises its liability commitments in line with the Charity Statement of Recommended Practice, and grants and donations are recognised once they have been communicated to the recipient and any conditions are outside the control of the Academy. An analysis based upon the principal objective of each activity shows that, of the total charitable expenditure of £21.2 million: 65% was spent

on enhancing engineering capacity; 15% was spent on inspiring young people; 13% was spent on promotion of and leadership in engineering; and 7% was spent on leading and shaping engineering policy. Employment costs increased from the previous year by 11% to £3.9 million due to staff on short-term contracts.

THE QUEEN ELIZABETH PRIZE FOR ENGINEERING FOUNDATION

Total income for the year was £5.7 million. Expenditure on charitable activities was £1.8 million. The Queen Elizabeth Prize for Engineering is awarded biennially with the award made in February 2015 and the prize ceremony to be held in October 2015. The Foundation is fundraising to secure an additional £14 million to ensure the future of the prize in perpetuity. The Foundation pays a management fee to the Academy for services which include staff employed and office space.

RAE TRADING LIMITED

The commercial activity undertaken by the company during the year was the provision of rooms and catering services within Prince Philip House primarily to corporate customers. Catering services are also provided to the Academy at cost. Revenue for the year was £1.5 million and operating expenditure, including the cost of providing a service to the Academy, was £1.1 million. The net profit for the year of £468,000 was gift-aided to the Academy at the end of the financial year.

GROUP ASSET VALUE

The carrying value of the group's net assets was £53.1 million. Investments were valued at £37.6 million, with the Academy holding £22.9 million and the Foundation holding £14.6 million. Net book value of tangible fixed assets amounted to £11.5 million including £4.4 million in respect of Carlton House Terrace and £6.8 million of improvements to Prince Philip House. The main liability was a bank loan

of £1.2 million, which funded the Academy's property lease. The value of the group's restricted funds increased over the year by £9.9 million, mainly due to donations to the Foundation and some reclassification of funds. The Academy's general fund value reduced by £1.2 million to £22.2 million, the most significant factor being the actuarial loss of £1.9 million on the defined benefit scheme, which is currently being bought out with the future liability to be transferred to Aviva.

INVESTMENTS

The value of the Academy's general investment portfolio decreased over the year by £346,000 to £21.2 million. Realised and unrealised investment losses during the year totalled £234,000. Approximately 94% of the Academy's investment portfolio is held in UK equities and 6% in high-quality fixed-interest stocks. Income to the Academy from dividends and fixed-interest bonds increased by 3% during the year to £752,000, while bank interest decreased to £64,000 from £161,000, as the Academy's cash held reduced with grants and investments made. Group investment income decreased by £13,000 to £1.2 million, of which £363,000 was income from the Foundation's investments, which are managed separately from those of the Academy.

FINANCE COMMITTEE

Following a review of the Academy's governance, the role and responsibilities of the Finance and Audit Committee were divided between a Finance Committee and an Audit and Risk Committee, with effect from 15 September 2014. The Finance Committee has subsequently met twice and will meet at least four times during future financial years.

Signed on behalf of the Finance Committee 31 July 2015

Mr I Ritchie CBE FEng,
Chair of the Finance Committee

Report of Trustee Board

Reference and administrative details

**NAME AND
REGISTERED OFFICE**

The Royal Academy of Engineering is a registered charity No. 293074. It is a corporate body governed by Royal Charter. The registered office is Prince Philip House, 3 Carlton House Terrace, London SW1Y 5DG.

**PROFESSIONAL
ADVISERS**

Bankers

National Westminster Bank plc
Charing Cross, London Branch
PO Box 113, Cavell House
2a Charing Cross Road
London WC2H 0NN

Solicitors

Bristows
100 Victoria Embankment
London EC4Y 0DH

Auditor

BDO LLP
55 Baker Street
London W1U 7EU

Investment advisers

OLIM Limited
Pollen House
10-12 Cork Street
London W1X 1PD

Structure, governance and management

COUNCIL MEMBERS

Following a review of the Academy's governance, the Council of 26 members was superseded in September 2014 by a Trustee Board of 13 elected members with the discretion to co-opt up to two additional members. Trustee Board members are the trustees of the Academy as defined under its status as a registered charity. The Trustee Board will meet six times per year and it is responsible for the governance of the Academy. At these meetings the Trustee Board will discuss issues of strategy and policy and also matters referred to it by the governance committees for Finance, Audit and Risk, Membership, Nominations and Remuneration. The reporting structure for the Academy's remaining committees is currently under review.

All Trustee Board members and other Fellows who take part in Academy activities give their time freely; no remuneration was paid in the year beyond the reimbursement of reasonable expenses. The majority of Academy activities are controlled by committees composed of Fellows. The members of Council and the Trustee Board during the year were:

COUNCIL (until 15.9.14)	President	Sir John Parker GBE FREng
	Immediate Past President (<i>ex officio</i>)	Lord Browne of Madingley FREng FRS
ORDINARY COUNCIL MEMBERS	Senior Vice President	Professor Sir William Wakeham FREng
	Vice Presidents	Professor R Parry-Jones CBE FREng Dr M Thomas CBE FREng
	Professor H Atkinson CBE FREng	Professor R Parry-Jones CBE FREng
	Mrs D Mitchell FREng	Dr M Thomas CBE FREng
	Professor R Parker CBE FREng	
	Honorary Treasurer	Mr I Ritchie CBE FREng FRSE
	Professor G Amaratunga FREng	Professor Sir Michael Gregory CBE FREng
	Mr J Baxter FREng FRSE	Dr A Harter FREng
	Dr S Bold FREng	Mr S Howison FREng
	Professor N Brandon OBE FREng	Professor J Loughhead OBE FREng
Mrs C Burke FREng	Professor H Thomas FREng FRS FLSW	
Ms S Clarke CBE FREng	Dr J Venables CBE FREng	
Professor B Collins CB FREng	Mr N Whitehead FREng	
Mr A Cook CBE FREng		
EX OFFICIO COUNCIL MEMBERS	Chair, Membership Committee	Dr J E Roberts CBE FREng
	Chair, Proactive Membership Committee	Mr N Cooper FREng
TRUSTEE BOARD (from 15.9.14)	President	Professor Dame Ann Dowling DBE FREng FRS
	Vice Presidents (from 20.10.14)	Professor R Williams OBE FREng
TRUSTEE BOARD MEMBERS	Mr A Cook CBE FREng	Professor R Williams OBE FREng
	Professor Sir William Wakeham FREng	
	Professor Dame Ann Dowling DBE FREng FRS	
	Professor H Atkinson CBE FREng	Professor R Parker CBE FREng
	Professor B Collins CB FREng	Mr I Ritchie CBE FREng FRSE
	Mr A Cook CBE FREng	Dr J E Roberts CBE FREng
	Professor Sir Michael Gregory CBE FREng	Dr M Thomas CBE FREng
Dr A Harter FREng	Professor Sir William Wakeham FREng	
Dr M Howse CBE FREng	Professor R Williams OBE FREng	
Professor J Loughhead OBE FREng		

Report of Trustee Board

Election to the Trustee Board

Trustee Board members are elected for a term of three years with the exception of the President, who is elected for a term of up to five years. The trustee election is by a ballot of Fellows each year. The Nominations Committee meets annually to draw up a list of candidates willing to stand in the trustee election and, if elected, to serve as either a Vice President or a chair of a governance committee.

Induction and training of Trustee Board members

Following election, trustees are provided with an information pack comprising the Charter, Statutes and Regulations of the Academy, a Charity Commission publication on the responsibilities of charity trustees and the strategic plan. Trustee Board members are encouraged to attend recommended external training courses for charity trustees.

Internal control

Following a review of the Academy's governance, the role and responsibilities of the Finance and Audit Committee were divided between a Finance Committee and an Audit and Risk Committee with effect from 15 September 2014.

MEMBERS OF THE FINANCE AND AUDIT COMMITTEE (until 15.9.14)

Mr I Ritchie CBE FREng FRSE (Chair)
Mr J Baxter FREng FRSE
Dr S Bold FREng
Mr A Cook CBE FREng
Professor P Goodhew FREng

Professor Sir David Payne CBE FREng
Dr J Venables CBE FREng
Mr N Whitehead FREng

MEMBERS OF THE FINANCE COMMITTEE (from 15.9.14)

Mr I Ritchie CBE FREng FRSE (Chair)
Mr J Baxter FREng FRSE
Mrs C Burke FREng

Mr A Cook CBE FREng
Professor J Norton FREng

The Academy's constitution stipulates that the Chair of the Finance Committee must be a trustee of the Academy.

The Finance Committee is mandated by and reports to the Trustee Board on the following issues:

- Setting a budget prior to each financial year for approval by the Trustee Board
- Appointing and monitoring the performance of independent investment advisers
- Approving authorised signatories and setting limits on delegated financial authorities
- Monitoring actual financial performance against budget
- Reviewing the reserves policy annually
- Ensuring that accounting rules are followed and that an independent audit is conducted.

Detailed management accounts are prepared monthly within ten working days of the month end and submitted quarterly to the Finance Committee. Summarised accounts are submitted at each Trustee Board meeting.

**MEMBERS OF THE AUDIT
AND RISK COMMITTEE**
(from 15.9.14)

Dr M Howse CBE FREng (Chair)
Professor B Collins CB FREng
Miss C Griffiths FREng
Dr J Kennedy OBE FREng

Dr G Masterton OBE FREng
Dr M Purshouse FREng
Mr J Robinson CBE FREng

The Academy's constitution stipulates that the Chair of the Audit and Risk Committee must be a trustee of the Academy.

The Audit and Risk Committee is mandated by and reports to the Trustee Board on the following issues:

- Reviewing the effectiveness of the Academy's risk management.
- Overseeing the Academy's programme of internal audit and review of its activities.
- Overseeing the relationship with the Academy's external auditor including appointment, reappointment, terms of engagement and remuneration.
- Reviewing the auditor's observations and recommendations arising from the annual statutory audit and the management team's response to those observations and recommendations.

RISK ASSESSMENT

The major risks to which the Academy is perceived to be exposed have been identified, and mechanisms are in place to manage those risks. As part of this process, the Chief Executive reports to the Audit and Risk Committee twice per year on the status of perceived risks and the actions taken or about to be taken to manage the risks of greatest concern. A routine review is currently underway of the Academy's risk management processes and controls.

INVESTMENT POWERS

The Royal Charter gives the Academy unrestricted powers of investment of its reserve funds.

PRINCIPAL EXECUTIVES

Day-to-day management of the Academy is the responsibility of the Chief Executive assisted by the Directors' Committee which meets weekly. The directors are as follows:

Chief Executive	Mr P Greenish CBE
Director, Finance and Corporate Services	Mr H Beeston ACIS
Director, Education Programmes	Dr R Morgan
Director, Policy and Public Affairs	Ms B Parkin
Director, Development	Ms S Philbrick
Director, Strategy and Planning	Dr H Sillem
Director, Queen Elizabeth Prize	Ms K Navaratnam

Report of Trustee Board

Objectives and activities for the public benefit

Charitable activities

The Academy has focused its efforts on four areas of activity for the public benefit:

- Promotion of, and leadership in, engineering
- Leading and shaping engineering policy
- Enhancing engineering capacity
- Inspiring young people and nurturing educational skills.

In pursuing its objectives, the Academy aims to move engineering to the centre of society, and to demonstrate the contribution made by engineers and engineering to the health and wellbeing of society in the UK and beyond. The Trustee Board confirms that it has referred to the guidance contained in the Charity Commission's general guidance on public benefit, both when reviewing the Academy's aims and objectives and also in planning future activities.

Activities, achievements and performance

“Promotion of, and leadership in, engineering”

Main public benefits - to act as a leadership body and to promote the value of engineering by harnessing the strengths of the engineering organisations; working with the other national academies; engaging the public in debate on engineering and its impact on society; and recognising great engineering through prizes and awards. Main achievements include:

- *Engineering the Future*, an alliance of the Academy with the professional engineering institutions, has continued to create a unified voice for engineering on engineering and education policy as well as helping address the great technological challenges of the 21st century. The alliance also produced *The Universe of Engineering: a call to action*, which contains some challenging recommendations for the profession. The report highlights the hidden contribution of engineering and engineers to the economy and provides a number of strategic long-term recommendations to ensure the professional engineering institutions and the professional engineering community remain relevant to practising engineers and the public in the 21st century.
- The Academy worked with sister national academies to produce a statement, *Building a stronger future: research, innovation and growth*, which underlined the value of research and innovation investment and was widely disseminated to opinion formers and policymakers.

- The MacRobert Award for Engineering Innovation for 2014 was awarded to Cobalt Light Systems for the Insight100 airport security liquid scanner. The following medals and awards were also awarded in 2014: Major Project Award; Colin Campbell Mitchell Award; President's Medal; Prince Philip Medal; Sir George Macfarlane Medal; Sir Frank Whittle Medal; Rooke Award; four Silver Medals.
- Sponsorship funding and in-kind support enabled the delivery of a number of significant events, including the annual Academy Awards Dinner celebration and 37 further events during the year.
- 22 public engagement awards were made through the Ingenious grant scheme; five public engagement events were held; and one major survey into public engagement with research was instigated in partnership with other organisations.

“Leading and shaping engineering policy”

Main public benefits - to enhance the UK's economic and social development by providing essential engineering expertise and policy recommendations to government and wider society, providing a unified voice for engineering and leading the response to engineering challenges.

- The Academy provided written responses and advice to parliamentary, governmental and other national bodies on a range of engineering topics, including the government's science and innovation strategy, motoring of the future, digital communications infrastructure strategy, environmental risks of hydraulic fracturing, and the triennial reviews of the Committee on Radioactive Waste Management, The National Institute for Health and Care Excellence (NICE) and Medicines and Healthcare products Regulatory Agency (MHRA). Major Academy policy reports included: *Counting the cost: the economic and social costs of electricity shortfalls in the UK*, for the Prime Minister's Council for Science and Technology, *Wind energy: implications of large-scale deployment on the GB electricity system*, and *Health apps: regulation and quality control*.
- A number of policy events and meetings were held on a variety of topics, including on innovation in aerospace, the engineering contribution to patient safety, using the engineering method in policymaking, health apps, the use of data analysis in business, future cities, space technologies and industrial strategy.

“Enhancing engineering capacity”

Main public benefits - to develop the health and wellbeing of the UK by: improving the wealth generation of the UK economy by supporting high-quality engineering research and encouraging entrepreneurs and innovators to develop ideas; facilitating links between industry

and universities to translate innovative research into economic success; and enhancing the links between UK researchers and other international centres of excellence.

- Achievements in programmes funded by Parliamentary Grant were as follows: 47 Research Chairs and Senior Research Fellows were in post during the year; two Research Chairs in Emerging Technologies were in post; 57 Research Fellows (including RAEng/EPSRC Research Fellowships, RAEng Research Fellowships and RAEng/MOD Fellowships) were in post; seven new Industrial Secondment Scheme awards were made. with 21 in post; 31 universities had Academy Visiting Professorships in post; 22 companies participated in the Pathways to Growth scheme; 36 Distinguished Visiting Fellowship awards were made; 10 Research Exchanges with China and India were established; seven Engineering Enterprise Fellowships were awarded; 45 Type 1 Newton Research Collaboration Programme awards were made.
 - 356 students were in receipt of Engineering Leadership awards – across both advanced and standard awards; 29 people took part in the Executive Engineers Programme; 11 Sainsbury Management Fellowships were awarded; 65 Petrofac/RAEng Fellowships were in post; one Sir Angus Paton Bursary was granted; two Sir Robert Malpas Bursaries were awarded; and one Hertha Marks Ayrton Fellowship was in post.
 - The Academy continued to work with a number of related bodies, including the National Academies, the Royal Society of Edinburgh, the Engineering Council, EUC, the 35 UK engineering professional engineering institutions, Gatsby Charitable Foundation, the ERA Foundation, the Lloyd's Register Foundation, Panasonic, Petrofac, the US National Academy of Engineering, the Chinese Academy of Engineering, the European Council of Academies of Applied Sciences, Technologies and Engineering (Euro-CASE), the international council of engineering and technological sciences academies (CAETS), the Daphne Jackson Trust, WISE, Athena Swan, and the Campaign for Science and Engineering (CaSE)
 - The Engineering for Growth campaign, which is run in partnership with 30 government and engineering organisations, seeks to raise awareness of and increase the contribution of engineering to UK economic growth and quality of life.
- “Inspiring young people and nurturing educational skills”**
- Main public benefits – to meet the needs of the UK economy and society by: encouraging young people to study engineering; promoting diversity and enabling underrepresented groups to take up a career in engineering; and enhancing teaching and learning.
- The Academy continued to support The Big Bang 2015, the largest celebration of science, technology, engineering and maths for young people in the UK with an estimated 5,000 visiting the Academy stand over the four days.
 - The Academy, alongside EngineeringUK, leads the Tomorrow's Engineers programme which introduced more than 30,000 young people to engineering in schools.
 - The Academy played a leading role in supporting the publication of the government review *Engineering Skills* by the Chief Scientific Adviser for the Department for Business, Innovation and Skills, Professor John Perkins FREng, providing evidence to support the case for increasing the number and quality of engineers in the UK. Education for Engineering (E4E), the education alliance of the professional engineering community, was tasked by government with implementing some of Professor Perkins' key recommendations to support the case for increasing the number and quality of engineers in the UK. The Academy has provided support to task and finish groups, which focused on boosting teacher industrial experience, work experience for students, engineering employer engagement in further education, and placements/other employer support for engineering higher education.
 - The Academy published the report *Skills for the nation: engineering undergraduates in the UK*, mapping the complex structure of engineering higher education in the UK.
 - The Academy launched the UK Forum for Computing Education (UKForCE), an independent expert body to advise UK government and other agencies on key issues relating to computing education.
 - The Academy continued to host Education for Engineering (E4E) which provided expert advice on the new D and T curriculum for schools.
 - The Academy's *Connecting Teachers, Engineering Engagement* and *Engineering Further Education* projects have worked with hundreds of teachers to strengthen the quality of engineering education in schools and colleges.
 - Major grants towards Academy programmes were received from the Blavatnik Family Foundation, Lloyds Register Foundation, the ERA Foundation and Petrofac plc.
 - The Academy's Diversity Programme provides focused expertise to widen as well as increase participation in engineering, and in 2014 oversaw adoption of the Engineering Diversity Concordat by over 80% of professional engineering institutions as well as collaboration in inclusion work across more than 40 industrial organisations.

Report of Trustee Board

Financial review

Review of transactions for the year

The financial statements are presented in the format required by the Charity Commission's revised Statement of Recommended Practice (SORP 2005). The Statement of Financial Activities shows the gross income from all sources and the split of activity between restricted and unrestricted funds. Total group incoming resources for the year were £32.1 million. Total income increased by £6.2 million over the previous year.

GOVERNMENT GRANT

The Academy is grateful to the Department for Business, Innovation and Skills for providing government core grant to support activities aimed primarily at promoting engineering research in the UK. Government core grant at £13.1 million was the largest contribution to funds and represented 43% of total group incoming resources.

ENGINEERING EDUCATION PROGRAMMES

The Academy's engineering education programmes aim to improve engineering education from school through to postgraduate education and professional development. The Department for Business, Innovation and Skills and a group of aerospace sector companies donated £1.9 million to the MSc Aerospace Bursary Programme. A corporate supporter and the Department for Business, Innovation and Skills donated £450,000 to the *That Could Be Me* Programme. BG Group made donations totalling £243,000 during the year to develop a network of support for STEM teachers in secondary schools.

OTHER GRANTS AND CONTRACTS

Income from other grants and contracts totalled £5.1 million, of which the Engineering and Physical Sciences Research Council provided £645,000 for the Research Fellowship programme and Department for Business, Innovation and Skills provided £1.9 million for the Newton Fund programmes.

DONATIONS

During the year, donations totalled £8.1 million, of which £5.3 million was to the Queen Elizabeth Prize for Engineering.

OTHER INCOME

Other major sources of income during the year were: investments, subscriptions, events and facilities hire income at a total of £3.2 million.

CHARITABLE ACTIVITIES

Expenditure on charitable activities was £22.9 million during the year or 94% of total resources expended. Of this total, £20.6 million represented charitable activities and grants paid under various programmes and £2.3 million represented the costs of operating those programmes.

COST OF GENERATING FUNDS

The cost of generating funds consists of fees paid to investment managers, facilities hire and catering and the staff costs and expenses associated with fundraising. These costs totalled £1.5million or 6% of total group resources expended. The Academy is continuing with major fundraising activity aimed at obtaining funds for the enhancement and expansion of the Academy's educational programmes and public engagement activities.

GOVERNANCE COSTS

Governance costs comprising audit fees, legal fees and associated support costs amounted to £44,000 or 0.2% of total resources expended.

INVESTMENTS

The investments are held in a general fund portfolio, a designated charity income fund and an investment portfolio for the Queen Elizabeth Prize for Engineering. The general fund portfolio has the objective of generating income to spend on activities in support of the Academy's strategic objectives while preserving the capital value of the fund in real terms. The structure of the group portfolio is currently 90% UK equities and 10% fixed-interest bonds; this allocation is reviewed regularly. During the year, the general fund generated £752,000 of income and incurred an investment loss of £235,000. Over the year as a whole, the general fund performed in line with market conditions and achieved its benchmark target.

FIXED ASSETS

Capital expenditure during the year amounted to £359,000. Of this, £107,000 was spent on IT, £12,000 on other equipment and furniture and £240,000 on leasehold improvements.

Academy's Reserves policy

The Finance Committee has considered the level of Academy's general reserves as part of the twice-yearly risk assessment review procedure. The Committee has concluded that the required level of reserves is such as would enable the Academy to continue as a going concern in the event of a major reduction in income from existing sources. The Trustee Board, taking into account the recommendation of the Committee, has agreed the following reserves policy:

The Academy should maintain a minimum level of free reserves of £6 million. The Academy's free reserves should not exceed a maximum level of £60 million.

The reserves policy will continue to be monitored and reviewed by Finance Committee who forward recommendations to the Trustee Board for their consideration should any amendments be required to the policy.

The free reserves of the Academy are made up as follows:

Year ended 31 March	2015	2014
	£000	£000
Total funds per group Balance Sheet	53,067	46,203
Exclude:		
Restricted funds	30,287	20,349
Unrestricted funds tied up in tangible fixed assets	4,656	4,797
Designated and special funds	493	1,922
Deduct:		
Pension fund charge on assets	(32)	392
Free reserves	17,663	18,743

The Trustees of the Queen Elizabeth Prize for Engineering Foundation consider the level of the Foundation's reserves as part of their risk assessment review process. These reserves are restricted within the group balance sheet. There are no reserves held by RAE Trading Limited as all profit arising is gift aided to the Academy.

The specific uses and needs of the restricted and designated funds held by the Academy are detailed separately in the notes to the accounts referred to above. The Academy's reserves are available and adequate to fulfil the current obligations of The Academy.

Report of Trustee Board

Recipients of Academy grants

The Academy made over 1,000 grants and awards to organisations and individuals in 2014/2015 totalling £13.9 million. The first 50 organisations, in order of the total amount of cash paid to recipients, are listed below.

Amount in £	Visiting Professors and other programmes			Industrial secondments	Total
	Research				
1 Imperial College London	684,347	299,410	-	983,757	
2 University of Cambridge	413,648	380,156	-	793,804	
3 University College London	435,719	235,319	19,549	690,587	
4 Science Museum Group	-	660,477	-	660,477	
5 University of Oxford	545,901	91,313	-	637,214	
6 Cranfield University	30,271	595,456	-	625,727	
7 University of Southampton	396,740	172,354	43,266	612,360	
8 University of Glasgow	436,910	23,160	-	460,070	
9 Heriot Watt University	377,120	19,550	58,066	454,736	
10 University of Bristol	375,964	77,552	-	453,516	
11 University of Warwick	219,887	209,993	-	429,880	
12 University of Edinburgh	399,795	20,350	-	420,145	
13 University of Nottingham	288,214	49,649	17,314	355,177	
14 Queen's University Belfast	176,241	177,064	-	353,305	
15 Queen Mary and Westfield College	334,563	15,900	-	350,463	
16 University of Surrey	178,045	131,064	23,354	332,463	
17 University of Bath	211,255	97,122	-	308,377	
18 University of Manchester	151,898	134,342	-	286,240	
19 University of Strathclyde	167,280	105,999	-	273,279	
20 University of Leeds	181,563	46,008	-	227,571	
21 University of Birmingham	88,107	94,214	-	182,321	
22 City University London	118,715	44,917	-	163,632	
23 Loughborough University	76,171	54,132	28,182	158,485	
24 University of Sheffield	88,892	52,000	-	140,892	
25 Brunel University	11,200	113,340	-	124,540	
26 Lancaster University	97,944	14,250	-	112,194	
27 University of Hull	89,847	16,500	5,191	111,538	
28 Aston University	3,223	99,399	-	102,622	
29 Cardiff University	85,697	16,720	-	102,417	
30 The Daphne Jackson Trust	84,189	-	-	84,189	
31 The Royal Society	-	76,533	-	76,533	
32 Royal Aeronautical Society	-	70,000	-	70,000	
33 University of Kent	13,013	26,405	26,601	66,019	
34 University of the West of England, Bristol	-	65,326	-	65,326	

Amount in £	Visiting Professors and other programmes			Industrial secondments	Total
	Research				
35 University of Salford	-	57,396	-	-	57,396
36 University of Liverpool	11,600	45,199	-	-	56,799
37 University of Dundee	51,242	4,640	-	-	55,882
38 University of Sussex	-	52,727	-	-	52,727
39 University of Newcastle	-	51,266	-	-	51,266
40 Space Science and Engineering Foundation	-	49,925	-	-	49,925
41 University of Huddersfield	-	49,762	-	-	49,762
42 University of Ulster	18,384	28,812	-	-	47,196
43 University of Leicester	-	25,500	21,045	-	46,545
44 Coventry University	-	26,674	19,704	-	46,378
45 University of Durham	-	44,755	-	-	44,755
46 University of Northumbria	-	41,473	-	-	41,473
47 Gallomanor Communications Ltd	-	39,848	-	-	39,848
48 University of Portsmouth	-	38,936	-	-	38,936
49 University of Winchester	-	33,360	-	-	33,360
50 University of Hertfordshire	5,970	9,567	17,488	-	33,025
Total	6,849,555	4,885,814	279,760		12,015,129

Notes:

1. Research comprises Personal Research Chairs, Senior Research Fellowships, Research Fellowships, Distinguished Visiting Fellowships, Public Engagement Awards, Newton International Fellowships, Research Exchanges with China and India, and Engineering Enterprise Fellowships.
2. Visiting Professorships and other programmes include Visiting Professorships in areas such as Sustainable Development and Systems Design, Visiting Teaching Fellowships and other engagement and education programmes.

Grant-making policy

The grant and award programmes are run by committees or steering groups of Fellows of the Academy. There is a policy of strict impartiality and no Fellow may participate in a grant/award decision if there is a conflict of interest. The role of Academy staff is solely one of administration of programmes.

Plans for future periods

As set out in its strategic plan, the Academy will focus on the following five strategic objectives.

Strategic challenge 1:

make the UK the leading nation for engineering innovation

Our aim is to support the development of successful engineering innovation and businesses in the UK in order to create wealth, employment and benefit for the nation.

We will achieve this by:

- marshalling the expertise in our Fellowship and networks to deliver substantial improvement in the environment for the creation of successful, innovative, wealth-creating UK businesses at scale
- growing our investment in research that brings together industry and the best engineering researchers in UK universities
- developing our Enterprise Hub as an engine for a vibrant, well-networked and supportive community for growing innovative businesses and as an exemplar of support for innovation and entrepreneurship in engineering and technology
- deploying our Fellows and networks to bring a strong engineering influence to bear on EU, national, regional and local industrial policy.

Report of Trustee Board

Strategic challenge 2:

address the engineering skills crisis

Our aim is to meet the UK's needs by inspiring a generation of young people from all backgrounds and equipping them with the high-quality skills they need to for a rewarding career in engineering.

We will achieve this by:

- working with partners to recruit many more women and other underrepresented groups to engineering
- influencing positive structural change and innovation in education, training, recruitment and retention of engineers and technicians
- working with partners to transform the effectiveness of engagement activities that bring an understanding of and aspiration for engineering to young people
- helping teachers to embed engineering in schools and colleges through programmes that support teaching and learning, and bring real-world engineering into all stages of the formation of engineers
- promoting the importance of environmental, economic and social sustainability in engineering practice and education
- recognising and nurturing future engineering leaders.

Strategic challenge 3:

position engineering at the heart of society

Our aim is to improve public awareness and recognition of the crucial role of engineers everywhere.

We will achieve this by:

- leading a broadly-based campaign to create a cultural shift in how engineers are perceived across the whole of society
- convening the most influential people for debate and discussion to find and shape engineering solutions and provide a clear and consistent voice for engineering
- advising UK and EU governments in all areas of policy that have an engineering dimension to delivery
- engaging with the public and other professions and sharing the value of engineering
- increasing the media profile and impact of the Academy and engineering
- developing our network of engineers into powerful advocates for the profession
- recognising, celebrating and promoting excellence through awards and prizes
- supporting the Queen Elizabeth Prize in raising its profile to the level of a Nobel Prize

Strategic challenge 4:

lead the profession

Our aim is to harness the expertise, energy and capacity of the profession to provide strategic direction for engineering and collaborate on solutions to the engineering grand challenges.

We will achieve this by:

- establishing a shared vision and articulating clear and consistent messages on behalf of the profession
- working with professional bodies to ensure that engineers are equipped to meet the demands of a future in which technology will have an increasing impact
- leading a programme, with industry, academia and professional institutions to create a more inclusive culture and to transform the diversity of the engineering workforce such that it reflects UK society
- working with professional bodies to ensure that they are equipped to meet the changing needs of society and the profession they serve
- supporting public policy through the expertise available across the profession
- harnessing international partnerships to promote better policy solutions to global grand challenges and build engineering capacity in developing nations
- raising wider debate and discussion on engineering and its impact on society so that the profession understands public points of view.

Strategic challenge 5:

greatly enhance the Academy's delivery capability

Our aim is to ensure that the Academy has the Fellows, staff, partners, funding and influence to deliver a substantially greater contribution to the nation.

We will achieve this by:

- electing an engaged Fellowship of outstanding engineers who reflect the full diversity of society and the profession
- making the Academy an organisation that the best people want to work for
- increasing the numbers of our partners and supporters
- raising more funding support from government and third parties, in particular from the private sector
- engaging more influential young people including alumni of Academy programmes
- continually improving our communications
- working to embed our values in staff, Fellows

- and partners including embedding diversity within the Academy and its programmes
- ensuring that our programmes complement those of other funders and draw on the unique capabilities of the Academy
 - providing high-quality business tools and services to enable staff and Fellows to deliver their work effectively and efficiently
 - routinely evaluating our work and measuring our progress.

Statement of Trustee Board's responsibilities

The Trustee Board, as charity trustees, are responsible for preparing the Report of Trustee Board and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgments and accounting estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business

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

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

Signed under delegated authority on behalf of Trustee Board on 31 July 2015.

**Professor Dame Ann Dowling DBE FREng FRS,
President**

**Mr I Ritchie CBE FREng,
Chair of the Finance Committee**

Auditor's report

Independent auditor's report to the Trustee Board of the Royal Academy of Engineering

We have audited the financial statements of the Royal Academy of Engineering for the year ended 31 March 2015, which comprise the Group Statement of Financial Activities, the Group and Parent Charity Balance Sheets, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR

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

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 March 2015, and

of the group's incoming resources and application of resources for the year then ended

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

OPINION ON OTHER MATTER AS REQUIRED BY BIS GRANT LETTER

In our opinion, in all material aspects, the grant payments received from Department of Business, Innovation and Skills (BIS) have been applied for the purposes set out in the Grant Letter and in accordance with the terms and conditions of the agreement.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- the information given in the Report of the Trustee Board is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the parent charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

BDO LLP
Statutory Auditor
London
United Kingdom
Date: 31 July 2015

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

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

Consolidated statement of financial activities

Year ended 31 March 2015	Notes	Unrestricted funds	Restricted funds	Total 31 March 2015	Total 31 March 2014
		£	£	£	£
Incoming resources					
Incoming resources from charitable activities					
Grants	2	-	13,100,543	13,100,543	12,247,579
Other grants and contracts	4	-	7,721,780	7,721,780	5,685,808
Incoming resources from generated funds					
Gifts, donations and legacies	5	69,743	8,018,029	8,087,772	5,047,052
Activities for generating funds					
Investment income	6	816,629	363,041	1,179,670	1,192,783
Other income	6a	2,054,300	-	2,054,300	1,709,155
Total incoming resources		2,940,672	29,203,393	32,144,065	25,882,377
Resources expended					
Costs of generating funds					
Fundraising costs		247,300	82,649	329,949	315,183
Investment management fees		150,393	54,481	204,874	153,124
RAE Trading		959,618	-	959,618	784,959
		1,357,311	137,130	1,494,441	1,253,266
Charitable activities					
Promotion of, and leadership in, engineering	7	1,208,840	1,482,237	2,691,077	2,603,760
Leading and shaping engineering policy	7	-	1,580,191	1,580,191	1,548,639
Enhancing engineering capacity	7	-	13,770,707	13,770,707	11,802,987
Inspiring young people and nurturing education skills	7	-	3,187,611	3,187,611	3,171,954
Queen Elizabeth Prize for Engineering Foundation	7	-	1,677,795	1,677,795	728,521
Total resources expended on charitable activities		1,208,840	21,698,541	22,907,381	19,855,861
Governance costs	8	38,505	5,363	43,868	40,179
Total resources expended		2,604,656	21,841,034	24,445,690	21,149,306
Net incoming resources before transfers		336,016	7,362,359	7,698,375	4,733,071
Transfers/reclassification between funds		(1,309,925)	1,309,925	-	-
Net incoming/(outgoing) resources before other		(973,909)	8,672,284	7,698,375	4,733,071
Recognised gains and losses		(973,909)	8,672,284	7,698,375	4,733,071
Other recognised gains and losses					
Net gains on investment assets	11	(234,758)	1,266,096	1,031,338	1,505,291
Actuarial losses on defined benefit pension	9b	(1,865,000)	-	(1,865,000)	(268,000)
Net movement in funds		(3,073,667)	9,938,379	6,864,713	5,970,362
Fund balances brought forward 1 April		25,854,041	20,348,802	46,202,843	40,232,481
Fund balances carried forward 31 March	16,17	22,780,374	30,287,181	53,067,555	46,202,843

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

Balance sheets

At 31 March 2015		Group		Charity	
	Notes	2015	2014	2015	2014
		£	£	£	£
Tangible fixed assets	10	11,462,331	11,536,597	11,462,331	11,536,597
Investments	11	37,585,637	34,190,361	22,945,864	22,877,080
Current assets					
Debtors	12	7,870,869	4,788,247	7,745,819	5,175,850
Stock	13	3,199	10,469	3,199	10,469
Cash at bank		3,819,723	2,289,108	643,924	7,637
Short term deposits		3,512,752	6,400,896	2,984,623	6,046,286
		15,206,543	13,488,720	11,377,565	11,240,241
Current liabilities					
Creditors (amounts falling due within one year)	14a	(10,055,846)	(12,184,286)	(9,848,885)	(11,649,423)
Net current assets/(liabilities)		5,150,697	1,304,434	1,528,680	(409,182)
Creditors (amounts falling due beyond one year)	14b	(1,099,133)	(1,220,549)	(1,099,133)	(1,220,549)
Defined benefit pension scheme (liability)/asset	9b	(31,977)	392,000	(31,977)	392,000
Net assets		53,067,555	46,202,843	34,805,765	33,175,946
Charitable funds:					
Restricted funds	16	30,287,181	20,348,801	11,479,763	7,321,904
Unrestricted funds					
Special funds	16	205,351	306,657	205,351	306,657
Designated funds	16	287,423	1,615,338	287,423	1,615,338
General fund	16	22,319,577	23,540,047	22,865,205	23,540,047
Pension fund (deficit)/surplus	16	(31,977)	392,000	(31,977)	392,000
Total Charitable funds		53,067,555	46,202,843	34,805,765	33,175,946

These financial statements were approved and authorised for issue by the President and Chair of Finance Committee under delegated authority from the Trustee Board.

Signed on behalf of the Trustee Board on 31 July 2015
Professor Dame Ann Dowling DBE FREng FRS, President
Mr I Ritchie CBE FREng, Chair of Finance Committee

Consolidated cash flow statement

Year ended 31 March 2015

	2015 £	2014 £
Reconciliation of changes in resources to net cash inflow from operations		
Net incoming resources (as reported)	7,698,375	4,733,071
Less: FRS17 operating pension adjustment	(35,000)	8,000
Less: payment to pension fund	(1,406,023)	-
Less income from interest and dividends	(1,179,670)	(1,192,783)
Depreciation	433,399	330,724
(Increase)/decrease in debtors	(3,082,623)	(1,594,132)
Increase/(decrease) in short term creditors	(2,128,440)	(316,963)
(Increase)/decrease in stock	7,270	4,941
Net cash inflow from operating activities	307,288	1,972,858

Cash flow statement

Net cash inflow from operating activities	307,288	1,972,858
Returns on investments (Note 1)	1,179,670	1,192,783
Capital expenditure and financial investment (Note 1)	(2,723,072)	(8,017,922)
Decrease in debts	(121,415)	(114,570)
Decrease in cash	(1,357,529)	(4,966,851)

Reconciliation of net cash flow to movement in net cash (Note 2)

Decrease in cash in the period	(1,357,529)	(4,966,851)
Net cash at 1 April	8,690,004	13,656,855
Net cash at 31 March	7,332,475	8,690,004

NOTES TO THE CASH FLOW STATEMENT

Note 1 - GROSS CASH FLOWS

Returns on investments

Dividends received	1,104,388	992,511
Interest received net of interest paid	75,282	200,272
	1,179,670	1,192,783

Capital expenditure and financial investment

Purchase of tangible fixed assets	(359,134)	(749,758)
Purchase of investments	(5,214,801)	(9,705,106)
Proceeds from sale of investments	2,850,863	2,436,942
	(2,723,072)	(8,017,922)

Note 2 - ANALYSIS OF CASH

Cash at bank	3,819,723	2,289,108
Short term deposits	3,512,752	6,400,896
As at 31 March	7,332,475	8,690,004

Note 3 - RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET CASH

Decrease in cash	(1,357,529)	(4,966,851)
Cash outflow from decrease in debt	121,416	114,570
Change in net cash resulting from cashflows	(1,236,113)	(4,852,281)

Notes to the accounts

Note 4 - ANALYSIS OF NET CASH

	At 1 April 2014	Cashflow	Other non-cash changes	At 31 March 2015
Cash at bank	2,289,108	1,530,615	-	3,819,723
Short term deposits	6,400,896	(2,888,144)	-	3,512,752
Debt due after one year	(1,220,549)	121,416	-	(1,099,133)
Debt due within one year	(110,428)	-	-	(110,428)
Total	7,359,027	(1,236,113)	-	6,233,342

For the year ended 31 March 2015

Note 1 - Accounting policies

(a) Basis of preparation of the accounts

The annual report, incorporating the financial statements for the year ended 31 March 2015, has been prepared in accordance with the Academy's Royal Charter, and in compliance with the Charities Act 2011, the Statement of Recommended Practice 'Accounting and Reporting by Charities' (revised 2005) ('SORP'), and with applicable accounting standards.

(b) Historical cost convention

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

(c) Consolidation

The financial statements consolidate the results of the Academy and its own wholly owned subsidiaries, RAE Trading Limited and The Queen Elizabeth Prize for Engineering Foundation, on a line-by-line basis. Transactions and balances between the Academy and its subsidiaries have been eliminated from the consolidated financial statements. Balances between the Academy and the subsidiaries are disclosed in the notes of the Academy's balance sheet. A separate statement of financial activities, or income and expenditure account, for the

Academy itself is not presented, because the Academy has taken advantage of the exemption afforded by paragraph 397 of SORP 2005.

(d) Incoming resources

The specific bases for accounting for income are described below. In general terms, income is accounted for on a receivable basis, gross of related expenditure. Income is only recognised where there is evidence of entitlement, where it is virtually certain that income will be received, and there is reasonable certainty of the amount.

- Grants receivable are recognised when entitlement to the grant is confirmed, and also include returned grants which are accounted for on receipt.
- Gifts, donations and legacies are included in full in the statement of financial activities when receivable.
- Income from sales of goods or contracts for services is recognised when the goods and services are delivered.
- Investment income is included in the Statement of Financial Activities in the year in which it is receivable.
- Other incoming resources consist of subscriptions, including income tax recoverable.

(e) Resources expended

Expenditure is recognised on an accruals basis, gross of any related income. Costs are allocated

to activities as described below. Indirect costs are apportioned to activities on a basis consistent with the use of the resources.

- Costs of generating funds comprise direct costs and expense of staff involved with fundraising, fees paid to investment fund managers, and trading costs.
- Charitable activities - grants. Grants payable are charged in the year in which the commitments to pay the grants are made.
- Charitable activities - other. Other charitable expenditure includes all direct expenditure, including staff costs, which is directly attributable to activities. Indirect costs are allocated to each charitable activity based on the number of staff directly supporting the activity.
- Governance costs include those associated with the management of the Academy's assets and with constitutional and statutory requirements.

(f) Operating leases

Rental costs under operating leases are charged to the Statement of financial activities, as the charges are incurred, over the lease periods.

(g) Tangible fixed assets

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

Office fixtures and fittings

- over five years

Computer equipment - over three years

Leasehold cost - over term of lease

Carlton House Terrace - over the term of lease

(h) Investments

Listed investments are included in the financial statements at market value at the balance sheet date. Gains/losses on disposal of investments and revaluation of investments are recognised in the year of gain or loss and are allocated to the funds to which the investments relate. Investments in subsidiaries are included in the financial statements at cost.

(i) Pensions

The Academy's defined benefit scheme was closed to future accrual on 31 March 2007. Pension costs are assessed in accordance with the advice of an actuary based on the most recent actuarial valuation of the scheme and are accounted for on the basis of charging the cost of providing pensions over the period during which the Academy benefits from the employees' services. There is also a defined contribution scheme for staff that joined after 1 January 2000. The assets of the scheme are held separately from those of the Academy in independently administered funds. The pensions cost charge represents contributions payable to the funds in the year. The

Academy has no liability under the scheme other than the payment of those contributions.

(j) Funds

General funds are those which are available for use at the Trustee Board's discretion in the furtherance of the Academy's objects. Designated funds are unrestricted funds set aside for unrestricted purposes and which would otherwise form part of general funds. Details of the nature and purpose of each designated fund are set out in note 16. Restricted funds are funds that are subject to restrictions imposed by donors and are applied in accordance with these restrictions. Details of the nature and purpose of each restricted fund are set out in Note 16.

Year ended 31 March 2015

	Notes	Unrestricted funds £	Restricted funds £	Totals 31 March 2015 £	Totals 31 March 2014 £
Note 2 - Grants					
Government grant	3	-	13,100,543	13,100,543	12,247,579
Note 3 - Government grant					
Grant was expended on:					
External projects		-	10,569,443	10,569,443	9,666,679
Cost of managing external projects		-	2,531,100	2,531,100	2,580,900
		-	13,100,543	13,100,543	12,247,579
Note 4 - Contracts					
RAEng/EPSRC Research Fellowships		-	645,299	645,299	992,508
Visiting Professors		-	76,385	76,385	25,000
Leverhulme Fellowships		-	335,958	335,958	395,934
Africa-UK Engineering Development Partnership		-	153,000	153,000	150,000
RSDF Elster		-	307,909	307,909	208,800
DCSF Support		-	-	-	29,680
Connecting Teachers		-	243,000	243,000	252,190
Petrofac Fellowships		-	90,000	90,000	90,000
Engineering Leadership Scheme		-	75,000	75,000	101,150
MOD Fellowships		-	105,475	105,475	208,474
Engineering Engagement Project		-	15,800	15,800	33,800

Notes to the accounts

Year ended 31 March 2015	Unrestricted funds	Restricted funds	Totals 31 March 2015	Totals 31 March 2014
Notes	£	£	£	£
Technology Enhancement Programme	-	80,739	80,739	131,920
Engineering FE	-	88,700	88,700	69,803
Visiting Teaching Fellows	-	-	-	15,300
Sainsbury Management Fellowships	-	384,453	384,453	328,800
Executive Engineers Programme	-	15,247	15,247	21,912
Nuffield Graduate Bursaries	-	-	-	33,400
Elite Engineering Programme	-	60,588	60,588	150,829
Engineering in a Box	-	-	-	17,710
MSc Aerospace Bursary Programme	-	1,872,304	1,872,304	1,460,187
Skills Project	-	40,477	40,477	58,422
Barrow Engineering Programme	-	20,340	20,340	58,337
KS2 STEM Resources and CPD Programme	-	111,617	111,617	75,000
Stoke Engineering Programme	-	42,677	42,677	-
That Could be Me Programme	-	450,000	450,000	445,000
Motorola Engineering Education	-	-	-	22,673
Enterprise Hub	-	337,500	337,500	153,750
Africa Prize for Engineering Innovation	-	77,000	77,000	80,000
Engineering for Education	-	58,119	58,119	-
MacRobert Award	-	20,000	20,000	-
Newton Fund	-	1,907,419	1,907,419	-
Policy	-	42,498	42,498	-
Other awards and contracts	-	64,276	64,276	75,437
	-	7,721,780	7,721,780	5,686,016
Note 5 - Gifts and donations				
Development appeal	-	87,954	87,954	63,404
Annual appeal	37,749	-	37,749	69,981
Enterprise Hub capital project	-	2,400,000	2,400,000	-
Big Project	-	200,000	200,000	-
Queen Elizabeth Prize for Engineering	-	5,330,075	5,330,075	4,881,247
Legacies	1,274	-	1,274	1,003
Other	30,720	-	30,720	31,417
	69,743	8,018,029	8,087,772	5,047,052
Note 6 - Investment income				
Dividends and income from equity investments and fixed interest bonds	752,481	351,907	1,104,388	992,511
Interest on bank deposits	64,148	11,134	75,282	200,272
	816,629	363,041	1,179,670	1,192,783
Note 6a - Other income				
Sponsorship and events	372,971	-	372,971	301,243
Subscription income	267,367	-	267,367	263,750
Advertising income and merchandising	50,892	-	50,892	53,186
Conferencing business	1,363,070	-	1,363,070	1,090,976
	2,054,300	-	2,054,300	1,709,155

	Promotion of, and leadership in, engineering	Leading and shaping engineering policy	Enhancing engineering capacity	Inspiring young people and nurturing educational skills	Queen Elizabeth Prize Foundation	Total 31 March 2015	Total 31 March 2014
	£	£	£	£	£	£	£
Note 7 - Charitable activities							
Unrestricted							
Charitable activities	385,271	-	-	-	-	385,271	606,239
Charitable grants	102,100	-	-	-	-	102,100	-
Direct salaries	371,400	-	-	-	-	371,400	159,200
Support costs	350,069	-	-	-	-	350,069	195,226
	1,208,840	-	-	-	-	1,208,840	960,665
Restricted							
Charitable activities	323,158	182,521	1,778,535	287,752	1,226,798	3,798,764	1,649,232
Charitable grants	465,000	263,600	10,510,577	2,546,700	-	13,785,877	13,021,367
Direct salaries	357,300	583,800	762,700	181,800	281,906	2,167,506	2,037,822
Support costs	336,779	550,270	718,895	171,359	169,091	1,946,394	2,186,775
	1,482,237	1,580,191	13,770,707	3,187,611	1,677,795	21,698,541	18,895,196
Total charitable activities	2,691,077	1,580,191	13,770,707	3,187,611	1,677,795	22,907,381	19,855,861

Total support costs of £2,296,463 are made up of indirect staff costs totalling £1,474,008 and accommodation costs and overheads totalling £822,455.

Notes to the accounts

	2015 £	2014 £
Note 8 - Governance costs		
Auditor's fees:		
- Audit	34,427	25,370
- Other services	2,788	7,173
Legal and professional fees	6,653	7,636
	43,868	40,179

Note 9 - Staff and pensions costs

(a) Staff costs analysis		
Gross salaries (including redundancy payments)	2,988,431	2,628,083
Employer's National Insurance	327,673	318,167
Benefits in kind	17,281	17,085
Pension charge	232,825	246,416
Other staff costs (including recruitment, temporary staff, seconded staff)	357,008	317,038
	3,923,218	3,526,789

Average number of staff in the year by activity:	Number	Number
- Engineering and education	7	9
- Programmes and fellowship	24	21
- Policy and external affairs	15	17
- Executive, development, finance and administration	18	16
- Queen Elizabeth Prize for Engineering Foundation	4	3
	68	66

No remuneration is paid to the President or members of the Council and Trustee Board of the Academy. Travelling expenses to attend Council and Trustee Board meetings were reimbursed to seven Council and Trustee Board members in 2014/15 amounting to £10,490 (2013/14 £11,146 - seven members).

	2015	2014
The emoluments of higher paid staff within the following scales were:	Number	Number
£60,001 - £70,000	2	-
£70,001 - £80,000	2	3
£80,001 - £90,000	-	1
£90,001 - £120,000	2	2
£120,001 - £150,000	1	-
£150,001 - £160,000	-	-
£180,000 - £190,000	1*	1

Emoluments include salary, bonuses and benefits in kind but exclude pension scheme contributions.

Note: There were resignations and appointments among higher paid staff during the year.

**The member of staff within this payment scale did not benefit from pension scheme contributions.*

Note 9(b) - Pensions

The Academy operates a final salary defined benefit pension scheme. No benefits have accrued since 31 March 2007. Pension benefits for deferred members are based on the members' final pensionable salaries at date of leaving and service at date of leaving (or date accrual ceased if earlier). Members who were active as at 31 March 2007 retained the link to pensionable salary at retirement or earlier leaving.

The most recent formal actuarial valuation was carried out as at 1 January 2012. The results have been updated to 31 March 2015 by a qualified independent actuary. The assumptions used were as follows:

	Year ended 31 March	
	2015	2014
Final assumptions	% p.a.	% p.a.
Discount rate	3.1	4.40
Retail Prices Index (RPI) inflation	3.00	3.40
Consumer Prices Index (CPI) inflation	2.00	2.40
Salary increases	3.50	3.90
Rate of increases of pensions in payment		
- Pre 6 April 1997 pension (non-GMP)	3.00	3.00
- 6 April 1997 to 9 September 2002 pension	3.40	3.50
- Post 9 September 2002 pension	2.90	3.30
Rate of increase for deferred pensions	2.00	2.40
Expected return on assets (as at year end)	3.10	4.44

The overall expected return on assets assumption of 3.10% pa as at 31 March 2015 has been derived by calculating the weighted average of the expected rate of return for each asset class. The following approach has been used to determine the expected rate of return for each asset class:

- fixed interest securities, current market yields
- equities, net dividend yield plus RPI inflation plus an allowance for future real dividend growth
- cash, 0.5% pa below expected return on gilts
- buy-in policy, set in line with discount rate.

	Year ended 31 March	
	2015	2014
Demographic assumptions	% p.a.	% p.a.
Mortality (pre-retirement)	S1PA CMI_2014_M/F [1.00%]	S1PA CMI_2013_M/F [1.00%]
Mortality (post-retirement)	S1PA CMI_2014_M/F [1.00%]	S1PA CMI_2013_M/F [1.00%]

	Males		Females	
	Years	Years	Years	Years
Life expectancies				
Life expectancy for an individual aged 65 in 2015	21.9	24.2	21.9	24.2
Life expectancy at age 65 for an individual aged 45 in 2015	23.2	25.7	23.3	25.7

Notes to the accounts

Assets

The assets of the scheme are invested in a diversified portfolio.

	Year ended 31 March					
	2015		2014		2013	
	Market value £000s	% of total scheme assets	Market value £000s	% of total scheme assets	Market value £000s	% of total scheme assets
Equities	0	0%	1,263	23%	1,355	24%
Bonds	0	0%	838	16%	825	15%
Gilts	0	0%	3,199	59%	3,298	58%
Cash	10	0%	95	2%	155	3%
Buy-in policy	5,975	100%	0	0%	0	0%
Total	5,985		5,395		5,633	
The actual return on assets over the period was	(646)		(1)			

	Year ended 31 March	
	2015 £000s	2014 £000s
Reconciliation to the balance sheet		
Market value of assets	5,985	5,395
Present value of liabilities	6,017	5,003
(Deficit)/surplus in the scheme	(32)	392
Irrecoverable surplus	-	-
Pension (liability)/asset recognised in the balance sheet before allowance for deferred tax	(32)	392
Analysis of changes in the value of the scheme liabilities over the year		
Value of liabilities at start of year	5,003	4,965
Service cost	-	-
Interest cost	216	223
Benefits paid	(170)	(237)
Actuarial losses	968	52
Value of liabilities at end of year	6,017	5,003
Analysis of changes in the value of the scheme assets over the year		
Market value of assets at start of year	5,395	5,633
Expected return on scheme assets	251	215
Actuarial (losses)	(897)	(216)
Employer contributions	1,406	-
Benefits paid	(170)	(237)
Market value of assets at end of year	5,985	5,395
Amounts recognised in Statement of Financial Activities (SOFA)		
Analysis of amounts charged to operating profit		
Current service cost	-	-
Net (gain)/loss charged to SOFA	-	-
Analysis of amount charged to other finance income		
Interest on liabilities	(216)	(223)
Expected return on scheme assets	251	215
Net (charge)/credit to other finance income	35	(8)
SOFA charge	(35)	8

	Year ended 31 March	
	2015 £000s	2014 £000s
Amounts recognised in Statement of Financial Activities (SOFA)		
Actuarial (losses)	(1,865)	(268)
Limit on recognition of assets	-	-
Total amount recognised in SOFA	(1,865)	(268)

	Year ended 31 March				
	2015 £000s	2014 £000s	2013 £000s	2012 £000s	2011 £000s
History of assets, liabilities, experience gains and losses					
Market value of scheme assets	5,985	5,395	5,633	5,213	4,932
Value of scheme liabilities	6,017	5,003	4,965	4,703	4,452
(Deficit)/surplus in the scheme	(32)	392	668	510	480
Gains/(losses) arising on scheme liabilities:					
Due to experience	-	-	(190)	-	-
% of liabilities	-	-	(4)	-	-
Due to change of basis	(968)	(52)	(125)	(450)	(14)
% of liabilities	(16)	(1)	(3)	(10)	(0)
Experience gains/(losses):					
Arising on scheme assets	(897)	(216)	346	289	71
% of assets	(15)	(4)	6	6	1

The cumulative amount of actuarial gains and losses recognised in the SOFA (since 2002) is -£1,995,000.

Future funding obligation

The last actuarial valuation of the scheme was performed by the Actuary for the Trustee as at 1 January 2012. The Academy agreed to pay contributions of £173,000 by 31 March 2012 and £133,000 by 31 March 2013 to pay off the deficit in the scheme.

During the accounting year to 31 March 2015, the Trustee and the Academy agreed to buy-in the scheme's liabilities in full with Aviva. To fund the buy-in, the Academy made a contribution of £1,406,000 in December 2014.

Notes to the accounts

	Computer systems and equipment	Office fixtures and fittings	Leasehold	Carlton House Terrace improvement	Total
	£	£	£	£	£
Note 10 - Tangible fixed assets (group and charity)					
Cost					
At 1 April 2014	407,149	163,804	5,310,000	7,051,380	12,932,333
Assets disposed	-	-	-	-	-
Additions	107,069	11,773	-	240,292	359,134
At 31 March 2015	514,218	175,577	5,310,000	7,291,672	13,291,467
Depreciation					
At 1 April 2014	244,382	86,718	753,031	311,605	1,395,736
Assets disposed	-	-	-	-	-
Charge for year	116,010	25,752	117,360	174,277	433,399
At 31 March 2015	360,392	112,470	870,391	485,882	1,829,135
Net book value					
At 31 March 2015	153,826	63,107	4,439,609	6,805,790	11,462,331
At 31 March 2014	162,767	77,086	4,556,969	6,739,775	11,536,597

All assets are used for charitable purposes.

Medal collections

- The Whittle Medals Collection is on loan from the family of Sir Frank Whittle, who patented the jet propulsion engine in 1930. The medals relate to his achievements in engineering and celebrate his successes.
- The Warner Medals Collection was a personal gift by Professor Sir Frederick Warner after his death in 2010. The medals relate to his achievements in engineering and celebrate his successes.

The Trustees consider that it is not practicable to obtain a valuation, but are satisfied that the value of the medals collections is not material.

Note 11 - Investments

Investments held in the General Fund Portfolio represent those held by the Royal Academy of Engineering with the objective of generating income for the Academy's charitable object while preserving the capital value of the portfolio.

Investments held in the Restricted Fund Portfolio represent those held by the Queen Elizabeth Prize for Engineering Foundation with the objective of generating income for the Foundation's charitable object.

	2015 General fund (Charity)	2015 Designated income funds (Charity)	2015 Restricted fund (Subsidiary)	2015 Total Portfolio (Group)	2014 Total Portfolio (Group)
Market value at 1 April	21,587,941	1,289,039	11,313,381	34,190,361	25,416,906
Add acquisitions at cost	1,033,214	404,074	3,777,513	5,214,801	9,705,106
Less: sales proceeds	(1,144,127)	-	(1,706,736)	(2,850,863)	(2,436,942)
Net investment gains for the year	(234,758)	10,381	1,255,715	1,031,338	1,505,291
Market value at 31 March	21,242,270	1,703,494	14,639,873	37,585,637	34,190,361

All investments consist of securities listed on the London Stock Exchange of which fixed interest bonds amount to approximately £3.49 million in value. One stock holding represented 5% or more of the general portfolio: Dechra Pharmaceuticals £1,328,240 as at 31st March 2015.

The Restricted Income funds consists of funds invested in a charity common investment fund to support the MacRobert and the Colin Campbell Mitchell Awards.

The Academy has agreed with the Pension Protection Fund a floating charge on the investment portfolio in favour of Trustees of the RAEng Pension and Assurance Scheme in respect of the deficit on the scheme.

	UK Equities £	UK Bonds £	2015 Total £	2014 Total £
Market value at 1 April	27,745,986	2,670,920	34,190,361	25,416,906
Market value at 31 March	32,394,336	5,191,301	37,585,637	34,190,361
Cost at 31 March 2014	22,469,932	3,336,271	25,806,203	24,152,920

Notes to the accounts

	Group		Charity	
	2015	2014	2015	2014
	£	£	£	£
Note 12 - Debtors				
Grants and sponsorship receivable	4,505,659	3,044,115	4,505,659	3,044,115
Prepayments	183,705	372,484	183,705	372,484
Gift Aid recoverable	5,651	4,806	5,651	4,806
Other debtors	3,175,854	1,366,841	2,582,553	1,545,979
Amounts due from subsidiary undertakings	-	-	468,251	208,466
	7,870,869	4,788,246	7,745,819	5,175,850
Note 13 - Stocks (Group and Charity)				
Publications, Academy ties, presentation plates and medals	3,199	10,469	3,199	10,469
Note 14a - Creditors (amounts falling due within one year)				
Committed grants and prizes	5,752,021	6,302,783	5,752,021	6,302,783
Deferred income	1,256,835	2,165,720	1,256,835	2,053,672
Subscriptions in advance	144,315	187,998	144,315	187,998
Other creditors	2,789,456	3,414,570	2,582,495	2,991,755
Social security and other costs	2,791	2,787	2,791	2,787
Bank loan	110,428	110,428	110,428	110,428
	10,055,846	12,184,286	9,848,885	11,649,423
Note 14b - Creditors (amounts falling beyond one year)				
Bank loan*				
- Due within two to five years	343,241	343,241	343,241	343,241
- Due after five years	755,892	877,308	755,892	877,308
Amount due at 31 March	1,099,133	1,220,549	1,099,133	1,220,549
* The Academy has an unsecured loan of £2 million with NatWest, repayable over 20 years, with an interest rate of 1.1% over the bank's base rate being applied.				
Note 15 - Future commitments				
Annual commitments under operating leases				
Maturing between one and five years (equipment)	12,196	11,802	12,196	11,802
	12,196	11,802	12,196	11,802

Note 16 - Movements in reserves

(a) Restricted funds

The Academy's restricted funds consist of the monies received under grants, corporate donations and contracts to support specific schemes as follows:

- **The Department of Business, Innovation and Skills (BIS)** provides a government grant to fund programmes in the areas of engineering research and promoting the public understanding of engineering.
- **The Gatsby Charitable Foundation** supports Sainsbury Management Fellowships.
- **RAEng/EPSRC Research Fellowships** are administered by the Academy and funded jointly by the Academy and the Engineering and Physical Sciences Research Council.
- **Leverhulme Trust** supports senior research fellowships of one-year duration.
- **The Africa-UK Engineering Development Partnership** (ICE, Engineers Against Poverty and the South African Academy of Engineering) aims to build engineering institution capacity in sub-Saharan Africa.
- **ExxonMobil** provides funds for Engineering Teaching Fellowships which support able young university engineering lecturers.
- **Engineering Leadership Scheme** assists undergraduate engineering students to realise their full potential and achieve their career goals.
- **Visiting Professorships** scheme supports the appointment of senior industrial engineers as Visiting Professors at UK universities to enhance student learning and the employability of engineering graduates
- **Connecting Teachers Programme** is building a national network of support for STEM leaders in secondary schools and is supported by BG Group and Petrofac.
- **MOD Fellowships** are administered by the Academy as a joint scheme but fully funded by the MOD through Dstl.
- **Engineering Engagement Project** is funded by BAE Systems and supports engineering and technology activities with schools, teachers and pupils.
- **Technology Enhancement Program** supports teachers and deliverers in engineering practice.
- **Engineering FE Programme** develops and disseminates engineering subject-specific professional courses to support FE lecturers and is supported by BP, Shell and other donors.
- **Executive Engineers Programme** is a continuing professional development programme for recent engineering graduates wishing to advance their careers rapidly and achieve chartered status.
- **Technician Secondment Scheme** supports technicians to gain experience for Engineering Technician Registration that they do not get in their current company.
- **Education for Engineering** provides information and advice for government on education and skills policy.
- **MSc Aerospace Bursary Programme** for students studying for MSc degrees in aerospace engineering is funded by BIS and delivered in collaboration with the Royal Aeronautical Society.
- **RSDF Elster** has provided support for a Chair in industrial ultrasonics, as well as PhD student and related laboratory expenses.
- **Nuffield Graduate Bursaries** are funded by the Nuffield Foundation and provide 1,000 students each year with the opportunity to work alongside professional engineers.
- **Elite Engineering Programme** is a five-step programme, supported by the Helsington Foundation and LEGO Education Europe, to engage young people in high technology-focused engineering through programmes in schools and HE scholarships.
- **Computing in Schools** provides curriculum resources to support teachers in preparing for the new primary computing curriculum and to create after-school computing clubs.
- **Carlton House Terrace Fund** will be used to develop 3 Carlton House Terrace into a national forum of engineering excellence.
- **Ms Morag Campbell Nelder Legacy** is to be used to fund an award for an individual or group of outstanding engineers.
- **Petrofac Fellowships** support graduate engineers wishing to pursue a technically specialist role in the oil and gas industry
- **Skills Project** is a research project supporting the BIS Chief Scientific Adviser's work on engineering skills.
- **Barrow Engineering Programme** is a regional programme to enhance and enrich STEM teaching and learning in a network of primary schools, secondary schools and further education colleges.

Notes to the accounts

- **KS2 STEM Resources and CPD Programme** is funded by BAE Systems and supports the development and dissemination of contextualised resource boxes for use in primary and secondary schools.
- **Stoke Engineering Programme** is a regional programme to enhance and enrich STEM teaching and learning in a network of secondary schools and further education colleges.
- **That Could be Me** is a project to build an engineering careers exhibition at the Science Museum in London. The exhibition will focus on 11-15 year olds, and challenge both their perception of engineering, and their own choices.
- **The Enterprise Hub** harnesses the expertise, insight and networks of Academy Fellows, who include some of the UK's most successful entrepreneurs and business leaders, to support the country's most promising engineering entrepreneurs.
- **Africa Prize for Engineering Innovation** aims to stimulate, celebrate and reward innovation and entrepreneurship in sub-Saharan Africa.
- **External Education** fund is made up of various donations which are used to support the development of new programmes and the extension of existing programmes.
- **Newton Fund** schemes promote research and innovation intended to have a direct and long-term impacts on the economic development and social welfare of countries participating with the UK in the Newton Fund.
- **Enterprise Fellowship Alumni** awards aim to celebrate the achievements in engineering entrepreneurship of previous Enterprise Fellows with a personal cash prize.
- **The Enterprise Hub capital project** funding will be used to create a base for our enterprise activities and contribute to the development of the lower ground floors of Prince Philip House.
- **The Big Project** is the working title of a major project designed to address the engineering skills gap over the next ten years. The project involves detailed analysis of the engineering skills landscape and the development of a strategy to ensure that the UK has the engineers and technicians.
- The **Made Here Now** project involves the development of a website that aims to stimulate the growth in UK manufacturing by communicating the breath of UK manufacturing.
- The **Policy** project involved the analysis of economic and social impacts of a shortage of energy supply and future energy scenarios.
- Other awards and contracts are donations and contracts by a number of companies for specific programmes each year.

(b) Designated funds and special funds

Following a review, a number of designated funds and special funds* have been reclassified as restricted funds.

Special funds

- **The Sir Angus Paton Bequest Fund*** is used to provide a bursary for a postgraduate student to undertake a full time MSc course in a subject related to environmental engineering.
- **The Hinton Bequest Fund*** is used to contribute towards the cost of the annual Hinton Lecture.
- **The Building Maintenance Fund** is used for major items of building repair and redecoration.
- **The Building Development Fund** will be used to develop 3 Carlton House Terrace into a national forum of engineering excellence. These funds have been transferred to the Carlton House Terrace Fund

The MacRobert Award Fund* is used to support the UK's most prestigious award for excellence in UK engineering that has reached a stage where the levels of both commercial success and societal benefit are clear.

The MacFarlane Award Fund* supports the award of a medal recognising the potential of engineers working in the UK who have demonstrated excellence in their early stage career.

The Education Support Fund is a gift from the Gatsby Charitable Foundation to support education and engagement activities.

Other designated funds represent general funds earmarked for specific activities such as awards and engagement activities.

	Balance at 1 April 2014	Reclassi- fication of funds	Incoming resources	Resources expended	Transfers between funds	Net gains/ (losses)	Balance at 31 March 2015
	£		£	£	£	£	£
Restricted funds							
Government grant	-	-	13,100,543	(13,100,543)	-	-	-
Sainsbury Management Fellowships	15,988	-	384,453	(400,441)	-	-	-
RAEng/EPSC Research Fellowships	-	-	645,299	(645,299)	-	-	-
Leverhulme Fellowships	-	-	335,958	(305,801)	-	-	30,157
Africa-UK Engineering Development Partnership	1,913	-	153,000	(154,913)	-	-	-
ExxonMobil Fellowships	75,495	-	-	-	-	-	75,495
Engineering Leadership Scheme	16,926	-	75,000	(75,000)	-	-	16,926
Visiting Professorships	-	-	76,385	(76,385)	-	-	-
Connecting Teachers	31,100	-	243,000	(243,000)	-	-	31,100
MOD Fellowships	-	-	105,475	(105,475)	-	-	-
Engineering Engagement Project	-	-	15,800	(15,800)	-	-	-
Technology Enhancement Programme	-	-	80,739	(80,739)	-	-	-
Petrofac Fellowships	18,653	-	90,000	(55,400)	-	-	53,253
Engineering FE	-	-	88,700	(88,700)	-	-	-
Executive Engineers Programme	-	-	15,247	(17,400)	2,153	-	-
RSDF Elster	-	-	307,909	(307,909)	-	-	-
Nuffield Graduate Bursaries	17,560	-	-	(17,560)	-	-	-
Elite Engineering Programme	-	-	60,588	(61,000)	412	-	-
MSc Aerospace Programme	-	-	1,872,304	(1,872,304)	-	-	-
Skills Project	-	-	40,477	(40,477)	-	-	-
Barrow Engineering Programme	-	-	20,340	(16,526)	-	-	3,814
KS2 STEM and CPD Resources Programme	58,809	-	111,617	(63,900)	-	-	106,526
That Could Be Me Programme	-	-	450,000	(450,000)	-	-	-
Enterprise Hub	43,961	-	237,500	(90,932)	55,000	-	245,529
Enterprise Fellowships Alumni Awards	-	-	100,000	(30,000)	-	-	70,000
Africa Prize for Engineering Innovation	71,108	-	77,000	(73,777)	-	-	74,331
Carlton House Terrace Fund	6,510,357	-	87,953	(174,277)	-	-	6,424,033
Ms Morag Campbell-Nelder	415,574	-	8,673	(13,700)	5,100	8,890	424,537
Newton Fund	-	-	1,907,419	(1,907,419)	-	-	-
Enterprise Hub Capital Project	-	-	2,400,000	-	-	-	2,400,000
Big Project	-	-	200,000	(107,797)	-	-	92,203
Made Here Now	-	-	29,000	(18,848)	-	-	10,152
Sir Angus Paton Bequest Fund	-	72,648	-	(8,000)	-	-	64,648
Hinton Bequest Fund	-	28,658	-	(13,000)	-	-	15,658
MacRobert Award Fund	-	1,274,973	74,207	(74,207)	-	1,490	1,276,463
MacFarlane Award Fund	-	6,981	20,000	(6,500)	-	-	20,481
Policy project	-	-	42,498	(42,498)	-	-	-
Other awards and contracts	44,459	-	53,192	(53,192)	-	-	44,459
Queen Elizabeth Prize	13,026,898	-	5,693,116	(1,820,243)	(136,000)	1,255,715	18,019,486
Total restricted funds	20,348,801	1,383,260	29,203,393	(21,841,034)	(73,335)	1,266,095	30,287,181

Notes to the accounts

	Balance at 1 April 2014	Reclassi- fication of funds	Incoming resources	Resources expended	Transfers between funds	Net gains/ (losses)	Balance at 31 March 2015
	£		£	£	£	£	£
Designated funds							
Special funds							
- Sir Angus Paton Bequest	72,648	(72,648)	-	-	-	-	-
- Hinton Bequest Fund	28,658	(28,658)	-	-	-	-	-
- Building Maintenance Fund	205,351	-	-	-	-	-	205,351
Total special funds	306,657	(101,306)	-	-	-	-	205,351
RAEng MacRobert Award Fund	1,274,973	(1,274,973)	-	-	-	-	-
Education Support Designated Fund	48,326	-	-	(8,409)	-	-	39,917
MacFarlane Award Designated Fund	6,981	(6,981)	-	-	-	-	-
Parliamentary Affairs Designated Fund	10,416	-	-	(5,200)	-	-	5,216
External Education Designated Fund	116,248	-	-	(10,600)	-	-	105,648
Website Development Designated Fund	10,804	-	-	(26,371)	15,567	-	-
Ingenia Designated Fund	-	-	-	-	6,400	-	6,400
ERAF Entrepreneurs Award Designated Fund	24,895	-	-	(24,895)	-	-	-
Forum Partnerships Programme Designated Fund	122,695	-	60,000	(52,453)	-	-	130,242
Total designated and special funds	1,921,995	(1,383,260)	60,000	(127,928)	21,967	-	492,774
General fund	23,540,047	-	2,880,673	(2,476,729)	51,368	(1,675,780)	22,319,579
Pension fund (deficit)/surplus	392,000	-	-	-	-	(423,977)	(31,977)
Total funds	46,202,843	-	32,144,065	(24,445,691)	-	(833,662)	53,067,555

Following a review of funds and their purpose, the Sir Angus Paton Bequest Fund, the Hinton Bequest Fund, the RAEng MacRobert Award Fund and the MacFarlane Award Fund have been reclassified as restricted funds.

The general fund surplus of £402,236 is the difference between incoming resources of £2,880,673 and resources expended of £2,478,437.

All other funds other than the Queen Elizabeth Prize are funds of the Parent Charity.

Note 17 - Analysis of net assets between funds

	Tangible fixed assets	Investments	Current assets	Liabilities/ pension asset	Total net assets
	£	£	£	£	£
Restricted funds	6,805,790	14,639,873	8,891,206	(49,688)	30,287,181
Special and designated funds	-	1,703,494	492,774	(1,703,494)	492,774
General funds	4,656,541	21,242,270	5,822,563	(9,401,797)	22,319,577
Pension fund surplus	-	-	-	(31,977)	(31,977)
Total funds	11,462,331	37,585,637	15,206,543	(11,186,956)	53,067,555

Note 18 - Capital commitments

As at 31 March 2015, the Academy had capital commitments of £1,227,770 (2013/14 £nil) in respect of building works at Carlton House Terrace and a capital commitment of £ nil (2013/14 £ 41,803) in respect of the acquisition and configuration of a grant management IT system.

Note 19 - Subsidiary activities

The Academy has one wholly owned subsidiary, RAE Trading Limited (registered company number 08038360) and a charitable subsidiary company, The Queen Elizabeth Prize for Engineering Foundation (registered charity number 1147743, registered company number 8077332). RAE Trading Limited was formed in April 2012 and manages a conferencing business at Prince Philip House; all available trading profits are gift-aided to the charity. The Queen Elizabeth Prize for Engineering Foundation was formed in May 2012 and advances the education of the public in the subject of engineering by awarding biennially a high-profile and internationally-recognised prize for engineering. All activities have been consolidated on a line-by-line basis in the statement of financial activities and these results have been adjusted to eliminate income and expenditure relating to conferencing activities to the Academy and the Queen Elizabeth Prize for Engineering, and management fees payable to the Academy.

At 31 March 2015	RAE Trading Ltd		Queen Elizabeth Prize for Engineering Foundation	
	2015 £	2014 £	2015 £	2014 £
Total incoming resources	1,535,793	1,244,097	5,693,116	5,183,611
Total resources expended	(1,067,718)	(874,076)	(1,956,288)	(991,352)
	468,075	370,021	3,736,828	4,192,259
Total investment gains	-	-	1,255,716	161,427
Net funds before gift aid	468,075	370,021	4,992,544	4,353,686
Gift aid to Royal Academy of Engineering	(468,075)	(370,021)	-	-
Retained net funds for the year	-	-	4,992,544	4,353,686
The aggregate of the assets, liabilities and funds was:				
Assets	751,530	363,761	18,386,530	13,442,247
Liabilities	(751,430)	(363,661)	(62,892)	(111,173)
Funds	100	100	18,323,638	13,331,074

The parent charity's results for the year are disclosed as follows:

	Academy	
	2015 £	2014 £
Gross income	23,656,054	20,207,888
Retained net funds for the year	(62,892)	1,417,403



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The Royal Academy of Engineering promotes excellence in the science, art and practice of engineering.

Registered charity number 293074

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