

Financial Report and Accounts

For the year ended 31 March 2017



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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. The group accounts were prepared under the new *Statement of Recommended Practice 2015* as defined in the *Financial Reporting Standard 102*.

Group income for the year was £27.4 million. Group expenditure on charitable activities was £26.2 million. The cost of generating funds across the group was £1.1 million. The carrying value of the group's net assets was £64.4 million.

ROYAL ACADEMY OF ENGINEERING

Total income for the year was £25.0 million. The largest element, core grants from the Department for Business, Energy and Industrial Strategy, was £11.7 million.

Income from other grants and contracts increased to £11.2 million.

Expenditure on charitable activities was £26.2 million compared to £22.0 million in the previous year. An analysis based upon the principal objective of each activity shows that, of the total charitable expenditure of £26.2 million: 78% on enhancing engineering capacity; 8% on inspiring

young people; 9% on promotion of and leadership in engineering; and 6% on leading and shaping engineering policy. Employment costs increased from the previous year by 19% to £5.1 million due to additional recruitment to deliver programmes such as the Global Challenge Research Fund.

THE QUEEN ELIZABETH PRIZE FOR ENGINEERING FOUNDATION

Total income for the year was £1.9 million. Expenditure on charitable activities was £1.8 million. The Queen Elizabeth Prize for Engineering is awarded biennially and an award was made in 2017. The Foundation pays a management fee to the Academy for services, which includes 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 £0.5 million and operating expenditure, including the cost of providing a service to the Academy, was £0.6 million. The net loss for the year was £65,000. The company paused trading during the year while refurbishment work, including new kitchens, took place in Prince Philip House. Trading resumed in January 2017.

GROUP ASSET VALUE

The carrying value of the group's net assets was £64.4 million. Investments were valued at £47.9 million, with the Academy holding £24.6 million and the Foundation holding £23.3 million. Tangible fixed assets valued at £24.9 million included the £11.4 million value of the Carlton House Terrace lease and

the £12.8 million of leasehold improvements to Prince Philip House. The main liability was a bank loan of £11.5 million, which funded the extension of Academy's property lease secured in 2017. The value of the group's restricted funds decreased over the year by £2.2 million. The Academy's general fund value increased by £8.2 million.

INVESTMENTS

The value of the Academy's investment portfolio increased over the year by £0.6 million to £24.6 million. Realised and unrealised investment gains during the year were £2.3 million. 100% of the Academy's investment portfolio is held in UK equities. Income to the Academy from dividends increased by 4% during the year to £906,000 while bank interest decreased to £9,000 from £22,000. Group investment income increased by £167,000 to £1.6 million, of which £587,000 was income from the Foundation's investments, which are managed separately from those of the Academy.

FINANCE COMMITTEE

The Finance Committee meets at least four times during each financial year. Included in the items considered by the Committee during the year were the Academy's investment strategy and the funding of the £7.2 million purchase of the new lease for Prince Philip House extending for 125 years.

Dr Robert Joyce 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

TRUSTEE BOARD MEMBERS

The Academy's Trustee Board comprises 13 members elected by and from the Fellowship 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. During the year a review of the structure of the Academy's operating committees was conducted and a review of the terms of reference of each committee will be completed during the forthcoming year.

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 the Trustee Board during the year were:

OFFICERS

President

Dame Ann Dowling OM DBE FREng FRS

Vice Presidents

Mr A Cook CBE FREng

Vice President for Committee Coordination

Professor R Williams OBE FREng

Vice President for Fellowship Engagement

TRUSTEE BOARD

Chair Finance Committee

Dr Robert Joyce FREng

Trustee Board members

Professor Dame Ann Dowling
OM DBE FREng FRS

Allan Cook CBE FREng

Professor Richard Williams OBE FREng

Professor Colin Bailey FREng

Professor Sir Michael Gregory CBE FREng

Norman Haste OBE FREng

Dr David Hughes FREng

Dr Robert Joyce FREng

Professor Elaine Martin OBE FREng

John Robinson CBE FREng

Dr Frances Saunders CB FREng

Professor Liz Tanner OBE FREng FRSE

Paul Westbury CBE FREng

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 Presidents 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.

Report of Trustee Board

Internal control

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.

Detailed management accounts are prepared monthly within 10 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 FINANCE COMMITTEE

Dr Robert Joyce FREng (Chair)
Ian Ritchie CBE FREng FRSE (until September 2016)
Allan Cook CBE FREng
Norman Haste OBE FREng

Graeme Hobbs FREng
Professor David Lane FREng FRSE
Professor Jim Norton FREng

INVESTMENT POWERS

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

RISK ASSESSMENT

The major risks to which the Academy is perceived to be exposed have been identified and mechanisms are in place to mitigate and monitor 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 reduce the risks of greatest concern. A review of the Academy's risk management processes and controls was completed during the year and a new Risk Management Policy is currently being implemented.

This work has identified that financial sustainability is a significant risk for the Academy. The impact of the UK's withdrawal from the European Union upon the Academy's income, including from government grants and fundraising activities, is as yet uncertain. These risks are managed by only implementing programme activities when funding is available.

The Queen Elizabeth Prize for Engineering Foundation has yet to raise all the funds required to sustain the prize in perpetuity. This risk is managed by regular monitoring of QEPrize fundraising by internal management and the Academy's trustees. A new Development Director has been appointed to manage QEPrize and Academy fundraising in parallel.

SENIOR MANAGEMENT TEAM

Day-to-day management of the Academy is the responsibility of the Chief Executive who with the directors comprise the senior management team, which meets weekly. Strategy is set by the Trustee Board, implemented by the Senior Management Team and oversight is provided by Academy Committees. The remuneration of the Chief Executive and directors is set annually by the Remuneration Committee. In setting appropriate levels of senior management pay, the Remuneration Committee considered the skills, experience and competencies required for each role, and the remuneration level for those roles in sectors where suitable candidates would be found.

The directors are as follows:

Chief Executive	Mr Philip Greenish CBE
Deputy CEO & Director, Strategy and Planning	Dr Hayaatun Sillem
Director, Finance and Corporate Services	Mr Stuart Anthony
Director, Programmes	Mr Andrew Clark
Director, Education Programmes	Dr Rhys Morgan
Director, Policy and Public Affairs	Ms Beverley Parkin
Director, Development	Ms Samantha Bagchi
Director, Queen Elizabeth Prize	Ms Keshini Navaratnam

Report of Trustee Board

Objectives and activities for the public benefit

Charitable activities

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

- supporting engineering innovation
- inspiring young people and nurturing education and skills
- engaging the public with engineering
- leading and shaping engineering policy.

In pursuing its objectives, the Academy aims to position engineering at the centre of society, and to demonstrate the contribution made by engineers and engineering to 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

"Supporting engineering innovation"

Main public benefits:

- Improving the wealth generation of the UK economy by supporting high-quality engineering and technology research and encouraging entrepreneurs and innovators to develop ideas and grow businesses.
- Facilitating links between industry and universities to translate innovative research into economic success.
- Enhancing the links between UK and international engineers and encouraging cross-country collaboration to address global challenges.

Main achievements

The Enterprise Hub's new physical home, the Taylor Centre, was opened in February 2017. It provides a base for the Hub's community of innovators, mentors and investors. Just after the opening, the fourth cohort of 12 Enterprise Fellows was announced. They will benefit from a comprehensive support package that includes seed funding, mentoring, and marketing and PR support.

Under the Global Challenges Research Fund, which supports cutting-edge research that addresses the challenges faced by developing countries, the Academy launched Frontiers of Engineering for Development. The symposia bring together early- and mid-career engineers

from across the world to network, engage and collaborate to tackle global grand challenges, and apply for £20,000 seed funding to help start a collaborative project inspired by the event. Two events took place during the year and resulted in 24 seed-fund awards.

The second Africa Prize for Engineering was awarded to Arthur Zhang, an innovator from Cameroon who invented a heart monitoring device that allows any medical professional to perform heart diagnostics at any location, which can then be sent to a cardiologist and interpreted in less than 20 minutes. He and three other finalists each received prize money, support and business training.

Achievements in programmes funded by the parliamentary grant included: more than 45 Research Chairs and Senior Research Fellows were in post during the year; two Research Chairs in Emerging Technologies were in post; 44 Research Fellows (including RAEng/ EPSRC Research Fellowships, RAEng Research Fellowships and RAEng/MOD Fellowships) were in post; 11 Fellowships were awarded under the new Industrial Fellowships scheme; under the Newton Fund, 181 Leaders in Innovation Fellowships were awarded to researchers from 14 Newton Fund partner countries, including the first attendees from Indonesia and Malaysia, and 46 bilateral collaborations with six countries were funded as part of the Industry-Academia Partnership Programme.

"Inspiring young people and nurturing educational skills"

Main public benefits:

- Meeting 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.
- Enhancing teaching and learning in STEM subjects.

Main achievements

The Academy continued to support the Big Bang Fair in 2017, the largest celebration of science, technology, engineering and maths for young people in the UK. An estimated 10,000 attendees visited the Academy's stand over the four days.

The Academy's education projects worked with hundreds of teachers to strengthen the quality of engineering education in schools and colleges. The *Connecting STEM Teachers* programme supported more than 1,000 teachers in 54 schools across the UK. Three engineering projects in

Lowestoft, Barrow-in-Furness and Stoke-on-Trent worked with 32 primary schools, 15 secondary schools and six post-16 colleges.

A total of 35 students were in receipt of Engineering Leaders Scholarships; nine Sainsbury Management Fellowships were awarded; and 28 new Visiting Professors were appointed, bringing the total on the scheme to 68 across 37 different universities.

The Academy continued to develop the Engineering Talent Project, a multi-intervention engagement programme designed to change perceptions of engineering among the next generation.

The Academy has hosted around 300 students at three engineering fast-track workshops as part of the Engineering Engagement Programme, which aims to attract undergraduates from diverse backgrounds into engineering employment. After attending the workshops, 56 students secured graduate or placement positions in engineering companies.

The Academy continued to host Education for Engineering (E4E), which contributed to the consultation for the new Institute of Apprenticeships and supported the Department for Education in the development of T-levels.

“Engaging the public with engineering”

Main public benefits:

- Engaging the public in debate on engineering and its impact on society.
- Communicating the excitement and diversity of engineering to varied audiences.
- Recognising great engineering through prizes and awards.

Main achievements

The MacRobert Award for innovation in UK engineering for 2016 was awarded to a team from Blatchford for its Linx limb system, which is an intelligent prosthetic limb with integrated robotic control of the knee and foot so that it works together like a human leg.

Other awards in 2016 were:

- Sir Frank Whittle Medal – awarded to Professor Roger Sargent FREng, Emeritus Professor of Chemical Engineering and Senior Research Fellow, Imperial College London, for his work in process systems engineering.

- Sir George Macfarlane Medal – awarded to Dr Sithamparanathan Sabesan for his work in electronic engineering.
- Colin Campbell Mitchell Award – awarded to a team from Ultrahaptics, a University of Bristol spin-out company that has revolutionised the way people interact with machines through a novel use of ultrasound.
- Silver Medals – awarded to Dr Damian Gardiner, Research Scientist/Business Development Manager, Johnson Matthey; Dr Demis Hassabis, Co-founder and CEO of DeepMind and Vice President Engineering, Google; Professor Tong Sun, Professor of Sensor Engineering, City, University of London.
- Major Project Award – awarded to a team from BAE Systems AI Labs for the Intermediate Frequency Modem System.
- President’s Medal – awarded to Dr Ian Nussey OBE FREng for his exceptional service to the Academy during his 30 years as a Fellow.
- Rooke Award – awarded to Professor Danielle George MBE, Professor of Radio Frequency Engineering, University of Manchester, for her remarkable contribution to the public promotion of engineering through her work with various media channels.

The Queen Elizabeth Prize for Engineering was awarded to four engineers who together were responsible for the creation of digital imaging sensors, technology that has transformed medicine, science, personal communication and entertainment on a global scale.

A number of significant events were held throughout the year, including the annual Academy Awards Dinner, *In conversation with MacRobert Award 2016 winners: Blatchford, Ingenia* live!, and a number of lectures and meetings.

The *Ingenious* public engagement grant scheme awarded funding to 23 projects in 2016. Now in its 10th year, the scheme has funded more than 189 projects, reached over 2.5 million members of the public and worked with more than 5,000 engineers.

The Academy participated in public engagement activity at science festivals, hosting a *Superhuman vs. Superhero* stand at *New Scientist* Live and a panel discussion on the same topic at the Cheltenham Science Festival.

Report of Trustee Board

“Leading and shaping engineering policy”

Main public benefits:

- Acting as a leadership body and promoting the value of engineering by harnessing the strengths of the engineering organisations.
- Working with the other national academies on a range of policy issues.
- Providing written responses and advice to parliamentary, governmental and other national bodies on a range of engineering topics, including the government’s *Spending Review*.

Through Engineering the Future (EtF), which brings together the professional engineering institutions (PEIs), the Engineering Council and EngineeringUK, the Academy led work on the *Engineering a future outside the EU: securing the best outcome for the UK* report. Following the referendum vote for the UK to leave the EU, the report assessed the potential impact that this would have on engineering and the UK’s economy and productivity.

The Academy published *Living without electricity*, a report that was put together with Lancaster University and the Institution of Engineering and Technology. The report detailed the loss of virtually all modern infrastructure in Lancaster for four days in December 2015, caused by unprecedented flooding in north Lancashire and Cumbria, and how it was dealt with. The findings of the report have since been discussed at a number of meetings of emergency responders and planners around the country.

In collaboration with the Science Council, the Academy created a *Diversity & Inclusion Progression Framework* for professional bodies to help organisations plan and prioritise their diversity and inclusion activities.

The Academy launched a series of online videos profiling lesbian, gay, bisexual and transgender (LGBT) engineers that aimed to inspire prospective engineers who are LGBT, as well as existing engineers who may wish to come out or transition at work.

Financial review

Review of transactions for the year

The financial statements are presented in the format required by the Statement of Recommended Practice (SORP 2015). The Statement of Financial Activities shows the gross income from all sources and the split of activity between restricted and unrestricted funds. Total group income for the year was £27.4 million. Total income decreased by £1.8 million over the previous year.

GOVERNMENT GRANT

The Academy is grateful to the Department for Business, Energy and Industrial Strategy for providing a government core grant to support activities aimed primarily at promoting engineering research in the UK. The government core grant at £11.7 million was the largest contribution to funds and represented 43% of total group incoming resources. The Department for Business, Energy and Industrial Strategy made an additional grant of £4.8 million to the Newton Fund programme and £3.1 million to the Global Challenge Research Fund.

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, Energy and Industrial Strategy and a group of aerospace sector companies donated £0.5 million to the MSc Aerospace Bursary Programme.

DONATIONS AND LEGACIES

During the year, donations totalled £1.9 million, of which £1.3 million was to the Queen Elizabeth Prize for Engineering Foundation.

OTHER INCOME

Other major sources of income during the year were: investments, subscriptions, events and facilities hire income at a total of £2.5 million.

CHARITABLE ACTIVITIES

Expenditure on charitable activities was £26.2 million during the year or 96% of total resources expended. Of this total, £22.7 million represented charitable activities and grants paid under various programmes and £3.5 million represented the costs of operating those programmes.

RAISING 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 £1.1 million or 4% 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.

INVESTMENTS

The Academy's investments are held in a general fund portfolio and a designated charity income fund. The Queen Elizabeth Prize for Engineering Foundation's investments are held in a managed investments fund. 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 Academy's portfolio is currently 100% UK equities; this allocation is reviewed regularly. During the year, the general fund generated £906,000 of income and achieved an investment gain of £2.3 million.

FIXED ASSETS

Capital expenditure during the year amounted to £6.3 million, which was almost entirely on the leasehold improvements at Prince Philip House.

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 £40 million.

The reserves policy will continue to be monitored and reviewed by the 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	2017 £000	2016 £000
Total funds as per group balance sheet	64,421	58,465
Exclude:		
Restricted funds	32,655	34,893
Unrestricted funds tied up in tangible fixed assets	11,918	4,508
Designated and special funds	339	505
Free reserves	19,508	18,560

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 2016/17 totalling £13.7 million. The first 50 organisations, in order of 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	1,055,482	43,990	-		1,099,471
2 University of Oxford	776,289	38,748	-		815,037
3 University College London	489,418	106,429	10,887		606,734
4 University of Leeds	488,373	71,856	5,624		565,853
5 University of Southampton	421,876	122,485	15,324		559,685
6 University of Bristol	382,469	69,390	-		451,859
7 University of Cambridge	361,742	52,495	4,874		419,112
8 University of Manchester	280,423	79,869	6,000		366,291
9 University of Glasgow	287,208	25,087	49,204		361,499
10 University of Bath	195,694	126,853	-		322,548
11 University of Sheffield	233,948	52,584	17,494		304,027
12 Cranfield University	5,000	286,043	-		291,043
13 University of Edinburgh	184,314	78,862	5,458		268,633
14 Heriot Watt University	227,678	9,392	11,592		248,662
15 University of Warwick	181,561	51,200	-		232,761
16 University of Birmingham	180,909	26,774	-		207,683
17 Loughborough University	85,656	83,760	6,000		175,416
18 University of Surrey	112,830	38,238	5,839		156,906
19 Queen's University Belfast	116,610	35,484	-		152,094
20 University of Strathclyde	114,575	37,062	-		151,636
21 City, University of London	98,201	52,616	-		150,817
22 Queen Mary & Westfield College	128,077	19,007	-		147,084
23 University of Exeter	105,215	34,827	-		140,042
24 Shandong University	-	140,000	-		140,000
25 University of Liverpool	71,650	47,528	10,306		129,484
26 Tsinghua University	-	126,467	-		126,467
27 University of York	42,702	65,547	1,358		109,606
28 University of Nottingham	72,764	32,751	-		105,515
29 University of Ulster	98,340	7,166	-		105,506
30 Swansea University	35,921	-	53,881		89,802
31 University of Kent	63,000	630	22,528		86,158
32 Cardiff University	57,720	20,000	5,276		82,996
33 University of Leicester	64,923	10,000	5,261		80,185
34 Royal Society	72,042	-	-		72,042
35 Lancaster University	66,203	5,400	-		71,603
36 National University of Science & Technology	-	70,000	-		70,000

Amount in £	Visiting Professors and other programmes			Industrial secondments	Total
	Research				
37 Moi University	-	70,000	-	-	70,000
38 Fuzhou University	-	70,000	-	-	70,000
39 Dalian University of Technology	-	70,000	-	-	70,000
40 University of Dar es Salaam	-	70,000	-	-	70,000
41 University of Botswana	-	70,000	-	-	70,000
42 Makerere University College of Engineering	-	70,000	-	-	70,000
43 Beijing Union University	-	70,000	-	-	70,000
44 Beijing Institute of Technology	-	70,000	-	-	70,000
45 Beijing Jiaotong University	-	69,855	-	-	69,855
46 Huazhong University of Science & Technology	-	69,440	-	-	69,440
47 IFM Education and Consultancy Services Ltd	-	69,114	-	-	69,114
48 SEO London Ltd	-	67,750	-	-	67,750
49 Liverpool John Moores University	-	64,552	-	-	64,552
50 Jilin University	-	57,190	-	-	57,190
Total	7,158,812	3,026,440	236,907		10,422,159

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.

Remuneration policy

The Academy's policy is to pay staff salaries at the market mid-point. Salaries are reviewed in alternate years following a market benchmarking exercise conducted by an independent consultancy. The next review will be effective as from 1 April 2019.

Report of Trustee Board

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 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
- 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.

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 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 for Engineering 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 that 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.

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

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 judgements 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 24 July 2017.

**Dr Robert Joyce FREng,
Chair of 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 2017, which comprise consolidated statement of financial activities, the consolidated and parent balance sheet, the consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR

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

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (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 parent charity's affairs as at 31 March 2017 and

of the group's and parent charity's incoming resources and application of resources, including the income and expenditure, for the year then ended

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

OPINION ON OTHER MATTER AS REQUIRED BY BEIS GRANT LETTERS

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

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
- sufficient accounting records have not been kept
- the parent charity financial statements are not in agreement with the accounting records and returns
- we have not received all the information and explanations we require for our audit.

BDO LLP

Statutory Auditor

London

United Kingdom

Date: 9 August 2017

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 2017	Notes	Unrestricted funds	Restricted funds	Total 31 March 2017	Total 31 March 2016
		£	£	£	£
Income from:					
Charitable activities	2, 3, 4	-	22,979,068	22,979,068	20,144,797
Donations and legacies	5	57,802	1,883,282	1,941,084	5,777,690
Other trading activities	6a	912,148	-	912,148	1,914,862
Investments	6	915,446	662,678	1,578,124	1,410,798
Total income		1,885,396	25,525,028	27,410,424	29,248,147
Expenditure on:					
Raising funds		954,023	160,658	1,114,681	1,480,813
Charitable activities	7	1,373,559	24,842,415	26,215,974	21,972,992
Other	8	37,632	2,700	40,332	95,950
Total expenditure		2,365,214	25,005,773	27,370,987	23,549,755
Net gains/(losses) on investment	11	2,259,599	3,656,512	5,916,111	(1,122,112)
Net income /(expenditure)		1,779,781	4,175,767	5,955,548	4,576,280
Transfer between funds	16	6,413,514	(6,413,514)	-	-
Net movement in funds		8,193,295	(2,237,747)	5,955,548	4,576,280
Fund balances brought forward 1 April		23,572,559	34,892,655	58,465,214	53,888,933
Fund balances carried forward 31 March	16, 17	31,765,854	32,654,908	64,420,762	58,465,214

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 2017		Group		Charity	
	Notes	2017 £	2016 £	2017 £	2016 £
Tangible fixed assets	10	24,925,780	12,176,284	24,925,780	12,176,284
Investments	11	47,867,821	40,959,431	24,602,451	24,027,935
Total fixed assets		72,793,601	53,135,715	49,528,231	36,204,219
Current assets:					
Debtors	12	4,901,907	6,341,676	4,862,799	5,592,107
Stock	13	2,309	2,703	2,309	2,703
Cash at bank		3,876,765	6,067,191	2,068,299	2,233,966
Short term deposits		876,578	1,606,200	506,240	1,506,321
		9,657,559	14,017,770	7,439,647	9,335,097
Liabilities					
Creditors (amounts falling due within one year)	14a	(6,530,398)	(7,711,874)	(5,767,548)	(7,453,276)
Net current assets		3,127,161	6,305,896	1,672,099	1,881,821
Total assets less current liabilities		75,920,762	59,441,611	51,200,330	38,086,040
Creditors (amounts falling due beyond one year)	14b	(11,500,000)	(976,397)	(11,500,000)	(976,397)
Total net assets		64,420,762	58,465,214	39,700,330	37,109,643
The funds of the charity:					
Restricted income funds	16	32,654,908	34,892,655	7,841,602	13,551,788
Unrestricted funds					
Special funds		41,204	205,351	41,204	205,351
Designated fund		298,186	299,586	298,186	299,586
General fund		31,426,464	23,067,622	31,519,338	23,052,918
Total unrestricted funds		31,765,854	23,572,559	31,858,728	23,557,855
Total charitable funds		64,420,762	58,465,214	39,700,330	37,109,643

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

Signed on behalf of the Trustee Board on 24 July 2017

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

**Dr Robert Joyce FREng,
Chair of Finance Committee**

Consolidated statement of cash flows

Year ended 31 March 2017

	2017 £	2016 £
Cash flows from operating activities:		
Net cash provided by operating activities	(930,457)	4,675,517
Cash flows from investing activities:		
Dividends, interest and rents from investments	1,578,125	1,410,798
Purchase of property, plants and equipment	(13,099,036)	(1,126,758)
Proceeds from the sale of investments	3,780,960	4,258,173
Purchase of investments	(4,773,243)	(8,754,080)
Net cash provided by investing activities	(12,513,194)	(4,211,867)
Cash flows used in financing activities:		
Repayments of borrowing	(976,397)	(122,733)
Cash inflows from new borrowing	11,500,000	-
Net cash used in financing activities	10,523,603	(122,733)
Change in cash and cash equivalents in the reporting period	(2,920,049)	340,917
Cash and cash equivalents at 1 April	7,673,391	7,332,474
Cash and cash equivalents at 31 March	4,753,342	7,673,391
Reconciliation of net income/(expenditure) to net cash flow from operating activities		
Net income for the reporting periods (as per the statement of financial activities)	5,955,548	4,576,280
Net losses/(gains) on investments	(5,916,111)	1,122,112
Adjustments for:		
Depreciation charges	349,540	412,804
Dividends, interest and rents from investments	(1,578,125)	(1,410,798)
Decrease in stocks	394	497
Decrease in debtors	1,439,769	1,529,193
(Decrease) in creditors	(1,181,473)	(1,554,570)
Net cash provided by operating activities	(930,457)	4,675,517
Analysis of cash and cash equivalents		
Cash in hand	3,876,765	6,067,191
Notice deposits	876,578	1,606,200
Total cash and cash equivalents	4,753,342	7,673,391

Notes to the accounts

For the year ended 31 March 2017

Note 1 – Accounting policies

(a) Basis of preparation of the accounts

The annual report, incorporating the financial statements for the year ended 31 March 2017, has been prepared in accordance with the Academy's Royal Charter, and in compliance Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) – (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102). The Academy meets the definition of public benefit entity under FRS102. These financial statements are prepared under FRS102.

(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 and Income and Expenditure Account for the

Academy has not been presented because the Academy has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

(d) Income

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 probable 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 that are accounted for on receipt.
- Gifts and donations and legacies are included in full in the statement of financial activities when receivable.
- For legacies, entitlements is taken as the earlier of the date on which either: the Academy is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Academy that a distribution will be made; or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the Academy has been notified to the executor's intention to make a distribution.
- 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) Donated services and facilities

Donated professional services and donated facilities are recognised as income when the Academy has control over the item, any condition associated with the donated item has been met, the receipt of economic benefit from the use by the Academy of the item is probable and that economic benefit can be measured reliably. On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the Academy which is the amount the Academy would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

(f) Expenditure

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 raising 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.

(g) Support costs

Support costs are those functions that assist the work of the Academy and mainly comprise of staff costs and overheads. Support costs are assigned to the Academy's charitable objectives in line with the direct expenditure under each heading.

(h) Operating leases

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

(i) 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.*

(j) Investments

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*

(k) Pensions

The Academy operates a defined contribution pension scheme. 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 scheme in the year. The Academy has no liability under the scheme other than the payment of those contributions.

(l) Funds

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

(m) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

(n) Stock

Stock is included at the lower of cost or net realisable value.

(o) Cash and cash equivalents at bank

Cash and cash equivalents at bank includes cash and short term highly liquid investments obtainable within 3 months.

(p) Creditors

Creditors are recognised where the Academy has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation

can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

(q) Financial instruments

The Academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method..

(r) Corporation taxation

The Academy is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objectives.

(s) Going Concern

The Academy's accounts have been prepared on the basis of being a going concern. The trustees have made their own assessment of the Academy's ability to continue as a going concern and assured themselves of the validity of this assumption. In making this assessment, the Academy's trustees have taken into account all available information about the future for at least, but not limited to, 12 months from the date the accounts are approved. Sufficient reserves and funding is secured for the Academy to continue to fulfil its charitable objectives.

(t) Government Grants

Government grants are charged in the year in which the commitments to pay the grants are made.

Notes to the accounts

Year ended 31 March 2017	Unrestricted funds	Restricted funds	Totals 31 March 2017	Unrestricted funds	Restricted funds	Totals 31 March 2016
	£	£	£			£

Note 2 - Grants

Government grant (See note 3)	-	(11,738,894)	(11,738,894)	-	(12,399,875)	(12,399,875)
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Note 3 - Government grant

Grant was expended on:

External projects	-	(10,491,000)	(10,491,000)	-	(9,693,295)	(9,693,295)
Cost of managing external projects	-	(1,247,894)	(1,247,894)	-	(2,706,580)	(2,706,580)
	-	(11,738,894)	(11,738,894)	-	(12,399,875)	(12,399,875)

Note 4 - Other grants and contracts

Newton Fund	-	(4,822,593)	(4,822,593)	-	(3,822,872)	(3,822,872)
MSc Aerospace Bursary Programme	-	(486,358)	(486,358)	-	(1,722,688)	(1,722,688)
Connecting Teachers	-	(389,785)	(389,785)	-	(368,607)	(368,607)
Leverhulme Fellowships	-	(284,261)	(284,261)	-	(328,633)	(328,633)
Africa Prize for Engineering Innovation	-	(606,135)	(606,135)	-	(313,666)	(313,666)
Sainsbury Management Fellowships	-	(290,117)	(290,117)	-	(300,000)	(300,000)
RAEng/EPSRC Research Fellowships	-	(87,086)	(87,086)	-	(211,009)	(211,009)
Engineering FE	-	(39,279)	(39,279)	-	(163,511)	(163,511)
KS2 STEM Resources & CPD Programme	-	-	-	-	(75,000)	(75,000)
Engineering Leadership Scheme	-	-	-	-	(68,645)	(68,645)
Industrial Secondment	-	(53,654)	(53,654)	-	(65,347)	(65,347)
Enterprise Hub	-	(237,271)	(237,271)	-	(64,550)	(64,550)
MOD Fellowships	-	-	-	-	(52,738)	(52,738)
Stoke Engineering Programme	-	(13,200)	(13,200)	-	(40,500)	(40,500)
Enriching Engineering Education Programme	-	(234,667)	(234,667)	-	(30,667)	(30,667)
Petrofac Fellowships	-	-	-	-	(30,000)	(30,000)
MacRobert Award	-	(26,000)	(26,000)	-	(26,000)	(26,000)
Other awards and contracts	-	-	-	-	(13,750)	(13,750)
Barrow Engineering Programme	-	(23,300)	(23,300)	-	(20,340)	(20,340)
Education Studies and Support	-	-	-	-	(20,000)	(20,000)
Lowestoft Engineering Programme	-	(48,600)	(48,600)	-	(6,400)	(6,400)
RAEng/WCE Awards	-	(17,809)	(17,809)	-	-	-
Executive Engineers Programme	-	(3,270)	(3,270)	-	-	-
Biomedical Engineering	-	(22,000)	(22,000)	-	-	-
1851 Royal Commission	-	-	-	-	-	-
Enterprise Fellowships	-	(194,500)	(194,500)	-	-	-

Year ended 31 March 2017	Unrestricted funds	Restricted funds	Totals 31 March 2017	Unrestricted funds	Restricted funds	Totals 31 March 2016
	£	£	£			£
Global Challenge Research Fund	-	(3,059,363)	(3,059,363)	-	-	-
Tier 1 Visa Applications	-	(46,900)	(46,900)	-	-	-
Biofuels	-	(49,918)	(49,918)	-	-	-
Visiting Professors	-	(12,839)	(12,839)	-	-	-
UK Intelligence Community (IC) Postdoctoral Research Fellowships	-	(105,000)	(105,000)	-	-	-
RAF Centenary Programme	-	(23,500)	(23,500)	-	-	-
Sir Angus Paton Bequest Fund	-	(2,500)	(2,500)	-	-	-
Computing In Schools	-	(17,121)	(17,121)	-	-	-
Ms Morag Campbell-Nelder	-	(3,148)	(3,148)	-	-	-
History of the Royal Academy of Engineering	-	(40,000)	(40,000)	-	-	-
		(11,240,174)	(11,240,174)	-	7,744,922	7,744,922
Total charitable activities	-(22,979,068)	(22,979,068)		-(20,144,797)	(20,144,797)	

Note 5 - Donations and legacies

Development appeal	500	-	500	4,311	-	4,311
Annual appeal	48,011	-	48,011	61,011	-	61,011
Enterprise Hub capital project	-	408,282	408,282	-	1,186,900	1,186,900
Engineering Talent Project	-	175,000	175,000	-	375,000	375,000
Queen Elizabeth Prize for Engineering	-	1,300,000	1,300,000	-	4,042,408	4,042,408
Other	9,292	-	9,292	108,060	-	108,060
	57,802	1,883,282	1,941,084	173,381	5,604,308	5,777,690

Note 6 - Investment income

Dividends and income from equity investments and fixed interest bonds	906,219	656,034	1,562,253	873,322	506,455	1,379,777
Interest on bank deposits	9,227	6,644	15,871	21,513	9,508	31,021
	915,446	662,678	1,578,124	894,835	515,963	1,410,798

Note 6a - Other income

Sponsorship and events	343,551	-	343,551	277,390	-	277,390
Subscription income	232,580	-	232,580	275,605	-	275,605
Advertising income and merchandising	49,059	-	49,059	50,278	-	50,278
Conferencing business	286,958	-	286,958	1,311,589	-	1,311,589
	912,148	-	912,148	1,914,862	-	1,914,862

Notes to the accounts

	Promotion of, and leadership in, engineering	Leading and shaping engineering policy	Enhancing engineering capacity	Inspiring young people and nurturing educational skills	Queen Elizabeth Prize for Engineering Foundation	Total 31 March 2017	Total 31 March 2016
	£	£	£	£	£	£	£
Note 7 - Charitable activities							
Unrestricted							
Charitable activities	89,073	-	-	-	-	89,073	68,435
Charitable grants	10,295	-	-	-	-	10,295	54,349
Direct salaries	363,890	-	-	-	-	363,890	335,784
Support costs	910,302	-	-	-	-	910,302	362,716
	1,373,559	-	-	-	-	1,373,559	821,284
Restricted							
Charitable activities	376,526	288,521	2,439,035	500,391	1,307,325	4,911,797	1,558,872
Charitable grants	411,461	263,960	13,091,069	795,737	-	14,562,227	14,710,300
Direct salaries	413,196	667,464	1,124,460	322,218	257,073	2,784,411	2,293,152
Support costs	148,722	147,233	2,010,004	195,315	82,707	2,583,981	2,589,384
	1,349,905	1,367,178	18,664,568	1,813,660	1,647,105	24,842,416	21,151,708
Total charitable activities	2,723,464	1,367,178	18,664,568	1,813,660	1,647,105	26,215,974	21,972,992
Total support costs of £3,494,283 are made up of indirect staff costs totalling £1,394,948 and accommodation costs and overheads totalling £2,099,335.							
2016 Total charitable activities	2,278,443	1,769,648	14,861,740	2,424,867	638,294		21,972,992

	2017 £	2016 £
Note 8 - Other costs		
Auditor's fees:		
- Audit	14,191	40,742
- Other services	-	30,218
Legal and professional fees	26,141	24,990
	40,332	95,950
£5,225 was charged to the Academy in relation to operating leases		

Note 9 - Staff and pensions costs

Gross salaries	3,581,916	3,162,129
Employer's National Insurance less NI Allowance	404,067	349,518
Benefits in kind	28,874	23,198
Pension charge	306,530	286,140
Other costs	747,945	431,441
	5,069,333	4,252,425

Average number of staff in the year by activity:	Number	Number
- Engineering and education	13	7
- Programmes and fellowship	26	31
- Policy and external affairs	14	11
- Executive, development, finance and administration	24	16
- Queen Elizabeth Prize for Engineering Foundation	5	3
	83	68

No remuneration is paid to the President or members of the Trustee board of the Academy. Travelling expenses to attend Trustee Board meetings were reimbursed to ten board members in 2016/17 amounting to £14,955 (2015/16 £19,434 - seven members).

	2017	2016
The emoluments of higher paid staff within the following scales were:	Number	Number
£60,000-£70,000	-	-
£70,001-£80,000	1	1
£80,001-£90,000	2	1
£90,001-£100,000	1	1
£100,001-£110,000	-	1
£120,001-£130,000	1	1
£130,001-£140,000	2*	-
£180,000-£190,000	1*	1*

Emoluments include salary, bonuses and benefits in kind but exclude pension scheme contributions. Staff numbers are based on full time equivalent.

The senior management team comprises of a chief executive, deputy chief executive and five directors who manage the day-to-day operations of the charity. Their aggregate remuneration in the year was £1,070,275 (2015-16 £874,933).

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

*One member of staff from each of these payment scales did not benefit from pension scheme contributions.

Notes to the accounts

Note 9(b) - Pensions

The Academy operates a defined contribution pension scheme for staff that joined after 1 January 2000 that is compliant with auto-enrolment legislation. The assets of the scheme are held separately from those of the Academy in independently administered funds. The Academy has no liability under the scheme other than the payment of contributions.

Note 10	Computer systems and equipment	Office fixtures and fittings	Leasehold	Carlton House Terrace improvement	Assets under construction	Loan finance costs	Total
	£	£	£	£			£
Tangible fixed assets (group and charity)							
Cost							
At 1 April 2016	592,853	180,269	5,310,000	7,291,672	1,043,431	-	14,418,225
Additions	335,216	118,740	7,199,165	6,271,330	(1,043,431)	218,015	13,099,035
At 31 March 2017	928,069	299,009	12,509,165	13,563,002	-	218,015	27,517,260
Depreciation							
At 1 April 2016	(450,618)	(136,916)	(987,751)	(666,654)	-	-	(2,241,939)
Charge for year	(99,908)	(27,936)	(114,892)	(103,171)	-	(3,634)	(349,541)
At 31 March 2017	(550,526)	(164,852)	(1,102,643)	(769,825)	-	(3,634)	(2,591,480)
Net book value							
At 31 March 2017	377,543	134,157	11,406,522	12,793,177	-	214,381	24,925,780
At 31 March 2016	142,234	43,352	4,322,249	6,625,018	1,043,431	-	12,176,284

All assets are used for charitable purposes.

Medal collections

- The Whittle Medals Collection are 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.

These medal collections are not held on the balance sheet, 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 (group and charity)

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.

	2017 General fund (Charity)	2017 Designated income funds (Charity)	2017 Total funds (Charity)	2017 Restricted fund (Subsidiary)	2017 Total Portfolio (Group)
Market value at 1 April	22,331,676	1,696,159	24,027,835	16,931,596	40,959,431
Add acquisitions at cost	1,004,852	-	1,004,852	3,768,391	4,773,243
Less: sales proceeds	(2,836,259)	-	(2,836,259)	(944,701)	(3,780,960)
Net investment (losses)/gains for the year	2,259,599	146,325	2,405,924	3,510,186	5,916,110
Market value at 31 March	22,759,868	1,842,484	24,602,352	23,265,472	47,867,824

All investments consist of securities listed on the London Stock Exchange of which fixed interest bonds amount to approximately £2.18 million in value.

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

	UK Equities £	UK Bonds £	2017 Total £	2016 Total £
Market value at 1 April	37,236,913	3,722,518	40,959,431	37,585,637
Market value at 31 March	45,690,080	2,177,744	47,867,824	40,959,431
Cost at 31 March 2014	27,107,355	3,648,556	30,755,911	25,806,203

Notes to the accounts

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Note 12 - Debtors				
Grants and sponsorship receivable	3,728,908	4,443,096	3,728,908	4,443,096
Prepayments	186,463	103,288	186,463	103,288
Other debtors	889,242	1,795,292	614,286	573,850
Amounts due for subsidiary undertakings	-	-	235,848	471,873
Other taxes and social security costs	97,294	-	97,294	-
	4,901,907	6,341,676	4,862,799	5,592,107
Note 13 - Stocks (Group and Charity)				
Publications, Academy ties, presentation plates and medals	2,309	2,703	2,309	2,703
Note 14a - Creditors (amounts falling due within one year)				
Committed grants and prizes	3,747,736	4,972,950	3,747,736	4,972,950
Deferred income	965,552	801,390	965,552	801,390
Subscriptions in advance	162,167	137,944	162,167	137,944
Other creditors	1,650,958	1,676,669	862,286	1,402,091
Amounts due to subsidiary undertakings	-	-	25,822	15,980
Social security and other costs	3,985	2,813	3,985	2,813
Bank loan	-	120,108	-	120,108
	6,530,398	7,711,874	5,767,548	7,453,276
Note 14b - Deferred income (amounts falling beyond one year)				
Deferred income comprises of advance funding for the provision of the MSc Aerospace Bursary Programme, sponsorship of the Academy Awards ceremony, Connecting Teachers Programme and Research Fellowships.				
Balance at 1 April 2016	801,390		801,390	
Amount released to income earned from charitable activities	(612,471)		(612,471)	
Amount deferred in year	776,632		776,632	
Balance as at 31 March 2017	965,552		965,552	
Note 14b - Creditors (amounts falling beyond one year)				
Bank loan*				
- Due one to two years	-	122,042	-	122,042
- Due within two to five years	-	378,038	-	378,038
- Due after five years	11,500,000	476,317	11,500,000	476,317
	11,500,000	976,397	11,500,000	976,397
*The Academy has a secured loan of £11.5 million with Aviva, the capital sum is repayable in 10 years, an interest rate of 3.11% fixed being applied. The loan is secured against 3 Carlton House Terrace, which was valued at £29.5 million on 7 November 2016. There is currently a 39% loan to value ratio. There is a maximum 45% loan to value ratio set out in the terms of the loan.				
Note 15 - Future commitments				
Total minimum commitments under operating leases				
Maturing between one and five years (equipment)	7,768	13,627	7,768	13,627
	7,768	13,627	7,768	13,627

Note 16 - Statement of changes 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:

- **Department for Business, Energy and Industrial Strategy (BEIS)** provides a government grant to fund programmes in the areas of engineering research and promoting the public understanding of engineering.
- **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 (EPSRC).
- **Leverhulme Trust** supports senior research fellowships of one-year duration.
- **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.
- **Connecting STEM Teachers Programme** is building a national network of support for STEM leaders in secondary schools and is supported by BG Group and Petrofac.
- **Further Education Fund** is made up of various donations that are used to support the development of new and the extension of existing programmes in further education.
- **MSc Aerospace Bursary Programme** for students studying for MSc degrees in aerospace engineering is funded by BEIS and delivered in collaboration with the Royal Aeronautical Society.
- **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.
- **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.
- **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.
- **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.
- **Newton Fund** schemes promote research and innovation intended to have a direct and long-term impact on the economic development and social welfare of countries participating with the UK in the Newton Fund.
- **The Enterprise Hub capital project** funding will be used to create a base for the Academy's enterprise activities and contribute to the development of the lower ground floors of Prince Philip House.
- **Engineering Talent 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 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.
- Other awards and contracts are donations and contracts by a number of companies for specific programmes each year.
- **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.
- **Global Challenges Research Fund** is a £1.5 billion UK government fund to support cutting-edge research that addresses the challenges faced by developing countries through collaborative research and innovation, and research and innovation capacity building within both the UK and developing countries.

Notes to the accounts

- **UK Intelligence Community (IC) Postdoctoral Research Fellowships** are offered by the Government Office for Science with the Academy acting as academic engagement partner, support outstanding early career science or engineering researchers to promote unclassified basic research in areas of interest to the intelligence, security and defence community.

(b) Designated funds

- **The Building Maintenance Fund** is used for major items of building repair and redecoration.
- **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 2016	Incoming resources	Resources expended	Transfers between funds	Net investment losses	Balance at 31 March 2017
	£	£	£	£	£	£
Restricted funds						
Government grant	-	11,738,894	(11,738,894)	-	-	-
Sainsbury Management Fellowships	-	290,117	(290,117)	-	-	-
RAEng/EPSRC Research Fellowships	-	87,086	(87,086)	-	-	-
Leverhulme Fellowships	-	284,261	(284,261)	-	-	-
ExxonMobil Fellowships	75,495	-	-	-	-	75,495
Engineering Leadership Scheme	295,462	-	(34,547)	-	-	260,915
Connecting Teachers	208,428	389,785	(389,785)	-	-	208,428
Engineering FE	345,514	39,279	(105,640)	-	-	279,153
MSc Aerospace Bursary Programme	-	486,358	(486,358)	-	-	-
Barrow Engineering Programme	3,814	23,300	(18,014)	-	-	9,100
KS2 STEM Resources & CPD Programme	66,026	-	(47,077)	-	-	18,949
Enterprise Hub	327,629	237,271	(202,292)	-	-	362,608
Africa Prize for Engineering Innovation	55,931	606,134	(604,879)	-	-	57,186
Carlton House Terrace Fund	6,424,033	-	-	(6,271,330)	-	152,703
Ms Morag Campbell-Nelder	433,202	19,081	(15,933)	-	35,472	471,824
Newton Fund	-	4,822,593	(4,822,593)	-	-	-
Enterprise Hub capital project	3,586,900	408,282	-	-	-	3,995,182
Engineering Talent Project	355,137	175,000	(389,912)	-	-	140,225
Industrial Secondment	-	53,654	(53,654)	-	-	-
Lowestoft Engineering Programme	-	48,600	(48,600)	-	-	-
Enriching Engineering Education Programme	-	234,667	(37,450)	-	-	197,217
Sir Angus Paton Bequest Fund	55,648	2,500	(1,500)	-	-	56,648
Hinton Bequest Fund	8,400	-	(3,349)	-	-	5,051
MacRobert Award	1,247,673	85,628	(98,231)	-	110,854	1,345,923
MacFarlane Award	18,038	-	-	-	-	18,038
Other awards and contracts	44,459	-	-	-	-	44,459
Stoke Engineering Programme	-	13,200	(6,174)	-	-	7,026
RAEng/WCE Awards	-	17,809	(17,809)	-	-	-
Executive Engineers Programme	-	3,270	(3,270)	-	-	-

	Balance at 1 April 2016	Incoming resources	Resources expended	Transfers between funds	Net investment losses	Balance at 31 March 2017
	£	£	£	£	£	£
Biomedical Engineering	-	22,000	(22,000)	-	-	-
1851 Royal Commission Enterprise Fellowships	-	194,500	(173,229)	-	-	21,271
Global Challenge Research Fund	-	3,059,363	(3,059,363)	-	-	-
Tier 1 Visa Applications	-	46,900	(46,900)	-	-	-
Biofuels	-	49,918	(49,918)	-	-	-
Visiting Professors	-	12,839	(12,839)	-	-	-
UK Intelligence Community (IC) Postdoctoral Research Fellowships	-	105,000	(3,015)	-	-	101,985
RAF Centenary Programme	-	23,500	(23,500)	-	-	-
Computing In Schools	-	17,121	(17,121)	-	-	-
History of the Royal Academy of Engineering	-	40,000	-	-	-	40,000
Queen Elizabeth Prize for Engineering	21,340,866	1,887,118	(1,810,463)	(142,184)	3,510,186	24,785,524
Total restricted funds	34,892,655	25,525,028	(25,005,773)	(6,413,514)	3,656,512	32,654,908
Designated funds						
Special funds						
- Building Maintenance Fund	205,351	-	(164,147)	-	-	41,204
Total special funds	205,351	-	(164,147)	-	-	41,204
Education Support Designated Fund	26,017	-	-	-	-	26,017
External Education Designated Fund	105,122	-	-	-	-	105,122
Ingenia Designated Fund	6,400	47,507	(47,507)	-	-	6,400
Forum Partnerships Programme Designated Fund	162,047	43,600	(45,000)	-	-	160,647
Total designated and special funds	504,937	91,107	(256,654)	-	-	339,390
General fund	23,067,622	1,794,289	(2,108,560)	6,413,514	2,259,599	31,426,464
Total funds	58,465,214	27,410,424	(27,370,987)	-	5,916,112	64,420,762

The general fund deficit of £314,272 is the difference between incoming resources of £1,794,290 and resources expended of £2,108,562.

All other funds, other than the Queen Elizabeth Prize for Engineering, are funds of the parent charity.

Notes to the accounts

	Balance at 1 April 2016 £	Incoming resources £	Resources expended £	Transfers between funds £	Net investment losses £	Balance at 31 March 2017 £
Restricted funds						
Government grant	-	12,399,875	(12,399,875)	-	-	-
Sainsbury Management Fellowships	-	300,000	(300,000)	-	-	-
RAEng/EP SRC Research Fellowships	-	211,009	(211,009)	-	-	-
Leverhulme Fellowships	30,157	328,633	(358,791)	-	-	-
ExxonMobil Fellowships	75,495	-	-	-	-	75,495
Engineering Leadership Scheme	295,462	68,645	(68,645)	-	-	295,462
Connecting Teachers	228,428	368,607	(388,607)	-	-	208,428
MOD Fellowships	-	52,738	(52,738)	-	-	-
Further Education Funds	-	-	-	-	-	-
Petrofac Fellowships	53,253	30,000	(83,253)	-	-	-
Engineering FE	345,514	-	-	-	-	345,514
Engineering Further Education Programme	-	163,511	(163,511)	-	-	-
MSc Aerospace Bursary Programme	-	1,722,688	(1,722,688)	-	-	-
Barrow Engineering Programme	3,814	20,340	(20,340)	-	-	3,814
KS2 STEM Resources & CPD Programme	106,526	75,000	(115,500)	-	-	66,026
Enterprise Hub	245,529	102,448	(20,348)	-	-	327,629
Enterprise Fellowships Alumni Awards	70,000	-	(70,000)	-	-	-
Africa Prize for Engineering Innovation	74,331	313,666	(332,066)	-	-	55,931
Carlton House Terrace Fund	6,424,033	-	-	-	-	6,424,033
Ms Morag Campbell-Nelder	424,537	17,346	(6,903)	-	(1,778)	433,202
Newton Fund	-	3,822,872	(3,822,872)	-	-	-
Enterprise Hub capital project	2,400,000	1,186,900	-	-	-	3,586,900
Engineering Talent Project	92,203	375,000	(112,066)	-	-	355,137
Made Here Now	10,152	2,602	(13,088)	334	-	-
Industrial Secondment	-	65,347	(65,347)	-	-	-
Lowestoft Engineering Programme	-	6,400	(6,400)	-	-	-
Enriching Engineering Education Programme	-	30,667	(30,667)	-	-	-
Education Studies and Support	-	20,000	(20,000)	-	-	-
Sir Angus Paton Bequest Fund	64,648	-	(9,000)	-	-	55,648
Hinton Bequest Fund	15,658	-	(7,258)	-	-	8,400
MacRobert Award	1,276,463	80,206	(103,440)	-	(5,556)	1,247,673
MacFarlane Award	20,481	-	(2,443)	-	-	18,038
Other awards and contracts	44,458	13,750	(13,750)	-	-	44,458
Queen Elizabeth Prize for Engineering	18,323,638	4,486,818	(781,973)	(136,000)	(551,615)	21,340,868
Total restricted funds	30,624,780	26,265,068	(21,302,578)	(135,666)	(558,949)	34,892,655
Designated funds						
Special funds						
- Building Maintenance Fund	205,351	-	-	-	-	205,351

	Balance at 1 April 2016 £	Incoming resources £	Resources expended £	Transfers between funds £	Net investment losses £	Balance at 31 March 2017 £
Total special funds	205,351	-	-	-	-	205,351
Education Support Designated Fund	39,917	-	(13,900)	-	-	26,017
Parliamentary Affairs Designated Fund	5,216	-	(5,216)	-	-	-
External Education Designated Fund	105,648	40,500	(41,026)	-	-	105,122
Ingenia Designated fund	6,400	49,112	(49,112)	-	-	6,400
Forum Partnerships Programme Designated Fund	130,242	32,000	(195)	-	-	162,047
Total designated and special funds	492,774	121,612	(109,449)	-	-	504,937
General fund	22,803,356	2,861,467	(2,177,038)	135,666	(563,163)	23,067,622
Pension fund	(31,977)	-	31,977	-	-	-
Total funds	53,888,934	29,248,147	(23,557,088)	-	(1,122,112)	58,465,214

The general fund surplus of £684,429 is the difference between incoming resources of £2,861,467 and resources expended of £2,177,038. All other funds, other than the Queen Elizabeth Prize for Engineering, are funds of the parent charity.

Note 17 - Analysis of net assets between funds

	Tangible fixed assets £	Investments £	Current assets £	Liabilities £	Total net assets £
Restricted funds	12,793,177	23,265,472	8,584,183	(503,941)	44,138,891
Special and designated funds		1,842,484	339,390	(1,842,484)	339,390
General funds	12,132,605	22,759,868	733,985	(15,683,971)	19,942,486
Total funds	24,925,782	47,867,824	9,657,558	(18,030,397)	64,420,767

Note 18 - 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.

RAE Trading Limited has had significantly reduced income in the 2016/17 financial year while renovation works were carried out in the lower ground floors of Prince Philip House. This has led to RAE Trading Limited making a loss in the 2016/17 financial year. RAE Trading Limited is supported by the Academy and is expected to make a profit in the 2017/18 financial year and is therefore deemed to be a going concern.

The Academy owns all 100 £1 shares in RAE Trading Limited.

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.

Notes to the accounts

At 31 March 2017	RAE Trading Ltd		Queen Elizabeth Prize for Engineering Foundation	
	2017 £	2016 £	2017 £	2016 £
Total incoming resources	492,246	1,517,260	1,887,118	4,486,818
Total resources expended	(557,338)	(1,098,015)	(1,952,647)	(917,973)
	(65,092)	419,245	(65,529)	3,568,845
Total investment (losses)/gains		-	3,510,186	(551,615)
Net funds before gift aid	(65,092)	419,245	3,444,658	3,017,230
Gift aid to Royal Academy of Engineering	-	(419,245)	-	-
Retained net funds for the year	(65,092)	-	3,444,658	3,017,230
The aggregate of the assets, liabilities and funds was:				
Assets	321,283	580,905	25,294,825	21,468,591
Liabilities	(380,577)	(580,805)	(582,421)	(127,723)
Funds	(59,294)	100	24,712,405	21,340,868

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

	Academy	
	2017 £	2016 £
Gross income	25,025,477	23,888,962
Retained net funds for the year	172,960	728,465

Note 19 - Related party transactions

The Academy has the following transactions within its subsidiaries during the year:

	Sales £	Salary recharges £	Management charges £	Debtors £	Creditors £
Queen Elizabeth Prize for Engineering Foundation	-	295,548	142,184	73,321	-
RAE Trading Limited	205,288	-	-	162,527	25,822

All transactions in respect of trustees is provided for in Note 9.

