

Annual Report & Accounts

2022



Royal College of Art
Postgraduate Art & Design

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Chair's Foreword

What a privilege it is to become Pro-Chancellor and Chair of Council of the Royal College of Art in the eighth successive year of its being ranked the top art and design university in the world. This is testament to our talented students and alumni, whose successes over the past year are noted throughout this publication, and whose enduring innovation and creativity continues to shape our futures.

To match our ambition for the future we've opened our new building in Battersea, with the renowned Herzog & de Meuron as its architects. I know this addition to our campus will be a crucible of innovation. It is fitting the building was opened by the Rt Hon Rishi Sunak, MP, then Chancellor and now Prime Minister. HM Treasury contributed £54 million to the project and its completion was then made possible by generous donations from private donors such as the Sigrid Rausing Trust, the Spiegel Family Foundation, The Clore Duffield Foundation, the Linbury Trust, the Helen Hamlyn Trust, Logitech, Apple, Sir Jony and Lady Ive, the Monday Charitable Trust, Manfred and Lydia Gorvy, the Wolfson Foundation, Fidelity UK, the Debbie Lo Creativity Foundation, Hyundai Motor Group, the Prosit Philosophiae Foundation and the Garfield Weston Foundation.

We've also launched our new Strategic Plan for 2022–27, with an ambitious vision underpinned by clear goals around research, teaching, innovation and knowledge exchange. I'm grateful to all my colleagues who put so much thought and time into its development. The plan will help us maintain our world-leading position, convening great faculty, students, artists, designers and creative leaders.

I'm also pleased to report that in REF2021 (Research Excellence Framework (REF), a peer reviewed UK wide exercise) we've maintained a 100% research environment rating at 3*/4*. This recognises the strength of the RCA's research culture. During this REF period the number of doctoral degrees awarded also increased by 300%, while our research grant income rose by more than 200%.

I'm fortunate to have succeeded Baroness Gail Rebuck, who contributed so much to these achievements, along with Caragh Merrick and Tom Van Oss, who have also stepped down from Council. I also look forward to working closely with our new Deputy Chair of Council, Fields Wicker-Miurin.



And my thanks to the Vice-Chancellor, the Deputy Vice-Chancellor and all their colleagues whose commitment and talent are the engine of these achievements.

With great sadness I also note members of the College whom we lost in the past year. Council member Richard Petrie and long-serving staff members Martin Salmon and John Yarwood all sadly died this year; our thoughts are with all their family and friends.

When I was asked to put my name forward for Pro-Chancellor, I thought hard for all of two seconds, before I leapt at the chance. The RCA sits at a critical nexus for our fast-growing creative industries – where creative design meets technical innovation and where art inspires our culture. This is as valid for the twenty-first century as it was for our Victorian founders. I look forward to working with colleagues to deliver on the Strategic Plan.

Sir Peter Bazalgette

Pro-Chancellor and Chair of Council
Royal College of Art



Vice-Chancellor's Foreword

This academic year we all emerged from the long shadow of the Covid-19 pandemic and returned to the studios, workshops, labs and lecture theatres on our campuses.

It was a real pleasure returning to our annual convocations, celebrating the successes of 1,123 students at ceremonies in February and June of 2022; alongside these emerging talents, our Chancellor Sir Jony Ive honoured the creative leadership of David Constantine MBE, Lubaina Himid CBE, Archie Boston Jr, Marc Newson CBE, and Baroness Rebuck DBE as Honorary Doctors of the Royal College of Art.

The RCA2022 Exhibition in June presented a stunning showcase of graduates' work – our first show on this scale for three years and the very first occasion at which we displayed our students' work in the new Battersea building. For me, RCA2022 was one of the best student shows I can remember; I look forward to seeing this cohort of graduates achieve great success in the years to come.

The RCA's academic vision of injecting the core scientific disciplines of computer science, robotics, and materials science into the creative arts found its ideal expression in the Terra Carta Design Lab initiative. Conceived by HRH Prince of Wales (now HM King Charles III) and RCA Chancellor Sir Jony Ive KBE as part of the Sustainable Markets Initiative, the Challenge invited RCA students and recent alumni to design high-impact, low-cost solutions for Nature, People and Planet, with the winners receiving mentoring and start-up funding, in order to help turn their idea into a reality. Starting from 125 original entries, the four winning

teams tackled issues ranging from reforestation, to new materials technology in sportswear, to Agri-tech, and an ingenious device for capturing polluting particulates from vehicle tyres. These four winning solutions sum up everything that makes the RCA so special – design creativity, interdisciplinarity, technological know-how, and a determination to make a difference.

Throughout the year, colleagues from across the organisation have worked hard to successfully develop, validate, operationalise and introduce our new 45-week MA, which started in September 2022. The product of many years of planning, the new MA will make studying at the RCA accessible to a wider range of students, and I would like to thank everyone for their contributions, in particular our Deputy Vice Chancellor and Provost Professor Naren Barfield and the dedicated Deans and academic development team.

The delivery of the new MA has involved investing in new staff expertise, including five new Assistant Deans, and with the growth in permanent members of faculty we continue to invest in our most important asset: our brain trust. As the Pro Chancellor Sir Peter Bazalgette reports in his foreword, faculty at the RCA scored exceptionally highly in the Research Excellence Framework (REF), a peer reviewed UK wide exercise; I want to congratulate all of these colleagues and our Director of Research Dr Emma Wakelin for this resoundingly impressive result.

Investment in our student experience has been a priority this year, with the creation of a new Head of Student Experience position with John Schless, and the development of a new Student Hub. Alongside this focus upon the student experience, the College continues its journey to becoming an anti-racist institution through the roll-out of its seven-step action plan, led by our Head of Equity and Inclusion Izzie Kpobie-Mensah. Our focus on widening participation included the College's commitment of up to £1m per annum from its operational surplus to establish the Sir Frank Bowling Scholarship Fund, which supports students from Black African and Caribbean diaspora heritage, and works in concert with other widening participation initiatives such as the Logitech and the Apple diversity scholarships, to ensure that finance is not a barrier to talent. Our new Strategic Plan 2022–27 will see the RCA aim to commit 8% of turnover to student financial support.

As Sir Peter Bazalgette states above, the opening of our new building in Battersea was a landmark moment: the biggest single addition to our campus in our 185-year history. The new facilities are extraordinary and will keep us at the top of our game for many years to come. The campus comprises the new Rausing Research & Innovation Building, housing the RCA's four Research Centres – including the Helen Hamlyn Centre for Design, which celebrated its 30th anniversary this summer; the Clore Innovation Centre, housing InnovationRCA's start-up incubator; and the Snap Visualisation Lab. Contiguous to the Rausing Building, but with a different feel and temper, the vast Studio Building is very much the student and public facing centre of activity, providing studio and teaching space for the School of Arts & Humanities and School of Design, as well as workshop and exhibition space, and new specialist facilities such as a Robotics Lab. This new campus is the embodiment of the RCA's vision of a STEAM-based (Science, Technology, Engineering, Arts and Mathematics) education, facilitating cross-disciplinary thinking to solve major global challenges. I am sure this new campus will be a hotbed of real creativity. I would particularly like to thank the many donors, funders and supporters who contributed to these new facilities, including HM Government, and those whose donations to scholarship and professorial posts have helped our GenerationRCA Campaign reach over £85m of its £100m target to date.

Simultaneous to this major new build project, we continued the £25m, five-year programme of investment in the Darwin building – replacing vital infrastructure and ensuring that this much loved and iconic Grade II listed building remains in sound condition. As our Strategic Plan 2022–27 outlines, we will then embark upon a more substantial programme of restoration which will ensure that Darwin remains 'the heart and heritage' of the RCA.

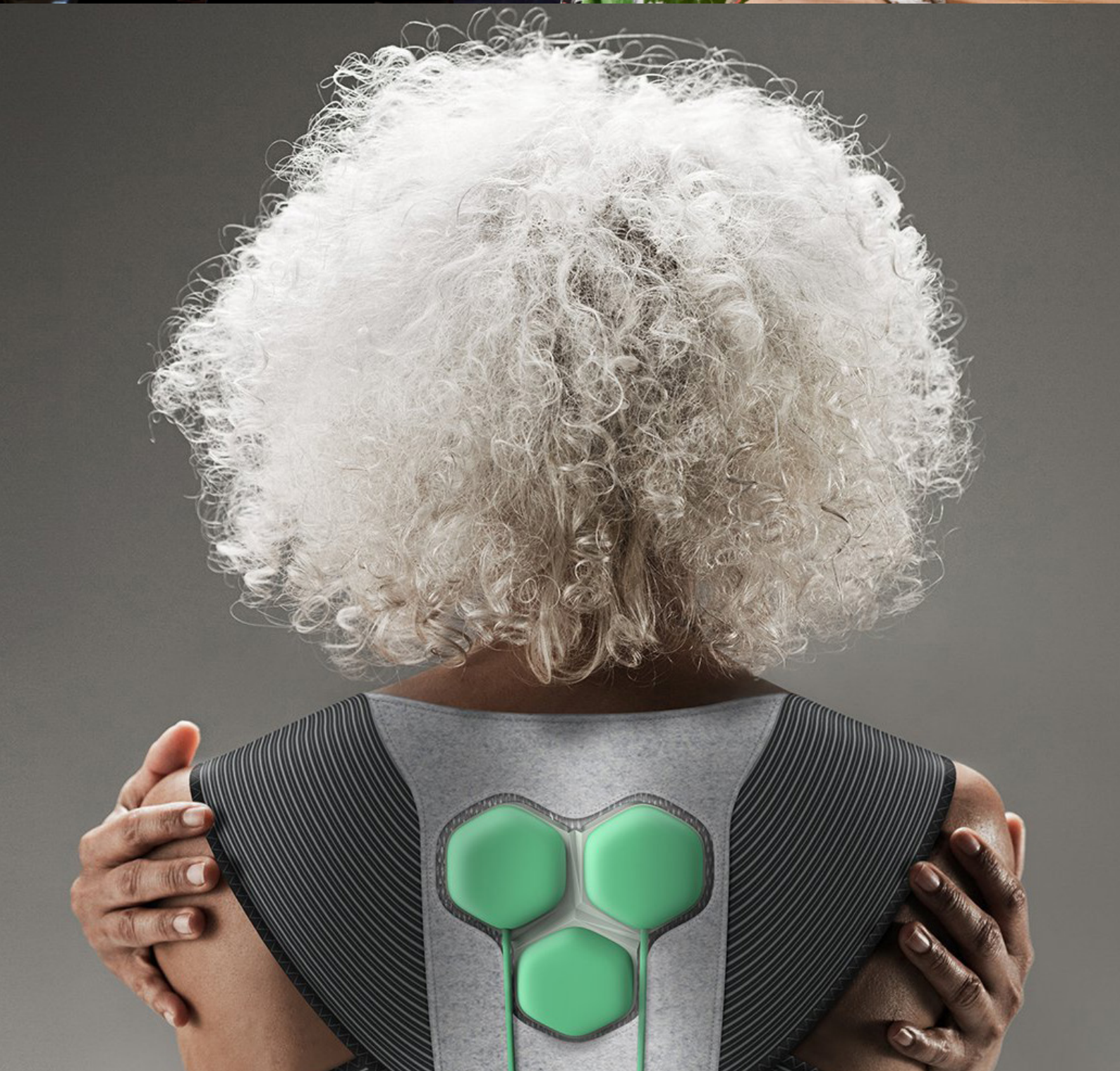
I am pleased to report that the RCA ended the financial year on 31 July with a modest 1% surplus, as budgeted. It will be important for us to continue to generate cash surpluses as we continue to invest in new faculty, new technology, and the world-class campus facilities our students require. The economic outlook for the next few years is not positive. The RCA must continue to diversify its income streams, particularly in the light of geopolitical rupture and increasing competition from the US, Australia and Canada for international students.

Finally, my thanks go to staff and Council – our outgoing Chair of Council Baroness Gail Rebuck who has devoted many years of service to this institution and to our incoming Chair, Sir Peter Bazalgette who has clasped the baton and taken us forward into a new Strategic Plan 2022–27 with such enthusiasm.

Dr Paul Thompson

Vice-Chancellor
Royal College of Art





The RCA's Vision and Strategy

A national asset with a global footprint, the RCA attracts talent from all of Britain's communities and some 70 countries around the world. It is an important fountainhead for the UK's creative industries, training the leaders of major design-led corporations, architects, artists, writers and curators at leading cultural institutions across the world. For eight consecutive years we have been ranked as the world's leading art and design university by the respected QS ranking.

Our vision

Our strategic vision is to increase our influence on the world stage of globally ranked universities, punching significantly above our weight, and attracting, supporting and convening the world's most talented faculty, students, artists, designers and creative leaders.

The RCA will remain an independent, postgraduate institution with a sharply distinctive and fresh research agenda and a research-driven approach towards our taught programmes that keeps us always one step ahead. We'll focus on areas of expertise that only the RCA can offer – including some big-bet propositions where we have the appetite for well-managed risk and we are prepared to enter new ventures with new associates. We'll lead in new fields of creative practice and intellectual inquiry where we believe creative insights and a uniquely RCA perspective will catalyse new solutions to global challenges.

We recognise that the winning formula must be built upon a diversity of student talent with a taught Master's model that is more inclusive, affordable and better suited to twenty-first century lifestyles and careers.

Ultimately, it will lead us to achieve three goals: a focus on research and the value of new knowledge and insights created by the RCA to address diverse global challenges; put teaching excellence and student experience at the heart of the institution; and demonstrate how the RCA works in partnership with industry and to contribute to social, economic and cultural fabric of society.

This vision will be delivered through our Strategic Plan 2022–27.



Strategic Review

The 2021/22 financial year straddles two strategic plans; the 2016–21 Strategic Plan and our new 2022–27 Strategic Plan.

Strategic Performance 2021/22

The Strategic Plan 2016–21 comprised three goals.

GOAL 1: TO ADVANCE ART AND DESIGN EDUCATION

During the period of the past five-year Strategic Plan, the RCA launched a number of Master's programmes in new disciplines, in particular, those which develop future leaders in digital design and those disciplines such as Healthcare & Design and Environmental Architecture. These address major global challenges, ranging from the increasing demands placed upon healthcare services and ageing populations and also the need to decarbonise our built environment.

During the first year of the Strategic Plan (2016/17) the RCA committed to undertake a major foresight review of its Master's programmes: the first in approximately 30 years. With a firm priority placed upon academic

quality and excellence, the RCA undertook extensive market research to establish how Master's students of the future wished to study and how the College could offer the widest possible levels of participation among students who would not normally consider the RCA. The resulting new framework of MA delivery, which features an ambitious interdisciplinary College-wide unit, AcrossRCA, was fully validated in 2021/22 and launched in September 2022 with a record number of applications and a very encouraging level of enrolment. A sequential or 'standalone' MFA or MDes is now at an advanced design stage and will launch in 2023/24.

During the past five year plan, the College launched an important new postgraduate diploma programme. The Graduate Diploma is open to students from creative arts backgrounds but its appeal has been particularly evident among students coming from different BA or BSc degrees – in Business Studies, Accounting, and the Social Sciences. This 30-week programme adapted very well to online provision and will be offered at three entry points in the calendar.

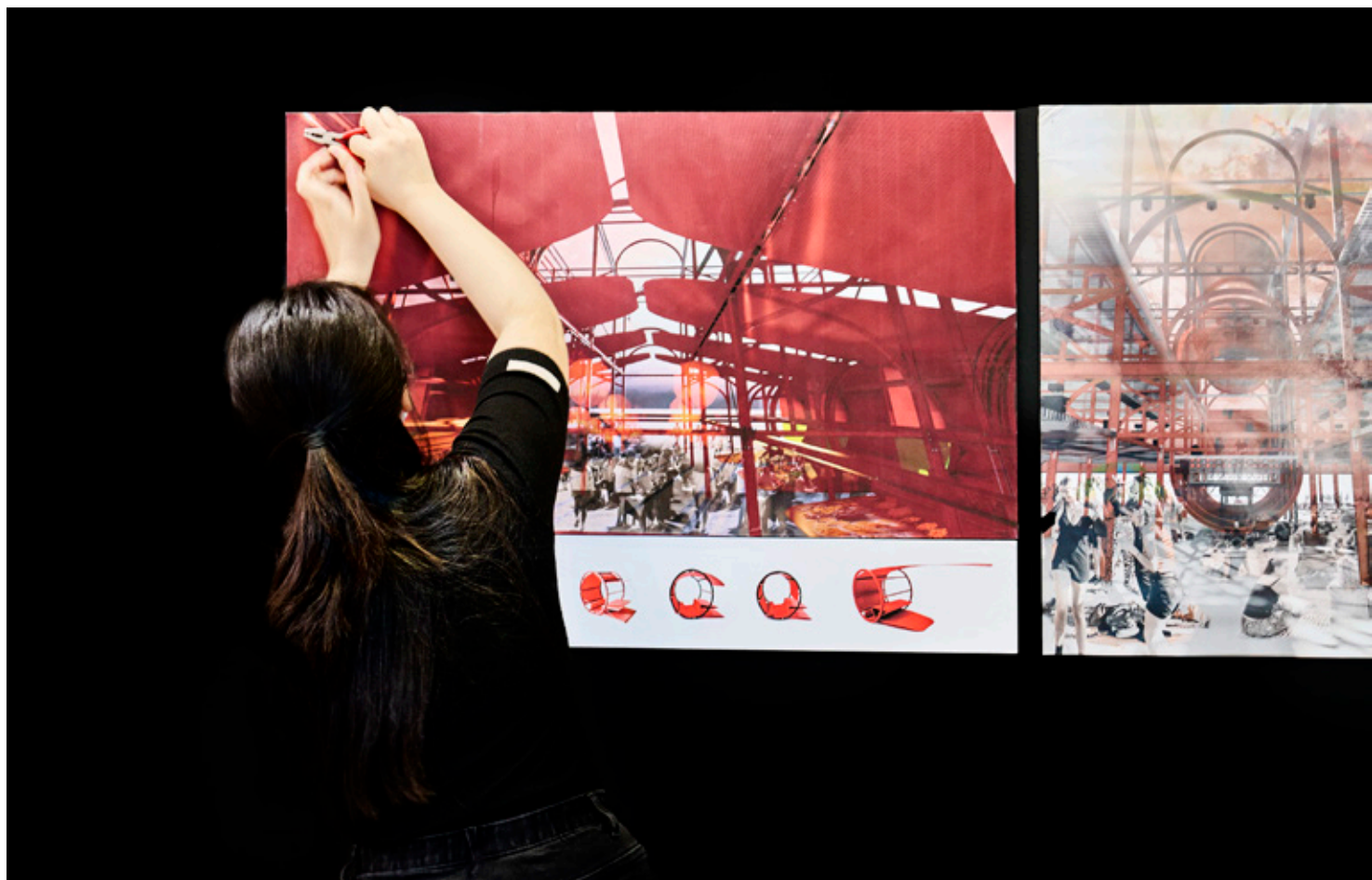


GOAL 2: TO CREATE NEW KNOWLEDGE IN ART AND DESIGN THROUGH RESEARCH AND SCHOLARSHIP

The past five years represented an extraordinarily successful period of high-quality research and growth. Research grant income grew from £7m to £20m, as we reported in our REF 2022 submission. As outlined in the Strategic Plan 2016–21, the College appointed new faculty members in such foundational STEM subjects as Robotics & Engineering, Computer Science and Materials Science. These faculty members working in partnership with faculty members in the four Schools have secured a number of competitively won research grants from the UK Research and Innovation councils. RCA has established a new UKRI-funded Design Age Institute in 2020, based within the Helen Hamlyn Centre for Design; a new Computer Science Research Centre; an Intelligent Mobility Research Centre; a Materials Science Research Centre that also houses a UKRI-funded Textiles Circularity Centre; and a Robotics Lab.

These centres benefit not only from the excellent research faculty they've attracted to work within them, but also from partnerships with leading UK research intensive universities such as UCL, Manchester, Sussex and Leeds. And on the international front, the RCA has established a prestigious and far reaching new research collaboration – AiDlab – with governmental support from the Hong Kong Special Administration, working in partnership with the Hong Kong Polytechnic University. AiDlab is a multi-year, multi-million pound initiative that will bring new insights and knowledge in the use of AI in the textiles, automotive and healthcare sectors.

Our research capabilities have been further enhanced with the creation of our new campus at Battersea, which is home to the Rausing Research & Innovation Building. This seven storey building opened in 2022, and includes existing and new Research Centres for the first time in close proximity to each other and the Clore Centre for Innovation, part of InnovationRCA, in which recent alumni start up companies are incubated.





GOAL 3: TO ENHANCE KNOWLEDGE EXCHANGE AND FOSTER INNOVATION

As outlined as a goal within the Strategic Plan 2016–21, the RCA has been successful in creating two new specialist centres for knowledge exchange and partnership with industries in 2020/21. Firstly, the Snap Visualisation Lab is a new, purpose-built facility based in the Rausing Research & Innovation Building which will be fully operational in 2023 and which offer specialist high-end visualisation and immersive technologies for use by a variety of sectors ranging from oceanographers to the automotive, games, and construction industries.

Faithful to its Royal Charter of 1967, the RCA has grown its partnerships with industry and increased the range and number of Executive Education short courses and master classes. Executive Education clients in 2021/22 included London & Partners, Lego, Northumbria Water, PwC and the major Japanese marketing company Dentsu, and new Knowledge Exchange partnerships for consultancy and collaborative research included Adidas, GSK Next and Ogilvy Health.

The RCA has also grown its entrepreneurship centre, InnovationRCA, which continues to support the patenting of new inventions. During 2021/22, these included a patent for a device to monitor breast health invented by a team of students who have gone on to form DotPlot. DotPlot is developing the device to provide an early warning system for breast abnormalities. The company is based and being supported at InnovationRCA and recently won the UK James Dyson Award. InnovationRCA continued to support other companies in its portfolio during the year, for example supporting Charco Neurotech to raise £6.5 million in seed funding. Charco Neurotech is developing a wearable device to help increase mobility and quality of life for people with Parkinson's disease.

In the past ten years InnovationRCA has invested £2.2m in its multi sector portfolio of companies. The unrealised value of its shares in these companies is £9.5m. In addition, a cash return of £824,260 has been realised. The Gross IRR on InnovationRCA investments in the portfolio of companies is 36%. InnovationRCA has recently partnered with Infinity Asset Management LLP to raise a £5m Design & Impact S/EIS fund to invest in companies founded by RCA alumni, staff and students in the coming year.

The 2016–21 Strategic Plan is supported by four enabling strategies: **Institutional Positioning**; **Finance**; **Estates** and **People**.

Institutional Positioning

The RCA has increased investment in communications and marketing over the last five years with an emphasis on targeted digital marketing for student recruitment, generating an excellent media profile, as well as heightening stakeholder engagement. In 2022 the College was ranked the number one university for art and design internationally for the eighth consecutive year according to the QS World University Rankings – the largest world-wide survey of academic and industry opinion.

Finance

The RCA has grown income over the period 2016–21 from tuition-fee and research income. The College's financial performance in 2021/22 is aligned to the goals outlined in the Strategic Plan 2016–21 and serves as the bridgehead into the new five-year financial plan which sits beneath our Strategic Plan 2022–27. Further information can be found under the Financial Review.

Estates and Infrastructure

The College's performance in the area of Estates and Infrastructure accords with the goals of the 2016–21 Strategic Plan, as we completed the new Battersea South campus. Vital infrastructure investment is underway on the Darwin building as part of the planned five-year, £25m preservation project, with 2021/22 being the second year of investment.

People

The RCA continues to work hard towards becoming an anti-racist institution and has made significant progress during 2021/22, including: the publication of statements on anti-discrimination and antisemitism, following consultation with the College community; the introduction of a new EDI Committee; the launch of mandatory Race Equity training and roll out of Inclusive Leadership training for leaders and managers; and the launch of the Sir Frank Bowling Scholarship for UK students of Black African and Caribbean diaspora heritage.

The College prides itself on its ability to recruit the very best researchers and practitioners to join the academic staff. It is essential to the unique quality of teaching and research that the College continues to attract and retain world-leading academic staff as well as inspirational practising artists and designers and a large number of highly specialised technicians. In 2021/22 progress was made towards de-casualisation of the workforce, as we move away from using Visiting Lecturers on a casual basis in favour of contracted Associate Lecturers.

Sustainability

As part of the RCA's commitment to reducing waste and energy, the new Studio and Rausing Research & Innovation Building at Battersea have been designed to achieve the highest environmental standards under the Building Research Establishment's Environmental Assessment Methodology (BREEAM). A number of techniques have been employed to ensure the buildings adhere to the design philosophy for the new campus. The main implementations are around heat and air flow which are controlled automatically by the Building Management System.

As a member of the Exhibition Road Cultural Group, the College is working with neighbouring cultural institutions to propose joint initiatives over a number of areas relating to environmental sustainability. This work will be developed further in 2022/23.

The College aims to reach Net Zero before the UK Government's commitment of 2050. Following an advisory report on environmental sustainability, which was received during 2021/22, a Working Group has been established to drive forward the report's recommendations and to support and enable the College on its path to reach its Net Zero target.





2022–27 Strategic Plan

The College's new Strategic Plan 2022–27 sees the RCA introduce a number of bold academic initiatives, in particular a new framework for the Master's programmes and the introduction of MDes and MFA degrees. These developments are some of the most significant for the RCA in 30 years and will dramatically widen access and participation, focusing even more on talent rather than ability to pay.

Goal 1 of the Strategic Plan focuses on research and the value of new knowledge and insights created by the RCA to address diverse global challenges, ranging from mobility and urbanism, the circular economy, the climate crisis and de-carbonisation to ageing populations and inclusivity. And how, in turn, these new research findings will rapidly become translated into new units of study in our taught programmes.

Goal 2 puts teaching excellence and student experience at the heart of the institution, with a new MA framework which will broaden access and align with the world of lifelong learning.

Goal 3 outlines how the RCA works in partnership with industry and how we contribute as a civic university to the social, economic, and cultural fabric of society, in particular our role in UK innovation strategy and creative entrepreneurship. This goal will also help the RCA bring new purpose and meaning to our 1967 Charter, including our industry-based professional doctorate programme, and demonstrate that we work not only with industry, but also create and lead new industries and start-ups.

This all will be facilitated by our values, people and culture, our advocacy, finance and investment, and our infrastructures. We're committing to achieve Net Zero and will continue making progress towards becoming an anti-racist institution.

Student numbers are forecast to grow from 2,300 to 3,300 on London-based degree programmes (including our Graduate Diploma), with additional growth through online courses. By 2027, we will have transformed what we teach, through the acceleration of our new research outputs into credit-based taught units within our MAs. We will have transformed whom we teach, through our widening participation programme and student support, and anti-racism initiatives; and we will have transformed how we teach, through the new flexible postgraduate taught models of delivery. Throughout all of this, we will have continued to work to make sure we attract, develop and retain the most talented people to work at the RCA.

We will have brought new purpose and meaning to our 1967 Charter through Goal 3, including our industry-based professional doctorate programme, and demonstrated that we work not only with industry, but also create and lead new industries and start-ups.

All of this work will enable us to maintain and grow our position on the world stage, and to continue to enable our students to become the creative leaders of tomorrow, transforming the world around them.

2021/22 in Numbers

Royal College of Art was named leading university for art and design globally for 8th consecutive year



1

15,500_{sqm}



15,500 sqm campus launched as part of our new Battersea campus designed by Herzog & de Meuron, the largest investment in transformational space in the RCA's 185 year history



25 new scholarships for UK students of Black African and Caribbean diaspora heritage, or mixed Black African and Caribbean diaspora heritage, announced through the new Sir Frank Bowling Scholarship

Maintained a 100% research environment rating at 3*/4* for REF2021



8

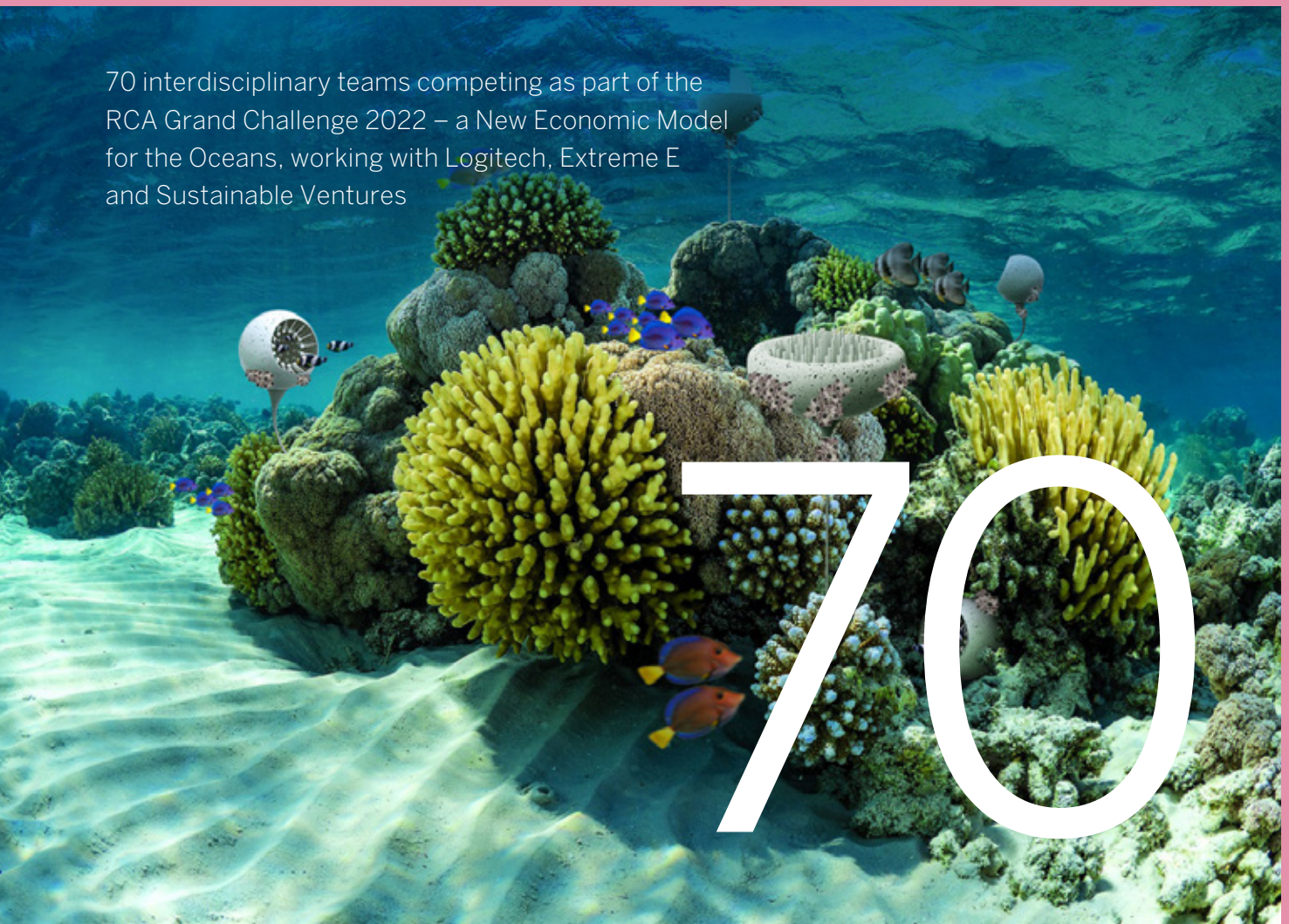
8 new start ups joined the InnovationRCA incubation programme



125

125 original entries were submitted to the Terra Carta Design Lab competition, launched by His Majesty The King (then HRH The Prince of Wales) and RCA Chancellor Sir Jony Ive, each seeking solutions to the challenges faced by Nature, People and Planet

70 interdisciplinary teams competing as part of the RCA Grand Challenge 2022 – a New Economic Model for the Oceans, working with Logitech, Extreme E and Sustainable Ventures



70

900

Over 900 students came together to present their work at the RCA2022 Show



£1m

£1 million donated by Logitech for new scholarships tackling student hardship and ensuring the diversity of the College community



7

7 RCA artists selected for Bloomberg New Contemporaries 2022



1,015

1,015 delegates from over 50 countries attended our masterclasses and short courses

4

4 bursaries were awarded to local artists and designers aged 16–25 years old by the Royal College of Art in partnership with Wandsworth Arts Fringe



We celebrated 30 years of The Helen Hamlyn Centre for Design at the RCA

30

8



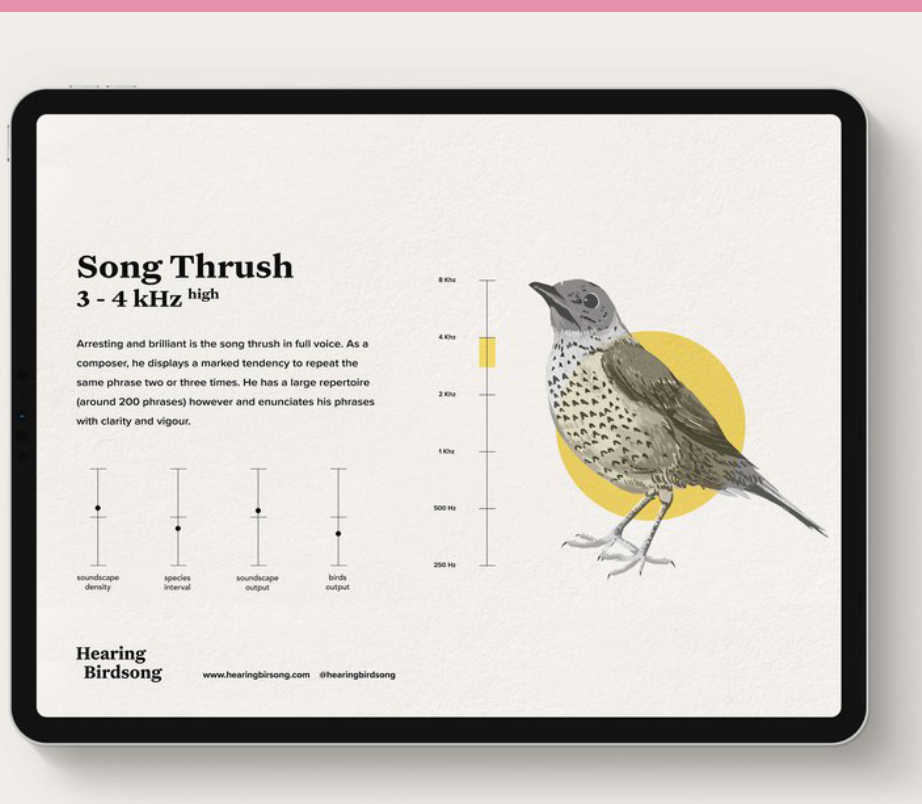
8 MA Intelligent Mobility students worked with Bentley Motors to form part of the Motion. Autos, Art, Architecture exhibition at the Guggenheim in Bilbao



52 projects, keynote, workshops and events by RCA staff, students, graduates and alumni were on show over six months in the UK Pavilion at the EXPO Dubai world fair, visited by 1.1m people from 178 countries including over 700 VIPs and 32 UK ministers

52

6



6 groundbreaking pathfinder projects from the Design Age Institute, to support joyful and healthy ageing, including a birdsong app for hearing health and cargo-carrying robots



1,123

1,123 students graduated at convocation ceremonies at the Royal Albert Hall and National Geographical Society.

5

5 Honorary Doctorates were bestowed on cultural leaders including Archie Boston Jr, David Constantine MBE, Lubaina Himid CBE, Marc Newson CBE and Baroness Rebuck DBE





Development & Alumni Relations

Individuals, trusts, foundations, corporations and alumni donated and pledged over £10m in philanthropic support to the GenerationRCA campaign during 2021/22.

There is no doubt that the last two years have been challenging globally, but nonetheless, 2021/22 has been a hugely positive year for the College, with much to celebrate.

GenerationRCA remains our focus for all philanthropic activities and I am delighted and grateful that our community of supporters have continued to believe in the creative power and immense innovation that RCA students, staff and alumni channel into everything they do.

A few highlights from across the year include launching the inaugural Terra Carta Design Lab with the then HRH The Prince of Wales and Sir Jony, opening our new design and innovation campus in Battersea and the significant progress in offering nearly 100 scholarships and bursaries to talented individuals from underrepresented communities. Thank you as always to Evan Spiegel, the Spiegel Family Fund and Snap Inc for leading the way on making an RCA education more available to students from all backgrounds. A historic disruptor and agent of change, I'm incredibly proud to be a part of the RCA which will lead by example, believing that all pedagogic institutions should interrogate their own legacies and values, recognising the important role they play in informing diverse and representative constituents across all sectors.

It was also very exciting to once again host the annual Chancellor's Circle dinner on site in the new Battersea Campus' breathtaking Weston Design Studio, alongside the first in-person graduate show in two years – thank you to everyone that attended and contributed.

All of the exceptional moments that have happened across the year have only been possible thanks to our alumni, donors and friends, and I want to personally take this opportunity to express our deepest gratitude and appreciation. Thank you for supporting the College and ensuring that our students have the best possible access to the RCA's world-leading education, facilities and initiatives. We truly have the most generous, open-minded and spearheading supporters, helping to keep GenerationRCA alive.



Helen Protheroe
RCA Director of Development
& Alumni Relations



GenerationRCA

People

As well as creating opportunities for those facing financial hardship, the College is committed to including scholarships as a core element of a wider Pathway Programme, celebrating diversity, eliminating discrimination and promoting equality of opportunity to all.

2021/22 proved an incredible year for GenerationRCA, with significant gifts from across the globe targeted at providing scholarship funds and academic posts to secure the future of the next generation of creative talent. Such generosity directly enables our students, researchers and academics to continue to pursue creative excellence, innovation and entrepreneurship – which we need now more than ever.

Scholarships & Underrepresentation

The RCA is committed to creating the next generation of world-leading designers, artists and creative entrepreneurs. Working with our supporters and partners, the College delivers transformational experiences to designers, artists and storytellers who will go on to transform the world. But there is a fundamental issue, not only at the RCA, but in the creative industries as a whole: accessing a world-leading postgraduate education is expensive, which automatically excludes many demographic groups and impedes the ability to recruit a truly diverse, high-calibre and needs-blind student community.

2021/22 was the year that the College made a much needed step-change in terms of enabling access to the diversity of talent in the global creative industries, ensuring people from all backgrounds have access and opportunity. While there is still much to be done, the RCA is working with partners and donors to establish a visible pathway of change in access to a creative education through recent initiatives made possible by the philanthropic support of so many.

With Evan Spiegel (the Spiegel Family Fund & Snap Inc) spearheading the way, gifts from international organisations such as LoveFrom, Apple and Logitech in the last year all demonstrate the strong recognition of the value of the RCA's world-leading teaching and the opportunities it provides for students, and the need to address equality, diversity and underrepresentation in all of our constituent groups. Thanks to this philanthropy the College has gone from zero to nearly 100 scholarships specifically targeted at those from under-represented communities in the last two years.

In terms of scholarships specifically established for those from underrepresented communities at the RCA, the College has gone from zero to nearly 100 such scholarships in the last two years. Aligning with the wishes of many of our donors in this endeavour, the College is committed to including scholarships as a core element of a wider Pathway Programme into art and design training – celebrating diversity, eliminating discrimination and promoting equality of access for all.

The Conran Chair in Design Products

'Since childhood Terence was fascinated in how objects were made and he soon realised how important design was not just in how things looked but how well they functioned. The Conran Foundation was set up to promote the use of outstanding design in the manufactured product reflecting the mantra of Form Follows Fabrication. Along with the Design Museum, the Conran Chair of Design at the RCA is a tangible expression of this ethos, with the ambition of inspiring future generations.'

Sebastian Conran, Chair of the Conran Foundation

In May 2022 the RCA welcomed Dr Christina Youngmi Choi as Conran Chair of Design and Head of Programme in Design Products. This role was generously supported by the Conran Foundation, the charity founded by former RCA Provost the late Sir Terence Conran, and represents the RCA's second named Chair position (after the Helen Hamlyn Chair in Design).

Samuel Ross Black British Artist Grant Programme

Each year a significant number of talented alumni and supporters generously give their time and expertise to RCA students. With campus access opening up following the pandemic, Fashion students welcomed Samuel Ross and his team back to campus in February for a showcase of their final year work and industry discussion.

Having partnered with Samuel in 2021 on the Black British Artist Grant Programme, the College will collaborate again in 2022. The initiative echoes the College's vision in terms of aiding not only the discovery of and relief for creative talent through grants, but also supporting the wider community. The aim being to reach younger Black British communities, with less visibility and access to the arts, supporting and advising their pathways into a creative education at a much younger age.



Places

2021/22 saw the new design and innovation campus in Battersea come to life, opening its doors to the students, researchers and academics who will go on to transform the world around us.

Following an unprecedented grant of £54 million from Her Majesty's Treasury announced in the Chancellor's Spring budget in 2016, donor funding has been led by a £15 million gift from the Sigrid Rausing Trust, along with support from other national and international philanthropists and industry partners. This year saw the realisation of a total of £45 million in philanthropic gifts for the new campus, with £10.7 million being gifted in 2021/22.

Design & Innovation Supporters

Support for the new home of the future academic vision of the Royal College of Art has established new centres for world-leading research which support the College to continue its recruitment of the best academics and students from around the globe.

The **Rausing Research & Innovation Building** is a purpose-built series of complementary studios and laboratories, which will enhance and enable the RCA's ambitious research programme. Its eight floors house exclusive research space and numerous flexible testing and assembly areas for visualisation (Snap Visualisation Lab), materials science, intelligent mobility (Hyundai Kia Innovation Laboratory), soft robotics and advanced manufacturing which in turn enable the College's community of postgraduate students to tackle some of the most pressing challenges of our time.

The **Studio Building** is the new purpose built home for the RCA's School of Design. It will also provide multiple floors of dedicated space to deliver enlarged and enhanced facilities for the School of Arts & Humanities – Sculpture (Linbury Sculpture Studio), Contemporary Art Practice (Spiegel Design Studio) and Moving Image, as well as the School of Design with the Weston Design Studio. These educational spaces house a new digital library, and accommodate temporary exhibitions and large-scale works.

The design studios provide a unique environment and generous physical space for postgraduate art and design students to explore and reflect upon their own practice and to engage with peers from their own and other disciplines.

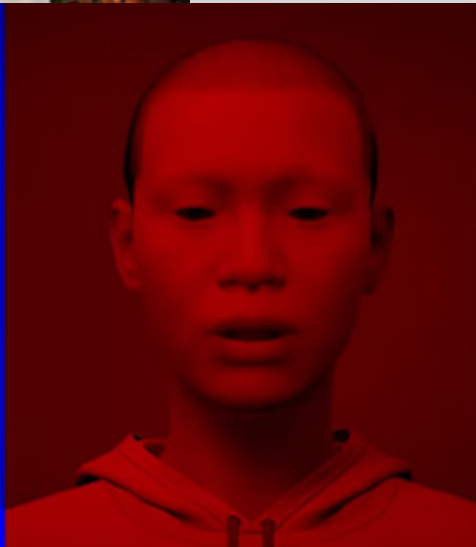
This has all been made possible thanks to the commitment of the College's supporters across the globe, whose belief in the power of a creative education and its transformative impact has underpinned the vision for RCA Battersea.

The College is honoured to be the recipient of philanthropic generosity from many individuals and organisations, and has been delighted to name key engagement, research and lab spaces in recognition of their support.

- Helen Hamlyn Centre for Design
- Clore Innovation Centre
- Hyundai Kia Innovation Laboratory
- Snap Visualisation Lab
- Weston Design Studio
- Spiegel Design Studio
- Linbury Sculpture Studio
- Monday Charity Library
- Lane Library Terrace







Projects

In 2021/22 the RCA and partners launched several initiatives inviting some of the world's most talented students and alumni to develop transformative projects on an international scale.

Terra Carta Design Lab Winners

Launched in July 2021, by the then HRH The Prince of Wales and Sir Jony Ive, Chancellor of the RCA and former Chief Design Officer at Apple, the Terra Carta Design Lab aims to highlight the urgent need to focus on the creative collaboration between art, science, design, and engineering to produce credible and sustainable solutions to the climate crisis.

For the 2021/22 programme four amazing projects were announced, in April 2022, as the winners of the inaugural Terra Carta Design Lab (with 20 finalists having been shortlisted in February).

The winning designers have the opportunity to be mentored by Sir Jony Ive and are being introduced to the industry leads of the then HRH's Sustainable Markets Initiative to help further develop their ideas and make them a reality, as well as receiving financial support. The four winning projects for 2021/22 are:

- AMPHITEX by AMPHIBIO
(Jun Kamei, Isabella MacKenzie, Kate Webster)
The first 100% recyclable and chemical-free outdoor performance textile
- THE TYRE COLLECTIVE
(Hanson Cheng, Siobhan Anderson, Hugo Richardson)
A clean-tech start-up spearheading the capture and monitoring of tyre wear
- AERSEEDS
(Begum Ayaskan, Bike Ayaskan)
Aerodynamic seed pods made from food waste for plant and tree restoration
- ZELP (Francisco Norris)
A wearable device for cows to reduce methane emissions

This world changing initiative will be returning, with the support of generous partners.

Epic Games MegaGrant

In 2021, Epic Games (via the Epic MegaGrants Programme) generously pledged \$200,000 to projects at the Royal College of Art, which benefit the 3D graphics community.

This grant plays a key role in building on the College's strategy to create a STEAM-led university, applying design approaches to real-world problems and creating innovations that lead to demonstrable impacts on a global scale.

Support, through the MegaGrant, is enabling the RCA, the world's leading art and design institution, to grow and develop its computer science strategy and curriculum.

Project highlights from the year include:

- *Flickering Breath* – a multimedia project that discusses the ontology of technology through visible light communication.
- *Imagined Bodies* – a project that explores, from an angle of care, how the body changes and transforms throughout our lifetime.
- *Unreal Communication* – a School of Communication research project into the potentials and implications of Unreal Engine. Immersing themselves in the software, 18 students undertook an experimental, heuristic, and conversational approach to the potential of this new media, developing a range of approaches that pushed both themselves and the software beyond expectations.

With the opening of the new RCA Battersea campus, this is a particularly exciting time for the College, as we look to explore fields that are increasingly utilising visualisation – melding key tenets of art and design with those of computer science for use in entertainment, fashion, engineering, education, automotive and health/wellbeing.

Events

2021/22 was a busy year for RCA events, with a gradual return to in-person celebrations of the amazing work happening at the College and the generosity of supporters. Significant events included the launch of the Terra Carta Design Lab Exhibition, including a visit from then HRH The Prince of Wales, a celebration of the new Battersea building, with attendance from the Rt Hon Rishi Sunak MP, and The Rt Hon Nadim Zahawi MP touring Show 2022 prior to the prestigious Chancellor's Circle dinner (hosted by Sir Jony Ive).

Helen Hamlyn Celebration

To commemorate the impact of 30 years of philanthropic support by the Helen Hamlyn Trust, a celebratory event with 50 attendees was held to thank Lady Hamlyn (DesRCA Diploma Fashion, 1955) for her generous ongoing and renewed support. The event included a preview of the spectacular new Battersea campus' Helen Hamlyn Centre for Design, as well as the launch of a fascinating new book by Professor Jeremy Myerson which maps the 30-year history of the Centre, *Designing a World for Everyone: 30 Years of Inclusive Design*.

Terra Carta Design Lab Exhibition

The Terra Carta Design Lab Exhibition was an opportunity for the RCA's Royal Patron, then His Royal Highness the Prince of Wales, to visit the College and meet the 20 shortlisted finalists of the competition before the final Terra Carta exhibition opened to the public. The event, hosted by Vice-Chancellor Dr Paul Thompson, along with our new Pro-Chancellor and Chair of Council, Sir Peter Bazalgette, welcomed 100 guests from the RCA's supporters and alumni community. Guests had the opportunity to speak to the shortlisted finalists, including current RCA students and alumni, and to explore their innovative ideas for a sustainable future.





Chancellor's Circle and RCA2022

Taking place on 28 June, the Chancellor's Circle 2022 welcomed more than 100 guests to the Weston Design Studio in the new Studio Building. Before sitting down to dinner, guests were invited to explore a curated selection of RCA2022 across the whole of the RCA Battersea campus. Hosted by Chancellor Sir Jony Ive and Vice-Chancellor Dr Paul Thompson, the dinner was a celebration of the newly opened Campus, a testament to the impact of philanthropy at the RCA and a chance to especially thank the Chancellor's Circle members for their incredible generosity. Gifts supported not only the College's incredible new building but the groundbreaking interdisciplinary research that it houses and much needed scholarships.



Vice-Chancellor's Talks

Over 1,000 people registered for the online talks hosted by RCA Vice-Chancellor Dr Paul Thompson throughout the 2021/22 academic year, and we were delighted to be joined for some fascinating discussions with Sir William Sargent, Bracken Darrell, and Christopher Raeburn. All available talks can be viewed on the RCA's Youtube channel.

RCA Battersea Opening with the Rt Hon. Rishi Sunak MP

To celebrate the completion of the new Battersea Campus, and to recognise the support of donors, including HM Treasury, in making this design and innovation vision a reality, this event was held to showcase the ground-breaking STEM+Design work and research housed in the new facilities. The Rt. Hon. Rishi Sunak MP, then Chancellor of the Exchequer, attended the event on behalf of the UK Government, to experience a taste of the world-class interdisciplinary research that will take place in RCA Battersea. Guests were invited to explore the new campus, catch a glimpse of the breadth of research areas and engage with RCA's trailblazing research faculty. There was also an opportunity to view works from the Future Archive, a student and alumni-led project with Rut Blees Luxemburg, which explored the building of the new campus.





Alumni

With active alumni communities worldwide, the College regularly reaches out to alumni residing in more than 70 countries. Every year alumni are recognised around the world as innovators and leaders in their field and 2021/22 was no different.

In March at our winter Convocation we awarded an Honorary Doctorate to alumnus David Constantine MBE (MDes Computer-related Design, 1990). We were also able to finally say congratulations and celebrate our 2020 and 2021 RCA graduates who had missed out on their ceremony due to the pandemic and awarded an Honorary Doctorate to alumna Lubaina Himid CBE (MA Cultural History, 1984).

Our Summer Convocation ceremony saw degrees conferred on nearly 1,200 graduands and alumna Kai-Lu Hsiung (MA Printmaking, 1988) awarded an Honorary Fellow.

Yiyun Kang (PhD Information Experience Design 2018) won the British Council Study UK Culture and Creativity award in March. The award recognises alumni who have carved a career for themselves in arts and culture, individuals who demonstrated their artistic ingenuity, influence and creativity.

In November *A Place Called Home* a hand-painted artwork by artist Adalberto Lonardi (MA Interior Design, 2020) was exhibited at the Chelsea Fire Station on King's Road in London. We also saw Klein Dytham architecture, founded by RCA alumni Astrid Klein and Mark Dytham, win both Hospitality Building of the Year and Short-stay interior of the year in the Dezeen awards.

Three of our graduates Nick Foster (MA Design Products, 2001), Marina Willer (MA Graphic Design, 1995) and Steven Appleby (MA Illustration, 1984) were made the Royal Society of Arts' 2021 Royal Designers for Industry. They join a number of other RCA alumni including Sir James Dyson, Dame Zandra Rhodes and Sir Peter Blake who also hold the accolade for design excellence that makes a significant contribution to society. The Royal Designer for Industry is the highest accolade for designers in the UK. Only 200 designers can hold the title and 41 are RCA Alumni.

Jennifer Kidd (MA Animation, 2018) was the Art Director of the film for BBC Sport's Winter Olympics 2022 coverage in February.

In June, Niko Kapa (Graduate Diploma Art & Design: Fine Art, 2020) won in the Sculpture category in the Signature Art Prize which is the only award of its kind that aims to promote the work of artists in the emerging stages of their careers.

In July, Alumni Events returned in real life with events being hosted in Los Angeles and San Francisco.

Alumni came back and offered time and advice to our students. Ian Griffiths – Creative Director of Max Mara (MA Fashion, 1987) and Francesca Amfitheatrof (Goldsmithing, Silversmithing, Metalwork & Jewellery, 1993) Artistic Director Watches and Jewellery at Louis Vuitton both spent time with our second year MA Fashion Students. Nick Foster (MA Design Products, 2001) gave a career talk to current students. Alumni from leading sectors and industry worldwide came together in a series of Alumni Roundtables to discuss the future of the College and new academic pathways and challenges.

A number of alumni continued to share their experiences and life lessons through My GenerationRCA Stories which highlight RCA alumni who continue to play an instrumental role in defining art and design as we know it, including Coco Capitán (MA Photography, 2016) and Michela Magas (MA Communication Design, 1994).

Alumni Council & RCA USA

RCA's Alumni Council and RCA USA are networks established to support the College and its students, including profile raising and US gift management.

Alumni Council

Sir David Adjaye OBE
(MA Architecture, 1993)

Francesca Amfitheatrof
(MA Jewellery & Silversmithing, 1993)

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

Christopher Bailey CBE
(MA Fashion Womenswear, 1994)

Tim Brown CBE
(MA Industrial Design, 1987)

David Constantine MBE
(MDES Computer Related Design, 1990)

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

Tracey Emin CBE
(MA Painting, 1989)

Lady Hamlyn
(DesRCA Diploma Fashion, 1955)

Thomas Heatherwick CBE
(MA Furniture, 1994)

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

Alison Jackson
(MA Photography, 1999)

Asif Kapadia
(MA Film & Television, 1997)

Orla Kiely OBE
(MA Knitted Textiles, 1992)

Professor Gerry McGovern OBE
(MA Vehicle Design, 1978)

Professor Dame Magdalene Odundo DBE
(MA Ceramics & Glass, 1982)

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

Peter Schreyer
(MA Vehicle Design, 1980)

Sir Ridley Scott
(ARCA Diploma Graphic Design, 1961)

Emma J Shipley
(MA Textiles, 2011)

Clare Waight Keller
(MA Fashion Knitwear, 1993)

RCA USA*

RCA USA – with the support of RCA students, alumni and supporters in the US – helps achieve international standards of excellence in postgraduate education for artists and designers which closely aligns with the RCA and its long history.

The board is committed to a range of activity throughout the year including hosting RCA and RCAUSA alumni events on the East Coast and the West Coast, and arranging meetings between RCA staff, student and prominent alumni when travelling across the USA.

The board of directors are all leaders in their respective fields of art and design:

Chair & President Peter Russell-Clarke
(MA Industrial Design, 1993)
Apple Industrial Designer

Deputy Chair Lady Grainge
Executive, entrepreneur, and philanthropist

Treasurer Tony Jones
President, Kansas City Art Institute
RCA Rector 1992–96

Director Francesca Amfitheatrof
(MA Jewellery & Silversmithing, 1993)
Artistic Director of Jewellery and Watches
at Louis Vuitton

Director Caroline Baumann
Independent Design Leader and Cultural Consultant

Director Alastair Curtis
(MA Industrial Design Engineering, 1992)
Chief Design Officer at Logitech

Director Dr Paul Thompson
RCA Vice-Chancellor

Executive Director Helen Protheroe
RCA Director of Development & Alumni Relations

Ex-Officio Officer Shaun Fradd
RCA Head of Major Gifts

RCAUSA is committed to:

- Hosting RCA and RCA USA annual alumni events in the East Coast and the West Coast
- Presenting virtual events
- Keeping in touch with USA alumni via newsletters and social media
- One-on-one meetings between relevant RCA staff and/or RCAUSA board members and prominent alumni when in the area.

* RCAUSA is a 501(c)(3) – a registered charity based in the USA. Any donations to the RCA from the USA can go through RCAUSA and are therefore tax exempt RCAUSA is independent of, but is dedicated to, the RCA.

Chancellor's Circle

Ameea Scholarships
 Apple Inc*
 Basil H Alkazzi
 Bloomberg Philanthropies
 Burberry Foundation
 Community Jameel
 Debbie Lo Creativity Foundation
 Elspeth Lane
 Evan Spiegel and the Spiegel Family Fund*
 Garfield Weston Foundation
 Hyundai Motor Group
 James Dyson Foundation
 John Studzinski*
 Ling Liu
 Logitech*
 LoveFrom.*
 Lydia and Manfred Gorvy*
 Monday Charitable Trust
 Prosit Philosophiae Foundation
 Royal College of Art USA, Inc
 Sigrid Rausing Trust
 Sir Jony and Lady Ive*
 Sir Po-Shing and Lady Woo
 Snap Inc.*
 The Clore Duffield Foundation
 The Conran Foundation
 The Dr Mortimer and Theresa Sackler Foundation
 The Helen Hamlyn Trust
 The Linbury Trust
 The Sackler Trust

Vice-Chancellor's Circle

Aedas
 Burberry Ltd
 Charlotte A Fraser
 Clore Israel Foundation
 Design Trust Hong Kong
 Epic Games UK LTD
 Foyle Foundation
 Freuds
 GRoW @ Annenberg*
 Lois Hunt
 Mark Cass & The Cass Family of Abersoch
 Orla Kiely and Dermott Rowan
 Gerard and Sarah Griffin
 Snowdon Trust
 Stavros Niarchos Foundation
 The Ashley Family Foundation
 The Clothworkers' Company
 The Eranda Rothschild Foundation
 The Fidelity UK Foundation
 The Leverhulme Trust
 The Pokémon Company
 Royal Commission for the Exhibition of 1851
 The Wolfson Foundation
 The Worshipful Company of Broderers

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 The Rothschild Foundation
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 Roger W Binns
 David and Brigitte Birch
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 Doreen Desty
 Susi Dunsmore
 Rose Finn-Kelcey
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 Hugh Gibson
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 Peter G Pickard
 Michael Roberts
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 Leonard D Singer
 Susan Stockwell
 John Tomlinson
 Stanley Tucker
 M Tunstell
 Anne E Tyrrell
 Robert J Washington
 Annie Woodford-Taylor

* Gifts to RCA USA Inc

RCA Fund

Giulia M Adams	Sally K Halls	Lucy Strachan
Fian J Andrews	Martin Hardingham	David Sudlow
Susan C Andrews	Kuan Chi C Hau	John E Summers
Steven M Appleby	David W Hayward	Justine L Tabak
Sylvia Ayton	Anthony Heaton	Nicky R Thomson
Nicola M Bayley	Fergus Heron	Luke T Trybula
Daniel Becerra	Suzanna M Holland	Jaakko T Tuomivaara
Elizabeth L Beel	Edward A Hutchison	Keiron A Vital
Aimee L Betts	Trudie Jackson	Diane E Waller
Susan Bevan	Mara Johnstone	Max F Wehebrink
James S Beveridge	Jonathan P Keep	Christine Westwood-Davis
Cristina Bilsland	Victoria J Kelley	Alexander W Young
Martin J Blacher	Eric Kemp	
Brian Bolger	Martin Kemp	
Roger K Breakwell	Robert J Kilvington	
Stephen J Buchanan	Robert A Lambourne	
Lucy Chick	Audrey Levy	
Teresa Churchill	Emma J Light	
Elizabeth F Clark	Stephen E Little	
Chudamani Clowes	John MacLachlan	
Wendy J Coates-Smith	Brenda C Martin	
John W Coleman	Richard G Mawle	
Georgia Collett	Norman P McNally	
Dallas J Collins	James Merry	
Rachel Cooper	Lucy C Miller	
Kenneth C Cox	Lisa-Dionne Morris	
Emma L Coyte	Sarah J Morris	
Maureen Crutch	Karen Nicol	
Paola J Cumiskey	Sheila Osborn	
Natasha Daintry	Nathan T Pass	
Robert W Davies	Edward J Payne	
Shirley-Ann Dixon	Richard Petrie	
Stephen Dixon	Mark R Phillips	
Richard N Doust	Edwin Pouncey	
Karin E Dunbar	Oliver N Poyntz	
Helen E Eger	Tony Pritchard	
David T Field	Tobias G Revell	
Anthony C Finkelstein	Vincent R Roberts	
Clare V Finn	Karen J Robins	
Katherine Fletcher	Mellany Robinson	
James R Flower	Gemma C Ross	
Anna M Freeman Bentley	Jane Rutherford	
Janna Fuller	Paul B Rutter	
John F Gallally	Torsten Sachse	
Stephen J Gavin	Katherine M Sharp	
Janet Gilbert	Jennifer Shellard	
Katherine F Goodridge	Julie A Speechley	
Zara B Gorman	Jason A Steel	
Howard D Greenhalgh	Andrew M Stevenson	

Key Financial Highlights

£72.4m

£89.5m total income

Core income* of £72.4m,
13% from Funding
Council Grants

£89.5m

£17.1m of Donations
and Endowments
income (cash
received) in year

£17.1m

21%

£18.4m net cash inflow
from operating activities,
21% of total income

£18.4m

*Core income is defined as unrestricted income

£23.1m

£23.1m of capital investment

£17.9m of cash and
£20m of borrowing
at year end

£17.9m

1%

Core operating
surplus** of £0.5m,
1% of core income

£20m

£0.5m

**Core operating surplus is defined as
Unrestricted Comprehensive Income for the year.

Financial Review



Amanda White
Chief Financial Officer

During 2021/22, the RCA continued to experience the residual impact of the Covid-19 pandemic, whilst entering a new period of increasing economic uncertainty linked to the ongoing war in Ukraine, part of a global set of circumstances which have resulted in the highest UK inflation in 40 years, increasing interest rates and the prospect of a recession. Despite this, the College had another strong financial year and delivered a financial outturn which was in line with our five-year financial plan. We successfully delivered the complex process of accommodating returning students who had taken leave of absence breaks from their studies during the Covid-19 restrictions and we planned extensively for the launch of a new academic framework of delivery for the MA programmes in 2022/23.

This year has been one of rapid remobilisation post Covid-19, completing the largest ever construction project in the RCA's 185 history, and 'operationalising' in preparation for a new academic framework to be launched in 2022/23. Additionally, we continued to deliver against our ambitious capital plans, which have seen the College invest c. £135m over the last five years. During the year we saw the opening of our new building in Battersea with its world-class teaching, research, innovation and technical facilities. These changes, and other investments, including a new digital transformation plan, will be a key part of supporting our Strategic Plan for the next five years, by increasing the accessibility of studying at the RCA, and ensuring that our campuses and facilities remain world-class.

This year has been one of rapid remobilisation post Covid-19, completing the largest ever construction project in the RCA's 185 history, and 'operationalising' in preparation for a new academic framework to be launched in 2022/23

The RCA's continuing stable performance reflects the College's underlying strength in student recruitment, both in the UK and internationally, coupled with the effectiveness of our planning and risk management in limiting the impact of headwinds caused by the external environment.

This year has seen continued strong student applications, with increased marketing funding focused on increasing the diversity of the student body. The result has been an increase in geodiverse, quality applications, which has resulted in an application to enrolment ratio of 11:0, with incremental growth across all key target markets, including the US, ASEAN region and India whilst also continuing to attract a significant number of UK applicants. Our financial sustainability is sensitive to our student numbers and it is uncertain what the longer-term effects of the pandemic, Brexit and changing geopolitics will be. However, in broadening our domestic and international appeal, and investing in the development of new academic offers that reflect the flexibility of how students may choose to learn in the future, we remain well positioned to mitigate risks and maximise opportunities over the coming years.

One of this year's significant achievements has been the continuing success of GenerationRCA, an ambitious multi-year fundraising campaign, which has now achieved over 80% of its £100m target (2021/22: £17.1m, 2020/21: £10.1m). GenerationRCA aims to secure the future of the College: an academic vision rooted in our historic identity, founded on a research intensive academic framework and embodied in the new Design and Innovation campus at Battersea, which opened this year. GenerationRCA will support new research posts and professorships and a range of new financial aid and scholarship programmes for our

students to pursue creative excellence, innovation and entrepreneurship. None of these ambitions would be possible without the RCA's generous supporters who have contributed to this campaign.

As a small, intensive research-led institution, research is at the heart of our teaching. This year saw the outcome of the REF2021, which saw the RCA confirm its reputation as a research-intensive institution, submitting 100% of faculty and maintaining a strong quality profile. This success has translated into a 25% increase in our mainstream QR (Quality Research) funding for 2022/23. In January, we received notice of an additional £1m of non-recurrent QR funding, and we were delighted to find that this element of funding has been doubled for 2022/23, which will fund the purchase of equipment for the College's new Snap Visualisation Lab and Bio Laboratories.

The external funding environment for the UK educational landscape remains challenging in relation to the teaching subsidies that are needed to support the high-cost of teaching in a small specialist institution. Income from Government grants is a key element of the College's teaching funding. Last year, the College saw a 50% cut in Government teaching subsidy for Art and Design courses, and the abolition of London Weighting. This year has seen a review of World Leading Specialist Funding (which represented £4.5m in 2021/22). The Office for Students ran two consultations during the year, the first focused on the future criteria for World Leading Specialist Funding eligibility, and the second focused on the funding formulae used to allocate funding between eligible institutions. The outcome of this review remains uncertain with funding expected to be announced before the end of the year.

The College is a member of the Superannuation Arrangements of the University of London (SAUL) pension scheme. As part of a phased increase, employer contribution rates increased from 16% to 19% on 1 April 2022, with a further increase from 19% to 21% due to be applied from 1 January 2023. As a result the College will see annual pension costs rise by c. £1.5m, with the next formal valuation in March 2023. SAUL is a defined benefits scheme and, like other schemes in the sector, it remains fundamentally challenged in the present financial environment. Therefore we will need to monitor its funding position closely.

Looking ahead, whilst we remain confident in our financial strategy and plans, we have continued to scope different scenarios reflecting major variables in student numbers, Government funding levels and variations to the cost of our operating activities and capital investment plans. We continue to develop our workforce, digital and estate plans, all of which will help guide decisions on where we should invest and where we need to save as conservation of our surplus cash to fund ongoing investment will remain a key objective. Scenario planning and frequent reforecasting are increasingly important aspects of our mapping of the financial outlook to ensure the sustainability of the College.

Overview of the Year

	2019/20	2020/21	2021/22
Unrestricted surplus as % of unrestricted income	7%	7%	1%
Net Cash Inflow from Operating Activities as % of Total Income	25%	18%	21%
Capital Investment (£m)	52.0	31.1	23.1
Cash and cash equivalents (£m)	9.5	13.5	17.9
Borrowings (£m)	3.0	12.5	20.0
Net Assets at year end (£m)	158	173	186

In the 2021/22 financial year, the College continued to demonstrate its financial strength by achieving a core operating surplus of £0.5m, 1% of core income (2020/21: £4.6m, 7%). This is a lower surplus compared to last year, primarily due to planned investment in the additional academic and professional services resources associated with the launch of the College's new academic model, part year operating costs for the new Battersea building, coupled with the pressure of rising energy, software maintenance, materials and other operating costs. The College also paid £0.8m in Covid-19, strike-related and other compensation payments to students. As in previous years, surpluses were immediately re-invested in maintaining and enhancing the student experience.

To ensure the continuing financial sustainability of the College, the focus has remained on cash management alongside operational efficiency. As a result, EBITDA (earnings before interest, tax depreciation and amortisation) was £19.9m in 2021/22 (22% of total income), which is in line with last year in percentage terms (2020/21: 23% of income).

Cash generation is an important part of the RCA's financial strategy, as the College looks to continue its investment in extending and enhancing its physical, digital and technical services infrastructure. The College ended the year with a higher than expected level of cash (£17.9m) as some capital payments, including those related to the new Battersea Building, were paid in August/September instead of July. Additionally, the College received a much higher level of cash related to students starting their studies in September. This is likely to have been due to i) the weakness of sterling and ii) earlier invoicing and registration of students starting on the College's new Master's programmes. At year end, the College had £20m of borrowing, £10m from the revolving credit facility (RCF) with HSBC and £10m from the Government backed Coronavirus Large Business Interruption Loan (CBILS) facility. As such, total debt is well within covenant thresholds (interest cover not less than 5 and Net debt to total income not more than 50%) and cash held is sufficient to meet the College's current obligations, whilst maintaining an appropriate level of working capital. At year end the interest cover was 48:1 and the Net debt to total income was 2%.

The capital programme for the new Battersea building, which has been funded through a combination of Government funding, philanthropy, existing reserves and new debt, is now largely complete, with some residual works expected to conclude during 2022/23.

Total Income

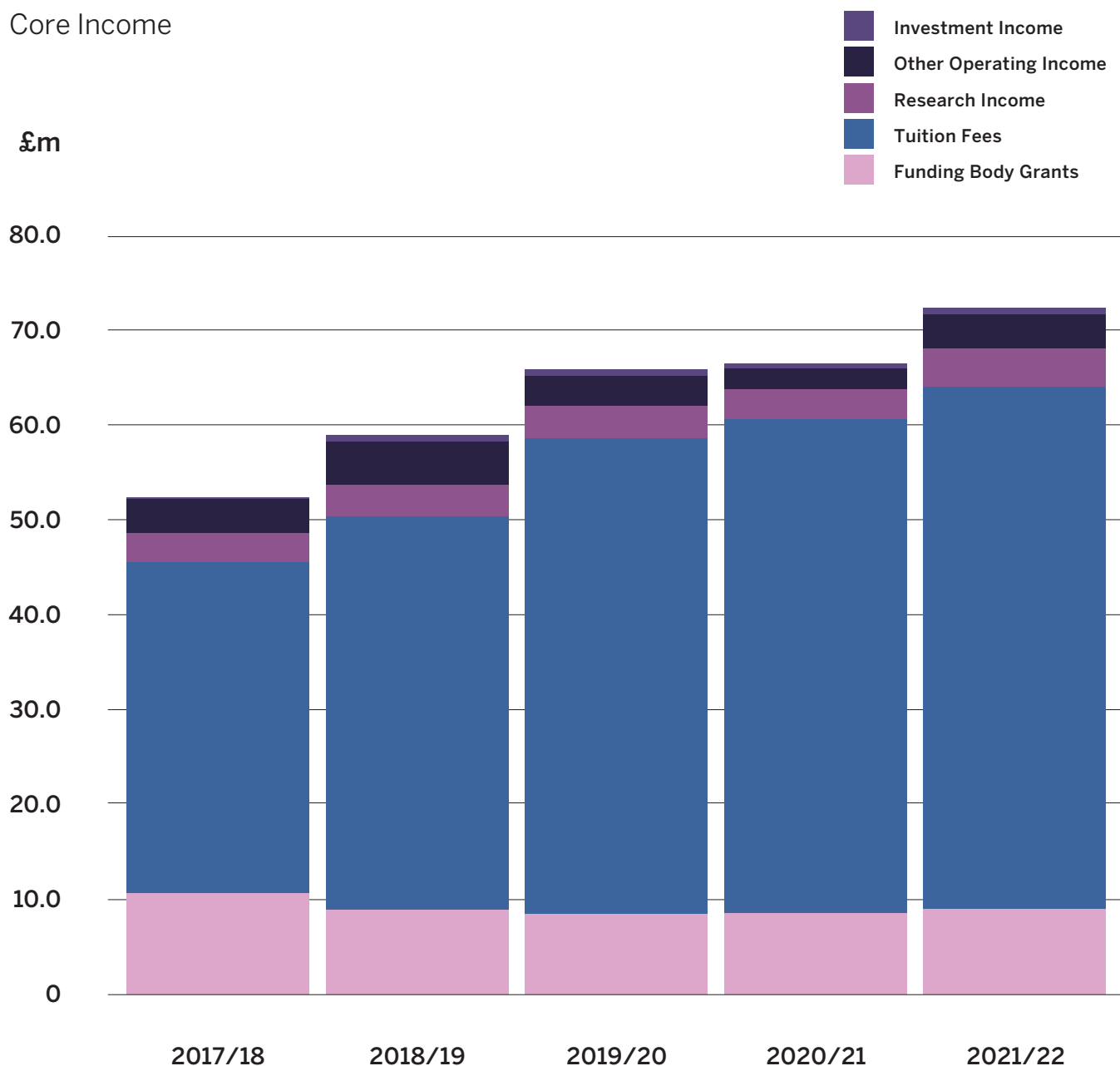
Total income for the year of £89.5m (2020/21: £76.7m) included £17.1m of cash from donations and endowments (2020/21: £10.1m). We have achieved the highest annual level of donations in RCA history and the College has secured some £45m of donations for the new campus, with a commitment to continue fundraising into the next financial year.

Core Income

Core (unrestricted) income of £72.4m was 9% higher than last year (2020/21: £66.6m).

Income from funding body grants was £9.3m, an increase of £0.7m in 2021/22 of £8.7m. As expected, our teaching grant fell by £0.2m in 2021/22 but this was offset by higher Research England income (£0.9m). The College received a specialist provider element for research of £1m for 2021/22, which was awarded to a number of small and specialist institutions to support their continued contribution to world leading research developments.

Core Income

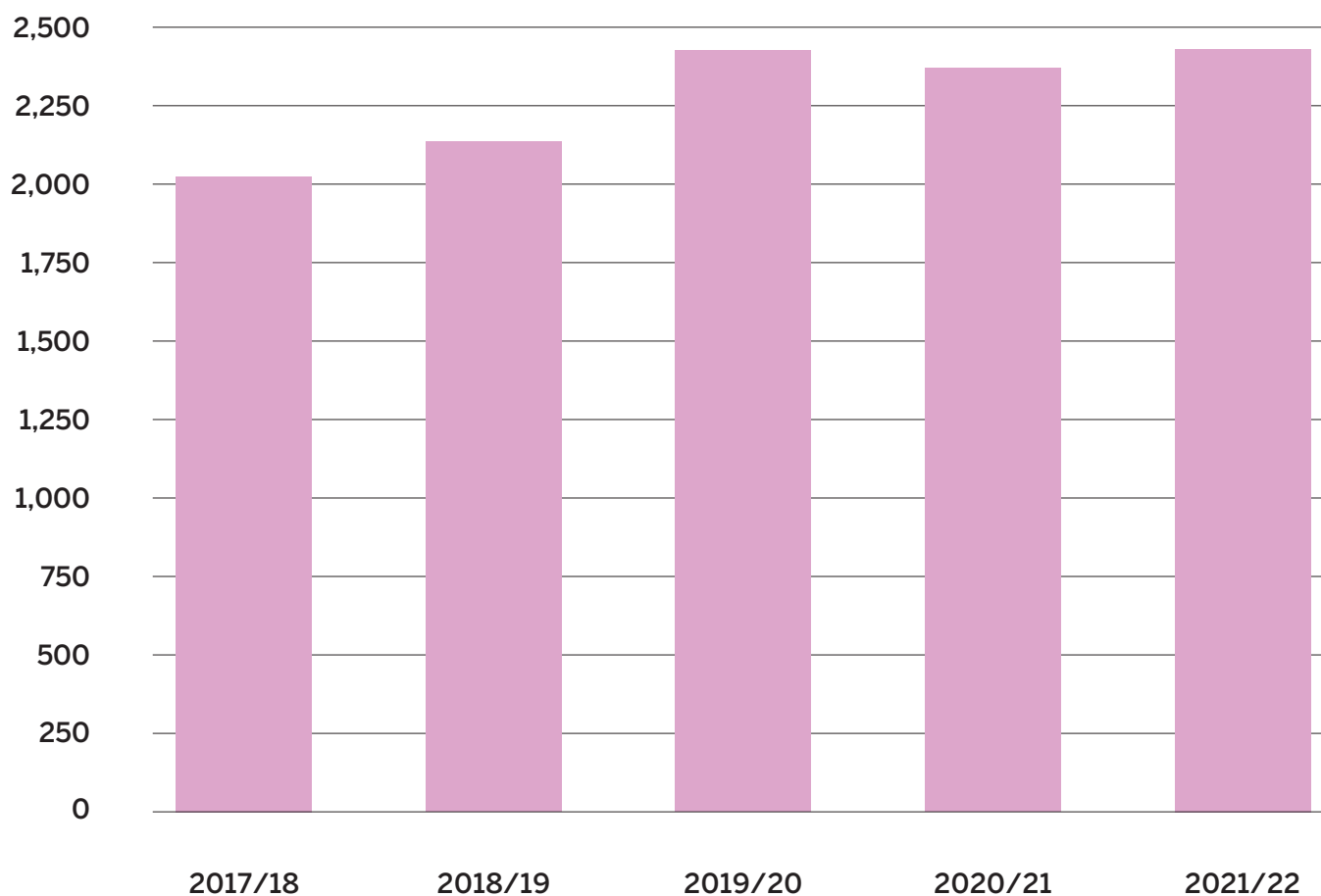


Income from tuition fees grew 5% to £54.7m (2020/21: £51.9m), representing c. 76% of the College's core income. The College continues to develop its postgraduate taught programmes, with 2,302 full-time equivalent (FTE) students registering in 2021/22 (excluding Graduate Diploma), 64% of whom were from outside the EU (2020/21: 2,253 FTE, 63% overseas). 116 Graduate Diploma students were enrolled during the year (2020/21, 115).

Students

Number of Students (FTEs)

Students

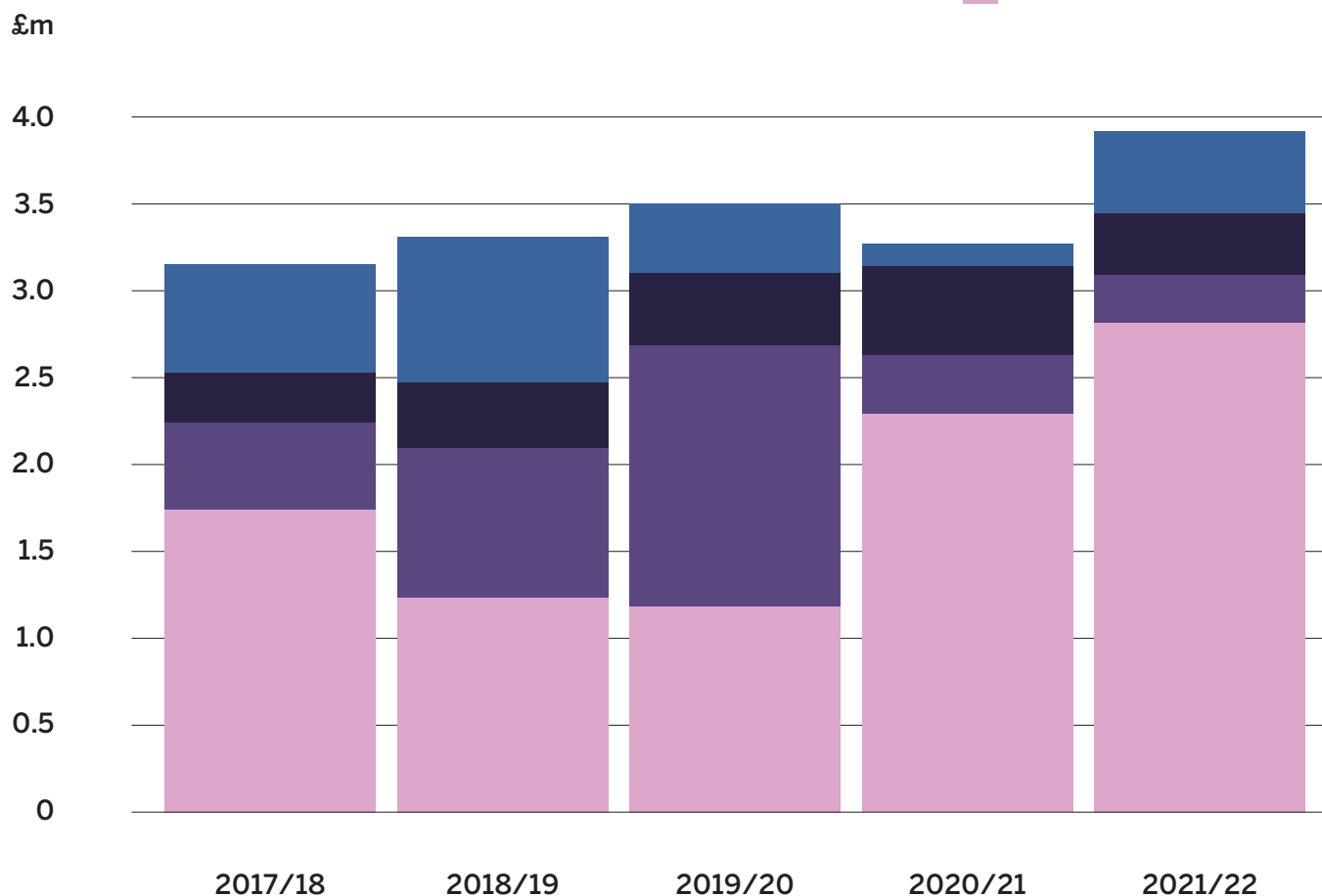
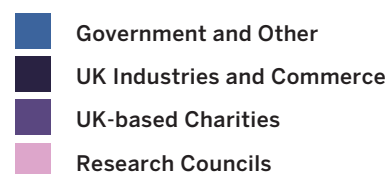


Income generated from high-quality research and knowledge exchange reached £4.9m in 2021/22 (2020/21: £4.6m). Of this, £3.9m related to research grants and contracts (2020/21: £3.3m). The College continues to work on high profile projects such as those in the Helen Hamlyn Centre for Design, the Design Age Institute, Textiles Circularity Centre, as well as new international collaborations, such as the Laboratory for Artificial Intelligence in Design (AiDLab).

Income from Executive Education totalled £1m (£0.6m in 2020/21). During the year the Executive Education team ran 34 courses, with seven new courses (both open and custom courses) and the remainder being repeat courses that generated an additional £0.4m compared to 2020/21.

With the buildings fully reopening at the beginning of the 2021/22 academic year after the restrictions imposed by Covid-19, performance for shop sales, catering and materials income improved by £0.8m. The College reopened the shops to walk-in customers, expanded the Battersea Shop, and continued with the online click & collect service (introduced for 2020/21). With the increased access, plus students returning to in-person, on campus learning, the College Shop's sales have recovered towards pre-pandemic levels. The full service for catering was offered in September 2021 for the first time since before the pandemic and therefore resulted in an increase of income of £0.5m.

Research Grants and Contracts



Total Expenditure

Total expenditure increased by 18% to £75m (2020/21: £63.8m).

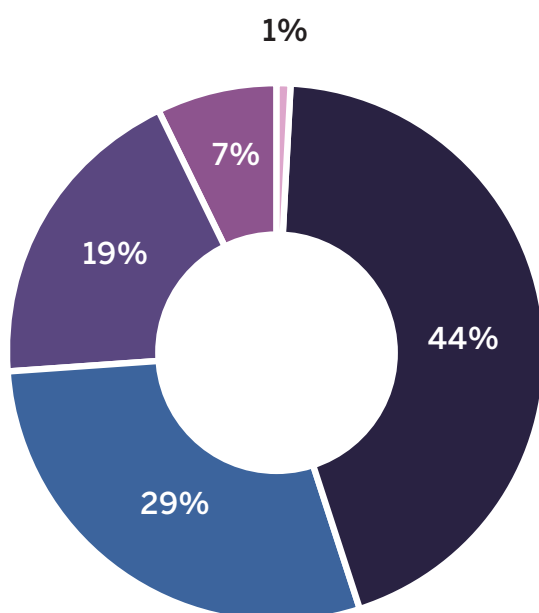
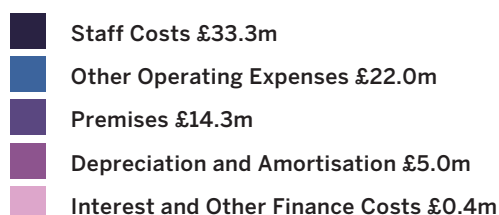
Staff costs increased 11% to £33.3m (2020/21: £29.9m), driven by a growth in Academic and Research staffing (£2.3m), supporting the new academic framework and high quality research, with added investment across technical, IT and digital teams (£0.6m), as well as estates and campus operations (£0.4m), supporting the new Battersea building and the operation of the RCA's growing estate.

Other operating expenditure of £36.7m was 23% higher than the prior year (2020/21: £29.8m). Property, infrastructure and estates related spending increased this year by £3.9m due to the opening of the new Battersea building and price increases linked to utility, cleaning and materials costs. Spending increased by £1m on the preparations associated with the launch

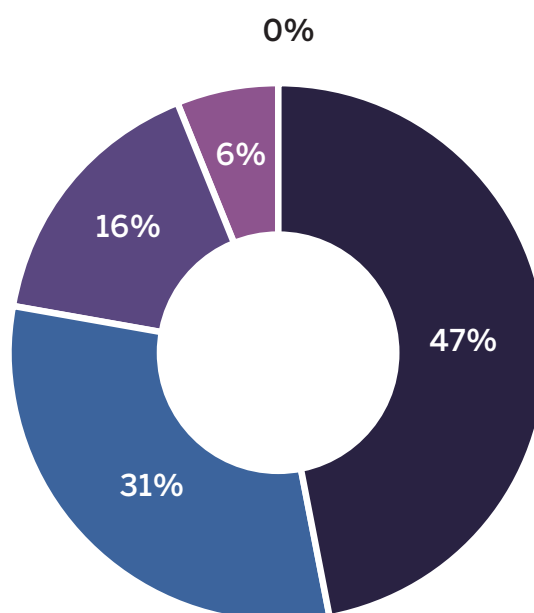
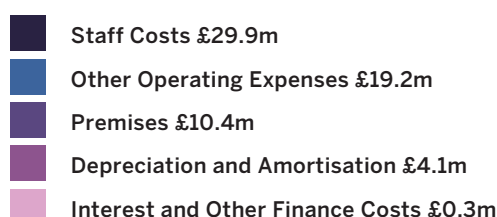
of the new 45-week Master's programmes, including marketing and student recruitment, as well as £0.8m on widening participation through scholarships. Student compensation payments totalling £0.8m were made largely related to student experience during 2020/21 under Covid-19 restrictions. Across the College, general expenditure increased by £0.4m in line with the resumption of travel, conferencing (including £0.3m on Dubai Expo 2022), convocations, and other activities post lockdown.

Depreciation and amortisation charges increased to £5m (2020/21: £4.1m) following investment in IT systems, digital and technical equipment and with the opening of the Battersea building in the latter part of 2021/22.

2021/22



2020/21



Bursaries and Scholarships

During the year, the College distributed £3.3m of funding in the form of bursaries, scholarships, prizes and awards (representing c. 4% of total spend), with just over £1.6m of funding related to named scholarships, benefiting students in each of its academic Schools. These named scholarships were mainly awarded during the programme application process, enabling talented applicants to take up places that they would otherwise have had to turn down for financial reasons. Additionally, the College dispersed c. £0.3m to enrolled students to help enable those in financial difficulty to complete their studies. This was mainly allocated via the Continuation Fund, which ran as an open-call for all continuing students, the Back on Track Fund which exists to help students out of crisis situations and the new Opportunities Fund, created from Government funding matched by the College. A further £1m of fee bursaries and funding was provided to Research students (including those studying via part-funded studentship programmes).

In July 2021 we welcomed the pilot cohort of the RCA Black Student Scholarship, which in May 2022 was renamed the Sir Frank Bowling Scholarship. The Scholarship supports 24 UK MA and MRes students and one PhD student every year from Black African and Caribbean diaspora heritage, or mixed Black African and Caribbean diaspora heritage. The scholarships are worth £21,000 each, covering tuition fees and contributing to living expenses, and are supported by a donation from the RCA's own funds. Scholarships will be awarded each year, to support an increasing number of students, and apply to all areas of the RCA's postgraduate study – arts and humanities, design, architecture and communication.

Through the GenerationRCA campaign, and enabled by an initial Match Challenge Grant of £5m given by the Spiegel Family Fund, the RCA has focussed its fundraising attention on the creation of a permanent endowment to support scholarships, student bursaries, and hardship to ensure that we attract and retain the brightest and most talented artists, designers, curators and tech entrepreneurs regardless of background. The primary focus of the GenerationRCA Scholarship Endowment is to enable talented artists and designers from under-represented communities to access the College's world leading training.

In 2022 the RCA will start to expend income from the GenerationRCA permanent endowment fund, having in just two years successfully matched the £5m challenge grant. The student support from the endowment will enable people of colour and underrepresented communities to access an RCA education, awarded after entry requirements have been met and then means tested.

As part of its commitment to making postgraduate study open to people from all backgrounds, the number of scholarships available to RCA students experiencing financial hardship is set to increase. For the academic year 2022/23, more than 180 scholarships, awards and prizes will be available to RCA students, with an overall value of approximately £4m.

Capital Investment

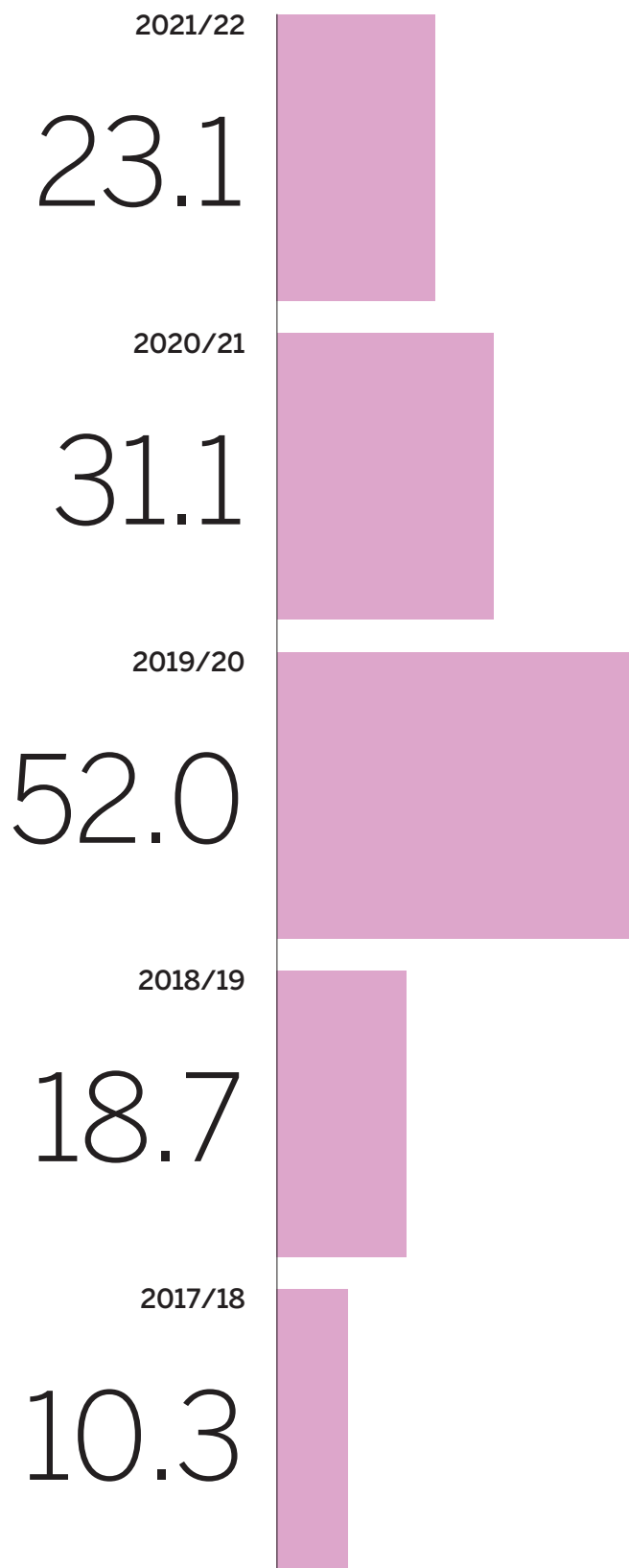
The RCA's capital investment programme has continued with over £135m invested across the last five years in the development of its estate and other infrastructure improvements, which is part of the College's ambition to provide world-class campuses, teaching, innovation and research facilities. Over the next five years, a further c. £90m is planned as the new campus building at Battersea is fully completed and we continue to work on the refurbishment of our Kensington campus, alongside improvements to our digital infrastructure.

In 2021/22, the College spent a total of £23m on capital additions, including £16m on the new Battersea building (2020/21: £31m, which included £24m of Battersea-related expenditure).

As well as investing in the new building, the College spent a further £5.2m on its existing estate, including essential fire stopping rectifications and upgrades, as well as the completion of works to replace ventilation units and electrical distribution boards.

Additionally, the College invested over £1.9m in IT hardware, cyber-security upgrades, network infrastructure and data storage facilities, in addition to investment in technical stage space, as well as further funding for the College's website and digital learning tools.

Capital Investment (£m)



Total Five-Year Spend: £135.2m

Indicators of financial strength

Surplus for the year

Core surplus was £0.5m, 1% of core income (2020/21: £4.6m, 7%) despite large scale investment. As in previous years, cash from surpluses has immediately been reinvested in new digital IT infrastructure and technical equipment, plus ongoing building maintenance.

Cash flow from operating activities

Net cash inflow from operating activities was £18.4m (21% of total income) in 2021/22, compared to £14m in 2020/21 (18% of total income). This increase was driven by donations linked to the new Battersea building.

Borrowings/cash and cash equivalents

At the end of the year, the College held cash of £17.9m (2020/21 £13.5m) and had total borrowings of £20m (£10m Coronavirus Business Interruption Loan Scheme and £10m Revolving Credit Facility). £5m of the loan was repaid in September 2022.

The College also has access to a £33m revolving credit facility with HSBC of which £10m was drawn at year end. The purpose of the facility is to assist with the financing of, and cash flows relating to, the RCA's new building at Battersea. The facility is for a 10-year term (from February 2017 to January 2027) and the loan drawdown is subject to quarterly interest rate repayments. There is no charge over the RCA's assets for either of the loan facilities.

The RCA is required to maintain a minimum cash balance of £5m or 40 liquidity days, whichever is higher. Any excess cash is usually used to minimise the College's debt position, thereby reducing the level of interest repayments. However, at the end of 2021/22 the College held a higher than expected level of cash (£17.9m) as some capital payments, including those related to the new Battersea building, were paid in August/ September instead of July. Additionally, the College received a much higher level of cash related to students starting their studies in September. This is likely to have been due to i) the weakness of sterling and ii) earlier invoicing and registration of students starting on the College's new Master's programmes.

Net assets

The RCA's Balance Sheet remains strong: net assets have increased to £186m (2020/21: £173.4m). The main reason for the movement was an increase of c. £18m in the College's fixed assets, primarily linked to spending on the new Battersea building and investment in Technology.

Current ratio

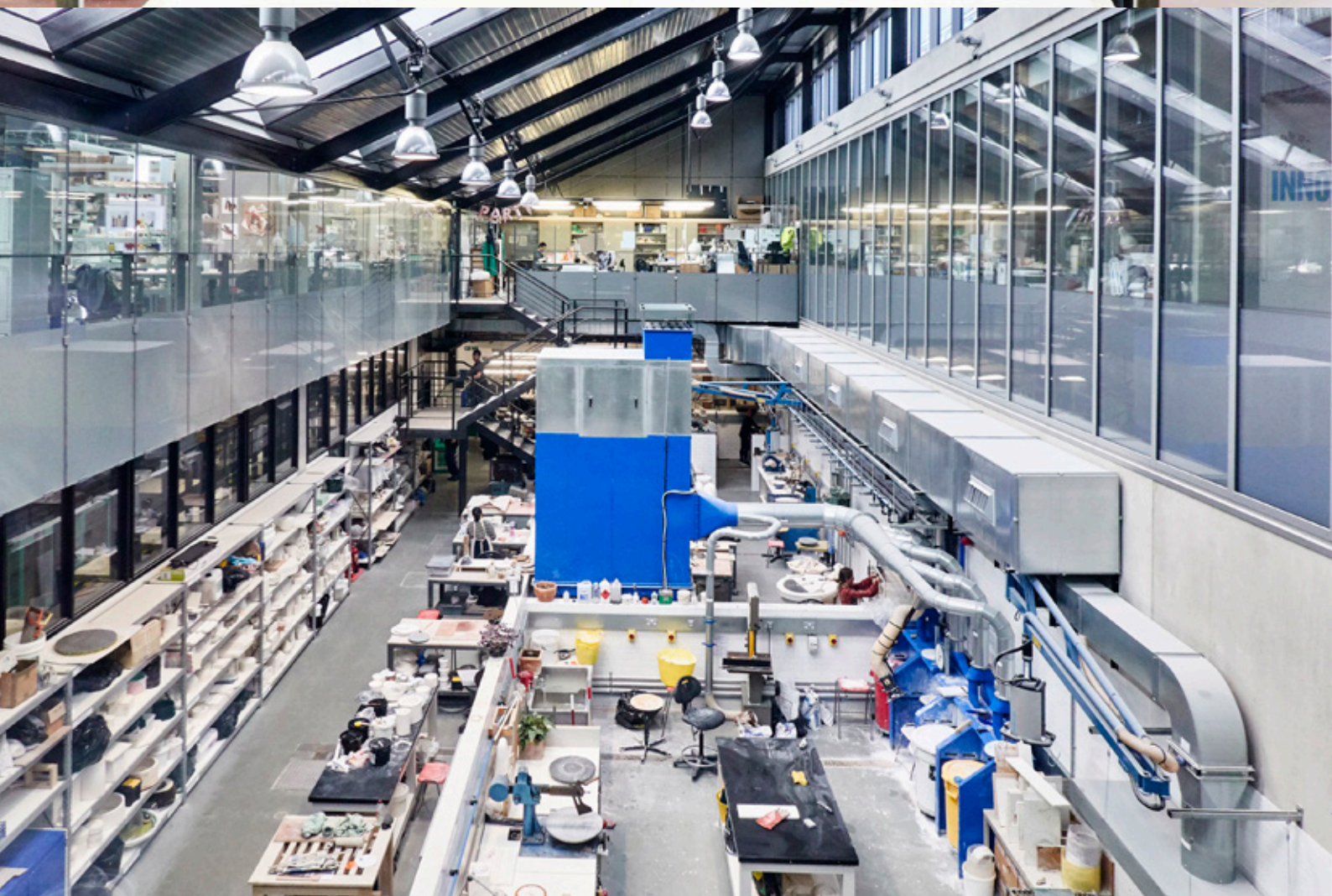
The ratio of Current Assets to Current Liabilities measures an organisation's ability to pay its short term creditors. The College's ratio went from 0.7 to 0.6 during the year as the £10m Coronavirus Business Interruption Loan is now due for repayment within one year (N.B. £5m was repaid in September). The current ratio is below 1 as the RCA's cash policy is to use cash reserves to minimise debt, meaning the College can draw debt from the revolving credit facility to fund the finalisation of works associated with the new Battersea buildings if required. Therefore cash/current asset levels can be increased when needed.

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

Endowment assets

The RCA's investments are overseen by the Investment Committee (a subcommittee of the Planning & Resources Committee), which is charged with setting investment policies for the College's endowments and cash reserves, and monitoring their implementation. The College recognises that the investments it makes should reflect the values of the College, its staff and student body, alumni and supporters. The College therefore adopts a socially responsible approach to investment allowing ethical considerations to be taken into account whilst ensuring there is no significant detrimental impact on the investment return.

As at 31 July 2022, Close Brothers, the College's Investment Managers, were managing £28.5m, on behalf of the RCA.



Risks

The RCA has a well-developed strategic risk register, which is reviewed by the Audit & Risk Committee at each of its meetings. The main risks are outlined in the table below.

	Description of risk/uncertainty
Research, Knowledge Exchange & Innovation (RKEI)	Failure to secure and deliver Research, Knowledge Exchange & Innovation (RKEI) targets jeopardising the College's ability to meet income targets and maintain its industry lead in REF and KEF assessments
Teaching	Failure to maintain and enhance a high quality student experience during 2022/23 with the launch of the new MA model, particularly during the initial transition year
	Failure to enrol a higher annual target of MA students and to reduce risk of over reliance on singular tuition fee income streams
Finance	Failure to deliver financial sustainability during a period of significant uncertainty
	Failure to determine, resource and implement a new internationalisation strategy
People & Culture	Failure to develop and implement an effective Workforce Plan
	Failure to address lack of diversity & inclusion in the RCA community

	Description of risk/uncertainty
Infrastructure	Failure to deliver strategic capital infrastructure
	Failure to protect the confidentiality, integrity and availability of the College digital estate
	Failure to deliver key services due to a lack of business continuity and emergency planning
	Failure to prepare for the transition to net zero by 2035
Influence	Failure to promote the importance of creative arts degrees and their beneficial influence on the UK

Action is being taken to mitigate these and other risks identified in the College's strategic risk register, and both Council and the Senior Management Team will continue to monitor the position closely.

Further information about the College's risk management process is set out on page 62.

Subsidiaries

The RCA owns the following subsidiaries: RCA Angel Investor Club Ltd, to handle investment opportunities for incubator companies supported by InnovationRCA, Postural Support Ltd, set up to develop intellectual property to determine spine health and enabling the design of improved mattresses and seating solutions for people with back problems, Battersea North Nominee Limited which was set up to aid the future purchase of land at the end of a 40-year lease period, and IRCA Enterprise Limited which has been newly set up as a conduit to enable the College to invest in eligible start-up businesses. None of these subsidiaries have been consolidated in the accounts as they were dormant during the year.

Conclusion

Amidst the backdrop of a new period of economic uncertainty, the Higher Education sector is subject to, more than ever, financial pressure nationally and internationally. Despite these challenges the College remains in a strong market position in postgraduate teaching and world-leading research. This is reflected in the College maintaining its number one position in the QS World University Rankings in art and design, held for the eighth year in 2022. The Strategic Plan 2022–27 outlines a critical path for the future, to ensure the RCA remains amongst the best in the world.

To support the sustainable development and growth ambitions of the College, an important part of our financial strategy will be to preserve and continue to build on our surpluses and operating cash flow, to ensure we have funding to remain agile and responsive to change, and to invest accordingly.

Scope of the Financial Statements

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

The trustees of the charity are the current Council members (see p. 66). The current Charter was granted in 1967, although the RCA was originally founded in 1837 – at that time it was called the Government School of Design.

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

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

Public Benefit Statement

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

Education

The RCA provides postgraduate programmes in art and design on a non-profit-making basis. Fees charged to UK students do not cover all the costs of teaching those students; some of these costs are subsidised by OfS grants. Fees charged to non-UK domiciled students are set at a full cost level. As noted in previous sections of this report, the College provides bursaries and hardship grants to some of its students, which widen participation and help students who have experienced social and economic disadvantage to study at the College. The College continues to review its offer of taught programmes and to develop more flexible options to widen access and ensure that the most talented students continue to benefit from its specialist, high-quality programmes.

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

Research

The RCA undertakes world-leading research in art and design. A particular emphasis is placed on design for an ageing population, including through the Helen Hamlyn Centre for Design and the Design Age Institute, as well as design for sustainable futures and the circular economy, and research contributing to the creative and cultural economy. Much of the research carried out at the College is funded by charities and UK Research Councils and is undertaken in order to advance knowledge and understanding. In some cases, research is carried out on behalf of commercial sponsors or partners. These projects are conducted on the basis of full cost recovery, with any surplus remaining when the direct and indirect costs of this work have been met being reinvested in the College's infrastructure and research activities, where permissible by the funder. Findings from the College's research are made freely available to the public via the RCA online research repository, as well as through a range of publications, seminars and other public-facing events.

Other Activities

The RCA organises public exhibitions, seminars, lectures and conferences which enable students to show their work and also enable the public to engage with the work of the College. All College exhibitions and lectures are free of charge to members of the public and any charge which might be made for conferences or seminars is designed primarily to cover costs. The College also operates a significant and well-regarded community engagement programme, which runs workshops, exhibitions and other opportunities for our local communities, schools and young people to work with RCA staff and students. In addition, the College runs collaborative projects with partners, including importantly the local communities around its campuses in Battersea, White City and Kensington.

Policies and Operations

The RCA has adopted policies on environmental and ethical issues and makes every effort to operate in a sustainable and responsible way. These policies are available on the College's website. In addition, during the year the College commissioned BDO to provide advice and guidance to the RCA to develop a road map action plan to achieve net zero. The College has subsequently established a formal steering group which will take this work forward.

Corporate Governance Statement

The following statement provides information about the College's governance procedures. The RCA is committed to best practice in corporate governance and we ensure transparency in our corporate governance arrangements by our adoption of the CUC Higher Education Code of Governance (2020) and regular monitoring of the RCA's adherence to OfS Public Interest Governance Principles as well as compliance with the ongoing conditions of registration stipulated by the OfS.

The Council is the governing body of the College, and comprises a majority of independent members together with staff and student or Students' Union sabbatical members. All members are appointed under the College's Statutes. The roles of Chair and Vice-Chair of Council are separated from the role of the College's Chief Executive, the Vice-Chancellor. Council is responsible for the College's ongoing strategic direction, approval of major developments and receiving regular reports from executive officers.

OfS Regulatory Framework

The regulatory framework for higher education in England requires institutions to apply to the OfS for registration as a recognised provider. The College submitted its application for registration in April 2018, including a self-assessment of how its management and governance arrangements meet OfS requirements to ensure it continues 'to meet its ongoing registration conditions, provide stability, deliver the courses students have signed up for, manage students' and taxpayers' money appropriately, demonstrate accountability and meet its commitments to other stakeholders'. The College's application was approved by the OfS, and it was formally added to the register with effect from 30 October 2018. Since registration the RCA has complied with the OfS terms and conditions of registration and there are no issues to report.

The College's Governance Structure

The Charter and Statutes provide for and empower 'authoritative bodies' within the College, each of which has a distinct role to play in its structure of governance. The Council is the College's governing body and carries the ultimate responsibility for the College's overall strategic directions and for its finances, property and general affairs, including the employment arrangements for its staff. The Council meets at least four times per year and endeavours to conduct its business in accordance with the principles of the Nolan Committee on standards in public life

(selflessness; integrity; objectivity; accountability; openness; honesty; leadership). The members of the Council are listed on p.66. The Council has adopted the Higher Education (CUC) Code of Governance 2020, noting that the essential components of each element of this HE Code of Governance are in place. It delegates a number of functions to committees. Three of these committees are statutory and include the Audit & Risk Committee, Remuneration Committee and Nominations Committee. Other committees, such as the Planning & Resources Committee, play a key role in supporting Council to fulfil its responsibilities under the regulatory framework and demonstrate good governance in accordance with the CUC Code and OfS Public Interest Governance Principles. All Council committees are formally constituted, with terms of reference agreed by the Council, and include a majority of independent members.

Planning & Resources Committee

The Planning & Resources Committee is responsible for monitoring long-term, medium-term and short-term planning to ensure the alignment of all aspects of the College's strategy and planning. The Planning & Resources Committee meets four times a year.

Audit & Risk Committee

The Audit & Risk Committee is responsible for monitoring audit findings and considering detailed internal audit reports and recommendations for the improvement of the College's systems of internal control, together with management's response and implementation plans. The Audit & Risk Committee also receives and considers assurance and internal control reports from the OfS and other funders, and monitors adherence to regulatory and funding requirements. The Committee reports annually to Council and to the OfS on the operation of the College's internal control procedures, management, governance, value for money, the management and quality assurance of data and other relevant matters.

While Senior Management Team members attend meetings of the Audit & Risk Committee as necessary, they are not members of the Committee. At each meeting the Committee offers the internal and external auditors the opportunity of private meetings with the Committee members without officers present. The Committee regularly reviews its terms of reference and constitution against the CUC Higher Education Audit Code of Practice.

Nominations Committee

The Nominations Committee keeps under regular review, membership of Council and Council Committees, making recommendations for appointment. The Nominations Committee ensures robust succession planning and skills analysis. A key consideration for the Nominations Committee is ensuring diversity on Council and Committees.

Remuneration Committee

The College has adopted the CUC Higher Education Senior Staff Remuneration Code. The Remuneration Committee meets twice a year to consider pay structures and to determine the remuneration of the Vice-Chancellor and senior staff. The Committee is chaired by an independent member of Council, and includes the Chair of Council and Deputy Chair of Council. The Vice-Chancellor is not a member of the committee and is not present for any discussion regarding their own remuneration and conditions. The Remuneration Committee also considers severance pay matters. The annual Remuneration Statement is on page 83.

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

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

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

- the Vice-Chancellor's salary history
- comparative benchmark data, for example across: the HE sector in the UK and internationally and across similar organisations of size, complexity and global standing
- how the Vice-Chancellor's current salary compares to that of other staff in the College
- the Vice-Chancellor's and College's performance over the review period.

The Vice-Chancellor's remuneration is set out in Note 8 to these accounts.

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

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

Risk Management

The Council has ultimate responsibility for the effective management of risk and approves the College's risk appetite.

The Audit & Risk Committee is responsible for the oversight of the College's policies and procedures for risk management, and its audit programme, in accordance with guidelines issued by the Office for Students. The College has agreed an annual programme of internal audit activity, outsourced to BDO to 31 July 2022 (PricewaterhouseCoopers from 1 August 2022), that is aligned to its Strategic Risk Register and includes corporate requirements for assurance consisting of strategic, organisational and operational projects.

The Senior Management Team adheres to the College's risk management framework by ensuring that any risks identified in pursuit of the strategic objectives outlined in the Strategic Plan 2022–27 are recorded and that necessary management and mitigations are documented on the College Strategic Risk Register. Major risks are also noted in the College's operating plan.

The Chief Operating Officer holds executive accountability and delegates the ongoing monitoring, assessment and management of the risk management framework to the Head of Business Continuity & Risk Management.

Day-to-day responsibility for risk management is delegated to senior managers with individual accountability for decision making. All our people have a role to play in risk management.

Both the Audit & Risk Committee and Council receive termly risk reports. The current Risk Management Policy was approved by Council in November 2021 and is due for review in 2024.

Register of Interests

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

Statement on Internal Control

The College has well-established arrangements for the prevention and detection of corruption, fraud, bribery and other irregularities.

The Audit & Risk Committee, on behalf of Council, has reviewed the adequacy and effectiveness of the College's whole system of internal control which has operated throughout 2021/22. Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

As noted above the College's systems of internal control includes a professional internal audit team undertaking an annual risk-based programme, which is approved by the Audit & Risk Committee, and a comprehensive system of risk management that addresses both strategic and operational risks.

The College has anti-bribery, anti-money laundering and counter-fraud policies in place. These were reviewed by management and approved by the Audit & Risk Committee in 2021 and are kept under regular review.

The Audit & Risk Committee considers any internal control weakness or failures identified by these processes, their implications on strategic and operational objectives, any recommendations made for remedial actions, and monitors the implementation of agreed responses. Whilst weakness in internal control design and implementation have been identified, these do not represent significant internal control weaknesses or failures.

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

Based on these activities, the College's arrangements for risk management, control and governance, sustainability, economy, efficiency and effectiveness (value for money) and the quality of data submitted to regulatory bodies are adequate and effective.

Primary Roles and Responsibilities of Council

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

Council are also responsible for ensuring that:

- funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students and Research England have been applied in accordance with the terms and conditions attached to them;
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- securing the economical, efficient and effective management of the College's resources and expenditure.

A handwritten signature in black ink, reading 'Peter Bazalgette'.

Sir Peter Bazalgette

Pro-Chancellor and Chair of Council
Royal College of Art

23 November 2022

Council & Committee Members

The following served as members of Council during the year:

Ex-officio Members

The Chair and Pro-Chancellor

Baroness Rebuck of Bloomsbury DBE
(until 31 December 2021)

Sir Peter Bazalgette (from 1 January 2022)

The Vice-Chancellor

Dr Paul Thompson

Deputy Chair of Council

Caragh Merrick OBE (until 31 December 2021)

Fields Wicker-Miurin OBE (from 1 January 2022)

The Deputy Vice-Chancellor and Provost

Professor Naren Barfield

The Chief Financial Officer

Amanda White

The President of the Students' Union

YonYi Sohn, Co-President of the Students' Union
(from 1 August 2021 until 31 August 2022)

Adriana Scalisi, President of the Students' Union
(from 1 August 2022)

Independent Members

Sir Peter Bazalgette (until 31 December 2021)

Michael Birshan

Professor Rachel Cooper OBE

Jennifer Duvalier

Mike Forster

Dr Tristram Hunt

Dr Anne-Marie Imafidon MBE

Alan Leibowitz

Richard Petrie (until 17 April 2022)

Patrick Plant

Dr Sigrid Rausing

Sudhir Singh

Tom Van Oss (until 14 July 2022)

Fields Wicker-Miurin OBE (until 31 December 2021)

Ed Williams

Members appointed by the Senate

Professor Paul Anderson (until 31 July 2022)

Professor Graeme Brooker (until 31 July 2022)

Kerry Curtis (from 1 August 2022)

Rama Gheerawo

Professor Ken Neil (from 1 August 2022)

Dr Anne Toomey (from 1 August 2022)

Dr Emma Wakelin (until 31 July 2022)

One Student elected by the Students

Anna Mueller, Co-President of the Students' Union
(from 1 August 2021 until 31 July 2022)

Mary Pedicini, Deputy President of the Students' Union
(from 1 August 2022)

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

Audit & Risk Committee

Tom Van Oss

(as Chair until 30 March 2022 and as a member until 14 July 2022)

Richard Petrie (until 17 April 2022)

Patrick Plant

Sudhir Singh (as Chair from 1 April 2022)

Professor Rachel Cooper OBE (from 15 July 2022)

Remuneration Committee

Jennifer Duvalier, Chair

Baroness Rebuck of Bloomsbury DBE
(until 31 December 2021)

Sir Peter Bazalgette (from 1 January 2022)

Caragh Merrick OBE (until 31 December 2021)

Judy Roberts, Co-opted member

Fields Wicker-Miurin OBE

Nominations Committee

Baroness Rebuck of Bloomsbury DBE, Chair
(until 31 December 2021)

Sir Peter Bazalgette, Chair (from 1 January 2022)

Dr Paul Thompson

Caragh Merrick OBE (until 31 December 2021)

Fields Wicker-Miurin OBE

Michael Birshan

Ed Williams

Senior Officers & Advisers

Senior Officers

Vice-Chancellor

Dr Paul Thompson

Deputy Vice-Chancellor and Provost

Professor Naren Barfield

Chief Operating Officer

Heather Akif

Chief Financial Officer

Amanda White

Executive Director of Transformation & Delivery

Dr Philip Harvey (until 31 December 2021)

College Secretary

Zioge Smith

Bankers

HSBC Bank plc

71 Queen Victoria Street

London EC4V 4AY

National Westminster Bank plc

1st Floor

440 Strand

London WC2R 0QS

Solicitors

Stephenson Harwood

1 Finsbury Circus

London EC2M 7SH

Insurers

UM Association Ltd

Hasilwood House

60 Bishopsgate

London EC2N 4AW

External Auditors

KPMG LLP

15 Canada Square

London E14 5GL

Internal Auditors

BDO (until 31 July 2022)

55 Baker Street

London W1U 7EU

PwC UK (from 1 August 2022)

1 Embankment Place

London WC2N 6RH

Investment Managers

Close Brothers Asset Management

10 Crown Place

London EC2A 4FT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Royal College of Art ("the College") for the year ended 31 July 2022 which comprise the statement of comprehensive income and expenditure, balance sheet, cash flow statement, statement of changes in reserves, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2022, and of the College's income and expenditure, gains and losses and changes in reserves, and cash flows, for the year then ended; and
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and with the 2019 *Statement of Recommended Practice – Accounting for Further and Higher Education*.

Basis for opinion

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

Going concern

The Council has prepared the financial statements on the going concern basis as it does not intend to liquidate the College or to cease their operations, and as it has concluded that the College's financial position means that this is realistic. It has also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least eighteen months from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Council's conclusions, we considered the inherent risks to the College's business model and analysed how those risks might affect the College's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Council's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the College's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the College will continue in operation.

Fraud and breaches of laws and regulations

– ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Directors, the Audit & Risk Committee and internal audit as to the College's high-level policies and procedures to prevent and detect fraud, including the internal audit function, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reading Council, Planning & Resources Committee, Audit & Risk Committee and Remuneration Committee minutes; and
- Using analytical procedures to identify unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet loan covenants, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that income from tuition fees is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation of some of the College's fraud risk management controls.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts combinations and other unusual journal characteristics;
- Sample testing of tuition income received in the period 1 July 2022 to 30 September 2022 to determine whether tuition income was recognised in the correct accounting period; and
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Council and other management (as required by auditing standards), and from inspection of the College's regulatory and legal correspondence and discussed with Council and other management the policies and procedures regarding compliance with laws and regulations.

As the College is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the College is subject to laws and regulations that directly affect the financial statements including financial reporting legislation, taxation legislation, pensions legislation and specific disclosures required by higher education legislation and regulation and related legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the College is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the College's registration with the Office for Students or the need to include significant provisions. We identified the following areas as those most likely to have such an effect: health and safety legislation and employment legislation, recognising the regulated nature of the College's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and

transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect noncompliance with all laws and regulations.

Other information

The Council is responsible for the other information, which comprises the Financial Review and the Corporate Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

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

Council's responsibilities

As explained more fully in its statement set out on pages 64 & 65, the Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the College or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Report on other Legal and Regulatory Requirements

We are required to report on the following matters by the Accounts Direction dated 25 October 2019 issued by the Office for Students ('the Accounts Direction'). In our opinion, in all material respects:

- funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the College's statutes;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- the financial statements meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students

**Matters on which we are required to report
by exception**

We are also required by the Accounts Direction to report to you where the results of our audit work indicate that the College's grant and fee income, as disclosed in note 4 to the financial statements has been materially misstated.

We have nothing to report in these respects.

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

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

Fleur Nieboer
for and on behalf of KPMG LLP, Statutory Auditor

15 Canada Square
Canary Wharf
London E14 5GL

30 November 2022

Statement of Comprehensive Income and Expenditure for the Year ended 31 July 2022

		Year ended 31 July 2022	Year ended 31 July 2021
	Notes	College £'000	College £'000
Income			
Tuition Fees and Education Contracts	1	54,711	51,871
Funding Body Grants	2	9,371	8,723
Research Grants and Contracts	3	3,925	3,267
Other Income	5	3,827	2,217
Investment Income	6	522	477
Donations and Endowments	7	17,147	10,125
Total Income		89,503	76,680
Expenditure			
Staff Costs	8	33,299	29,895
Other Operating Expenses		36,326	29,507
Depreciation and Amortisation	11/12	4,992	4,053
Interest and Other Finance Costs	9	408	295
Total Expenditure	10	75,025	63,750
Surplus Before Other Gains/(Losses)		14,478	12,930
Gain/(Loss) on Investments	14	(1,759)	2,318
Total Comprehensive Income for the Year		12,719	15,248
Represented by:			
Endowment Comprehensive Income for the Year		1,747	4,447
Restricted Comprehensive Income for the Year		10,435	6,228
Unrestricted Comprehensive Income for the Year		537	4,573
		12,719	15,248

All items of income and expenditure relate to continuing activities.

Balance Sheet

as at 31 July 2022

		As at 31 July 2022	As at 31 July 2021
	Notes	College £'000	College £'000
Non-current Assets			
Intangible Assets	11	1,320	1,652
Fixed Assets	12	230,347	212,228
Heritage Assets	12/13	16,057	16,035
Investments	14	27,772	29,165
		275,496	259,080
Current Assets			
Stock	15	177	184
Debtors	16	3,448	3,664
Investments	17	2,434	609
Cash and Cash Equivalents	23	17,878	13,530
		23,937	17,987
Less: Creditors: Amounts Falling Due Within One Year	18	(40,492)	(27,520)
Net Current Liabilities		(16,555)	(9,533)
Total Assets Less Current Liabilities		258,941	249,547
Creditors: Amounts Falling Due After More Than One Year	19	(58,260)	(61,743)
Obligations Under Finance Leases	26	(14,582)	(14,424)
Total Net Assets		186,099	173,380
Restricted Reserves			
Income and Expenditure Reserve – Endowment Reserve	21	28,478	26,731
Income and Expenditure Reserve – Restricted Reserve	22	3,033	3,082
Unrestricted Reserves			
Income and Expenditure Reserve – Unrestricted		105,156	94,135
Revaluation Reserve		49,432	49,432
Total Reserves		186,099	173,380

The financial statements on p.72 to p.100 were approved by Council on 23rd November 2022 and were signed on its behalf by:



Dr Paul Thompson, Vice-Chancellor



Amanda White, Chief Financial Officer

Cash Flow Statement

for the Year ended 31 July 2022

		Year ended 31 July 2022	Year ended 31 July 2021
	Notes	College £'000	College £'000
Cash Flow from Operating Activities			
Surplus for the Year		12,719	15,248
Adjustment for Non-cash Items			
Depreciation	12	4,443	3,476
Amortisation of Intangibles	11	549	577
(Gain)/ Loss on Investments	14	1,759	(2,318)
(Increase)/ Decrease in Stock	15	7	(6)
(Increase)/ Decrease in Debtors	16	216	3,154
Increase/(Decrease) in Creditors	18/19	2,148	7,353
Adjustment for Investing or Financing Activities			
Endowment Income	7	(4,235)	(1,901)
Investment Income	6	(522)	(477)
Interest Payable	9	408	295
Asset Write-Off	11	287	–
Finance Lease Payable	26	637	596
Capital Grant Income		–	(12,024)
Net Cash Inflow from Operating Activities		18,416	13,973
Cash Flows from Investing Activities			
Capital Grant Receipts		–	12,024
Disposal of Non-current Asset Investments	14	7,235	11,620
Short-term Deposits	17	(1,825)	432
Investment Income	6	522	477
Payments Made to Acquire Fixed Assets	12	(22,584)	(30,409)
Payments Made to Acquire Intangible Assets	11	(505)	(653)
New Non-current Asset Investments	14	(7,601)	(13,970)
Endowment Income	7	4,235	1,901
		(20,523)	(18,578)
Cash Flows from Financing Activities			
Interest Paid	9	(408)	(295)
New Unsecured Loans	19	7,500	9,500
Finance Lease Payable	26	(637)	(596)
		6,455	8,609
Increase/(Decrease) in Cash and Cash Equivalents in the Year		4,348	4,004
Cash and Cash Equivalents at Beginning of the Year	23	13,530	9,526
Cash and Cash Equivalents at End of the Year	23	17,878	13,530

Statement of Changes in Reserves for the Year ended 31 July 2022

	Income and Expenditure Account			Revaluation Reserve	Total
	Endowment £'000	Restricted £'000	Unrestricted £'000	£'000	£'000
College					
Balance at 1 August 2021	26,731	3,082	94,135	49,432	173,380
Surplus/(Deficit) from the Income and Expenditure Statement	1,747	10,435	537	–	12,719
Other Comprehensive Income	–	–	–	–	–
Release of Restricted Funds spent in Year	–	(10,484)	10,484	–	–
	1,747	(49)	11,021	–	12,719
Balance at 31 July 2022	28,478	3,033	105,156	49,432	186,099

Statement of Accounting Policies

A. General information

The Royal College of Art is registered with the Office for Students in England. The address of the College's registered office is Kensington Gore, South Kensington, London SW7 2EU.

B. Statement of compliance

These financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019 edition). They have also been prepared in accordance with the 'carried forward' powers and duties of previous legislation (Further and Higher Education Act 1992 and the Higher Education Act 2004) and the new powers of the Higher Education and Research Act 2017 during the transition period to 31 July 2019, the Royal Charter, the Accounts Direction issued by the Office for Students (OfS), the Terms and conditions of funding for higher education institutions issued by the OfS and the Terms and conditions of Research England grant.

The RCA is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102.

C. Basis of preparation

The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of fixed assets and derivative financial instruments).

Going Concern

The College's activities, together with the factors likely to affect its future development, performance and position, are set out in the Financial Review. The Financial Review also describes the financial position of the College, its cash flows, liquidity position and borrowing facilities.

The financial statements have been prepared on a going concern basis which the College's governing body, Council, and management team consider to be appropriate for the following reasons.

The College has prepared cash flow forecasts for a period of 18 months from the date of approval of these financial statements and has a five year model which is used to test longer term financial resilience. After reviewing these forecasts, Council is of the opinion that, taking account of severe but plausible downsides, the College will have sufficient funds to meet its liabilities as they fall due over the period of at least 12 months from the date of approval of the financial statements (the going concern assessment period).

Council has considered the following points in reaching its conclusion:

- 2022/23 student numbers and fees are in line with assumptions in the 2022/23 budget.
- A number of cost contingencies have been included in projections to reflect any uncertainty of the 2022/23 year ahead. These cover the risk of high and prolonged levels of inflation, and additional cost of living support that may need to be provided to students and staff, including additional fee support for student's suffering financial hardship.
- The College's new Battersea campus project is nearing completion. The costs of the project continue to be closely monitored.
- The College has a number of levers it can use to mitigate the impact of potential downside risks such as a reduction in the levels of planned operating and capital investment, use of the College's unrestricted investment reserves (£6m).
- During a review of the College's forecasts, cash flow projections have been considered alongside an assessment of the College's two bank loan covenants [i. Net debt to total income must remain <50%, and ii) Interest Cover must be more than 5:1]. No potential breach of these covenants is expected in the next 12 months.

Consequently, Council is confident that the College will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

D. Basis of consolidation

The financial statements include only the College. The College has the following dormant 100% owned subsidiaries, which were not consolidated in 2021/22: RCA Angel Investor Club Ltd, which was set-up to facilitate funding opportunities for InnovationRCA's incubator companies, and Postural Support Ltd which was set up to develop intellectual property to determine spine health and enable the design of improved mattresses and seating solutions to better accommodate people's back problems, Battersea North Nominee Limited which was set up to aid the future purchase of land at the end of a 40-year lease period, and IRCA Enterprise Limited which has been newly set up as a conduit to enable the College to invest in eligible start-up businesses.

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

E. Income recognition

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

Tuition fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Comprehensive Income over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income. Education contracts are recognised when the Institution is entitled to the income, which is the period in which students are studying, or where relevant, when performance conditions have been met. Investment income is credited to the statement of income and expenditure on a receivable basis. Note that the College applies judgement when estimating doubtful debts, these estimates are based on historical information and College's own expertise.

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

Grant funding

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

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

Donations and endowments

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

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

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

1. Restricted donations – the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the College.

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

Donations of tangible assets are included within income. The income recognised is valued using a reasonable estimate of their gross value or the amount actually realised. Donated tangible assets are valued and accounted for as tangible assets under the appropriate asset category.

Capital grants

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

F. Accounting for retirement benefits

The College participates in the Superannuation Arrangements of the University of London (SAUL), which is a centralised defined benefit scheme within the UK and was contracted-out of the second State Pension (prior to April 2016). SAUL is an independently managed pension scheme of over 50 colleges and institutions with links to higher education. Prior to 1 April 2016, pension benefits accrued within SAUL built up on a final salary basis. Following a consultation with Members, the SAUL Final Salary Section closed from 31 March 2016 and all members build up benefits on a career average revalued earnings (CARE) basis from 1 April 2016. The College is not expected to be liable to SAUL for any other current participating employer's obligations under the Rules of SAUL, but in the event of an insolvency event of any participating employer within SAUL, an amount of any pension shortfall (which cannot otherwise be recovered) in respect of that employer may be spread across the remaining participating employers and reflected in the next actuarial valuation.

SAUL's statutory funding objective is to have sufficient and appropriate assets to meet the costs incurred by the Trustee in paying SAUL's benefits as they fall due (the 'Technical Provisions'). The Trustee adopts assumptions which, taken as a whole, are intended

to be sufficiently prudent for pensions and benefits already in payment to continue to be paid and for the commitments which arise from Members' accrued pension rights to be met. The Technical Provisions assumptions include appropriate margins to allow for the possibility of events turning out worse than expected. However, the funding method and assumptions do not completely remove the risk that the Technical Provisions could be insufficient to provide benefits in the future.

A formal actuarial valuation of SAUL is carried out every three years by a professionally qualified and independent actuary. The last actuarial valuation was carried out with an effective date of 31 March 2020. Informal reviews of SAUL's position, reflecting changes in market conditions, cash flow information and new accrual of benefits, are carried out between formal valuations.

The funding principles were agreed by the Trustee and employers in June 2021 and are due to be reviewed at SAUL's next formal valuation in 2023. Although there was a Technical Provisions deficit at 31 March 2020, allowing for post valuation experience to 30 April 2021, SAUL had a Technical Provisions surplus. Therefore, no deficit contributions were required following the 2020 valuation and there is no defined benefit liability (i.e. the present value of any deficit contributions due to SAUL) to be recognised by the Royal College of Art.

G. Employment benefits

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

H. Finance leases

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

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

I. Operating leases

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

J. Foreign currency

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

K. Fixed assets

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

Where capital expenditure relates to a leased asset the item is depreciated over the lesser of the useful life of the asset or the length of the lease. Where an item of equipment comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement of components is capitalised as incurred.

Land and buildings

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

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

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

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

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

No depreciation is charged on assets under construction.

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Statement of Financial Position.

Equipment

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

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

Computer Equipment 3 years
Other Equipment 5 years
Equipment (new buildings fit out) 10 years

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Statement of Financial Position.

Impairment

A review for impairment of property, plant and equipment is carried out if events or changes in circumstances indicate that the carrying amount of the property, plant and equipment may not be recoverable. A full valuation of the new Battersea building was carried out in September 2022 by Gerald Eve. No triggers were identified which would indicate the building should be impaired.

Borrowing costs

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

L. Heritage assets

The College Collection consists mainly of works of art acquired free of charge from former students and artists associated with the College. Most items in the collection had nil or little value at the date of acquisition as the artists were not well known. An internal valuation of the collection was carried out in 2009/10 and revalued by an external organisation in 2018/19; this provided an estimate of the value of the collection. Heritage assets are revalued every 3 to 5 years in accordance with the accounting standard. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material. An annual impairment review is carried out on the College's heritage assets; impairment may be due to physical deterioration, breakage, new evidence giving rise to doubts as to its authenticity, or other factors.

M. Intangible assets

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

N. Investment properties

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

O. Investments

Investments consist of endowment asset investments and are included in the Balance Sheet at market value.

P. Stock

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

Q. Cash and cash equivalents

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

R. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

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

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

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

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

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

S. Accounting for jointly controlled operations

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

T. Taxation

The RCA is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and, accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes. The College receives no similar exemption in respect of Value Added Tax (VAT). Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost. The College's subsidiaries are liable to corporation tax in the same way as any other commercial organisation.

U. Reserves

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

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

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

Notes to the Accounts for the Year ended 31 July 2022

	Year ended 31 July 2022	Year ended 31 July 2021
	£'000	£'000
1 Tuition and Education Contracts		
Full-time Home and EU Students	8,437	8,345
Full-time International Students	45,067	42,469
Part-time Students	696	491
Other Short Courses	511	566
	54,711	51,871
2 Funding Body Grants		
Recurrent Grants		
Office for Students	5,083	5,321
Research England	2,992	2,462
Capital Grant	279	74
Specific Grants		
Office for Students/Research England Innovation Fund	1,017	678
HMRC Job Retention Scheme Grant	–	188
	9,371	8,723
3 Research Grants and Contracts		
Research Councils	2,820	2,281
Research Charities	273	339
Government (UK and Overseas)	172	48
Industry and Commerce	344	523
Other	316	76
	3,925	3,267
4 Grant and fee income		
The source of grant and fee income (exclusive of VAT), included in notes 1 to 3 is as follows:		
Funding body grant income from the Office For Students	5,083	5,321
Funding body grant income from other bodies	4,009	3,328
Research grants and contracts income	3,925	3,267
Fee income for taught awards (exclusive of VAT)	53,386	50,573
Fee income for research awards (exclusive of VAT)	814	732
Fee income from non-qualifying courses (exclusive of VAT)	511	566
	67,728	63,787

	Year ended 31 July 2022	Year ended 31 July 2021
	£'000	£'000
5 Other Income		
Lettings/Rental Income	156	159
Catering	550	81
Other Services Rendered*	1,020	613
Other Income**	2,101	1,364
	3,827	2,217

*Other services rendered consists of Executive Education.

**Other income primarily consists of consultancy income, student materials income, shop sales and royalty income.

6 Investment Income		
Investment Income on Endowments	503	473
Other Investment Income	19	4
	522	477

7 Donations and Endowments		
New Endowments	4,235	1,901
Donations with Restrictions	12,689	8,054
Unrestricted Donations	223	170
	17,147	10,125

8 Staff Costs		
Salaries	26,266	23,733
Social Security Costs	2,878	2,615
Pension Costs	4,085	3,415
Compensation for Loss of Office*	70	132
Total	33,299	29,895

***Compensation for Loss of Office**

No. of Employees	18	6
Amount (£'000)	70	132

Emoluments of the Vice-Chancellor

	£	£
Salary	256,538	252,747
Benefits	–	–
Pension Contributions to SAUL	62,568	53,194
	319,106	305,941

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

The remuneration of the Vice-Chancellor, Dr Paul Thompson, along with other senior staff, is determined by the Remuneration Committee which meets annually and comprises independent members of Council, including the Chair and Deputy Chair. This year the Committee's decisions were informed by the Chief Operating Officer, and an independent pay and reward specialist plus appropriate sector benchmarking. The Committee has a duty to ensure that the Vice-Chancellor's remuneration is appropriate to attract and retain the required calibre of individual.

Pay increases to senior College staff, including Dr Thompson, are covered by the Senior Staff Pay policy, which sets a total available pot for allocation to senior staff and which would, in ordinary circumstances, not exceed that available to the broader staff population.

Despite another uncertain year as Covid-19 receded, under Dr Thompson's leadership the RCA was able to count the following amongst its achievements: the College was ranked number 1 university for art & design internationally for the eighth consecutive year according to the QS World University Rankings by subject 2022 – the largest world-wide survey of academic and industry opinion, with academic excellence rated at 100%. The College received a high number of applications for 2021/22, which ensured the College met its income targets, whilst also managing the return of a significant number of students returning from a Leave of Absence following Covid. The RCA's Research Excellence Framework (REF) results confirmed the College as a research centre of excellence, maintaining a 100% research environment rating at 3*/4*. Significant projects were completed or significantly developed during this time, most notably the opening of the Studio Building and Rausing Research & Innovation Building at Battersea, the largest ever addition to the RCA campus, and the advance planning and activity needed to deliver a one-year Master's programme from September 2022. Dr Thompson had personal oversight of the Battersea development project to ensure it opened on time, and was a critical part of the fundraising approach that has generated almost £45m in external funding. A new Strategic Plan for the period 2022–27 was led by Dr Thompson and agreed with Council, giving the RCA a clear steer on its future direction and areas of development. The launch of this new Strategic Plan ran alongside the launch of other major new initiatives actively championed by Dr Thompson, such as the high profile Terra Carta Design Lab, and the Sir Frank Bowling Scholarships, supporting UK students of Black African and Caribbean diaspora heritage.

Pay Ratios	Year ended 31 July 2022	Year ended 31 July 2021
Basic Pay Ratio	5.3	5.6
Total Remuneration Ratio	5.2	5.4

In 2021/22 the Vice-Chancellor's basic salary was 5.3 times the median pay for all College staff, compared to 5.6 in the prior year. It compared favourably with the median Higher Education Institution (HEI) sector ratio of 7.23¹. The decrease against the prior year was driven by an increase in higher paid positions across the College, including the addition of a number of new Associate Deans. The Vice-Chancellor's total remuneration was 5.2 times the median total remuneration, compared to a prior year multiple of 5.4.

The RCA has prepared its median pay disclosure for 2021/22 in accordance with the OfS 2021/22 Accounts Direction definition. This includes permanent staff, but excludes non payroll agency staff.

¹ 2022 Survey of Vice-Chancellors' remuneration

Remuneration of other higher paid staff, excluding employer's National Insurance and pension contributions:

	Year ended 31 July 2022	Year ended 31 July 2021
	No.	No.
£100,000 to £104,999	0	0
£105,000 to £109,999	6	5
£110,000 to £114,999	1	1
£115,000 to £119,999	2	1
£120,000 to £124,999	1	1
£125,000 to £129,999	1	1
£180,000 to £184,999	0	1
£185,000 to £189,999	1	0
£195,000 to £199,999	0	1
	12	11

The prior year was restated to exclude allowances and bonuses

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

Average Staff Numbers (FTE) by Major Category:

	No. (FTE)	No. (FTE)
Academic Programmes and Services	290	256
Premises	30	22
Research	45	37
Administrative and Other	133	137
	498	452

Average Full-time Equivalent (FTE) staff numbers in 2021/22 were calculated by taking an average of actual staff numbers at 31 July 2022 and July 2021.

Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College. Staff costs include compensation paid to key management personnel. Compensation consists of salary and benefits and includes employer pension contributions.

The key management personnel at the Royal College of Art are the Vice-Chancellor, the Deputy Vice-Chancellor and Provost, the Chief Operating Officer, and the Chief Financial Officer. The Executive Director for Transformation and Delivery was part of the Key Management Personnel until December 2021.

	Year ended 31 July 2022	Year ended 31 July 2021
	£'000	£'000
Key Management Personnel Compensation	957	1,040

Notes to the Accounts for the Year ended 31 July 2022

	Year ended 31 July 2022	Year ended 31 July 2021
	£'000	£'000
9 Interest and Other Finance Costs		
Loan Interest	408	295
	408	295
10 Analysis of Total Expenditure by Activity		
Academic and Related Expenditure	18,922	16,720
Academic Services	6,495	6,030
Scholarships, Prizes and Awards	3,289	2,444
Sponsored Projects, Exhibitions and Shows	1,399	1,276
Research Grants and Contracts	3,756	3,718
Premises (Including Service Concession Cost)	15,732	11,944
Residences, Catering and Conferences	852	377
Administration and Central Services	16,322	15,474
Depreciation	4,993	4,053
Other Expenses	3,265	1,714
	75,025	63,750
Other Operating Expenses Include:		
External Auditor's Remuneration in Respect of Audit Services	64	56
External Auditor's Remuneration in Respect of Non-audit Services	10	12
Internal Audit	54	58
Operating Lease Rentals – Land and Buildings	2,728	2,908
11 Intangible Assets		
Software		
Cost		
Opening Balance	3,558	2,905
Additions in the Year (including intangible assets under construction)	505	653
Write offs	(288)	–
Total Cost	3,775	3,558
Amortisation		
Opening Balance	(1,906)	(1,329)
Amortisation Charge for the Year	(549)	(577)
Accumulated Amortisation	(2,455)	(1,906)
Net Book Value 31 July 2022	1,320	1,652

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

12 Fixed Assets

Cost and Valuation

At 1 August 2021	40,073	87,877	10,211	96,547	16,035	250,743
Transfer of Completed Assets from Assets Under Construction	100,335	6,720	3,966	(111,021)	–	–
Additions	40	–	1,626	20,918	22	22,606
Disposals	–	(22)	–	–	–	(22)

At 31 July 2022	140,448	94,575	15,803	6,444	16,057	273,327
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Depreciation

At 1 August 2021	–	(14,687)	(7,793)	–	–	(22,480)
Charge for the Year	(363)	(2,709)	(1,371)	–	–	(4,443)

At 31 July 2022	(363)	(17,396)	(9,164)	–	–	(26,923)
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Net Book Value

At 31 July 2022	140,085	77,179	6,639	6,444	16,057	246,404
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At 31 July 2021	40,073	73,190	2,418	96,547	16,035	228,263
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A full valuation of academic, office, ancillary and support buildings was carried out on 31 July 2014 by Gerdalve.
The RCA's heritage assets were revalued by Sotheby's in February 2019.

Notes to the Accounts for the Year ended 31 July 2022

13 Heritage Assets

The College has an art collection which consists mainly of works of art acquired free of charge from former students and artists associated with the College. Most items in the collection had nil or little value at the date of acquisition as the artists were not well known. Over time some items in the collection have appreciated in value. At 31 July 2022 there were over 1,300 in the collection.

	2022	2021	2020	2019	2018
	£'000	£'000	£'000	£'000	£'000
Total Cost of Acquisitions Purchased	22	–	3	–	–
Total Acquisitions Capitalised	22	–	3	–	–

14 Non-current Investments

	Endowment Assets	Investment Property	Total
	£'000	£'000	£'000
At 1 August 2021	26,640	2,525	29,165
Additions	7,601	–	7,601
Disposals	(7,235)	–	(7,235)
Increase/(Decrease) in Market Value of Investments	(2,304)	545	(1,759)
At 31 July 2022	24,702	3,070	27,772

The non-current investments have been valued at market value. For the breakdown of Endowment Assets by Investment Class, refer to Note 21.

	Year ended 31 July 2022	Year ended 31 July 2021
	£'000	£'000
15 Stock	177	184
	177	184

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

16 Debtors

	Year ended 31 July 2022	Year ended 31 July 2021
Amounts falling due within one year:	£'000	£'000
Debtors	1,010	590
Accrued Income	1,191	1,664
Prepayments	1,247	1,410
	3,448	3,664

17 Current Investments

Short-term Deposits	2,434	609
	2,434	609

18 Creditors: Amounts Falling Due Within One Year

Sundry Creditors	3,939	2,607
Social Security and Other Taxation Payable	903	826
Accruals and Deferred Income*	24,475	22,812
Staff Annual Leave Accrual	1,175	1,275
Unsecured Loans	10,000	–
	40,492	27,520

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

Deferred Income

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

Government Grants – Government	2,667	3,148
Research Grants – Non-Government	1,106	1,129
Grant Income	62	79
Other Income	199	131
	4,034	4,487

Notes to the Accounts for the Year ended 31 July 2022

	Year ended 31 July 2022	Year ended 31 July 2021
19 Creditors: Amounts Falling Due After More Than One Year	£'000	£'000
Deferred Income*	48,260	49,243
Unsecured Loans	10,000	12,500
	58,260	61,743
Analysis of Unsecured Loans:		
Due Within One Year or on Demand (Note 18)	10,000	–
Due Between One and Two Years	–	10,000
Due Between Two and Five Years	10,000	–
Due in Five Years or More	–	2,500
Due After More Than One Year	10,000	12,500
Total Unsecured Loans	20,000	12,500

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

The College has a £43m loan facility agreement with HSBC, which includes a £33m Revolving Credit Facility (RCF), and a £10m Coronavirus Large Business Interruption Loan (CLBIL). The College had drawn £10m of the £33m RCF at the end of the year (an increase of £7.5m from the prior year end). The purpose of the facility is to assist with the financing of, and cash flows relating to, the RCA's project building a new campus at Battersea. The facility is for a ten-year term (from February 2017 to January 2027). The CLBIL facility, of which the full £10m was drawn at the end of the year, is for a three-year term. Loan drawdowns for both facilities are subject to quarterly interest rate repayments, and there is no charge over the RCA's assets.

20 Contingent Liabilities

The College has no provisions for contingent liabilities at the year ending 31 July 2022.

	Restricted Permanent Endowments	Unrestricted Permanent Endowments	Restricted Expendable Endowments	2022 Total	2021 Total
21 Endowment Reserves	£'000	£'000	£'000	£'000	£'000
Restricted net assets relating to endowments are as follows:					
Balances at 1 August 2021					
Capital	7,965	5,940	11,944	25,849	21,620
Accumulated Income	150	812	(80)	882	664
	8,115	6,752	11,864	26,731	22,284
New Endowments	4,235	–	–	4,235	1,901
Investment Income	190	186	127	502	472
Expenditure	(255)	(25)	(406)	(686)	(370)
	(65)	161	(279)	(184)	102
Increase (decrease) in Market Value of Investments	(405)	(661)	(1,238)	(2,304)	2,444
At 31 July 2022	11,880	6,252	10,346	28,478	26,731
Represented by:					
Capital	11,795	5,279	10,705	27,779	25,849
Accumulated Income	85	973	(359)	699	882
	11,880	6,252	10,346	28,478	26,731
Analysis by Type of Purpose:					
Scholarships and Bursaries	14,992	–	3,089	18,081	15,200
Research Support	–	–	3,540	3,540	3,737
Prize Funds	480	–	88	568	730
General	36	6,253	–	6,289	7,064
	15,508	6,253	6,717	28,478	26,731
Analysis by Asset:					
Fixed Interest Stocks				6,970	8,118
Equities/Securities				17,731	18,522
Cash and Cash Equivalents (RCA)				1,343	(523)
Cash and Cash Equivalents (Investment Fund)				2,434	614
				28,478	26,731

Note that the 2021 figures for new endowments and expenditure have been restated to ensure consistency with the 2022 calculations
The endowments held include the following funds:

	£'000
Endowment Fund	10,785
Development Fund (unrestricted)	6,272
GenerationRCA Scholarship Fund	6,193
Helen Hamlyn Chair	3,072
Other	2,156
	28,478

Notes to the Accounts for the Year ended 31 July 2022

	Unspent Capital Grants	Donations	2022 Total	2021 Total
	£'000	£'000	£'000	£000
22 Restricted Reserves				
Reserves with restrictions are as follows:				
Balances at 1 August 2021	136	2,946	3,082	3,509
New Capital Receipts	10,484	–	10,484	6,655
New Donations	–	2,235	2,235	1,397
Capital Grants Utilised	(10,484)	–	(10,484)	(6,655)
Expenditure	–	(2,284)	(2,284)	(1,824)
	–	(49)	(49)	(427)
At 31 July 2022	136	2,897	3,033	3,082

	2022 Total	2021 Total
	£'000	£'000
Analysis of Other Restricted Funds/Donations by Type of Purpose:		
Scholarships and Bursaries	1,411	1,156
Capital Grants	137	137
Prize Funds	101	101
General	1,383	1,688
	3,032	3,082

23 Cash and Cash Equivalents	At August 2021	Cash Flows	At 31 July 2022
	£'000	£'000	£'000
Cash and Cash Equivalents	13,530	4,348	17,878
	13,530	4,348	17,878

24 Capital and Other Commitments

	Year ended 31 July 2022	Year ended 31 July 2021
	College £'000	College £'000
Provision has not been made for the following capital commitments:		
Commitments contracted for	1,051	11,482
	1,051	11,482

These relate to contracts associated with the College's new Battersea building project.

25 Financial Instruments

Unquoted Investments

At 31 July 2022, the College had unquoted equity investments of £1,527,003 which were held at cost. These consist of investments in 59 start-up companies supported by the InnovationRCA Incubator.

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

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

For further information on InnovationRCA please see page 13.

Notes to the Accounts for the Year ended 31 July 2022

26 Lease Obligations

Total rentals payable under operating leases:

	Land and Buildings	
	31 July 2022	31 July 2021
	£'000	£'000
Payable During the Year	2,728	2,908
Future Minimum Lease Payments Due:		
Not Later Than One Year	2,562	2,779
Later Than One Year and Not Later Than Five Years	9,340	11,114
Later Than Five Years	2,460	4,247
Total Future Lease Payments Due	14,362	18,140

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

	31 July 2022	31 July 2021
	£'000	£'000
Operating Lease Rentals Receivable During the Year	156	156
Future Minimum Lease Receipts Due:		
Not Later Than One year	156	156
Later Than One Year and Not Later Than Five years	671	625
Later Than Five Years	–	46
Total Future Rental Income Receipts Due	827	827

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

Total rentals payable under Finance leases:

	Land and Buildings	
	31 July 2022	31 July 2021
	£'000	£'000
Payable During the Year	637	596
Future Minimum Lease Payments Due:		
Not Later Than One Year	686	650
Later Than One Year and Not Later Than Five Years	2,885	2,731
Later Than Five Years	34,932	34,456
Total Future Lease Payments Due	38,503	37,837

Notes to the Accounts for the Year ended 31 July 2022

27 Pension Scheme

General Description of the Scheme

The Royal College of Art participates in the Superannuation Arrangements of the University of London ("SAUL"), which is a centralised defined benefit scheme within the United Kingdom and was contracted-out of the Second State Pension (prior to April 2016).

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

Pension benefits accrued within SAUL currently build up on a Career Average Revalued Earnings ("CARE") basis.

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

Funding Policy

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

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

A formal actuarial valuation of SAUL is carried out every three years by a professionally qualified and independent actuary. The last actuarial valuation was carried out with an effective date of 31 March 2020. Informal reviews of SAUL's position, reflecting changes in market conditions, cash flow information and new accrual of benefits, are carried out between formal valuations.

The funding principles were agreed by the Trustee and employers in June 2021 and are due to be reviewed at SAUL's next formal valuation in 2023.

At the 31 March 2020 valuation SAUL was 94% funded on its Technical Provisions. However, market movements following the valuation date were positive and the Trustee and the Employers agreed to allow for post-valuation experience up to 30 April 2021. As SAUL was in surplus on its Technical Provisions basis at that date, no deficit contributions were required. However, as per an agreement between the Trustee and the Employers, the ongoing Employers' contributions increased from a rate of 16% of CARE Salaries to 19% of CARE Salaries from 1 April 2022 and 21% of CARE Salaries from 1 January 2023.

Accounting Policy

The Royal College of Art is a Participating Employer in SAUL. The actuarial valuation applies to SAUL as a whole and does not identify surpluses or deficits applicable to individual employers. As a whole, the market value of SAUL's assets at 31 March 2020 was £3,612 million representing 94% of the liabilities. The market value of SAUL's assets at 30 April 2021 was £4,369 million representing 109% of the estimated liabilities.

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

Although there was a Technical Provisions deficit at 31 March 2020, allowing for post valuation experience to 30 April 2021, SAUL had a Technical Provisions surplus. Therefore, no deficit contributions were required following the 2020 valuation and there is no defined benefit liability (i.e. the present value of any deficit contributions due to SAUL) to be recognised by the Royal College of Art.

28 Related Party Transactions Note

Due to the nature of the College's operations and the composition of its Council and staff, it is inevitable that transactions will take place with external bodies, trusts and organisations with which Council members and/or staff may be associated. The College maintains a Register of Interests in which all such interests are declared, and all transactions are conducted at arm's length and in accordance with the College's financial regulations and usual procurement procedures. £537 of payments were made to Council members for the reimbursement of incidental expenses during the year (2020/21, £0).

During the year, the following transactions took place with companies in which Council or staff members had interests: The College paid £349,695 to the Victoria and Albert Museum (2020/21, £394,530) primarily for the reimbursement of fees for the History of Design programme (run jointly by the College and the Victoria and Albert Museum).

The College also received £29,850 of bursaries from the Victoria and Albert Museum in relation to the above mentioned History of Design programme. Paul Thompson and Tristram Hunt are members of the College's Council and have interests in the Victoria and Albert Museum.

The College paid £311,620 to the RCA Students Union (2020/21, £277,913), this was all in relation to subvention (from August 2021 to July 2022).

The College paid £692 to the British Library in respect to loans (2020/21: £6,356 for curating art project with the RCA and some loans). Dr Anne-Marie Imafidon is a member of the College's Council and member of the British Library Advisory Council.

29 Jointly Controlled Operations

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

Velocity 400 Ltd consists of The Royal College of Art, the Royal Academy of Music, the Royal College of Music, Trinity Laban Conservatoire of Music & Dance, Regents University London, Ravensbourne University London, University of Roehampton, and the University of East London.

Notes to the Accounts for the Year ended 31 July 2022

30 US Department of Education Financial Responsibility Supplemental Schedule

In satisfaction of its obligations to facilitate students' access to US federal financial aid, the Royal College of Art is required, by the US Department of Education, to present the following Supplemental Schedule in a prescribed format.

The amounts presented within the schedules have been:

- prepared under the historical cost convention, subject to the revaluation of certain fixed assets;
- prepared using United Kingdom generally accepted accounting practice, in accordance with Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 edition);
- presented in pounds sterling.

The schedules set out how each amount disclosed has been extracted from the financial statements. As set out above, the accounting policies used in determining the amounts disclosed are not intended to and do not comply with the requirements of accounting principles generally accepted in the United States of America.

Primary Reserve Ratio			Year ended 31 July 2022	Year ended 31 July 2021
			£'000	£'000
Page	Line item/related disclosure			
73	Balance Sheet – Unrestricted income and expenditure reserve	Expendable Net Assets	(90,103)	(80,766)
		Total Expenses and Losses Without Donor Restrictions	72,055	61,672
Equity Ratio			Year ended 31 July 2022	Year ended 31 July 2021
			£'000	£'000
Page	Line item/related disclosure			
73	Balance Sheet – Unrestricted income and expenditure reserve	Modified Net Assets	186,100	173,380
		Modified Assets	299,434	277,067
Net Income Ratio			Year ended 31 July 2022	Year ended 31 July 2021
			£'000	£'000
Page	Line item/related disclosure			
75	Statement of Changes in Reserves – total of movement shown for Income & Expenditure Reserve and Revaluation Reserve	Change in Net Assets Without Donor Restrictions	537	4,573
		Total Revenues and Gains Without Donor Restrictions	72,047	66,370

Expendable Net Assets		Year ended 31 July 2022	Year ended 31 July 2021
	Note/Ref	£'000	£'000
Net Assets without donor restrictions		154,589	143,567
Net Assets with donor restrictions	21/22	31,511	29,813
Restricted in perpetuity	21	(18,132)	(14,867)
Term endowments	21	(10,346)	(11,864)
Other intangible assets	11	(1,321)	(1,652)
Property, Plant and Equipment	12/13	(246,404)	(228,263)
Line of credit for long term purposes	19	10,000	12,500
Modify for post implementation debt not related to purchase of assets	19	(10,000)	(10,000)
Expendable Net Assets		(90,103)	(80,766)
Total Expenses and Losses Without Donor Restrictions			
Total Operating Expenses less Endowment and Restricted expenditure	10/21	72,055	61,672
Total Expenses and Losses Without Donor Restrictions		72,055	61,672
Modified Net Assets			
Net assets without donor restrictions		154,589	143,567
Total Net Assets with Donor Restrictions	21/22	31,511	29,813
Modified Net Assets		186,100	173,380

Notes to the Accounts for the Year ended 31 July 2022

		31 July 2022	31 July 2021
	Notes	£'000	£'000
Modified Assets			
Total Assets	11/12/13/14/15/16/17/23	299,434	277,067
Modified Assets		299,434	277,067
Change in Net Assets Without Donor Restrictions			
Change in Net Assets Without Donor Restrictions		537	4,573
Change in Net Assets Without Donor Restrictions		537	4,573
Total Revenues and Gains Without Donor Restrictions			
Total Operating Revenue and Other Additions	1/2/3/5/7/21/22	72,569	66,847
Investment return appropriated for spending		(522)	(477)
Total Revenues and Gains Without Donor Restrictions		72,047	66,370

Design

Ian Vickers and Scott Doran
– Eureka! Design Consultants
(MA Graphic Design & Art Direction, 1992)

Photography

p4 Hugo Burnand
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p55 Richard Haughton

