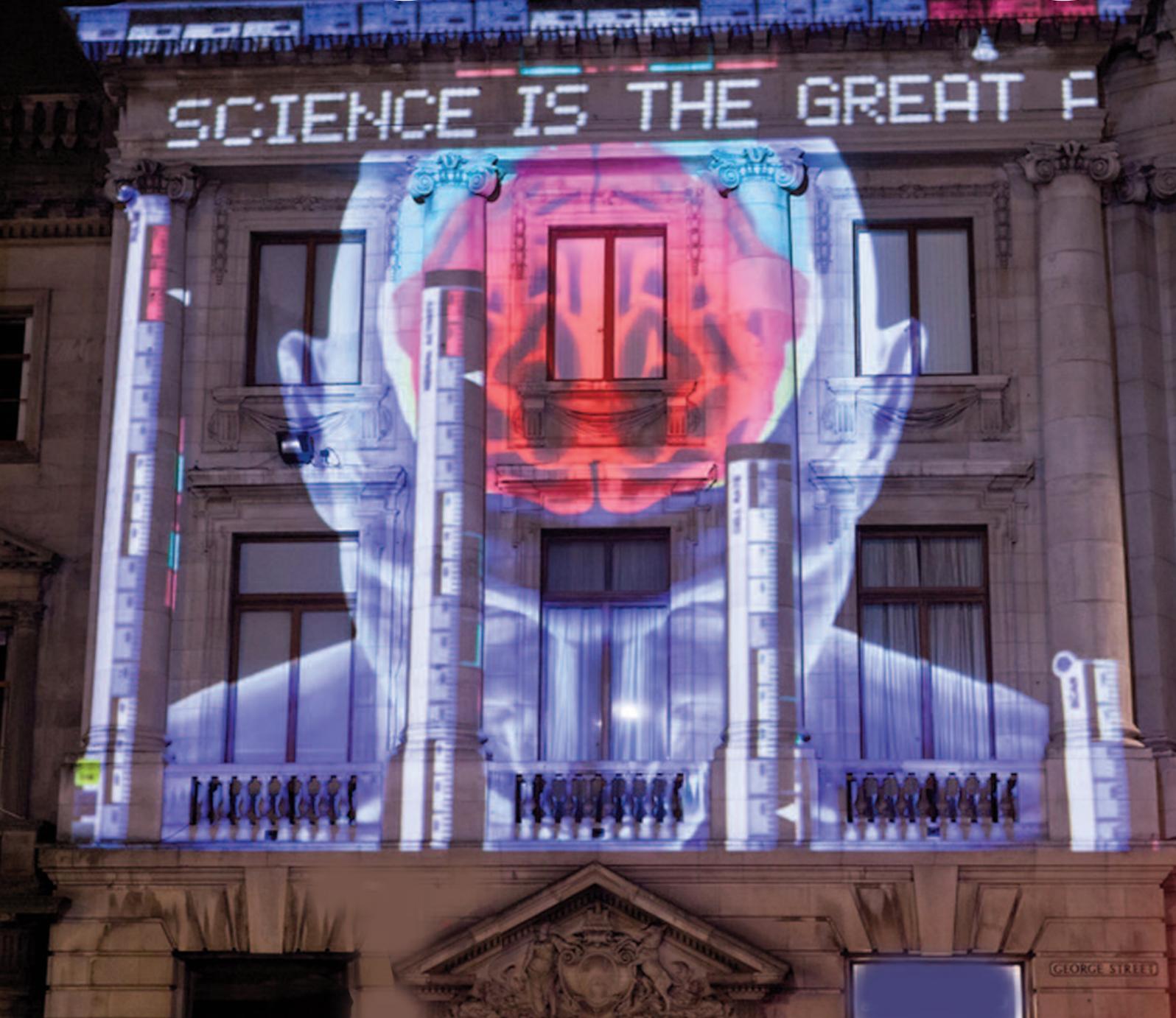


# enlightening

SCIENCE IS THE GREAT F



THE ROYAL  
SOCIETY  
OF EDINBURGH

## TRUSTEES' REPORT

April 2011 > March 2012



# The Royal Society of Edinburgh contributes to the social, cultural and economic wellbeing of Scotland in the 21st Century

The stunning image on the front cover is of the RSE building taken during the enLIGHTen project in March 2012. As part of the City of Literature celebrations, building-sized projections inspired by the Scottish Enlightenment were displayed on historic locations across Edinburgh's city centre. The moving images were stimulated by and created around a quote by Adam Smith – *"Science is the great antidote to the poison of enthusiasm and superstition"*

*Image courtesy of the City of Literature  
Photograph by Chris Scott*

# Trustees' Report & Accounts 2011–2012

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# Trustees' Report & Accounts 2011–2012

The Trustees are the Council Members elected during the financial year (1 April 2011 to 31 March 2012)

## Council

	<b>Until 4 October 2011</b>	<b>From 4 October 2011</b>
President	Lord WILSON of TILLYORN KT GCMG	Sir John ARBUTHNOTT
Vice-Presidents	Professor J D BEGGS CBE Mr J F McCLELLAND CBE * Professor H L MacQUEEN Professor W SIBBETT CBE	Professor J D BEGGS CBE Professor G D CAIE Mr I C RITCHIE CBE † Professor W SIBBETT CBE
General Secretary	Professor G S BOULTON OBE	Professor A BROWN CBE
Treasurer	Mr E BROWN CBE	Mr E BROWN CBE
Fellowship Secretary	Professor P H HOLMES OBE	Professor A MILLER
Councillors	Professor A DOMINICZAK OBE Dr I G HALLIDAY CBE Professor S L MANNING Professor R C CRAIG OBE Professor S ROWAN MBE	Professor A DOMINICZAK OBE Sir David EDWARD PC KCMG Professor S L MANNING Professor R C CRAIG OBE Professor S ROWAN MBE

## Executive Board

	<b>Until 4 October 2011</b>	<b>From 4 October 2011</b>
General Secretary and Chair	Professor G S BOULTON OBE	Professor A BROWN CBE
Treasurer	Mr E BROWN CBE	Mr E BROWN CBE
Curator	Professor J D MACMILLAN	Professor J D MACMILLAN
Research Awards Convener	Professor A MILLER	Professor SP BEAUMONT OBE
International Convener	Sir David EDWARD PC KCMG	Sir David EDWARD PC KCMG
Programme Convener	Professor J S RICHARDSON	Professor J S RICHARDSON
Young People's Programme Convener	Professor M BOWNES OBE	Dr C R D VAN DER KUJYL
Chair of RSE Scotland Foundation	Professor J R COGGINS OBE	Professor J R COGGINS OBE
Education Committee Convener	Professor S A BROWN OBE	Professor S A BROWN OBE
Chief Executive	Dr W DUNCAN	Dr W DUNCAN
Director of Finance	Miss K F M ELLIS	Miss K F M ELLIS

\* until 20 February 2012

† from 2 April 2012

# Trustees' Report & Accounts 2011–2012

## Overview

The RSE is Scotland's National Academy. It has made a major contribution to Scottish Society since 1783 through Fellows, such as Adam Smith, Walter Scott, James Clerk Maxwell and James Black, whose achievements resonate internationally. It is unique in Britain and distinctive internationally in the breadth of its fellowship which ranges across the sciences, medicine, engineering, the social sciences, arts, humanities, business and public service. Its purpose is to promote excellence across the whole range of human understanding and the use of that understanding in the betterment of the national and international society of which it is part.

In recent years, the activities of the RSE have both deepened and diversified in contributing to Scotland's economic, social and cultural prosperity. Over the year ended 31 March 2012 we delivered a wide range of public benefit activities, many in partnership with and/or supported by others with common goals in mind. In delivering these activities we drew upon the considerable strengths and varied expertise of RSE Fellows across a very wide range of disciplines. These Fellows played an active role in maintaining the highest-quality standards of delivery and the cost of Fellows' time, given *pro bono*, would have amounted to over £0.7m.

The highlights of the year include:

- **Launch of the RSE Young Academy of Scotland** and selection of 68 members
- **Launch of a major Inquiry Report on Women in STEM (Science, Technology, Engineering and Mathematics)**
- **Award of two RSE Beltane Prizes for Public Engagement**
- Live Webcast by the BBC of the **Schools' Christmas Lecture** by Tom Devine on *To the Ends of the Earth: Scotland's Global Diaspora*
- **Launch of the first phase of a Computing Exemplification Materials Project** in support of the Curriculum for Excellence
- Seven **corporate partners** joined and six corporate partners continued as Friends of the Society
- Award of a further **12 Enterprise Fellowships** throughout the UK
- Two joint events in a series of seminars held in partnership with the **French Embassy, London**, for early-career French and Scottish scientists
- **RSE@Dumfries & Galloway**, an ongoing programme of activities across the Dumfries & Galloway region that concluded in June 2011
- **Award of the RSE/BP Hutton Prize in Energy innovation to Dr David Wright**, a prize awarded on a biennial basis by the RSE Council to an early career

researcher based in Scotland, who has shown "a significant individual contribution to energy innovation through research and knowledge exchange."

- A joint workshop with **National Natural Science Foundation of China** on Image Understanding and Processing
- **Climate Change Inquiry** dissemination events.

The consolidated financial result for the year on page 13 of £1.77m includes several **non-recurring items** – a major legacy where RSE was the main beneficiary **from Dr David Shepherd of £1,280,281** and a further payment of **a legacy from Dr Gethin Lewis of £350,000**. There was a **windfall receipt from sales of the digitised historical journals of £50,000** and an unplanned surplus of £106,000 in restricted funds arising from the **early resignation of CRF research fellows**.

The underlying financial outcome for the year was a deficit of £21,000, as follows:

	£'000
Total net incoming resources	<b>1,771</b>
Less:	
Legacy – Dr Shepherd FRSE	<b>(1,280)</b>
Legacy – Dr Lewis FRSE	<b>(350)</b>
Sales of digital archive	<b>(50)</b>
Surplus of CRF income	<b>(106)</b>
Appeal income	<b>(6)</b>
Operating deficit on recurring activities	<b>(21)</b>

## Structure, governance and management

The RSE Council, chaired by the President, comprises thirteen Trustees, including four Vice-Presidents, the General Secretary, the Treasurer, the Fellowship Secretary and five ordinary members. Subject to annual re-election, Council members serve for three years, except for the General Secretary and Treasurer, who may serve for up to four years. All are unpaid.

The Council is responsible for the strategic direction and policies of the RSE, and normally meets quarterly.

An Executive Board has delegated responsibility from the Council for delivery of the RSE's activities. It is chaired by the General Secretary, and also has as its elected members, the Treasurer, the Conveners of the main operational committees and the Curator, as well as the Chair of the RSE Scotland Foundation and senior executive staff. The Executive Board normally meets quarterly and reports to the Council.

# Trustees' Report & Accounts 2011–2012

## Structure, governance and management (continued)

The Council members and the office-bearers serving on the Executive Board are all elected annually by the Fellowship in a postal ballot. New members of Council and the Executive Board are given an extensive induction through discussions with the Chief Executive and senior staff.

The Audit & Risk Committee (see Risk Management), Fellowship Committee, Investment Committee and Prizes & Medals Committee report directly to Council.

Reporting to the Council through the Executive Board are operational committees, including the Education Committee, International Committee, the Business Innovation Forum, various Research Awards Committees, the Meetings Committee and the Young People's Committee. These Committees largely, but not exclusively, comprise Fellows of the RSE and are concerned with the operational delivery of the RSE's varied activities. All Fellows are actively encouraged to participate in the RSE's activities.

Two other charitable trusts founded by and closely connected to the RSE, the BP Research Fellowship Trust (the BP Trust) and the RSE Scotland Foundation (the Foundation), are included in the consolidated financial statements. The Foundation plays a leading role in the RSE's public outreach activities and manages the premises in Edinburgh. The Trustees of the Foundation are appointed for three years by the RSE Council.

Following a transfer of assets in 2009, the Foundation is also responsible for managing the programme of activities in support of research in Scotland, funded by the Caledonian Research Fund.

The BP Trust was created following a donation of £2m in 1988 from BP to support a scheme of post-doctoral research fellowships in specified subjects and which are awarded at the sole discretion of the RSE. The RSE President, General Secretary and Treasurer are the BP Trustees, *ex officio*.

## Statement of Council's responsibilities

The Council is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under charities legislation applicable in Scotland, the Council is required to prepare accounts for each financial year that give a true and fair view of the state of affairs of the RSE and of the incoming resources and application of resources of the RSE for that period. In preparing these financial statements, the Council is required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles of the Charities SORP;

- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the RSE will continue in operation.

The Council is responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the RSE and which enable it to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and RSE's own Laws. It is also responsible for safeguarding the assets of the RSE and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Council is also responsible for the maintenance and integrity of the charity and financial information included on the RSE's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Risk management

The Audit and Risk Committee, operating on a joint basis with the Foundation and the BP Trust, reports directly to the Council, the Foundation and the BP Trust. Its Chair, who cannot be a Trustee or other Office Bearer of the RSE, is invited to attend Council meetings as an observer. Its remit includes keeping under review the effectiveness of internal control and risk management systems of the RSE and its connected charities. The Council believes that the existing systems and the structure of decision taking and reporting through senior staff, the Executive Board and the Council continue to provide assurance that risks are assessed and carefully managed.

## Objectives and Activities

### Mission and Role

In keeping with its Royal Charter, the mission of the RSE is to *provide public benefit through the continued advancement of learning and useful knowledge*. To fulfil this, it promotes learning and puts the multidisciplinary expertise of its Fellows to work for the good of Scotland and its people. Its role is to:

- promote and recognise excellence in, and its application to, all areas of learning
- be a source of independent and expert advice on matters affecting the wellbeing of Scotland and its people
- advance public discussion on matters of national and international importance.

# Trustees' Report & Accounts 2011–2012

## The difference the RSE aims to make

All of the RSE's activities aim to contribute to the following public benefit outcomes:

- enhancing the capacity of world-class science and culture researchers working in Scotland
- increasing Scotland's research and development connections internationally
- improving connections between business and academia
- enhancing the capacity of school-age children to adopt science as a career
- enhancing the public's understanding of science and culture issues
- informing and influencing public policy decisions

## Strategic Priorities

The RSE seeks to make a difference through its programmes of Core Public Benefit, Fellowship and Support services. Overarching these are the following strategic priorities:

- developing partnerships and connections
- providing independent advice on major issues affecting public policy
- developing arts and humanities activities and their interface with science
- broadening public engagement
- diversifying funding sources

## Achievements in the year

This section describes the achievements of the RSE, the Foundation and the BP Trust, reflecting the fact that the Financial Statements are presented on a consolidated basis for this Group of connected charities.

The performance of the RSE and its connected charities in the year, as compared to the output targets set in the Operational Plan, is reported quarterly to the Executive Board, and thereafter to RSE Council and to the Trustees of the other connected bodies. These reports have again shown that over 95% of the targets were reached or exceeded. In many areas, additional targets, not in the initial Operational Plan were also delivered.

The core public benefit programme activities are:

### RSE Young Academy of Scotland

The Young Academy operates under the auspices of the newly constituted RSE Scotland SCIO, a new form of Scottish charitable incorporated organisation to deliver activities for public benefit. Launched in 2011, the Young Academy aims to broaden the experience of a group of the best and most vigorous young scientists, scholars and professionals with the purpose of developing a distinctive, coherent and influential voice in Scottish society from those who will shape its future. It aims to provide opportunities for interaction between members across disciplines and professions and with decision makers, opinion formers and experts, funding bodies, national institutions, the public and the national and international media. Since its launch, the Young Academy has set up Working Groups to address challenging issues facing society in

Scotland and beyond. Activities are coordinated through a peer-elected 'Facilitating Group' of five Young Academy members. Activities to date have included consultation responses, local meetings of the Working Groups and plenary sessions. A two day AGM is scheduled for Aberdeen in September 2012 followed by plenary sessions in December (Edinburgh) and March (St Andrews). The next round of the application process for membership will begin in autumn 2012. The Young Academy is an excellent example of how the RSE can contribute to the wellbeing of Scotland – through its own initiative without having to depend on others and by using its own resources.

### 1 Enhancing the capacity of world-class science and culture researchers working in Scotland

RSE Research Awards continue to support some of the most outstanding young scientists and innovators working in Scotland today. The Research Fellowships Awards Programme successfully enhances the capacity of world-class science and culture researchers working in Scotland; and increases Scotland's research and development connections internationally. It creates conditions that attract those with outstanding potential conducive to becoming research leaders, to establish their careers in Scotland and make long-term contributions to the STEM base and its application in Scotland. It provides scope to place special emphasis on areas of research key to the well-being of Scotland; for example, energy, environment and biosciences, and complements similar programmes available on a UK-wide basis from the Royal Society, the Royal Academy of Engineering, Research Councils and major Research Charities. It is only through partnerships with BP, the Caledonian Research Foundation, the Lloyds TSB Foundation for Scotland and the Scottish Government that the RSE is able to provide these awards.

The following awards in science were made during the year:

- One new BP Personal Research Fellowship awarded from 13 applicants
- One CRF Personal Research Fellowship awarded from 18 applicants
- 10 CRF European Visiting Research Fellowships awarded in Arts, Humanities & Social Sciences
- Cormack awards: one Undergraduate Prize, one Postgraduate Prize and six Vacation Research Scholarships, plus one Piazzi Smyth Vacation Scholarship
- John Moyes Lessells Scholarship, four travel grants.

Due to cuts in Scottish Government Grant, the pattern that had existed since 2008 of being able to award six, five-year fellowships per year had to be curtailed. With great reluctance, the Council decided that, to safeguard the support of existing Research Fellows, there should be a moratorium in 2011 and no new appointments were made in the Scottish Government Personal Research Fellowship scheme. The 17 Research Fellows already in post continued to generate substantial benefits for Scottish research.

# Trustees' Report & Accounts 2011–2012

## Achievements in the year (continued)

Also supported by Scottish Government grant, the Arts & Humanities programme, although much reduced from 2010–11, supported the award of:

- Six Research Workshops, from 14 applications
- Fifteen Small Research Grants, from 24 applications

In addition:

- Four Research Networks were supported in their second year of a two-year grant
- Two Major Research Grants were supported in the continuation of their grants

Since its inception in February 2007, the Arts & Humanities programme has enabled 63 individuals to develop new links with people and organisations with whom they would not normally work. An independent review of the scheme was completed in late October and was presented by Sir John Enderby FRS, to RSE senior officers and Scottish Government representatives. The report shows the programme to be highly effective and contributing to many of the Scottish Government National Outcomes. In presenting the report to the RSE, Sir John commented, *"I have been impressed by the range and quality of research and connections between academics that has been made possible by a relatively limited amount of money... [on] projects that will add to the understanding of Scotland's cultural richness, both historically and in the current day."*

The *Royal Medals* of the RSE are its most prestigious award, recognising outstanding research excellence and scholarship. The 2011 medals were awarded, with the approval of Her Majesty The Queen, to **Professor Noreen Murray FRS**, for her leading role in the development of gene cloning technology which influenced the course of biological research worldwide; **Baroness Helena Kennedy of the Shaws**, for her outstanding contribution to human rights and civil liberties, access to education, arts and ethics; **Professor S Desmond Smith FRS**, for his varied work in physics, especially in optoelectronics, spectroscopy and laser technology, and its application in industry and research technology. Professor Murray received her Medal from the President at a ceremony at the University of Edinburgh shortly before her death in May 2011. The other Medals were presented by HRH The Duke of Edinburgh.

The *IEEE/RSE/James Clerk Maxwell Award* for 2011 was awarded to **Marcian Edward ('Ted') Hoff** – Chief Technologist (Retired), Teklicon, Inc – for developments in programmable integrated circuitry for a wide range of applications. This award was also presented in August 2011 by HRH The Duke of Edinburgh, in the presence of the IEEE President Moshe Kam.

## 2 Increasing Scotland's research and development connections internationally

This programme seeks to increase Scotland's research and development connections internationally; and increase the

number of world-class science and culture researchers working in Scotland. It helps create conditions for talented people to live, learn, visit, work and remain in Scotland; and supports Scotland's reputation as a distinctive global identity, an independent-minded and responsible nation at home and abroad and confident of its place in the world.

Since 2003, Scottish Government funding has supported the establishment of formal Memoranda of Understanding (MoUs) between the RSE and 12 overseas sister Academies, and also supported the development and maintenance of relationships and activities with other overseas Academies. Based on the good relationships developed, the Bilateral and Open exchange schemes support researcher exchanges that lead to collaborative projects and result in further research funding from other sources. A particularly strong part of the programme, which cements relationships and collaborations are the joint research projects run over two years between Scottish and overseas Institutes (currently Chinese institutes jointly funded by the National Natural Science Foundation of China [NSFC]), supporting longer-term collaborations and leveraging further funding.

During the year, 31 Bilateral and 27 Open Exchange Scheme grants were awarded, which amounted to 196.5 person weeks of researcher support (for visits between Scotland and over 20 countries worldwide). Seven new joint projects with the NSFC were awarded for two years from Spring 2012 in the area of Image Processing, and ten existing joint projects in Information Science, and Biological Sciences were supported in their first and second years. Funding was also continued for the final year of collaboration between the University of Stirling and the Institute of Automation, The Chinese Academy of Sciences, to support a Scotland–China Higher Education Research Partnership for PhD Studies in the area of Telecommunications and Information Technologies.

### RSE–NSFC Workshop, Beijing, China

The RSE and the National Natural Science Foundation of China (NSFC) have a formal agreement, established to support research collaborations between Scotland and China. Under the terms of this agreement, the RSE and NSFC organised a workshop in October 2011 in China in the area of *Image Understanding and Processing*.

A delegation of six leading researchers attended from Scotland to meet with their Chinese counterparts, present their work and explore future opportunities for collaboration between the participants from Scotland and China.

### Franco–Scottish Science Seminar Series

In partnership with the French Embassy in London, two joint workshops and two lecture events were held in Spring 2012 as the second stage of a three-year collaboration. The collaboration consists of events run for early-career French and Scottish scientists in areas of science where there is excellence in both France and Scotland. The purpose of the seminars is to explore and publicly present areas of science where both Scotland and France have strengths and to stimulate Franco Scottish collaboration. The topics chosen were *Systems and Molecular Neuroscience* and *A New Paradigm of Science Driven by Ultrafast Lasers*.

# Trustees' Report & Accounts 2011–2012

## Achievements in the year (continued)

To further strengthen our International links, a Consular Corps visit to the RSE was organised in June 2011. This event was aimed at increasing the level of activities with the Consular Corps, involving them in our international activities and running joint events. Over 15 countries were represented at this meeting, and a direct result was an approach by the Polish Consulate to organise a joint event.

### 3 Improving connections between business and academia

The Enterprise Fellowship schemes run by the RSE are designed to encourage commercialisation of technology-based business ideas from academic institutions into spin-out companies. This activity helps create sustainable companies with high-value jobs and contributes to the economy in the long term. The RSE administers three Enterprise Fellowship Schemes, funded separately by Scottish Enterprise (SE), the Science and Technology Facilities Council (STFC) and the Biotechnology and Biological Sciences Research Council (BBSRC).

The Enterprise Fellows selected must demonstrate the entrepreneurial spirit needed to create a thriving business from a research idea. The fellowship offers support to develop their business skills, plus introductions to mentors, potential collaborators, investors and other specialists to help get their businesses off the ground.

The RSE/SE Enterprise Fellowships programme, aims to appoint 60 Fellowships over five years. Funding has so far been made available by Scottish Enterprise to appoint 36 over the first four years. The seventh round took place in Spring 2011 and three Fellows were appointed who took up post in October 2011. The eighth round took place in Autumn 2011 and five fellows were appointed who took up post in Spring 2012. Fourteen former SE Enterprise Fellows responded to a recent survey of their successes over the past two years. Between them they have attracted public funding (e.g. SMART awards), totaling £1.1m and have recruited 22 new employees. They have won nine new contracts worth £6.2m and launched seven new products. Private finance has been secured of £1.4m.

Both of the Research Council schemes operate on a UK wide basis and encourage the commercialisation of research previously funded by BBSRC and STFC. Following a rigorous selection process, one BBSRC Enterprise Fellow took up post in April 2011, with another three taking up post in October 2011. No STFC Enterprise Fellowship was awarded in 2011.

### 4 Enhancing the capacity of school-age children to adopt science as a career

The Schools Programme continues to use RSE Fellows and other experts to share their knowledge and understanding of science and culture with pupils, with a particular focus on enthusing those already “engaged”, and reaching those pupils who are not in close proximity to Scottish Universities and Science Centres, and who therefore have more limited opportunity to participate and meet with experts.

The programme comprised:

**39 science master classes** for S1 and S2 science subjects, hosted at five Universities, attended by 852 students from 73 schools

**22 schools talks** where the content was agreed with teachers in line with their curriculum, attended by 1085 students from 22 schools

**A range of additional young people's activities** were organised throughout the year:

Turing 2012 Schools Activity – the Twit-test

Scottish Book Trust's National Non-fiction Day – two talks

RSE Beltane Prizes for Public Engagement – one prize lecture

Bonnie Dunbar Activity Day 2011 – two events

RSE@ Dumfries and Galloway School Talks – seven events

A range of follow-on activities arose from the standard programme of events

Additional **masterclass school talks** because students had missed out on places on the original Masterclasses

**Student work experience** at the RSE Christmas Lecture with the RSE and BBC Scotland as a follow-on from an earlier TV & Film Masterclass

**Teaching Resources** based on the RSE Christmas Lecture

**CBBC Programme** *Little Stargazers* featuring RSE Fellow Dr Bonnie Dunbar.

### 5 Enhancing the public's understanding of science and culture issues

#### (i) Events

**Nine lectures** covering diverse topics ranging from Mathematics to the Arab Spring

#### Three annual lectures:

RSE Christmas Lecture: Tom Devine on *To the Ends of the Earth: Scotland's Global Diaspora*

Beltane Prize Lecture by Professor Aubrey Manning on *Communicating Science as Culture*

Edinburgh Lecture Series: Dame Jocelyn Bell Burnell on *A celebration of Women in Astronomy*

**Eight joint lectures** in partnership with the following organisations:

Centre for Ecology and Hydrology Edinburgh

The Institute for Advanced Studies in the Humanities and supported by the Journal of Scottish Philosophy

International Futures Forum

Consulate General of the Republic of Poland supported by Edinburgh Council and the European Commission

Edinburgh Consortium for Rural Research and the Society of Biology, Scotland

The Royal Academy of Engineering

Arts and Humanities Research Council and the Scottish Funding Council

The Royal Society, London, and the Genomics Policy and Research Forum.

# Trustees' Report & Accounts 2011–2012

## Achievements in the year (continued)

### Two joint conferences involving partnership with:

Gengage – *Your Genes and Clinical Research – Being More than a Guinea Pig*

British Academy – *Scotland and the United Kingdom*

### RSE@ Dumfries & Galloway programme

Three lectures

Four discussion forums / workshops

### Five events held in association with:

Royal Society of Chemistry – *Science and the Parliament*

The Confucius Institute – *Young China, Young Scotland*

Scottish Parliament – *Festival of Politics*

Edinburgh City of Literature – *enLIGHTen*

Cockburn Association – *Doors Open Day*

## (ii) Communications

A new RSE website was launched in 2011. It was updated regularly and provided information for the public and for Fellows. This year seventeen audio/video recordings of events were added to the website, and 27 written summary reports of activities in the public events and schools programme were published on the site soon after the events had taken place. Media briefings and press releases were provided for most major events and launches, and there was appreciable media coverage of many of the significant activities in the RSE programme.

Four issues of *ReSource*, the RSE Newsletter, were published and distributed to the Fellowship and around 3,000 others, including business leaders, journalists, research institutes, schools, MPs, MSPs and interested individuals.

Fellows also received a monthly e-bulletin, which enabled them to keep up to date with and, if appropriate, disseminate information on the RSE and its work. In addition, seven public e-bulletins were sent out during the year to advertise various events and schools activities.

Two issues of *Science Scotland* entitled *The search for new drugs* and *Knowledge Transfer in Engineering and Informatics* were published in the year. *Science Scotland* continues to increase people's awareness of cutting-edge science and technology activities in Scotland. Each issue is distributed to over 2,000 recipients worldwide. The issues are also available on the *Science Scotland* website.

## (iii) Journals

The RSE, through the Foundation, publishes two journals *Earth and Environmental Science Transactions of the Royal Society of Edinburgh* and *Proceedings A: Mathematics*. Copies of the journals are sent to 350 University Libraries, Academies and Institutions worldwide, as part of the

Society's exchange programme. The journals are highly regarded by academics as publication vehicles for their research, and they both maintained a respectably high impact factor in comparison with similar journals in their fields.

Six issues of *Proceedings A* were published during the 2011/12 year. Two issues of *Transactions* were published.

The digitisation of the RSE's archive journals – *Transactions* (1783–2001), *Proceedings* (1832–1940), *Proceedings A* (1941–1999) and *Proceedings B* (1941–1996) was progressed by Cambridge University Press during the year and was marketed and made available for sale to the public during 2011–12 thus making the RSE's highly-regarded journal archive more easily accessible to a world-wide audience.

## (iv) Prizes

RSE and Edinburgh Beltane launched the RSE Beltane Prizes for Public Engagement in 2011, with the aim of recognising and rewarding the advancement of high-quality public engagement with research. The Senior Prize was awarded to Professor Aubrey Manning OBE FRSE, Institute of Evolutionary Biology, University of Edinburgh; and the Young Innovator Award for an emerging talent to Dr Joanna Brooks, Human Cognitive Neuroscience, University of Edinburgh.

## 6 Informing and influencing public policy decisions

Using the multi-disciplinary knowledge and expertise of its Fellows, the RSE provides evidence-based advice to inform public policy decisions made by Scottish, UK and European Parliaments and Governments. It also facilitates discussion between Scottish parliamentarians and science stake-holders, promotes the contribution and role of science to these parliamentarians and aims to improve the parliament's understanding.

Key outputs of the RSE's Policy Advice Unit were five in-depth briefing papers and 16 Advice papers, nine to the Scottish Parliament and/or the Scottish Government, on a wide range of topics including: Alcohol Minimum Pricing and Proposals for Referendum on Independence. Oral evidence to Scottish Parliamentary Committees was also provided on subjects including: *Digital Scotland*, school education and low-carbon economy.

A Science and the Parliament event was held in partnership with the Royal Society of Chemistry in November 2011. Amongst the keynote speakers, on *Science and the Economy* were: John Swinney MSP (Cabinet Secretary for Finance, Employment and Sustainable Growth), Professor Anne Glover (the then Chief Scientific Adviser to the Scottish Government), Ian Ritchie (Co-Chair of the Scottish Science Advisory Council) and Professor Alice Brown (Vice-Chair of an RSE Women in STEM Working Group).

# Trustees' Report & Accounts 2011–2012

## Achievements in the year (continued)

### RSE Inquiry, Women in STEM

This Report was produced by an expert Working Group, chaired by the distinguished astrophysicist Professor Dame Jocelyn Bell Burnell. It aimed to develop a cohesive and comprehensive strategy for Scotland to increase both the proportion of women qualified in STEM in the workplace, and the number of women who rise to senior positions in universities, research institutes, government, business and industry. Sir John Arbuthnott stated “The recommendations in the report are directed at Government in Scotland and the UK, as well as universities and industry, for the benefit of the whole of society”.

### RSE Digital Scotland

In April 2011, the RSE Digital Scotland working group published *Ambition for a Digital Scotland*, a call for Scotland's political parties to commit to a high-speed Scotland, ahead of the May election. The RSE worked with the Scottish Documentary Institute and film-makers Pulkka to make a short (seven-minute) film on some of the themes raised in the report, including why Scotland needs fibre backbone to connect all its communities.

### RSE Education Committee

The RSE Education Committee members contribute to the development of policy in relation to education at all levels. Following the publication of the Briefing Paper on school education issues, members of the Education Committee met with the Scottish Government's Learning Directorate to discuss the issues raised in the paper and how the RSE could continue to provide support and constructive challenge to the implementation of the Curriculum for Excellence.

In association with Education Scotland, the RSE and the British Computer Society are undertaking a joint project to produce exemplification materials to support the teaching of Computing Science in schools under the Curriculum for Excellence.

Following on from the successes of its Education Committee activities, the RSE has established a Learned Societies' Group on Scottish Science Education. The group comprises representatives from the Association of Science Education, the Scottish Schools Education Research Centre and the Society of Biology. It will engage with and provide advice to policy makers in relation to the major reforms underway in Scottish education.

### The Fellowship Programme

The RSE's Fellowship includes men and women from all parts of Scotland, the UK and overseas, and encompasses the full range of disciplines, including science, engineering, social sciences, arts, humanities, law, education, business and industry.

In March 2012, the RSE announced the election of two Honorary Fellows, four new Corresponding Fellows, and 40 Fellows. This followed the scrutiny in 2011 of 149 candidates

through a four-stage committee process, culminating in the postal ballot in December of the entire Fellowship. The addition of new Fellows in 2012 brought the numbers in the Fellowship up to 1563 (as at 1 March 2012) – 65 Honorary Fellows; 64 Corresponding Fellows; 1434 Fellows.

The discipline balance of the Fellowship can be broadly represented by four cognate sectors. The current balance of these sectors (excluding Honorary & Corresponding Fellows) is:

- 36% Life Sciences
- 36% Physical Engineering and Informatic Sciences
- 14% Humanities and Creative Arts
- 14% Social Sciences, Education, Business and Public Service

The RSE holds an Induction Day each year for the new Fellows. This provides an opportunity for new Fellows to meet with members of Council, the Executive Board and RSE staff, and to be formally admitted to the Society. There were also events primarily for Fellows, including the Fellows' Summer Reception, the Royal Medals Award Ceremony, and the Annual Statutory Meeting.

### RSE Scotland Foundation

In addition to the publication of the RSE Journals, the Foundation continued to support education and the transfer of useful knowledge through letting the conference facilities in George Street. Income from this activity was down from the previous year; although the number of hires was greater than 2010/11. The Foundation was also responsible for letting surplus space to tenants—Universities Scotland and Lakeland Ltd. The income generated from these lettings supported public benefit programmes.

### Caledonian Research Fund (CRF)

On 11 March 2009 the Foundation received a transfer of funds from the Caledonian Research Foundation. Under the transfer agreement, the Trustees agreed firstly to honour the existing financial commitments of the CRF in support of scientific research, and thereafter to apply the assets at their discretion, with the proviso that they should have regard to the existing activities of the CRF, but that this should not place any restrictions on the purposes for which the assets may be used. During the year the final payments were made in respect of appointments in place at the transfer date and the balance of the fund is now unrestricted.

One postdoctoral Fellowship and two postgraduate studentships were awarded during the year. The Trustees have determined that they intend to continue all the existing schemes, but to ensure a balance between the costs of the schemes and the income earned from the investments.

All of the activities of the CRF are administered on behalf of the Foundation by the RSE, except the administration of the postgraduate scholarship scheme which remains with the Carnegie Trust for the Universities of Scotland.

# Trustees' Report & Accounts 2011–2012

## Financial review and policies

### BP Research Fellowship Trust

The first BP Hutton Prize in Energy Innovation was awarded to Dr David Wright in 2011 for his research entitled *The detection of oil and gas from surface based electromagnetic measurements*. He intends to use the funds to fund up to three student internships to enable promising students from anywhere in the world to come to Edinburgh and carry out original research within his group. These students may be recent BSc, MSc or PhD graduates.

The prize is awarded in alternate years between the years of the award of the **BP Research Fellowship**. There are three ongoing BP Research Fellows in post.

### Investment powers and policy

The management of the investment funds of the RSE, the Foundation and the BP Trust is carried out by Speirs & Jeffrey & Co on a discretionary basis. The objectives set by the Council are to ensure a sufficient level of income to meet the target set annually by the Council, and to invest for real capital growth over the long term. The Council has delegated the detailed monitoring of performance to an Investment Committee, which includes at least one ordinary member of Council and two experienced investment professionals and which makes comparisons against a composite benchmark reflecting the mix of assets held and the WM Charities Income Constrained Index.

The performance of the portfolios in the year was as follows:

	Income Target £'000	Actual income £'000	Total return %	Benchmark %
RSE	250	306	6.5	4.7
BP Trust	130	123	4.6	4.7
Foundation	325	348	6.5	4.7

The Investment Committee meets twice annually with the investment managers to discuss their compliance with the constraints set by the Committee and risk environment. In the year under review, no compliance issues arose which required to be reported to the Committee.

### Operating policies – grant making

The RSE makes grants to individuals in higher education institutions in support of research activities in the categories of postdoctoral Research Fellowships, Support Research Fellowships, Post-graduate Studentships, undergraduate Vacation Scholarships, Enterprise Fellowships and international

exchange grants. Each of these categories is specifically funded from various sources, including the RSE's restricted funds. The basis of eligibility and selection varies according to the detailed scheme regulations, which are published on the RSE's website ([www.royalsoced.org.uk](http://www.royalsoced.org.uk)). Grants are also made in support of research activities of Fellows of the RSE, including support for travel connected with research or scholarship, small-scale specialist meetings, to assist research visitors to Scotland to undertake collaborative research work with a Fellow, to assist a visiting lecturer to come to Scotland, to assist research collaboration between two institutions in Scotland or between universities and industry and to assist in the publication of books written by Fellows. These grants are funded by the RSE's designated Grants Fund. The Grants Committee is responsible for making awards in accordance with the detailed rules set out by the Council for the disbursement of the Grants Fund.

### Reserves policy and funds

The RSE holds a number of restricted funds resulting from bequests for particular purposes, details of which are set out in note 2 to the financial statements. The Council has created designated funds, from its unrestricted funds, the purposes of which are also set out in note 2 to the financial statements. The General Fund represents the balance of unrestricted funds arising from past operations. The Council has examined the requirement to hold unrestricted funds, and concluded that, whilst the present level of reserves gives adequate working capital for core costs, it is desirable to have a General Fund reserve in the range of six months' expenditure on central costs, or approximately £780,000. The current fund balance is £623,000. The Council has also reviewed the purposes and amounts of each of the designated funds, which comprise allocations for specific purposes of sums that had been donated in prior periods, together with the Development Fund and the Capital Asset Reserve. It is the Council's current intention to strengthen the RSE's financial independence by using major donations and legacies to build the Development Fund.

### Result for the year

The consolidated surplus for the year was £1,771,000, including two major legacies: £1,280,281 from Dr David Shepherd FRSE and a further payment of a legacy from Dr Gethin Lewis FRSE of £350,000. The underlying operating deficit for the year was £21,000, compared to a surplus of £19,000 in the previous year.

Investment gains comprised £23,800 realised in the year and £208,000 unrealised at the year end. The net movement on funds for the year after the FRS17 actuarial adjustment was £1,929,000.

# Trustees' Report & Accounts 2011–2012

## Financial review and policies (continued)

### Total incoming resources

Total incoming resources were £6.75 m (2011– £5.95m), the increase arising mainly from the legacy receipts. Other voluntary income, which includes Fellows subscriptions and continuing contributions from the *'Friends of the Society'* – corporate partners of the RSE, listed in note 26c, remained similar to previous years. Investment income of £0.8m increased by 17%, reflecting the addition of income from legacy proceeds, but incoming resources from charitable activities decreased by 17% to £3.8m.

The major reason for the fall in incoming resources for charitable activities was the 16% cut in Scottish Government grant to £2.455m. This resulted in decreases of £79,000 for science research fellowships and £353,000 for the Arts & Humanities Research Awards, funded by Scottish Government. Fluctuations in the pattern and numbers of Enterprise Fellow appointments also contributed to the decrease in income.

### Resources expended

On a like-for-like basis, but excluding the exceptional pension credit in 2011, total expenditure decreased by 15% (£0.88m), as a result of decreased expenditure on charitable activities.

Cost of generating funds (note 6) includes the cost of the Fellowship office, the costs of building management in respect of income from letting of surplus space, as well as fundraising costs, both direct and management time in securing funding.

Reductions in grants payable in support of research and innovation gave rise to the major part of the decrease in expenditure on charitable activities, falling from £4.01m to £3.18m. The largest component of this decrease came from the curtailment of the Scottish Government-funded Arts & Humanities awards programme. There was also an unplanned reduction in the CRF grants payable, due to early resignations of two Research Fellows. Total expenditure on influencing public policy increased by 9%, due to sustained levels of activity in new areas. A new area of charitable expenditure was the development and support of the RSE Young Academy of Scotland.

Governance costs continue to represent less than 3% of total recurring income.

Transfers between funds, shown in the Statement of Financial Activities, comprise the recurring transfer from the Capital Asset Reserve of a total of £101,000 to match the depreciation of buildings and the capital repayment of the loan to the Foundation; and a transfer on consolidation from the Foundation restricted fund balance to the General Fund, equivalent to the net inter-entity income received in the RSE.

### Balance sheet

Consolidated net assets have increased from £22.18m to £24.11m; mainly due to the £1.6m of legacy income. The contribution from the unrealised surplus on investments of £0.2m is offset by a FRS17 pension adjustment of £75,000. For the second year running the net pension position calculated by the actuary was a surplus, and the amount recognised in the financial statements was restricted so that no net pension asset was recognised, because it is unlikely that such an asset could be realised in the foreseeable future.

Net current assets decreased from £1.54m to £1.49m, as both debtors and creditors have reduced in line with grant activity. Debtors have decreased by £0.25m, mainly reflecting the timing of receipt of Scottish Government grant.

Total funds increased by £1.93m. In addition to the revenue surplus of £1,771,000, there were realised and unrealised investment gains of £232,000, and a negative movement of £75,000 on the actuarial pension fund liability.

### Future plans

The Scottish Government has cut the RSE's grant by a further 4% for 2012–13 to £2.35m, with indicative levels of grant in 2013 and 2014 being reduced by a further £250,000. The effect of these reductions will be a cut of 28% by 2013, compared with 2010–11. These substantial cuts greatly reduce the scale of the research fellowships and grant activities that the RSE runs on behalf of the Government, despite compelling evidence of the value to Scotland of the Science Research Fellowship and the Arts & Humanities Research Awards.

Public sector funding is likely to continue to be uncertain, but our review of the Strategic Framework and priorities for the period from 2012, will seek to mitigate the effects of these uncertainties. The focus will remain on the successful delivery of the RSE's varied programme of activities with public benefit outcomes.

The Council continues to develop partnerships with the corporate sector through the Friends of the Society, and seeks to increase its internal resources, to improve the level of income that the RSE receives from non-governmental sources. The aim of building the Development Fund as an internal resource continues, although this is of necessity a long term plan. Nevertheless the RSE is determined to strengthen and enhance its contribution to the wider society of which it is part.

Signed on behalf of the Council

**Ewan Brown CBE**

*Treasurer*

3 September 2012

# Trustees' Report & Accounts 2011–2012

## Independent Auditor's Report to the Council of the Royal Society of Edinburgh

We have audited the financial statements of the Royal Society of Edinburgh for the year ended 31 March 2012 which comprise the group statement of financial activities, the charity statement of financial activities, the group balance sheet, the charity balance sheet, the group cashflow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charity's trustees, as a body, those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of Trustees and auditor

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

We have been appointed as auditor under section 44(1)(c) of Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group and the charity's affairs as at 31 March 2012 and of the group and charity's incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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

We have nothing to report in respect of the following matters where the Charity Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

### Henderson Loggie Chartered Accountants and Statutory Auditors

*(Eligible to act as an auditor in terms of section 1212 of the Companies Act 2006)*

3 September 2012

## Trustees' Report &amp; Accounts 2011–2012

**Group statement of financial activities**  
**(incorporating the income & expenditure account)**  
 for year ended 31 March 2012

	Note	General Fund	Designated Funds	Restricted Income	Restricted Funds	2012 Total	2011 Total
		£	£	£	£	£	£
<b>Income</b>							
Legacies		–	1,630,386	–	–	<b>1,630,386</b>	–
Voluntary income	4	246,151	–	–	23,062	<b>269,213</b>	409,292
Activities for generating income	4	–	–	–	253,273	<b>253,273</b>	253,487
Investment income	4	34,847	207,470	–	550,032	<b>792,349</b>	675,139
Incoming resources from generated funds		280,998	1,837,856	–	826,367	<b>2,945,221</b>	1,337,918
Incoming resources from charitable activities	5	89,296	–	3,392,153	324,580	<b>3,806,029</b>	4,611,679
Total incoming resources		370,294	1,837,856	3,392,153	1,150,947	<b>6,751,250</b>	5,949,597
<b>Expenditure</b>							
Cost of generating funds	6	(163,066)	(25,356)	–	(66,708)	<b>(255,130)</b>	(281,453)
Charitable activities	6	(274,042)	(68,602)	(3,392,153)	(834,548)	<b>(4,569,345)</b>	(5,421,394)
Exceptional FRS 17 pension credit	6,12	–	–	–	–	<b>–</b>	240,000
Governance	6	(108,919)	–	–	(46,451)	<b>(155,370)</b>	(159,621)
Total resources expended		(546,027)	(93,958)	(3,392,153)	(947,707)	<b>(4,979,845)</b>	(5,622,468)
<b>Net (outgoing)/incoming resources before transfers</b>		(175,733)	1,743,898	–	203,240	<b>1,771,405</b>	327,129
Transfers between funds		109,557	(101,818)	–	(7,739)	<b>–</b>	–
<b>Other recognised gains/(losses)</b>							
<i>Gains/(losses) on investment assets</i>							
Realised gains		406	3,869	–	19,545	<b>23,820</b>	8,150
Unrealised gains		6,419	61,162	–	140,699	<b>208,280</b>	515,810
Actuarial (losses)/gain on Lothian Pension Fund		(75,000)	–	–	–	<b>(75,000)</b>	175,000
<b>Net movement in funds</b>		(134,351)	1,707,111	–	355,745	<b>1,928,505</b>	1,026,089
Balance brought forward at 1 April 2011		758,237	7,698,610	–	13,724,827	<b>22,181,674</b>	21,155,585
<b>Balance carried forward at 31 March 2012</b>		623,886	9,405,721	–	14,080,572	<b>24,110,179</b>	22,181,674

## Trustees' Report &amp; Accounts 2011–2012

## Group balance sheet at 31 March 2012

	Note	2012 £	2012 £	2011 £	2011 £
<b>Fixed assets</b>					
Tangible fixed assets	14		<b>3,652,554</b>		3,772,071
<b>Fixed asset investments</b>					
Investments at market value	15		<b>19,099,992</b>		17,087,892
			<b>22,752,546</b>		20,859,963
<b>Current assets</b>					
Debtors	16	<b>910,595</b>		1,217,162	
Cash at bank and in hand		<b>295,351</b>		130,051	
Deposits – Designated funds		<b>96,825</b>		96,343	
Deposits – Restricted funds		<b>1,262,255</b>		1,637,362	
Deposits – General funds		<b>295,112</b>		29,356	
		<b>2,860,138</b>		3,110,274	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	17	<b>(1,371,625)</b>		(1,570,713)	
			<b>1,488,513</b>		1,539,561
<b>Total assets less current liabilities</b>					
			<b>24,241,059</b>		22,399,524
<b>Provision for liabilities and charges</b>					
	18		<b>(130,880)</b>		(217,850)
<b>Net assets excluding pension fund</b>					
			<b>24,110,179</b>		22,181,674
Lothian Pension Fund defined benefit scheme asset/(liability)	23		–		–
<b>Net assets after pension fund asset/(liability)</b>					
			<b>24,110,179</b>		22,181,674
<b>Funds</b>					
General Fund			<b>623,886</b>		758,237
Add: Pension reserve			–		–
	19		<b>623,886</b>		758,237
Designated Funds	20		<b>9,405,721</b>		7,698,610
Restricted Funds	21		<b>14,080,572</b>		13,724,827
<b>Total funds</b>					
			<b>24,110,179</b>		22,181,674

The accounts were approved by the Council on 3 September 2012 and signed on its behalf by:

**Ewan Brown, CBE**  
Treasurer

## Trustees' Report &amp; Accounts 2011–2012

## RSE balance sheet

### at 31 March 2012

	Note	2012 £	2012 £	2011 £	2011 £
<b>Fixed assets</b>					
Tangible fixed assets	14		<b>2,058,368</b>		2,115,452
<b>Fixed asset investments</b>					
Investments at market value	15(a)		<b>7,941,063</b>		6,064,793
Loan to RSE Scotland Foundation	15(b)		<b>1,657,096</b>		1,703,904
			<b>11,656,527</b>		9,884,149
<b>Current assets</b>					
Debtors	16	<b>859,704</b>		1,124,283	
Cash at bank and in hand		<b>295,351</b>		109,181	
Money Market deposits – Designated funds		<b>96,825</b>		96,343	
Money Market deposits – Restricted funds		<b>1,123,166</b>		1,637,362	
Money Market deposits – General funds		<b>295,112</b>		29,356	
		<b>2,670,158</b>		2,996,525	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	17	<b>(2,213,133)</b>		(2,286,639)	
<b>Net current assets</b>			<b>457,025</b>		709,886
<b>Total assets less current liabilities</b>			<b>12,113,552</b>		10,594,035
<b>Provision for liabilities and charges</b>	18		<b>(130,880)</b>		(217,850)
<b>Net assets excluding pension fund</b>			<b>11,982,672</b>		10,376,185
Lothian Pension Fund defined benefit scheme asset/(liability)	23		–		–
<b>Net assets after pension fund asset/(liability)</b>			<b>11,982,672</b>		10,376,185
<b>Funds</b>					
General Fund			<b>623,886</b>		758,237
Add: Pension reserve			–		–
	19		<b>623,886</b>		758,237
Designated Funds	20		<b>9,405,721</b>		7,698,610
Restricted Funds	21		<b>1,953,065</b>		1,919,338
<b>Total funds</b>			<b>11,982,672</b>		10,376,185

The accounts were approved by the Council on 3 September 2012 and signed on its behalf by:

**Ewan Brown, CBE**  
Treasurer

## Trustees' Report &amp; Accounts 2011–2012

## RSE statement of financial activities (incorporating the income & expenditure account) for year ended 31 March 2012

	Note	General Fund £	Designated Funds £	Restricted income £	Restricted funds £	2012 Total £	2011 Total £
<b>Income</b>							
Voluntary income		246,151	1,630,386	–	11,048	<b>1,887,585</b>	301,470
Investment income		117,441	207,470	–	78,487	<b>403,398</b>	323,017
Incoming resources from generated funds		363,592	1,837,856	–	89,535	<b>2,290,983</b>	624,487
Incoming resources from charitable activities		141,799	–	3,689,372	–	<b>3,831,171</b>	4,679,622
Total incoming resources		505,391	1,837,856	3,689,372	89,535	<b>6,122,154</b>	5,304,109
<b>Expenditure</b>							
Cost of generating funds		(163,066)	(25,356)	–	–	<b>(188,422)</b>	(216,024)
Charitable activities		(401,400)	(68,602)	(3,689,372)	(80,222)	<b>(4,239,596)</b>	(4,951,603)
Exceptional FRS 17 pension credit	12	–	–	–	–	<b>–</b>	240,000
Governance		(108,919)	–	–	–	<b>(108,919)</b>	(117,244)
Total resources expended		(673,385)	(93,958)	(3,689,372)	(80,222)	<b>(4,536,937)</b>	(5,044,871)
<b>Net incoming/(outgoing) resources before transfers</b>							
		(167,994)	1,743,898	–	9,313	<b>1,585,217</b>	259,238
Transfers between funds		101,818	(101,818)	–	–	<b>–</b>	–
<b>Other recognised gains/(losses)</b>							
<i>Gains/(losses) on investment assets</i>							
Realised gains		406	3,869	–	1,452	<b>5,727</b>	44,045
Unrealised gains		6,419	61,162	–	22,962	<b>90,543</b>	215,611
Actuarial (losses) gains on Lothian Pension Fund	23	(75,000)	–	–	–	<b>(75,000)</b>	175,000
<b>Net movement in funds</b>							
		(134,351)	1,707,111	–	33,727	<b>1,606,487</b>	693,894
Balance brought forward at 1 April 2011		758,237	7,698,610	–	1,919,338	<b>10,376,185</b>	9,682,291
<b>Balance carried forward at 31 March 2012</b>							
		623,886	9,405,721	–	1,953,065	<b>11,982,672</b>	10,376,185

## Trustees' Report &amp; Accounts 2011–2012

## Group cash flow statement

for the year ended 31 March 2012

	2012 £	2012 £	2011 £	2011 £
<b>Cash flow statement</b>				
Net cash inflow/(outflow) from operating activities		<b>1,028,573</b>		(827,373)
<i>Returns on investments and servicing of finance:</i>				
Interest received	<b>14,383</b>		24,097	
Dividends received	<b>786,968</b>		642,040	
		<b>801,351</b>		666,137
<i>Capital expenditure and financial investment:</i>				
Purchase of tangible fixed assets	–		(13,527)	
Proceeds from sale of investments	<b>4,000,480</b>		2,968,391	
Purchases of investments	<b>(5,780,480)</b>		(3,449,111)	
		<b>(1,780,000)</b>		(494,247)
<i>Net cash flow before financing:</i>		<b>49,924</b>		(655,483)
Appeal receipts		<b>6,507</b>		6,027
<b>Increase/(Decrease) in cash in the year</b>		<b>56,431</b>		(649,456)
<b>Reconciliation of net cash flow to movement in net funds</b>				
Increase/(Decrease) in cash in the year		<b>56,431</b>		(649,456)
Net funds at beginning of year		<b>1,893,112</b>		2,542,568
Net funds at end of year (note 27)		<b>1,949,543</b>		1,893,112
<b>Reconciliation of net movement in funds to net cash outflow from operating activities</b>				
Net incoming resources before transfers	<b>1,771,405</b>		327,129	
Retirement benefit scheme current service cost	<b>117,000</b>		147,000	
Retirement benefit scheme contributions	<b>(153,000)</b>		(144,000)	
Retirement benefit scheme finance cost	<b>(39,000)</b>		(243,000)	
Appeal receipts	<b>(6,507)</b>		(6,027)	
Dividends receivable	<b>(777,966)</b>		(651,042)	
Interest receivable	<b>(14,383)</b>		(24,097)	
Depreciation	<b>119,517</b>		121,945	
Decrease/(Increase) in debtors	<b>297,565</b>		(437,368)	
(Decrease)/Increase in creditors	<b>(199,088)</b>		254,229	
Movement on provision for liabilities	<b>(86,970)</b>		(172,142)	
Net cash outflow from operating activities	<b>1,028,573</b>		(827,373)	

## notes to the financial statements

### 1 Accounting basis

The accounts have been drawn up to comply with the provisions of the Charities & Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 as amended, and follow the recommendations of the Statement of Recommended Practice for Charities (SORP) approved by the Accounting Standards Board in February 2005 and applicable accounting standards. The accounts have been prepared under the historical cost accounting rules as modified to include the revaluation of investments. The accounts comprise five primary financial statements: the Group and RSE statement of financial activities incorporating the income and expenditure account, the Group and RSE balance sheet and the Group cash flow statement.

On the basis of the RSE's reserves and cash position and the secured and expected incoming resources for the next twelve months, the Council considers that it is appropriate to prepare the financial statements on a going concern basis.

The consolidated financial statements include the financial statements of the RSE and of entities which are under its control: RSE Scotland Foundation and BP Research Fellowship Trust. As the objectives of each of these entities are narrower than those of the RSE, they have been treated as restricted funds.

### 2 Funds

The RSE's funds are classified in accordance with the definitions in SORP into Restricted Funds, where there are restrictions placed by a donor as to the use of income or capital, Designated Funds where the Society has set aside sums from its unrestricted funds for a particular purpose and the General (unrestricted) Fund. The classifications made are as follows:

#### General Fund

A discretionary Fund available to the Council to meet the ordinary activities of the Society.

#### Designated Funds

Capital Asset Reserve Fund – representing the book cost of the buildings at 22-24 George Street and 26 George Street together with the building project loan to the RSE Scotland Foundation.

Development Appeal Fund – to provide development finance to implement the RSE Strategic Framework.

Programme Fund – a fund created to act as a source of funding for meetings activities.

C H Kemball Fund – income from this fund is used to provide hospitality for distinguished visitors from other learned societies and Academies.

Dr James Heggie Fund – income from this fund supports the RSE's activities with young people.

Grants Fund – a fund created by contributions and legacies from Fellows and used to provide grants to support research activities to Fellows.

**Restricted Income Fund** – income funds received for expenditure on current projects.

#### Restricted Funds

Robert Cormack Bequest – to promote astronomical knowledge and research in Scotland.

Lessells Trust – to fund scholarships abroad for engineers.

Auber Bequest – to fund research in Scotland and England by naturalised British citizens over 60 years of age.

Prizes Fund – to fund various prizes.

Dryerre Fund – to fund postgraduate scholarships in medical or veterinary physiology.

Fleck Bequest Fund – to promote interest, knowledge and appreciation of science and its applications throughout Scotland.

Piazzi Smyth Legacy Fund – to fund high altitude astronomical research.

Sillitto Fund – to promote interest in physics among young people.

CASS Fund – to fund academic / industrial liaison.

Retailing Seminar Fund – to fund a programme of seminars on retailing.

Edinburgh Drug Absorption Foundation Fund – to fund a series of conferences on the broad theme of 'Drugs Futures'.

RSE Scotland Foundation – a trust to advance the education of the public in Scotland in science, engineering and technology, incorporating assets transferred from the Caledonian Research Fund (CRF). The CRF funds remain restricted until pre-existing awards and appointments are concluded.

BP Research Fellowship Trust – a trust to fund postdoctoral research fellowships in Scotland.

### 3 Accounting policies

#### Incoming resources

##### Voluntary income

Subscriptions are accounted for on the basis of the subscription year to October 2012 and include income tax recoverable on the subscriptions paid under Gift Aid.

Revenue grants are credited to income in the period in which the RSE becomes entitled to the resources.

Donations of a recurring nature from other charitable foundations and one-off gifts and legacies included in other income are taken to revenue in the period to which they relate.

##### Investment income

Interest and dividends are accounted for in the year in which they are received.

##### Incoming resources for charitable activities

Incoming resources for activities are accounted for on an accruals basis.

## notes to the financial statements

Publication income receivable in foreign currencies is converted into sterling at rates of exchange ruling at the date of receipt.

Incoming resources for research fellowships are accounted for in the period in which the RSE becomes entitled to the resources.

Income received for specific projects, and received in advance of the commencement of the project, is deferred. If the project were not to proceed as planned, the RSE would not be entitled to retain the funds. For performance-related grants, where entitlement to the incoming resource only arises with the performance of the specific outputs agreed under the contracts, income is deferred.

### Resources expended

#### *Expenditure and support costs*

All resources expended are included on an accruals basis, having regard to any constructive obligations created by multi-year grant commitments.

Where directly attributable, resources expended are allocated to the relevant functional category. Overhead and support costs are allocated to functional category on the basis of direct staff costs in each area of activity.

#### *Cost of generating funds*

The cost of generating funds includes expenditure incurred in supporting the Fellowship and incurred on fundraising and development initiatives.

### *Charitable activities*

Grants payable are recognised as a liability when the RSE is under an actual or constructive obligation to make a transfer to a third party. Where grants are time related to future periods and are to be financed by specific grants receivable in those future periods, they are treated as liabilities of those periods and not as liabilities at balance sheet date. Such grants are disclosed as future commitments.

### *Governance costs*

Governance costs are those incurred in connection with the management of RSE assets, organisational administration and compliance with constitutional and statutory requirements.

### *Tangible fixed assets, depreciation and repairs*

The RSE's principal assets are its buildings in George Street, Edinburgh. Under FRS15 the Society depreciates the buildings assuming a 50-year life. It is the policy of the Council to maintain the buildings to a high standard. Any permanent diminutions in value are reflected in the statement of financial activities. Costs of repairs and maintenance are charged against revenue.

Expenditure incurred by the RSE Scotland Foundation in the improvements to 26 George Street is being depreciated from the date of completion of the refurbishment over the period of the lease to the RSE Scotland Foundation to 30 June 2047.

Minor equipment is charged against revenue in the year of purchase. Computer and audio-visual is depreciated on a straight line basis over 3–20 years.

### *Investments*

Investments are stated at their market value at the balance sheet date. Gains and losses on disposal and revaluation of investments are charged or credited in the statement of financial activities and allocated to funds in accordance with their proportionate share of the investment portfolio.

### *Pensions*

The RSE participates in defined benefit pension schemes which are externally funded. The cost of providing pensions is allocated over employees' working lives with the RSE and is included in staff costs.

Pension fund assets arising from valuations under FRS 17 are recognised only to the extent that the asset is recoverable in the foreseeable future.

### *Foreign exchange*

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date, while transactions arising during the year are translated at the spot rate prevailing when the transaction arises. Exchange gains or losses arising in the year are recognised in the statement of financial activities.

## Trustees' Report &amp; Accounts 2011–2012

## notes to the financial statements

## 4 Incoming resources

<i>Current year 2012</i>	Voluntary income	Activities for generating income	Investment	Promotion of research and innovation	Other charitable activities	Total 2012
£	£	£	£	£	£	£
Fellows	209,416	–	–	–	–	<b>209,416</b>
Individuals	12,435	–	–	–	18,076	<b>30,511</b>
Legacies	1,630,386	–	–	–	–	<b>1,630,386</b>
Companies	24,300	–	–	–	34,228	<b>58,528</b>
Charitable trusts	11,048	–	–	13,593	23,469	<b>48,110</b>
Scottish Government	–	–	–	1,783,493	671,507	<b>2,455,000</b>
Public sector bodies	–	–	–	899,955	37,128	<b>937,083</b>
Bank interest	–	–	14,383	–	–	<b>14,383</b>
Dividends	–	–	306,420	–	–	<b>306,420</b>
RSE	1,887,585	–	320,803	2,697,041	784,408	<b>5,689,837</b>
BP Research Fellowship Trust						
– dividends and interest	–	–	123,214	–	–	<b>123,214</b>
RSE Scotland Foundation						
– grants & donations	12,014	–	–	–	–	<b>12,014</b>
– rental income	–	253,273	–	–	–	<b>253,273</b>
– charitable activities	–	–	–	–	324,580	<b>324,580</b>
– dividends and interest	–	–	348,332	–	–	<b>348,332</b>
	1,899,599	253,273	792,349	2,697,041	1,108,988	<b>6,751,250</b>

<i>Prior year 2011</i>	Voluntary income	Activities for generating income	Investment	Promotion of research and innovation	Other charitable activities	Total 2011
£	£	£	£	£	£	£
Fellows	208,823	–	–	–	–	<b>208,823</b>
Individuals and legacies	70,148	–	–	–	17,666	<b>87,814</b>
Companies	16,250	–	–	–	75,268	<b>91,518</b>
Charitable trusts	6,249	–	–	123,533	54,905	<b>184,687</b>
Scottish Government	–	–	–	2,214,640	680,910	<b>2,895,550</b>
Public sector bodies	–	–	–	1,068,472	21,768	<b>1,090,240</b>
Bank interest	–	–	24,097	–	–	<b>24,097</b>
Dividends	–	–	214,454	–	–	<b>214,454</b>
RSE	301,470	–	238,551	3,406,645	850,517	<b>4,797,183</b>
BP Research Fellowship Trust						
– dividends and interest	–	–	122,113	–	–	<b>122,113</b>
RSE Scotland Foundation						
– grant re SBF	107,822	–	–	–	–	<b>107,822</b>
– rental income	–	253,487	–	–	–	<b>253,487</b>
– charitable activities	–	–	–	–	354,517	<b>354,517</b>
– dividends and interest	–	–	314,475	–	–	<b>314,475</b>
	409,292	253,487	675,139	3,406,645	1,205,034	<b>5,949,597</b>

## Trustees' Report &amp; Accounts 2011–2012

## notes to the financial statements

## 4 Incoming resources (continued)

## 4a Voluntary income

	2012 £	2011 £
<b>Contributions from RSE Fellows</b>		
Admission fees	11,200	11,200
Annual subscriptions	172,300	167,971
Income tax recoverable under Gift Aid	25,916	29,652
	<b>209,416</b>	208,823
Lessells Trust additional receipt	11,048	6,249
Appeal receipts	6,507	6,027
Legacies	1,630,386	62,500
RSE Young Academy	5,100	–
Friends of the Society – corporate partners	24,300	16,250
Other income	828	1,621
	<b>1,887,585</b>	301,470

In addition to the donations set out above, the RSE receives donations made specifically in support of activities which are included in activities income (see note 26(b)).

## 5 Incoming resources from charitable activities

	2012 £	2011 £
Scottish Government Grant – research fellowships	1,648,861	1,727,569
Scottish Government Grant – arts & humanities awards	134,632	487,071
Marie Curie COFUND	80,030	22,931
Scottish Enterprise	547,114	573,831
BBSRC Enterprise Fellowships	199,554	369,177
STFC Enterprise Fellowships	73,257	99,253
Gannochy Trust	–	105,000
Lloyds TSB Foundation for Scotland	12,093	18,533
Scottish Crucible	1,500	3,280
	<b>2,697,041</b>	3,406,645
Scottish Government Grant – engagement and innovation	354,408	373,624
Scottish Government Grant – International activities	317,099	307,286
Wider outreach activities	15,049	34,367
Meetings	30,135	36,298
Policy and advice income	43,843	70,473
IEEE / RSE / Wolfson James Clerk Maxwell Award	21,106	22,294
Educational activities	–	5,790
RSE Beltane Prize for Public Engagement	2,500	–
Sale of sundry publications	268	385
	<b>784,408</b>	850,517
RSE Scotland Foundation – Journal publications	195,975	206,070
RSE Scotland Foundation – Conference facilities letting	128,605	128,847
RSE Scotland Foundation – Science and society	–	19,600
	<b>324,580</b>	354,517
	<b>3,806,029</b>	4,611,679

Further information relating to grants, donations and receipts and their application is set out in note 26.

## Trustees' Report &amp; Accounts 2011–2012

## notes to the financial statements

## 6 Resources expended

	2012			2011		
	Direct costs £	Support costs (Note 12) £	Total 2012 £	Direct costs £	Support costs (Note 12) £	Total 2011 £
<b>Costs of generating funds</b>						
Fundraising	3,127	94,240	<b>97,367</b>	9,596	117,823	127,419
Fellows' subscriptions	–	91,055	<b>91,055</b>	–	78,760	78,760
Appeal donations	–	–	<b>–</b>	–	9,845	9,845
	3,127	185,295	<b>188,422</b>	9,596	206,428	216,024
Building management	–	65,768	<b>65,768</b>	–	65,099	65,099
Investment fees	940	–	<b>940</b>	330	–	330
<b>Total costs of generating funds</b>	<b>4,067</b>	<b>251,063</b>	<b>255,130</b>	<b>9,926</b>	<b>271,527</b>	<b>281,453</b>
<b>Charitable activities</b>						
Enhancing World-Class Research	2,158,498	203,078	<b>2,361,576</b>	2,627,491	277,571	2,905,062
Increasing International Research Connections	207,560	115,881	<b>323,441</b>	195,361	116,626	311,987
Improving Connections Between Business and Academia	712,916	109,374	<b>822,290</b>	1,001,380	102,698	1,104,078
Increasing Numbers Taking Science as a Career	30,601	66,831	<b>97,432</b>	32,349	51,772	84,121
Enhancing Public Appreciation of Science and Culture	84,687	255,486	<b>340,173</b>	126,523	237,657	364,180
Informing and Influencing Public Policy	55,209	260,094	<b>315,303</b>	73,391	214,781	288,172
RSE Young Academy of Scotland	48,935	21,747	<b>70,682</b>	–	–	–
	3,298,406	1,032,491	<b>4,330,897</b>	4,056,495	1,001,105	5,057,600
RSE Scotland Foundation						
Journal Publications	81,504	44,199	<b>125,703</b>	117,903	40,027	157,930
Science and society	2,573	–	<b>2,573</b>	1,742	5,710	7,452
SBF	4,932	3,750	<b>8,682</b>	87,582	15,000	102,582
Conference facilities letting	6,000	95,490	<b>101,490</b>	–	95,830	95,830
	95,009	143,439	<b>238,448</b>	207,227	156,567	363,794
<b>Total cost of charitable activities</b>	<b>3,393,415</b>	<b>1,175,930</b>	<b>4,569,345</b>	<b>4,263,722</b>	<b>1,157,672</b>	<b>5,421,394</b>
<b>Exceptional FRS 17 pension credit</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(240,000)</b>	<b>(240,000)</b>
<b>Governance (note 11)</b>						
RSE	5,908	103,012	<b>108,920</b>	5,216	112,028	117,244
RSE Scotland Foundation	5,058	40,132	<b>45,190</b>	5,139	35,978	41,117
BP Research Fellowship Trust	1,260	–	<b>1,260</b>	1,260	–	1,260
<b>Total governance costs</b>	<b>12,226</b>	<b>143,144</b>	<b>155,370</b>	<b>11,615</b>	<b>148,006</b>	<b>159,621</b>
<b>Resources expended</b>	<b>3,409,708</b>	<b>1,570,137</b>	<b>4,979,845</b>	<b>4,285,263</b>	<b>1,337,205</b>	<b>5,622,468</b>

Central support costs as set out in note 12 have been allocated to activities in proportion to the employment cost in each area of activity.

## notes to the financial statements

### 7 Grants payable

	2012 £	2011 £
Promotion of research (note 8)	2,315,558	2,852,670
Prizes and grants (note 8)	46,018	52,392
Promotion of Innovation (Note 9)	822,290	1,104,078
	<b>3,183,866</b>	4,009,140

### 8 Enhancing World-Class Research

	2012 £	2011 £
<b>Promotion of Research</b>		
Scottish Government Fellowships	1,526,453	1,601,001
Marie Curie COFUND actions	74,949	23,467
Arts & Humanities Workshop Grants	120,745	460,071
CRF European Fellowships	30,303	18,191
CRF Personal Fellowships	111,458	180,180
Robert Cormack Bequest	6,457	5,640
John Moyes Lessells Scholarship	19,017	29,617
Auber Bequest Awards	3,000	–
Henry Dryerre Scholarship	20,755	20,333
Other direct costs	4,202	–
RSE	1,917,339	2,338,500
BP Research Fellowship Trust	123,335	149,274
RSE Scotland Foundation – CRF	79,093	95,933
	<b>2,119,767</b>	2,583,707
Support costs (note 6)	195,791	268,963
	<b>2,315,558</b>	2,852,670
<b>Prizes and Grants</b>		
Support costs (note 6)	7,287	8,608
	<b>46,018</b>	52,392
	<b>2,361,576</b>	2,905,062

An analysis of institutions and individual awards made under this expenditure heading is included in the Society's Review 2011, obtainable from the address on the back cover.

## Trustees' Report &amp; Accounts 2011–2012

## notes to the financial statements

## 9 Improving connections between business and academia

	2012 £	2011 £
Scottish Enterprise Fellowships	460,313	506,559
STFC Enterprise Fellowships	65,183	90,095
BBSRC Enterprise Fellowships	175,215	317,780
Gannochy Trust	–	86,946
Business Innovation Forum	12,205	–
	<b>712,916</b>	1,001,380
Support costs (Note 6)	109,374	102,698
	<b>822,290</b>	1,104,078

## 10 Enhancing public appreciation of science and culture

	2012 £	2011 £
Meetings	31,801	52,078
Publications	52,886	74,445
	<b>84,687</b>	126,523
Support costs (Note 6)	255,486	237,657
	<b>340,173</b>	364,180

The RSE Scotland Foundation became publisher of the RSE's journals and year book with effect from the 1997 volumes. The RSE retains copyright and incurs editorial costs in respect of these publications. The RSE has made a donation to the RSE Scotland Foundation equivalent to its net deficit on publications.

## 11 Governance

	2012 £	2011 £
Management and secretariat	103,012	112,028
Audit fee	12,226	11,615
Other professional advice from auditors	–	–
	<b>115,238</b>	123,643
RSE Scotland Foundation – Management and secretariat	40,132	35,978
	<b>155,370</b>	159,621

## Trustees' Report &amp; Accounts 2011–2012

## notes to the financial statements

## 12 Support costs

	2012 £	2011 £
Staff costs (including secondments) (note 13)	1,119,082	1,065,562
Staff training, agency and recruitment costs	16,098	29,119
Other staff costs	76,320	–
Non-cash pension cost adjustments (FRS 17)	(75,000)	–
	<b>1,136,500</b>	1,094,681
<i>Other costs</i>		
Establishment expenses	181,699	189,076
Computer and equipment costs	40,079	83,936
Communication, stationery and printing costs	49,165	46,432
Travel and subsistence, hospitality	19,143	21,964
Publicity	9,453	5,820
Miscellaneous	1,644	2,330
Professional fees and subscriptions	12,937	11,021
Depreciation	119,517	121,945
	<b>433,637</b>	482,524
<b>Total central costs</b>	<b>1,570,137</b>	1,577,205
Exceptional FRS 17 pension credit	–	(240,000)
	<b>1,570,137</b>	1,337,205

Support costs have been allocated to activities in proportion to the employment cost in each area of activity as set out in note 6.

The exceptional FRS 17 Pension Credit in 2010–11 was an adjustment to salary costs arising from the calculation of future pension increases being linked to the Consumer Prices Index and not the Retail Prices Index.

## 13 Employees

2012	Total Payroll	Secondments	RSE Project costs £	Support costs £	Funded by Foundation £	Funded by RSE 2012 £
Wages and salaries	855,286	74,739	(42,423)	887,602	118,114	769,488
Social security costs	60,630	–	(349)	60,281	7,851	52,430
Other pension costs	171,199	–	–	171,199	24,783	146,416
	<b>1,087,115</b>	<b>74,739</b>	<b>(42,772)</b>	<b>1,119,052</b>	<b>150,748</b>	<b>968,334</b>

## Employees

2011	Total Payroll	Secondments	RSE Project costs £	Support costs £	Funded by Foundation £	Funded by RSE 2011 £
Wages and salaries	839,354	12,395	(10,141)	841,608	112,126	729,482
Social security costs	63,157	–	(465)	62,692	7,573	55,119
Other pension costs	161,363	–	(101)	161,262	21,652	139,610
	<b>1,063,814</b>	<b>12,395</b>	<b>(10,707)</b>	<b>1,065,562</b>	<b>141,351</b>	<b>924,211</b>

The average number of employees of the RSE including those employed under joint contracts with the RSE Scotland Foundation was 29 (2011:29). One member of staff earned over £60,000 per year and is a member of a defined benefit pension scheme.

## Trustees' Report &amp; Accounts 2011–2012

## notes to the financial statements

## 14 Tangible fixed assets

Group	22 – 24 George Street Purchase cost £	26 George Street Purchase cost £	Improvements Purchase cost £	Computer & equipment £	Total £
Cost					
At 1 April 2011	1,103,038	1,647,468	2,136,070	356,762	<b>5,243,338</b>
Additions	–	–	–	–	–
Disposals	–	–	–	–	–
At 31 March 2012	1,103,038	1,647,468	2,136,070	356,762	<b>5,243,338</b>
Depreciation					
At 1 April 2011	264,730	395,392	527,172	283,973	<b>1,471,267</b>
On disposals	–	–	–	–	–
Charge for the year	22,061	32,949	44,467	20,040	<b>119,517</b>
At 31 March 2012	286,791	428,341	571,639	304,013	<b>1,590,784</b>
Net book value					
At 31 March 2012	816,247	1,219,127	1,564,431	52,749	<b>3,652,554</b>
At 31 March 2011	838,308	1,252,076	1,608,898	72,789	<b>3,772,071</b>
<b>RSE</b>					
Net book value					
At 31 March 2012	816,247	1,219,127	–	22,994	<b>2,058,368</b>
At 31 March 2011	838,308	1,252,076	–	25,068	<b>2,115,452</b>

## 15 Fixed asset investments

	Value at 1 April 2011 £	Investments made at cost £	Proceeds on sale of investments £	Gain / (Loss) £	Revaluation £	Market value at 31 March 2012 £
<b>(a) Fixed asset investments</b>						
<b>RSE</b>						
Managed Funds	1,200,638	648,450	(149,253)	(4,981)	(8,427)	<b>1,686,427</b>
Fixed interest	1,697,160	547,300	(474,116)	(6,452)	121,669	<b>1,885,561</b>
UK equities	3,156,824	1,744,723	(556,782)	17,160	(22,699)	<b>4,339,226</b>
Cash deposits	10,171	(1,160,473)	1,180,151	–	–	<b>29,849</b>
	6,064,793	1,780,000	–	5,727	90,543	<b>7,941,063</b>
<b>BP Research Fellowship Trust</b>						
Managed Funds	736,470	148,094	(246,616)	2,282	(1,532)	<b>638,698</b>
Fixed interest	812,634	189,027	(353,715)	(45,356)	45,835	<b>648,425</b>
UK equities	1,394,508	393,085	(161,526)	3,724	(8,574)	<b>1,621,217</b>
Cash deposits	2,517	(730,206)	761,857	–	–	<b>34,168</b>
	2,946,129	–	–	(39,350)	35,729	<b>2,942,508</b>
<b>RSESF Caledonian Research Fund</b>						
Managed Funds	1,558,876	552,227	(361,946)	5,031	(29,026)	<b>1,725,162</b>
Fixed interest	2,418,155	349,303	(977,181)	34,061	126,557	<b>1,950,895</b>
UK equities	4,058,232	1,110,906	(719,345)	18,351	(15,523)	<b>4,452,621</b>
Cash deposits	41,707	(2,012,436)	2,058,472	–	–	<b>87,743</b>
	8,076,970	–	–	57,443	82,008	<b>8,216,421</b>
	17,087,892	1,780,000	–	23,820	208,280	<b>19,099,992</b>

The loss on sale of investments measured against their historical cost was £524,473 (2011: £678,408). The historical cost of investments was £17,125,455 (2011: £14,820,983). (RSE £7,415,150, 2011: £5,465,908). Investments comprising more than 5% of the market value of the portfolio were: European Investment Bank 4.75% (2018).

## Trustees' Report &amp; Accounts 2011–2012

## notes to the financial statements

## 15 Fixed asset investments (continued)

(b) Loan by RSE to RSE Scotland Foundation	2012 £	2011 £
Due within one year	46,808	46,808
Due after one year	1,610,288	1,657,096
	<b>1,657,096</b>	1,703,904

The loan bears interest at 4% per annum, capped at the amount of rent received by the Foundation and is repayable over the period to 30 June 2047, the expiration of the lease of 26 George Street.

## 16 Debtors

	2012 £	2011 £
General debtors	849,852	1,118,998
Prepayments and accrued income	9,852	5,285
Income tax recoverable	–	–
<b>RSE</b>	<b>859,704</b>	<b>1,124,283</b>
RSE Scotland Foundation – Debtors	35,779	76,374
RSE Scotland Foundation – Prepayments	12,488	10,897
BP Research Fellowship Trust	2,624	5,608
<b>Group</b>	<b>910,595</b>	<b>1,217,162</b>

## 17 Creditors: Amounts falling due within one year

	2012 £	2011 £
<b>Group</b>		
General creditors	594,274	870,246
Accruals	169,830	98,260
VAT payable	55,478	30,873
Deferred income	372,141	433,224
Event income deferred	68,856	51,341
Advance receipts – Publications	111,046	86,769
	<b>1,371,625</b>	<b>1,570,713</b>

## Trustees' Report &amp; Accounts 2011–2012

## notes to the financial statements

17 **Creditors:** Amounts falling due within one year (*continued*)**Deferred income and advance receipts analysis**

	At 1 April 2011	Received in year	Recognised in year	Exchange difference	At 31 March 2012
	£	£	£	£	£
Marie Curie COFUND	409,224	24,805	(74,949)	(15,846)	<b>343,234</b>
Friends of the Society	4,000	30,800	(24,300)	–	<b>10,500</b>
Climate Change Inquiry	20,000	–	(20,000)	–	–
Computing Project	–	42,250	(23,843)	–	<b>18,407</b>
	433,224	97,855	(143,092)	(15,846)	<b>372,141</b>
Journal receipts	86,769	220,252	(195,975)	–	<b>111,046</b>
Event income	51,341	36,665	(19,150)	–	<b>68,856</b>

**RSE**

	2012	2011
	£	£
General creditors	<b>667,817</b>	878,836
RSE Scotland Foundation current account accruals	<b>1,104,319</b>	923,238
Deferred income	<b>372,141</b>	433,224
Symposia income deferred	<b>68,856</b>	51,341
	<b>2,213,133</b>	2,286,639

18 **Provision for liabilities and charges**

£

**Commitments for research fellowships**

At 1 April 2011 – Group & RSE	217,850
New commitments:	–
Lloyds TSB Foundation for Scotland Research Fellowships	
Grants paid in the year	(86,970)
At 31 March 2012	<b>130,880</b>

The provision represents amounts payable under a constructive obligation in respect of research fellowships and studentships due as follows: 2012–13 £71,362; 2013–14 £21,350; 2014–15 £8,500.

19 **General Fund**

£

At 1 April 2011	758,237
Net movement in funds for the year from statement of financial activities	(134,351)
At 31 March 2012	<b>623,886</b>

## notes to the financial statements

### 20 Designated Funds

	At 1 April 2011	Investment income	Other income	Expenditure	Gains/(Losses)	Transfers	At 31 March 2012
	£	£	£	£	£	£	£
Capital Asset Reserve	3,794,290	–	–	–	–	(101,818)	<b>3,692,472</b>
Development Appeal Fund	2,884,737	162,548	1,630,386	(74,291)	50,919	–	<b>4,654,299</b>
Programme Fund	125,951	5,549	–	(124)	1,743	–	<b>133,119</b>
CH Kemball Fund	28,348	1,249	–	(378)	392	–	<b>29,611</b>
Grants Fund	632,784	27,880	–	(15,068)	8,759	–	<b>654,355</b>
Dr James Heggie Fund	232,500	10,244	–	(4,097)	3,218	–	<b>241,865</b>
	<b>7,698,610</b>	<b>207,470</b>	<b>1,630,386</b>	<b>(93,958)</b>	<b>65,031</b>	<b>(101,818)</b>	<b>9,405,721</b>

The transfers represent the release from the Capital Asset Reserve of a total of £101,818 to match the depreciation of buildings and the amount of capital repayment of the loan to the Foundation.

### 21 Restricted Funds

	At 1 April 2011	Investment income	Other income	Expenditure	Gains/(Losses)	Transfers	At 31 March 2012
	£	£	£	£	£	£	£
Robert Cormack Bequest	112,288	4,947	–	(7,700)	1,554	–	<b>111,089</b>
Lessells Trust	459,521	20,246	11,048	(27,049)	6,361	–	<b>470,127</b>
Auber Bequest	465,155	20,494	–	(11,131)	6,439	–	<b>480,957</b>
Prizes Fund	69,042	3,042	–	(1,219)	956	–	<b>71,821</b>
Dryerre Fund	509,089	22,430	–	(29,654)	7,047	–	<b>508,912</b>
Fleck	106,074	4,673	–	(1,854)	1,468	–	<b>110,361</b>
Piazzi Smyth	14,406	635	–	(972)	199	–	<b>14,268</b>
Sillitto	34,216	171	–	(150)	–	–	<b>34,237</b>
Others	28,172	1,241	–	(492)	390	–	<b>29,311</b>
Edinburgh Drug Absorption Foundation	121,375	607	–	–	–	–	<b>121,982</b>
Restricted Income Fund	–	–	3,392,153	(3,392,153)	–	–	<b>–</b>
RSE	1,919,338	78,486	3,403,201	(3,472,374)	24,414	–	<b>1,953,065</b>
RSE Scotland Foundation	8,853,019	348,332	589,867	(731,028)	139,451	(7,739)	<b>9,191,902</b>
BP Research Fellowship Trust	2,952,470	123,214	–	(136,458)	(3,621)	–	<b>2,935,605</b>
Total	<b>13,724,827</b>	<b>550,032</b>	<b>3,993,068</b>	<b>(4,339,860)</b>	<b>160,244</b>	<b>(7,739)</b>	<b>14,080,572</b>

## Trustees' Report &amp; Accounts 2011–2012

## notes to the financial statements

## 21 Restricted funds (continued)

"Prizes Fund" comprises The Keith Fund, The Neill Fund, The Makdougall-Brisbane Fund, The Gunning-Victoria Fund, The James Scott Prize Fund, the Bruce-Preller Lecture Fund, The Dr DA Berry Fund, The Henry Duncan Prize Lecture Fund and The BP Prize Lecture in the Humanities Fund.

"Others" comprise the Retailing Seminars Fund and The CASS Fund. The Restricted Income Fund represents restricted income received and expended in the year.

Under the terms of the Lessells Trust the University of Glasgow is entitled to 10% of additional amounts received by the RSE from the Trust.

The funds of the RSE Scotland Foundation are treated as restricted in respect of the consolidated accounts and comprise the endowment for the upkeep of the James Clerk Maxwell statue £37,524, the CRF fund of £8,333,150 and the balance of the Foundation general fund of £821,226.

## 22 Analysis of assets between funds

Group	General £	Designated Funds £	Restricted Funds £	2012 £	2011 £
Fund balances at 31 March 2012 are represented by:					
Tangible fixed assets	22,994	2,035,374	1,594,186	<b>3,652,554</b>	3,772,071
Investments	493,556	5,616,426	12,990,010	<b>19,099,992</b>	17,087,892
Loan to RSE Scotland Foundation	–	1,657,096	(1,657,096)	–	–
Current assets	859,704	–	50,891	<b>910,595</b>	1,217,162
RSE Scotland Foundation current account	(1,104,319)	–	1,104,319	–	–
Deposits	295,112	96,825	1,262,255	<b>1,654,192</b>	1,763,061
Cash	295,351	–	–	<b>295,351</b>	130,051
Current liabilities	(238,512)	–	(1,133,113)	<b>(1,371,625)</b>	(1,570,713)
Provisions for liabilities and charges	–	–	(130,880)	<b>(130,880)</b>	(217,850)
Pension fund liability	–	–	–	–	–
	623,886	9,405,721	14,080,572	<b>24,110,179</b>	22,181,674

RSE	General £	Designated Funds £	Restricted Funds £	2012 £	2011 £
Fund balances at 31 March 2012 are represented by:					
Tangible fixed assets	22,994	2,035,374	–	<b>2,058,368</b>	2,115,452
Investments	493,556	5,616,426	1,831,081	<b>7,941,063</b>	6,064,793
Loan to RSE Scotland Foundation	–	1,657,096	–	<b>1,657,096</b>	1,703,904
Current assets	859,704	–	–	<b>859,704</b>	1,124,283
RSE Scotland Foundation current account	(1,104,319)	–	–	<b>(1,104,319)</b>	(923,238)
Deposits	295,112	96,825	1,123,166	<b>1,515,103</b>	1,763,061
Cash	295,351	–	–	<b>295,351</b>	109,181
Current liabilities	(238,512)	–	(870,302)	<b>(1,108,814)</b>	(1,363,401)
Provisions for liabilities and charges	–	–	(130,880)	<b>(130,880)</b>	(217,850)
Pension fund liability	–	–	–	–	–
	623,886	9,405,721	1,953,065	<b>11,982,672</b>	10,376,185

## notes to the financial statements

### 23 Pension costs

#### (a) *Universities Superannuation Scheme*

The RSE participates in the Universities Superannuation Scheme, a defined benefit pension scheme which is externally funded and contracted out of the State Earnings-Related Pension Scheme. The assets of the scheme are held in a separate trustee-administered fund. The fund is valued every three years by a professionally qualified independent actuary using the projected unit method, the rates of contribution payable being determined by the trustee on the advice of the actuaries. In the intervening years the actuaries review the progress of the scheme.

Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The RSE is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

At 31 March 2012, USS had over 145,000 active members and the RSE had two active members participating in the scheme.

The latest actuarial valuation of the scheme was at 31 March 2011. The most significant assumptions, those relating to the rate of return on investments and the increase in salary and pensions are as follows:

	<b>Past service liabilities</b>	<b>Future service liabilities</b>
Investment return	6.1	6.1
Salary increase	4.4	4.4
Pension increase	3.4	3.4

At the valuation date the market value of the scheme's assets was £32,433.5 million and the value of the scheme's technical provisions was £35,343.7 million on the scheme's historical funding basis. The value of the assets represented 92% of the benefits that had accrued to members, after allowing for expected future increases in earnings. As part of this valuation, the trustees have determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021. Since the previous valuation as at 31 March 2008, there have been a number of changes to the benefits provided by the scheme, although these became effective from October 2011. These include: change to career revalued benefits for new entrants, normal pension age increase to 65, increase in member contributions and cost sharing, in the ratio 65:35 employers to members, of the excess contribution over 23.5%. The contribution rate payable by the RSE in the year was 16.0% of pensionable salaries. The actuary has confirmed that it is appropriate to take the pension charge to be equal to the actual contribution paid during the year. The total pension cost payable to USS in the year was £17,427.

#### (b) *Lothian Pension Fund*

The RSE also participates in the Lothian Pension Fund, a defined benefit pension scheme established under Local Government Pension Fund Regulations. This scheme has determined that it is possible to ascertain the shares of assets and liabilities relating to individual admitted bodies. The assets of the scheme are held in a separate trustee-administered fund.

The fund is valued every three years by a professionally qualified independent actuary using the projected unit method, the rates of contribution payable being determined by the trustee on the advice of the actuaries. In the intervening years the actuaries review the progress of the scheme.

At the latest valuation date the market value of the scheme's assets was £2,903 million and the value of past service liabilities was £3,427 million. The value of the assets represented 85% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The contribution rate payable by the RSE was: 22.7%. The actuary has confirmed that it is appropriate to take the pension charge to be equal to the actual contribution paid during the year.

## Trustees' Report &amp; Accounts 2011–2012

## notes to the financial statements

## 23 Pension costs (continued)

## Pension fund asset / (liability)

The RSE pension fund asset at 31 March and the movements of its component parts comprise:

	2012 £'000	2011 £'000
Present value of funded liabilities (defined benefit obligation)	(2,209)	(2,087)
Fair value of employer assets	2,441	2,174
Net asset at 31 March	232	87

In accordance with the accounting policy, this asset is not recognised in the balance sheet as it is not expected to be recoverable in the foreseeable future.

	2012 £'000	2011 £'000
Movement in present value of defined benefit obligation		
At 1 April	2,087	2,299
Current service cost	117	147
Past service costs	–	(222)
Interest cost	119	123
Contribution by members	45	46
Actuarial losses/(gains)	(137)	(299)
Benefits paid	(22)	(7)
At 31 March	2,209	2,087

	2012 £'000	2011 £'000
Movement in fair value of employer assets		
At 1 April	2,174	1,884
Expected return on assets	158	144
Contributions by members	45	46
Contributions by the employer	153	144
Actuarial gains/(losses)	(67)	(37)
Benefits paid	(22)	(7)
At 31 March	2,441	2,174

	2012 £'000	2011 £'000
The net expense recognised in the statement of financial activities after FRS17 adjustments was		
Current service cost	117	147
Interest cost	119	123
Expected return on employer assets	(158)	(144)
Past service cost/(gain)	–	(222)
	78	(96)

The total amount recognised in the statement of financial activities in respect of actuarial gains and losses is a loss of £75,000 (2011: gain of £175,000). This loss has been calculated to eliminate the net asset to reflect the expectations in respect of its recovery at 31 March 2012.

## Trustees' Report &amp; Accounts 2011–2012

## notes to the financial statements

## 23 Pension costs (continued)

The fair value of the employer assets at 31 March and the return on them in the year was:

	<b>Value 2012 £'000</b>	<b>Return 2012 %</b>	Value 2011 £'000	Return 2011 %
Equities	<b>1,929</b>	<b>6.2</b>	1,718	7.5
Bonds	<b>195</b>	<b>4.0</b>	174	4.9
Property	<b>268</b>	<b>4.4</b>	217	5.5
Cash	<b>49</b>	<b>3.5</b>	65	4.6
	<b>2,441</b>		2,174	
Actual return on plan assets	<b>48</b>		109	

The expected rates of return on plan assets are determined by reference to relevant indices. The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the Plan's investment portfolio.

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

	<b>2012 %</b>	2011 %
Inflation/pension increase rate	2.5	2.8
Salary increase rate	4.8	5.1
Expected return on assets	5.8	7.0
Discount rate	4.8	5.5

The salary increase assumption at 31 March 2012 is 1% per annum for the first two years thereafter.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date as based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65 year old to live for a number of years as follows:

	<b>Males 2012</b>	<b>Females</b>	Males 2011	Females			
Current pensioners	<b>20.4 years</b>	<b>22.8 years</b>	20.8 years	24.1 years			
Future pensioners	<b>22.6 years</b>	<b>25.4 years</b>	22.3 years	25.7 years			
The history of the plan for the current and prior periods is as follows:	<b>2012 £'000</b>	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Present value of defined benefit obligation	<b>(2,209)</b>	(2,087)	(2,299)	(1,128)	(1,145)	(1,298)	(1,250)
Fair value of employer assets	<b>2,441</b>	2,174	1,884	1,267	1,437	1,347	1,130
Surplus/(deficit)	<b>232</b>	87	(415)	139	292	49	(120)
Experience gains and losses on assets and liabilities have been as follows:	<b>2012 £'000</b>	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Experience gains/(losses) on liabilities	<b>180</b>	–	–	28	–	(1)	(30)
Experience gains/(losses) on assets	<b>(67)</b>	(37)	374	(396)	(140)	8	171

The projected amount to be charged in respect of the Lothian Pension Fund defined benefit scheme in the next financial year is £93,000.

## (c) Pension charge

The total pension charge for the year, before the FRS17 pension credit, was £171,199 (2011: £161,519 before FRS 17 pensions credit).

## notes to the financial statements

### 24 Transactions with Related parties

#### (a) Council members

No member of Council received any payments other than reimbursements of expenditure on travel and subsistence costs actually and necessarily incurred in carrying out their duties as Councillors and Officers. The aggregate of such reimbursements to those Council members who charged expenses amounted to £1,185 (2011: £1,538).

#### b) Other related parties

The RSE Director of Finance is also a part-time employee of the Carnegie Trust for the Universities of Scotland, which administers postgraduate scholarships on behalf of the Foundation. In 2011–12 the Foundation made payments in support of the studentship scheme amounting to £79,093 (2011 – £95,933).

### 25 Connected charitable trusts

#### (a) RSE Scotland Foundation

The RSE Scotland Foundation is a charitable trust, recognised in Scotland as Scottish charity number SCO24636. It was created in March 1996 with the object of advancing the education of the public in Scotland in science and engineering and in so doing to conserve the scientific and cultural heritage of Scotland. The President, General Secretary, Treasurer, Curator and a Vice-President of the RSE are *ex officio* Trustees of the Foundation, which draws on the resources of the RSE in carrying out its objects. The Foundation also has five nominated Trustees. The Foundation became publisher of the RSE's journals under a Publications Rights License effective from 1 January 1997.

On 1 July 1997 the RSE granted to the Foundation a 50-year lease over 26 George Street carrying an obligation to refurbish the building within a three-year period. The Council of the RSE agreed to make a loan of up to £2.3 million available to the Foundation in support of the refurbishment. The agreed terms of the loan are as described in note 15

#### (b) BP Research Fellowships Trust

The BP Research Fellowships Trust funds a scheme of post doctoral research fellowships administered by the RSE.

### 26 Supplementary information: grants, donations and receipts

#### (a) Scottish Government Grants Income

	2012	2011
	£	£
Promotion of research	<b>1,648,861</b>	1,727,569
Arts and Humanities Award	<b>134,632</b>	487,071
Generating & Communicating knowledge	<b>317,099</b>	373,624
International activities	<b>354,408</b>	307,286
	<b>2,455,000</b>	2,895,550

The funding for 2011–12 was a grant under S23 Natural Heritage (Scotland) Act 1985 in support of the four programmes of activity: Research Fellowships, Arts & Humanities Awards; International grants & relations and Generating & Communicating knowledge.

At 31 March 2012 the financial commitment in respect of Personal and Support Fellowships awarded subject to Scottish Government funding in the years, 2012–13, 2013–14 and 2014–15 amounted to £1,528,422, £1,114,277 and £502,302 respectively. These amounts are treated as obligation of future years to be financed by specific funding expected to be made available from the Scottish Government.

## notes to the financial statements

### 26 Supplementary information: grants, donations and receipts *(continued)*

#### (b) Recurring donations in support of activities

The Lloyds TSB Foundation for Scotland supports postdoctoral fellowships, postgraduate studentships and lectures and conferences to fund and disseminate research aimed at improving the quality of life for an ageing population.

	Scottish Enterprise £	Lloyds TSB Foundation for Scotland £
<b>Income</b>		
Promotion of research & innovation	547,114	–
<b>Costs</b>		
Promotion of research & innovation	460,313	74,878
RSE @ Dumfries & Galloway		
Provision for future costs		
RSE administration and staff costs recovery	86,801	12,092
	<b>547,114</b>	<b>86,970</b>

#### (c) Other donations in support of activities

The RSE gratefully acknowledges all those who make donations in support of activities. The companies, trusts and other bodies which made donations of £1,000 or more in support of activities in the year ended 31 March 2012 were as follows:

Anonymous	Microsoft Research	University of Glasgow
Arts & Humanities Research Council	National Telford Institute	University of the West of Scotland
Brightsolid Online Innovation Ltd	Ove Arup & Partners Scotland Ltd	WMD Awareness Group
Chartered Institute for IT (CAS)	Royal Society of Engineering	Wolfson Microelectronics plc
Edinburgh Consortium for Rural Research	Scotland IS Ltd	
Edinburgh Napier University	Scottish Cancer Foundation	
Education Scotland	Scottish Funding Council	
French Embassy	Scottish Information & Computer Science Alliance	
Heriot-Watt University	Society of Biology	
James Weir Foundation	University of Edinburgh	

## Trustees' Report &amp; Accounts 2011–2012

## notes to the financial statements

## 26 Supplementary information: grants, donations and receipts (continued)

## (d) Friends of the Society

The Friends of the Society – corporate partners of the RSE, during the year ended 31 March 2012 were as follows:

Aberdeen Asset Management	Scottish Council for Development & Industry
Arup Group	Shell UK
BP plc	Standard Life plc
FES Ltd	The Herald
Lloyds Banking Group	Toshiba Medical Visualisation Systems Europe Ltd
Royal Bank of Scotland plc	Wood Group
Scottish Resources Group Ltd	

## 27 Analysis of net funds

	At 31 March 2012	Cash flows	At 1 April 2011
	£	£	£
Cash at bank	295,351	165,300	130,051
Deposits – general	295,112	265,756	29,356
Deposits – designated funds	96,825	482	96,343
Deposits – restricted funds	1,262,255	(375,107)	1,637,362
	<b>1,949,543</b>	<b>56,431</b>	1,893,112

# Professional Advisers

## **Auditors**

Henderson Loggie  
34 Melville Street  
Edinburgh

## **Bankers**

Bank of Scotland plc  
38 St Andrew Square  
Edinburgh

## **Stockbrokers / Investment Advisers**

Speirs & Jeffrey & Co Ltd  
36 Renfield Street  
Glasgow

## **Solicitors**

Shepherd & Wedderburn WS  
1 Exchange Crescent  
Conference Square  
Edinburgh

Further information about the activities of the Royal Society of Edinburgh and additional copies of this Trustees' Report may be obtained from:

**Dr W Duncan**

**Chief Executive**

**The Royal Society of Edinburgh**

**22 – 26 George Street**

**Edinburgh**

**EH2 2PQ**

The Royal Society of Edinburgh is Scotland's national academy. Founded in 1783, its Fellowship includes some of the best intellectual talent in academia, the professions and business. It facilitates public debate, research programmes, educational projects and strategy formulation. Its strength is its diversity and impartiality. The Society's unique multi-disciplinary approach enables it to draw from and link with a broad spectrum of expertise to advance the understanding of globally-important issues. In fulfilling its Royal Charter for the 'advancement of learning and useful knowledge', the RSE is seeking to contribute to the social, cultural and economic wellbeing of Scotland.

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