

TOWARDS A  
NEW  
ENLIGHTENMENT

THE ROYAL  
SOCIETY  
OF EDINBURGH

TRUSTEES' REPORT & ACCOUNTS

APRIL 2012 – MARCH 2013



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

# Trustees' Report & Accounts 2012–2013

## Contents

Council of the RSE 2012–13	<b>2</b>
<hr/>	
Trustees' Annual Report	
Overview	<b>3</b>
Structure, governance and management	<b>3</b>
Objectives and activities	<b>5</b>
Achievements in the year	<b>5</b>
Financial review and policies	<b>10</b>
Future plans	<b>11</b>
<hr/>	
Independent Auditors' Report to the Council of The Royal Society of Edinburgh	<b>12</b>
<hr/>	
Accounts	
Group statement of financial activities (incorporating the income and expenditure account)	<b>13</b>
Group balance sheet	<b>14</b>
RSE balance sheet	<b>15</b>
RSE statement of financial activities (incorporating the income and expenditure account)	<b>16</b>
Group cash flow statement	<b>17</b>
Notes to the financial statements	<b>18</b>

The Trustees are the Council Members elected during the financial year  
(1 April 2012 to 31 March 2013)

## Council

	<b>Until 4 October 2012</b>	<b>From 4 October 2012</b>
President	Sir John ARBUTHNOTT	Sir John ARBUTHNOTT
Vice-Presidents	Professor J D BEGGS CBE Professor G D CAIE Mr I C RITCHIE CBE Professor W SIBBETT CBE –	Professor A DOMINICZAK OBE Professor G D CAIE Mr I C RITCHIE CBE Professor W SIBBETT CBE Professor T S DURRANI OBE
General Secretary	Professor A BROWN CBE	Professor A BROWN CBE
Treasurer	Mr E BROWN CBE	Mr G R WILSON CB
Fellowship Secretary	Professor A MILLER	Professor A MILLER
Councillors	Professor A DOMINICZAK OBE Sir David EDWARD PC KCMG Professor S L MANNING Professor R C CRAIG OBE Professor S ROWAN MBE	Professor A ALEXANDER OBE Professor R J CORMACK Sir David EDWARD PC KCMG Professor S ROWAN MBE Sir Muir RUSSELL KCB

## Executive Board

	<b>Until 4 October 2012</b>	<b>From 4 October 2012</b>
General Secretary and Chair	Professor A BROWN CBE	Professor A BROWN CBE
Treasurer	Mr E BROWN CBE	Mr G R WILSON CB
Curator	Professor J D MACMILLAN	Dr I G BROWN
Research Awards Convener	Professor S P BEAUMONT OBE	Professor SP BEAUMONT OBE
International Convener	Sir David EDWARD PC KCMG	Professor T S DURRANI OBE
Programme Convener	Professor J S RICHARDSON	Sir Andrew CUBIE
Young People's Programme Convener	Dr C R D VAN DER KUJL	Dr C R D VAN DER KUJL
Chair of RSE Scotland Foundation	Professor J R COGGINS OBE	Professor D A RITCHIE
Education Committee Convener	Professor S A BROWN OBE	Professor S A BROWN OBE
Observer (RSE Scotland SCIO)	–	Professor P H HOLMES OBE
Chief Executive	Dr W DUNCAN	Dr W DUNCAN
Director of Finance	Miss K F M ELLIS	Miss K F M ELLIS

## 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 2013 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 included:

- Appointments of **five new postdoctoral research Fellows**, including three funded by Scottish Government grant-in-aid administered by the Scottish Funding Council
- Award of **eight new Enterprise fellowships** throughout the UK
- Appointment of **50 new members of the Young Academy of Scotland**
- Launch of the **second phase of Computing exemplification materials**, which received national and international acclaim
- **Live Webcast by the BBC of the Schools' Christmas Lecture** by Olympic gold medalist Katherine Grainger – *Getting to Gold*
- Launch of an advice paper by the Business Innovation Forum: **The financing of Business Innovation in Scotland** being followed up through a working group with Scottish Financial Enterprise and the Institute of Chartered Accountants of Scotland
- Dissemination events **following up on the Women in STEM report** (science technology, engineering and mathematics)
- Launch of a major Inquiry into the changing role of digital technology entitled **Spreading the benefits of Digital Participation**
- Joint conferences with the British Academy entitled **Scotland and the UK** followed by the launch of a series of ten events running from March 2013 to February 2014 to **Enlighten the Constitutional Debate** in advance of the forthcoming Referendum on Scotland's future relationship with the rest of the United Kingdom

- An exhibition celebrating the recent discovery at CERN entitled **From Maxwell to Higgs**
- In partnership with other learned societies, the establishment of **a standing group on Scottish Science Education**
- Launch of the **RSE@ Lochaber programme** of activities across the region that will last till Autumn 2013

The consolidated financial result for the year on page 13 of £325,106 includes several **non-recurring items** – a further payment of a **legacy from Dr Gethin Lewis of £75,000**; **a second windfall payment re sales from the digitised historical journals of £55,000**, **a dilapidations payment from the outgoing tenant of the 3rd floor of the building** and an unplanned surplus in restricted funds arising from the **early resignation of CRF research fellows amounting to £135,000**.

**The underlying financial outcome for the year was a surplus of £31,000**, an improvement on the budget, mainly as a result of increased investment income. The support for new initiatives, such as the Young Academy, was achieved within this result without drawdown of legacies received in earlier years.

	£'000
Total net incoming resources	<b>325</b>
Less:	
Legacy – Dr Lewis	<b>(75)</b>
Sales of digital archive	<b>(55)</b>
Surplus of CRF income	<b>(135)</b>
Dilapidations payment	<b>(23)</b>
Appeal income	<b>(6)</b>
Surplus on recurring activities	<b>31</b>

## Structure, governance and management

The RSE Council, chaired by the President, comprises fourteen Trustees, including five 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, a representative of the RSE Young Academy and senior executive staff. The Executive Board normally meets quarterly and reports to the Council.

## 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.

In June 2012 a new connected charity, The RSE Scotland SCIO (the SCIO), was incorporated with approval from the Office of the Scottish Charity Regulator. Its purposes are: (a) the advancement of education; (b) the advancement of the arts, heritage, culture or science; and (c) the advancement of citizenship or community development. The SCIO will utilise the broad intellectual resources and talents of the Fellowship of the Royal Society of Edinburgh and related bodies as appropriate to enhance the intellectual and cultural advancement of Scotland. Since incorporation, the SCIO has co-ordinated the development of the RSE Young Academy of Scotland.

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, the SCIO and the BP Trust, reports directly to the Council and the Trustees of the Foundation, the SCIO 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

The RSE vision is to continue to build a dynamic and relevant National Academy for Scotland, through a Fellowship of proven excellence that is unique in its breadth across the Sciences, Arts & Humanities and Commerce, and to serve as an independent source of public inspiration, engagement and expertise in Scotland and beyond.

The objectives, as set out in the *RSE Strategic Framework 2012 – 2015*, are:

### Inspiration

- To stimulate, support and reward excellence in learning and research in Scotland and the translation of new knowledge to business, wealth creation and economic and social well-being
- To support the development of emerging Scottish talent that will be central to the future leadership and vitality of Scottish society

### Engagement

- To communicate with a wide audience, including internationally, providing an important window on the world for Scotland and being a conduit for relationships with other organisations on matters of national importance
- To enhance the public profile of Scottish intellectual achievement

### Expertise

- To provide independent and authoritative advice on matters affecting the well-being of Scotland and its people, and to initiate and lead public discussion on these matters
- To share, with others, knowledge and information on matters of scientific, economic, social and cultural importance

## Achievements in the year

This section describes the achievements of RSE, the Foundation, the SCIO 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 the majority (>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 described in more detail below, according to the outcomes to which they contribute.

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

*RSE Research Awards* continued to support some of the most outstanding young scientists and innovators working in Scotland today. The Research Fellowships Awards Programme successfully enhance the capacity of world-class science and culture researchers working in Scotland; and increase Scotland's research and development connections internationally.

In 2012–13, an additional £6.2M was attracted into the Scottish research pool by our Scottish Government Research Fellows. 40 collaborations were formed across Europe, the USA and Canada in institutions ranging from Harvard Medical School, the Universities of Cornell, Stanford and Dalhousie in North America, to the National University of Singapore. In Europe and the rest of the UK, connections were made with Aarhus University, Basel Biozentrum, Imperial College, UCL and the Universities of Cambridge, Warwick, Southampton, Liverpool and Newcastle.

Although the number of awards is relatively small, the impact the Research Fellows have is great. They attract large sums of funding into the research community in Scotland and help to retain research talent here. European funding through the Marie Curie COFUND FP7 programme helps Scottish-based Research Fellows broaden their research networks internationally and showcase Scottish talent on a global stage.

The following awards were made during the year:

- Scottish Government Personal Research Fellowships, three awards from 33 applicants
- BP Personal Research Fellowships, one award from 13 applicants
- CRF Personal Research Fellowship, one award from 17 applicants
- CRF European Visiting Research Fellowships, 10 in Arts, Humanities & Social Sciences
- Cormack awards: one Undergraduate Prize, one Postgraduate Prize and five Vacation Research Scholarships, plus three small research grants
- John Moyes Lessells Scholarship, seven travel grants

Due to reductions in Scottish Government Grant, the pattern that had existed since 2008 of awarding six, five-year, Scottish Government Personal Research Fellowships per year remained curtailed. Following a moratorium on new appointments in 2011 to safeguard the support of existing Research Fellows, new appointments were resumed in 2012, but on a reduced shared funding model agreed with the Universities, and at the reduced level of three new Research Fellowships.

Also funded by Scottish Government grant, the Arts & Humanities programme remained at the reduced level of 2011–12, and supported the award of:

- seven Research Workshops, from 20 applications
- 22 Small Research Grants, from 29 applications

## Achievements in the year (continued)

In addition, two Major Research Grants continued to be supported. One of these supported research on Turkey Red and other decorative textiles and resulted in an extensive online exhibition *Colouring the Nation*, hosted by the National Museum of Scotland.

The *International Bilateral and Open exchange schemes*, funded by Scottish Government grant, support researcher exchanges that lead to collaborative projects and result in further research funding from other sources. The 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 visit and work in Scotland; and supports Scotland's reputation as a distinctive global identity and a centre of research excellence.

During the year, 16 Bilateral and 26 Open Exchange Scheme grants were awarded, which amounted to 110 person-weeks of researcher support (for visits between Scotland and over 23 countries worldwide). One recipient commented that *'This bilateral scheme is an incredibly useful resource. For relatively small sums of money, it can really help to shape the research performed in Scottish Institutions and elsewhere.'*

A particularly strong part of the programme, which cements relationships and collaborations, are the joint research projects run over two years between Scottish researchers and the National Natural Science Foundation of China (NSFC), supporting longer-term collaborations and leveraging further funding. Six new joint projects with the NSFC were awarded for two years from Spring 2013 in the area of *Energy Technology and Management* and 14 existing joint projects in *Image Processing and Information Science*, and *Biological Sciences* were supported in their first and second years.

## Caledonian Research Fund (CRF)

On 11 March 2009, the Foundation received a transfer of assets from the Caledonian Research Foundation. The undertaking given by the Trustees to honour the financial commitments existing at the time of transfer of the CRF was fulfilled in 2012. Thereafter the Trustees became free to apply the assets at their discretion. In the year to March 2013, the existing schemes of research support continued and one postdoctoral Research Fellowship and two postgraduate studentships were awarded during the year.

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.

## BP Research Fellowship Trust

The Trust awards a five-year Research Fellowship in alternate years. The Fellowship was awarded in 2012 to Dr Stuart Robertson of the University of Strathclyde. There were three ongoing BP Research Fellows in post during the year.

## 2 Strengthening connections amongst academia, business the public and the voluntary sectors

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).

Since its inception in 1997, more than 80 high technology businesses have been formed from the Enterprise Fellowships scheme and at least 60 are still trading. They have raised more than £70m in follow-on investment, of which 90% is from the private sector. In this reporting period alone, more than £16M of investment was raised, 14 employees were recruited (across six companies); eight new products were launched and eight new companies were incorporated. An independent review of these awards is currently being carried out and will report in the summer of 2013.

The RSE/SE Enterprise Fellowships Phase III programme aimed to appoint sixty Fellowships over five years. Funding was made available by Scottish Enterprise to appoint forty-one eligible fellows. The ninth round took place in Spring 2012 and one Fellow was appointed who took up post in October 2012. The tenth round took place in Autumn 2012 and four fellows were appointed who took up post in Spring 2013. Discussions are ongoing with Scottish Enterprise about a proposal to continue this successful programme.

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, two BBSRC Enterprise Fellows and three STFC Enterprise Fellows were appointed in the year.

## RSE Business Innovation Forum

The high-level Business Innovation Forum considers research and development activity in Scotland's business sectors. The outputs flowing from this activity have already been and will continue to be presented to Scottish Ministers and be more widely disseminated and discussed at events with others. The principal recommendations of the RSE's Advice Paper *The Financing of Business Innovation in Scotland*, published in October 2012, included a proposal for a working group to consider and advise on sources of growth capital for emerging Scottish companies. The group, set up with SFE and ICAS, has now met several times and will publish its recommendations in Autumn 2013.

## IEEE/RSE/Wolfson James Clerk Maxwell Award

The IEEE/RSE/Wolfson, James Clerk Maxwell Award for 2012, supported by Wolfson Microelectronics PLC, was awarded to Professor Gerhard Sessler of Darmstadt University of Technology in Germany for his pioneering contributions to electroacoustic transducers, the development of silicon microphone technology, and seminal work on electroactive materials.

### Building partnerships

In May 2012, the RSE formed a Learned Societies' Group on Scottish Science Education. Its purpose is to discuss and contribute to the major reforms in the delivery of science education in Scottish schools. The Group is facilitated by the RSE and chaired by Professor Sally Brown. Members are drawn from the Royal Society of Chemistry, the Institute of Physics, the Society of Biology, the British Computer Society, the Association of Science Education, the Scottish Schools Education Research Centre and the Engineering Policy Group in Scotland.

In collaboration with the David Hume Institute, a joint project is on-going considering the role and contribution of universities in Scotland. Roundtable discussion sessions were held on topics including: *The role of universities in the economy*; *Who are universities for?* and *The school/college/university interface and collaboration*. The series will continue throughout 2013–14 and, following its completion, a set of policy papers will be published.

### 3 Enhancing the RSE Young Academy of Scotland's capacity to contribute to the future of Scotland

Since incorporation, the Trustees of the SCIO have supported an open and publicly accessible application process to increase the membership of the RSE Young Academy of Scotland by a further 50 members. This takes the total membership to 118 (51 females and 67 males) and widens its capacity. The SCIO has also coordinated the activities of the Young Academy:

Five Working Groups of Young Academy members have been set up, aiming to make informed contributions on matters affecting the wellbeing of Scotland and its people. The groups are:

- Scottish Constitutional Reform
- Inequalities in the Workplace
- Open access to research data
- Curriculum for Excellence
- Media Relations – and specifically the portrayal of research, across all disciplines, by the media

These groups are producing written reports and submissions, all of which are publicly available on the Young Academy webpages, and engaging directly with public, governmental and parliamentary organisations and individuals in a range of ways. These included:

- A joint meeting with the Scottish Youth Parliament and Young Scot, to explore future collaboration on issues affecting young people
- Representing Scotland at a "Voices of the Future" event for young Scientists held at the House of Commons, Westminster
- Collaboration with Young Academies in Germany, the Netherlands, Russia and Sweden on a photographic competition inviting scholars across Europe to submit images capturing the essence of what makes research fascinating.

### 4 Enhancing the public's contribution to and understanding of science, economic and cultural issues

#### (i) Events

The multidisciplinary programme of events aimed at a wide variety of audiences comprised

#### Seven lectures:

*Alan Turing: Legacy of a Code Breaker*

*Is doing cancer research good for the NHS?*

*BBC Reith Lecture: The Rule of Law and its Enemies*

*Fragments of a Lost Past or Evidence of a Connected History:*

*The Role and Concepts of Islamic Art in the Museum Context*

*RSE/BP, Hutton Prize Lecture in Energy Innovation*

*Sexual and Reproductive Health Issues for Women in Combat*

*The Scientific Life of David Livingstone*

#### Three annual lectures:

RSE Christmas Lecture by Olympic gold medalist Katherine Grainger – *Getting to Gold*

MacCormick European Lecture 2012 given by Allan Little *Reflections on recent events in the Arab World*

SUPA/Robert Cormack Astronomy Meeting *Exploring the Diversity of Exoplanets*

#### Six Joint Lectures and discussion forums

in partnership with the following organisations:

SCRR Peter Wilson Lecture: *The Evidential Basis for Food and Environmental Policy*

RSE/RAEng: *Growing Healthcare Technology Businesses – Bringing Engineering Inventions to Market with Limited Resources*

Royal Commonwealth Society *An Evening with Tim Flannery*

Gifford Trust – *An Evening with Diarmaid MacCulloch*

International Futures Forum Michael Shea Memorial Lecture: *Love's Labours Lost: How Society is Straitjacketing its Professionals and how we might release them*

Standard Life Investments – *Integrated Reporting: Benefit or Cost*

#### Five Conferences:

*Celebrating 100 years since the birth of Alan Turing*

*Europe and the Arab World*

*C T R Wilson, a Great Scottish Physicist: His Life, Work and Legacy*

*Women's Reproductive Health across the Lifecourse: Implications for Public Policy*

In partnership with the British Academy – *Scotland and the United Kingdom*

#### RSE@Lochaber programme

In the period from the launch in September 2012, the programme delivered:

Nine Public Talks

One Secondary School Discussion Forum

Nine Secondary School Talks

One Public Webcast

Ten Primary School Workshops/Talks

## Achievements in the year (continued)

The aim of this initiative is to enhance and improve the understanding and appreciation that people, particularly school-aged children, have for their local community. The focus is on themes both historical and contemporary that are relevant to the Locharber region and include science and environment; history and identity, literature and the arts; and community development. Events took place in venues in towns and villages across the region, including Fort William, Mallaig, Kinlochleven, Ballachulish, Kilchoan and the Isle of Eigg.

### (ii) Schools

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:

**33 Science Master Classes** for S1 and S2 science subjects, hosted at five Universities, attended by 817 students.

**15 Schools Talks** where the content was agreed with teachers in line with their curriculum, attended by 656 students.

**Schools Christmas lecture** given by Katherine Grainger

**Two Schools Discussion forums** *Enhancements in Sports* took place as a part of the RSE@Locharber programme and as a follow-on event from RSE@Arbroath.

### (iii) International events

#### RSE – NSFC Workshop

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 November 2012 in Edinburgh in the area of *Energy and Renewables*.

A delegation of nine leading researchers in the area of Energy and Renewables attended from China to meet with their Scottish counterparts, present their work and explore future opportunities for collaboration between the participants from Scotland and China.

#### Franco-Scottish collaboration

In association with the Institut d'Etudes Politiques at the University of Rennes and with the support of the French Consul General in Edinburgh and the Regional Council of Brittany, a policy seminar was held in October 2012. This provided an opportunity for academics, practitioners and stakeholders to exchange ideas and experiences in policy innovation in Scotland and in France, with a specific focus on youth unemployment and training policies.

## 5 Informing and influencing public policy decisions

RSE's Policy Advice Unit uses the multi-disciplinary knowledge and expertise of RSE Fellows, and other experts chosen by the Society, to provide evidence-based advice to inform public policy decisions made by the Scottish, UK and European Parliaments and Governments. It provides these institutions with a source of independent and impartial advice on a range of matters.

Key outputs of the RSE's Policy Advice Unit were an inquiry report on Women in Science, Technology Engineering and Mathematics: *Tapping all our Talents*, the launch of which was followed by an extensive programme of dissemination events; and the launch of a major inquiry into Digital Participation, which will report in 2013.

The unit also produced 11 Consultation Responses, one Briefing Paper, seven Projects/Reports, and 19 dissemination events following on from our *Tapping All our Talents* report, including presentations to: the House of Commons Select Committee; the Cross-Party Group on Science and Technology in the Scottish Parliament; the Department of Business Innovation and Skills.

Oral evidence was provided to several Scottish Parliamentary Committees, including on the Draft Budget. Frequent reference was made in Parliamentary debates to the RSE's written submissions on diverse topics.

### Enlightening the Constitutional Debate

On 18 September 2014, the Scottish people will be asked to vote in a Referendum on whether or not Scotland should be an independent country. The issue of Scottish independence is the biggest constitutional issue facing the UK at the moment, with far-reaching implications for all UK citizens. In 2012, the RSE and the British Academy held a conference, *Scotland and the United Kingdom*, to provide a platform for frank and informed discussion. A programme of public events was then established to enable further, more detailed discussion on specific topics relevant to the independence debate. The first of these, covering Scotland and Europe, was held in March 2013. The other events are being held over 2013–14. Written reports of all the events are publicly available and, for events held in Scotland, video recordings are available on the web.

### RSE Education Committee

The RSE Education Committee members contribute to the development of policy in relation to education at all levels. In January 2013, members met with the Cabinet Secretary and his officials to learn about the Government's plans for evaluation of Curriculum for Excellence and how the RSE could provide support and constructive challenge to the process.

The History working subgroup held an event *The teaching of History: a model for collaboration* in February 2013 to lay the foundation for creation of a History Learning Community. It brought together those involved in the research, teaching and learning of History at all levels.

The joint project (with the British Computer Society), to produce exemplification materials to support the teaching of Computing Science in schools, continued successfully. Three extensive resources comprising tutor and learner materials were launched at the RSE in December 2012. These have received very positive responses from schools and teachers across Scotland and internationally. The project leader, Jeremy Scott, presented the project at the App Inventor Summit organised and hosted by the Massachusetts Institute of Technology (MIT) Center for Mobile Learning. The project has been extended until August 2014 to develop further materials to support the new national qualifications in Computing Science.

The Education Committee also contributes to the debate surrounding the future of Higher and Further Education in Scotland. This included input to RSE advice papers on Higher Education governance and Post-16 Education.

## 6 Recognising Excellence

### (i) 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 2013, the RSE announced the election of five new Corresponding Fellows, three Honorary Fellows and 39 Fellows. This followed the scrutiny in 2012 of 161 candidates through a four-stage committee process, culminating in the postal ballot in December to the entire Fellowship. The addition of new Fellows in 2013 brought the numbers in the Fellowship up to 1565: 64 Honorary Fellows; 64 Corresponding Fellows; 1437 Fellows.

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

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

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.

### (ii) Prizes

The **Royal Medals** of the Royal Society of Edinburgh are its most prestigious award, recognising outstanding research excellence and scholarship. The 2012 Medals were awarded, with the approval of Her Majesty The Queen, to Dr David Milne for his outstanding contribution to business and commerce in Scotland through his founding, growth and leadership of Wolfson Microelectronics, and to Professor Sir Edwin Southern for his outstanding contribution to molecular biology, from which technologies have been developed with a global impact. The Medals were presented by HRH The Duke of Edinburgh at a ceremony at the Royal Society of Edinburgh.

The 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 for 2012 was awarded to the leading Scottish historian Professor Tom Devine OBE FRSE; Dr Nicola Stanley-Wall of the University of Dundee was the winner of the Innovator's Prize.

Following a review of RSE Prizes, Council has instigated a new Prizes structure which incorporates Senior and Early-Career Medals. In Spring 2013 they were awarded as follows:

**RSE/Sir Walter Scott Prize:** to Professor David Hewitt FRSE, for his outstanding contribution to Scottish Literature through his work on The Edinburgh Edition of the Waverley Novels.

**RSE/Sir James Black Prize:** jointly to Professor Christopher Haslett OBE FRSE FMedSci for his outstanding contribution to inflammation research; and to Professor Andrew Whiten FRSE FBA, for his outstanding contributions to the study of primates and animal behaviour.

**RSE/Lord Kelvin Prize:** to Professor Peter Davies FRSE, for his outstanding contribution to the discipline of Fluid Mechanics.

**RSE/Patrick Neill Medal:** to Dr Marc Dweck, British Heart Foundation Clinical Lecturer, University of Edinburgh, for his outstanding research in clinical cardiology and his innovative ways of engaging with the public to increase its understanding of this area of science.

**RSE/Makdougall Brisbane Medal:** to Dr Aidan Robson, Lecturer in the School of Physics and Astronomy, University of Glasgow, for his breadth and depth of knowledge making him an excellent spokesperson and champion for particle physics and for his ongoing programme of schools' outreach activities.

**RSE/Thomas Reid Medal:** to Dr Gordon Pentland, (a member of the RSE Young Academy of Scotland), Senior Lecturer in History at the University of Edinburgh, for his high quality research and his longstanding commitment to knowledge exchange.

**RSE/Henry Duncan Medal:** to Mr Neil McLennan (a member of the RSE Young Academy of Scotland), Quality Improvement Officer (Education, Culture and Sport) at Aberdeen City Council and President of the Scottish Association of Teachers of History, for his outstanding contribution to civic society, creativity and social enterprise, education and the social sciences.

Additionally, in September 2012 Council agreed to recognise the outstanding work of **Professor Peter Higgs FRS FRSE** by creating an exhibition about his work to be displayed in the Upper Gallery, by presenting him with a one-off commemorative medal at the Annual Statutory Meeting, and commissioning a portrait to be hung in the Kelvin Room.

## 7 Reaching out

### (i) International relations

Since 2003, Scottish Government funding has supported the establishment of formal Memoranda of Understanding (MoUs) between the RSE and 16 overseas sister Academies, and also supported the development and maintenance of relationships and activities with other overseas Academies. The relationships act as a catalyst for other international engagement activities such as conferences and seminars. Events take place both in Scotland and overseas, and are attended by international as well as Scottish participants.

## Trustees' Report &amp; Accounts 2012–2013

**Achievements in the year (continued)**

The RSE also serves as Scotland's representative on ALLEA (All European Academies), a body which comprises 53 academies from across Europe. This relationship provides excellent opportunities for developing links with other Academies on behalf of Scotland.

**(ii) Communications**

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, public e-bulletins were sent out during the year to advertise various events and schools activities.

In December, Issue 13 of our *Science Scotland* magazine was published, entitled *The Business of Biomedicine*; this was the second part of two editions dedicated to highlighting Scottish companies that have grown from the commercialisation of research.

**(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*. They are distributed worldwide, to the Americas, Europe, Australasia, the Middle East, Africa and Asia, and the peer review process draws on a truly international bank of referees and editors. Six issues of *Proceedings A* were published during the 2012/13 year. Two issues of *Transactions* were published.

The digital versions of the RSE's archive journals – *Transactions* (1785–1979), *Transactions: Earth Sciences* (1980–2000), *Proceedings* (1832–1940), *Proceedings A* (1941–1999) and *Proceedings B* (1941–1996) continue to be marketed for sale to the public by Cambridge University Press. The RSE's highly regarded journal archive is thus more easily accessible to a world-wide audience, and generates useful additional income.

**(iv) Friends of the Society**

In 2009 the RSE launched a corporate engagement initiative entitled *Friends of the Society* with the aim of strengthening relations with the Scottish business sector. Over the last four years a number of prominent organisations have taken part in the project which provides the *Friends* with an opportunity to find out more about the RSE and the important work we carry out. During the period the number of *Friends* grew once again from thirteen to sixteen.

**Financial review and policies****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:

	<b>Income Target</b> £'000	<b>Actual income</b> £'000	<b>Total return</b> %	<b>Benchmark</b> %
RSE	335	340	19.9	13.8
BP Trust	126	124	19.8	13.8
Foundation	350	355	19.4	13.8

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 £754,000. The current fund balance is £700,000. 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. During the year, the Development Fund was renamed the New Enlightenment Fund and Council has determined that henceforth it will be used as an expendable endowment to strengthen the RSE's financial independence. Major donations and legacies received will be added to the New Enlightenment Fund.

**Result for the year**

The surplus for the year was £325,106 including a further payment of a legacy from Dr Gethin Lewis of £75,000 and other non-recurring items. The underlying outcome for the year was a surplus of £31,000, compared to a deficit of £21,000 in the previous year.

Investment gains comprised £0.04 m realised in the year and £2.75m unrealised at the year end. The net movement on funds for the year after the FRS17 actuarial adjustment was £3.086m.

**Income and Expenditure****Total incoming resources**

Total incoming resources were £5.03 m (2012 – £6.75m), a decrease of 25% due to the exceptional income from major legacies received in 2012. Other voluntary income, which includes Fellows subscriptions and continuing contributions from the 'Friends of the Society' – corporate partners of the RSE, listed in note 26d, remained similar to previous years. Investment income was also stable at £0.85m, reflecting the addition of income from legacy proceeds, but incoming resources from charitable activities decreased by 6% to £3.56m.

The major reason for the fall in incoming resources for charitable activities was the further 4% reduction in Scottish Government grant-in-aid, following the 16% reduction in 2012 (from £2.927m in 2011 to £2.455m in 2012, to £2.350m in 2013). Fluctuations in the pattern and numbers of Enterprise Fellowship appointments also contributed to the decrease in income.

**Resources expended**

On a like-for-like basis total expenditure decreased by 5% (£0.28m), 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. The costs of refurbishment of the 3rd floor of 53 Hanover Street in preparation for re-letting are included in the direct expenditure under this category.

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 £3.36m to £3.07m. This mirrors the drop in income and reflects fewer research and Enterprise Fellows in post. The reduction in the CRF grants payable due to previous early resignations of two Research Fellows resulted in surplus income in that Fund. Total expenditure on influencing public policy decreased by 9%, as the launch of the new major inquiry took place towards the end of the financial year.

Governance costs, which have remained at a similar level to previous years, 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 £101,818 to match the

depreciation of buildings and the capital repayment of the loan to the Foundation; and transfers 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 £24.11m to £27.19m, mainly due to the £2.75m unrealised surplus on investments. Realised surpluses on investments were £41,700.

Net current assets increased from £1.49m to £1.82m, with a decrease in debtors resulting in increased cash balances. Debtors have decreased by £0.58m, mainly reflecting the timing of receipt of Scottish Government grant claims.

For the third year running the net pension position calculated by the actuary was a surplus, although at a reduced level. Because it is unlikely that such an asset could be realised in the foreseeable future, the amount recognised in the financial statements is restricted so that no net pension asset is recognised. This required an adjustment for actuarial losses of £31,000.

Total funds increased by £3.08m. In addition to the revenue surplus of £325,106 were there were realised and unrealised investment gains of £2.783m, and a negative movement of £.03m on the actuarial pension fund liability.

**Future plans**

The unique character of the RSE, in terms of the knowledge and skills of its Fellows, is well suited to address the economic and social challenges of modern Scotland today. In particular, the Society contributes to the development of world-class researchers, who, in a highly technological age, have a key role to play in Scotland's future. Through its diverse Fellowship and its work with other organisations, it fosters effective cross-disciplinary collaborations. It is able to contribute independent and well considered insights into public policy debate and enhances the public's understanding of research and other topical issues.

The RSE's contribution to public benefit is well recognised by the Scottish Government, though budget pressures have meant that the Society's grant has been reduced during a period of economic difficulty. In this context, the Council fully recognises the need to demonstrate to Government the value of the RSE to Scotland.

The Council also recognises the benefits of achieving greater diversification of funding from non-government sources and considerable efforts are being made to do so. The New Enlightenment Fund, for example, is designed to provide funding to enable the RSE's priorities, as identified in this report, to be developed and more fully achieved in the interests of Scotland's future.

Signed on behalf of the Council

**Gerald Wilson CB**

*Treasurer*

2 September 2013

# Trustees' Report & Accounts 2012–2013

## Independent Auditors' 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 2013 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 auditors 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 2013 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)*

Edinburgh

2 September 2013

## Group statement of financial activities (incorporating the income & expenditure account) for year ended 31 March 2013

	Note	General Fund	Designated Funds	Restricted Income	Restricted Funds	2013 Total	2012 Total
		£	£	£	£	£	£
<b>Income</b>							
Legacies		–	75,000	–	–	<b>75,000</b>	1,630,386
Voluntary income	4	253,779	5,919	–	26,410	<b>286,108</b>	269,213
Activities for generating income	4	–	–	–	254,690	<b>254,690</b>	253,273
Investment income	4	41,351	241,503	–	562,991	<b>845,845</b>	792,349
Incoming resources from generated funds		295,130	322,422	–	844,091	<b>1,461,643</b>	2,945,221
Incoming resources from charitable activities	5	152,148	–	3,065,838	348,873	<b>3,566,859</b>	3,806,029
Total incoming resources		447,278	322,422	3,065,838	1,192,964	<b>5,028,502</b>	6,751,250
<b>Expenditure</b>							
Cost of generating funds	6	(152,138)	(3,838)	–	(122,385)	<b>(278,361)</b>	(255,130)
Charitable activities	6	(414,877)	(106,340)	(3,065,838)	(688,067)	<b>(4,275,122)</b>	(4,569,345)
Governance	6	(103,475)	–	–	(46,438)	<b>(149,913)</b>	(155,370)
Total resources expended		(670,490)	(110,178)	(3,065,838)	(856,890)	<b>(4,703,396)</b>	(4,979,845)
<b>Net (outgoing)/incoming resources before transfers</b>		(223,212)	212,244	–	336,074	<b>325,106</b>	1,771,405
Transfers between funds		257,863	(101,818)	–	(156,045)	–	–
<b>Other recognised gains/(losses)</b>							
<i>Gains/(losses) on investment assets</i>							
Realised gains	14	1,171	13,328	–	27,235	<b>41,734</b>	23,820
Unrealised gains	14	71,801	817,058	–	1,862,224	<b>2,751,083</b>	208,280
Actuarial (losses)/gain on Lothian Pension Fund		(31,000)	–	–	–	<b>(31,000)</b>	(75,000)
<b>Net movement in funds</b>		76,623	940,812	–	2,069,488	<b>3,086,923</b>	1,928,505
Balance brought forward at 1 April 2012		623,886	9,405,721	–	14,080,572	<b>24,110,179</b>	22,181,674
<b>Balance carried forward at 31 March 2013</b>	21	700,509	10,346,533	–	16,150,060	<b>27,197,102</b>	24,110,179

## Group balance sheet at 31 March 2013

	Note	2013 £	2013 £	2012 £	2012 £
<b>Fixed assets</b>					
Tangible fixed assets	13		<b>3,557,761</b>		3,652,554
<b>Fixed asset investments</b>					
Investments at market value	14		<b>21,882,808</b>		19,099,992
			<b>25,440,569</b>		22,752,546
<b>Current assets</b>					
Debtors	15	<b>323,998</b>		910,595	
Cash at bank and in hand		<b>584,715</b>		295,351	
Deposits – Designated funds		<b>97,309</b>		96,825	
Deposits – Restricted funds		<b>1,151,805</b>		1,262,255	
Deposits – General funds		<b>979,802</b>		295,112	
		<b>3,137,629</b>		2,860,138	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	16	<b>(1,315,462)</b>		(1,371,625)	
<b>Net current assets</b>					
			<b>1,822,167</b>		1,488,513
<b>Total assets less current liabilities</b>					
			<b>27,262,736</b>		24,241,059
<b>Provision for liabilities and charges</b>					
	17		<b>(65,634)</b>		(130,880)
<b>Net assets excluding pension fund</b>					
			<b>27,197,102</b>		24,110,179
Lothian Pension Fund defined benefit scheme asset/(liability)	22		–		–
<b>Net assets after pension fund asset/(liability)</b>					
			<b>27,197,102</b>		24,110,179
<b>Funds</b>					
General Fund			<b>700,509</b>		623,886
Add: Pension reserve			–		–
			<b>700,509</b>		623,886
Designated Funds	18		<b>10,346,533</b>		9,405,721
Restricted Funds	19		<b>16,150,060</b>		14,080,572
	20		<b>16,150,060</b>		14,080,572
<b>Total funds</b>					
			<b>27,197,102</b>		24,110,179

The accounts were approved by the Council on 2 September 2013 and signed on its behalf by:

**Gerald Wilson, CB**  
Treasurer

## RSE balance sheet at 31 March 2013

	Note	2013 £	2013 £	2012 £	2012 £
<b>Fixed assets</b>					
Tangible fixed assets	13		<b>2,000,576</b>		2,058,368
<b>Fixed asset investments</b>					
Investments at market value	14(a)		<b>9,115,145</b>		7,941,063
Loan to RSE Scotland Foundation	14(b)		<b>1,610,288</b>		1,657,096
			<b>12,726,009</b>		11,656,527
<b>Current assets</b>					
Debtors	15	<b>298,540</b>		859,704	
Cash at bank and in hand		<b>454,593</b>		295,351	
Money Market deposits – Designated funds		<b>97,309</b>		96,825	
Money Market deposits – Restricted funds		<b>1,151,805</b>		1,123,166	
Money Market deposits – General funds		<b>979,802</b>		295,112	
		<b>2,982,049</b>		2,670,158	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	16	<b>(2,385,227)</b>		(2,213,133)	
			<b>596,822</b>		457,025
<b>Net current assets</b>					
			<b>13,322,831</b>		12,113,552
<b>Total assets less current liabilities</b>					
<b>Provision for liabilities and charges</b>	17		<b>(65,634)</b>		(130,880)
<b>Net assets excluding pension fund</b>					
			<b>13,257,197</b>		11,982,672
Lothian Pension Fund defined benefit scheme asset/(liability)	22		–		–
<b>Net assets after pension fund asset/(liability)</b>					
			<b>13,257,197</b>		11,982,672
<b>Funds</b>					
General Fund			<b>700,509</b>		623,886
Add: Pension reserve			–		–
	18		<b>700,509</b>		623,886
Designated Funds	19		<b>10,346,533</b>		9,405,721
Restricted Funds	20		<b>2,210,155</b>		1,953,065
<b>Total funds</b>					
			<b>13,257,197</b>		11,982,672

The accounts were approved by the Council on 2 September 2013 and signed on its behalf by:

**Gerald Wilson, CB**  
Treasurer

## RSE statement of financial activities (incorporating the income & expenditure account) for year ended 31 March 2013

	Note	General Fund £	Designated Funds £	Restricted income £	Restricted funds £	2013 Total £	2012 Total £
<b>Income</b>							
Voluntary income		253,779	80,919	–	13,807	<b>348,505</b>	1,887,585
Investment income		122,072	241,503	–	79,188	<b>442,763</b>	403,398
Incoming resources from generated funds		375,851	322,422	–	92,995	<b>791,268</b>	2,290,983
Incoming resources from charitable activities		258,076	–	3,317,714	–	<b>3,575,790</b>	3,831,171
Total incoming resources		633,927	322,422	3,317,714	92,995	<b>4,367,058</b>	6,122,154
<b>Expenditure</b>							
Cost of generating funds		(152,138)	(3,838)	–	–	<b>(155,976)</b>	(188,422)
Charitable activities		(445,481)	(106,340)	(3,317,714)	(106,630)	<b>(3,976,165)</b>	(4,239,596)
Governance		(103,475)	–	–	–	<b>(103,475)</b>	(108,919)
Total resources expended		(701,094)	(110,178)	(3,317,714)	(106,630)	<b>(4,235,616)</b>	(4,536,937)
<b>Net incoming/(outgoing) resources before transfers</b>							
		(67,167)	212,244	–	(13,635)	<b>131,442</b>	1,585,217
Transfers between funds		101,818	(101,818)	–	–	<b>–</b>	–
<b>Other recognised gains/(losses)</b>							
<i>Gains/(losses) on investment assets</i>							
Realised gains	14	1,171	13,328	–	4,345	<b>18,844</b>	5,727
Unrealised gains	14	71,801	817,058	–	266,380	<b>1,155,239</b>	90,543
Actuarial (losses) gains on Lothian Pension Fund	22	(31,000)	–	–	–	<b>(31,000)</b>	(75,000)
<b>Net movement in funds</b>		76,623	940,812	–	257,090	<b>1,274,525</b>	1,606,487
Balance brought forward at 1 April 2012		623,886	9,405,721	–	1,953,065	<b>11,982,672</b>	10,376,185
<b>Balance carried forward at 31 March 2013</b>		700,509	10,346,533	–	2,210,155	<b>13,257,197</b>	11,982,672

## Group cash flow statement for the year ended 31 March 2013

	2013 £	2013 £	2012 £	2012 £
<b>Cash flow statement</b>				
Net cash inflow/(outflow) from operating activities		<b>29,762</b>		1,028,573
<i>Returns on investments and servicing of finance:</i>				
Interest received	<b>21,265</b>		14,383	
Dividends received	<b>824,580</b>		786,968	
		<b>845,845</b>		801,351
<i>Capital expenditure and financial investment:</i>				
Purchase of tangible fixed assets	<b>(27,177)</b>		–	
Proceeds from sale of investments	<b>1,636,143</b>		4,000,480	
Purchases of investments	<b>(1,626,143)</b>		(5,780,480)	
		<b>(17,177)</b>		(1,780,000)
<i>Net cash flow before financing:</i>		<b>858,430</b>		49,924
Appeal receipts		<b>5,658</b>		6,507
<b>Increase/(Decrease) in cash in the year</b>		<b>864,088</b>		56,431
<b>Reconciliation of net cash flow to movement in net funds</b>				
Increase/(Decrease) in cash in the year		<b>864,088</b>		56,431
Net funds at beginning of year		<b>1,949,543</b>		1,893,112
Net funds at end of year (note 27)		<b>2,813,631</b>		1,949,543
<b>Reconciliation of net movement in funds to net cash outflow from operating activities</b>				
Net incoming resources before transfers	<b>325,106</b>		1,771,405	
Retirement benefit scheme current service cost	<b>127,000</b>		117,000	
Retirement benefit scheme past service cost	<b>53,000</b>		–	
Retirement benefit scheme contributions	<b>(175,000)</b>		(153,000)	
Retirement benefit scheme finance cost	<b>(36,000)</b>		(39,000)	
Appeal receipts	<b>(5,658)</b>		(6,507)	
Dividends receivable	<b>(824,579)</b>		(777,966)	
Interest receivable	<b>(21,265)</b>		(14,383)	
Depreciation	<b>121,970</b>		119,517	
Decrease/(Increase) in debtors	<b>586,597</b>		297,565	
(Decrease)/Increase in creditors	<b>(56,163)</b>		(199,088)	
Movement on provision for liabilities	<b>(65,246)</b>		(86,970)	
Net cash outflow from operating activities	<b>29,762</b>		1,028,573	

## 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, RSE Scotland SCIO 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 Council 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.

New Enlightenment 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).

RSE Scotland SCIO – incorporated in June 2012 with charitable purposes of the advancement of education; the arts, heritage, culture or science; and of citizenship or community development. The SCIO co-ordinates the development of the RSE Young Academy of Scotland.

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 2013 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.

## notes to the financial statements

### 4 Incoming resources

<i>Current year 2013</i>	Voluntary income	Activities for generating income	Investment	Promotion of research and innovation	Other charitable activities	Total 2013
	£	£	£	£	£	£
Fellows	234,985	–	–	–	–	<b>234,985</b>
Individuals	1,288	–	–	–	21,227	<b>22,515</b>
Legacies	75,000	–	–	–	–	<b>75,000</b>
Companies	30,100	–	–	–	38,298	<b>68,398</b>
Charitable trusts	19,632	–	–	8,732	97,020	<b>125,384</b>
Scottish Government	–	–	–	1,806,348	543,652	<b>2,350,000</b>
Public sector bodies	–	–	–	677,596	25,113	<b>702,709</b>
Bank interest	–	–	21,265	–	–	<b>21,265</b>
Dividends	–	–	340,776	–	–	<b>340,776</b>
<b>RSE</b>	<b>361,005</b>	<b>–</b>	<b>362,041</b>	<b>2,492,676</b>	<b>725,310</b>	<b>3,941,032</b>
BP Research Fellowship Trust						
– dividends and interest	–	–	128,539	–	–	<b>128,539</b>
RSE Scotland Foundation						
– grants & donations	103	–	–	–	–	<b>103</b>
– rental income	–	254,690	–	–	–	<b>254,690</b>
– charitable activities	–	–	–	–	348,873	<b>348,873</b>
– dividends and interest	–	–	355,265	–	–	<b>355,265</b>
	<b>361,108</b>	<b>254,690</b>	<b>845,845</b>	<b>2,492,676</b>	<b>1,074,183</b>	<b>5,028,502</b>
<i>Prior year 2012</i>						
	£	£	£	£	£	£
Fellows	215,923	–	–	–	–	<b>215,923</b>
Individuals	5,928	–	–	–	18,076	<b>24,004</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>
<b>RSE</b>	<b>1,887,585</b>	<b>–</b>	<b>320,803</b>	<b>2,697,041</b>	<b>784,408</b>	<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>
	<b>1,899,599</b>	<b>253,273</b>	<b>792,349</b>	<b>2,697,041</b>	<b>1,108,988</b>	<b>6,751,250</b>

## notes to the financial statements

### 4 Incoming resources (continued)

#### 4a Voluntary income

	2013 £	2012 £
<b>Contributions from RSE Fellows</b>		
Admission fees	10,920	11,200
Annual subscriptions	176,708	172,300
Fellows' donations	23,449	6,507
Income tax recoverable under Gift Aid	23,908	25,916
	<b>234,985</b>	215,923
Lessells Trust additional receipt	13,807	11,048
Legacies	75,000	1,630,386
RSE Young Academy	–	5,100
Friends of the Society – corporate partners	30,100	24,300
Other income	7,216	828
	<b>361,108</b>	1,887,585

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

	2013 £	2012 £
Scottish Government Grant – research fellowships	1,667,122	1,648,861
Scottish Government Grant – arts & humanities awards	139,226	134,632
Marie Curie COFUND	32,042	80,030
Scottish Enterprise	326,792	547,114
BBSRC Enterprise Fellowships	229,902	199,554
STFC Enterprise Fellowships	88,859	73,257
Lloyds TSB Foundation for Scotland	7,233	12,093
Scottish Crucible	1,500	1,500
	<b>2,492,676</b>	2,697,041
Scottish Government Grant – engagement and innovation	305,128	354,408
Scottish Government Grant – International activities	238,524	317,099
Wider outreach activities	30,207	15,049
Events	69,185	30,135
Policy and advice income	54,343	43,843
IEEE / RSE / Wolfson, James Clerk Maxwell Award	22,350	21,106
Educational activities	5,000	–
RSE Beltane Prize for Public Engagement	–	2,500
Sale of sundry publications	573	268
	<b>725,310</b>	784,408
RSE Scotland Foundation – Journal publications	219,870	195,975
RSE Scotland Foundation – Conference facilities letting	129,003	128,605
	<b>348,873</b>	324,580
	<b>3,566,859</b>	3,806,029

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

## notes to the financial statements

### 6 Resources expended

	2013			2012		
	Direct costs £	Support costs (Note 11) £	Total 2013 £	Direct costs £	Support costs (Note 11) £	Total 2012 £
<b>Costs of generating funds</b>						
Fundraising	24,024	54,233	<b>78,257</b>	3,127	94,240	97,367
Fellows' subscriptions	–	77,719	<b>77,719</b>	–	91,055	91,055
	24,024	131,952	<b>155,976</b>	3,127	185,295	188,422
Building management	34,826	85,639	<b>120,465</b>	–	65,768	65,768
Investment fees	1,920	–	<b>1,920</b>	940	–	940
<b>Total costs of generating funds</b>	<b>60,770</b>	<b>217,591</b>	<b>278,361</b>	<b>4,067</b>	<b>251,063</b>	<b>255,130</b>
<b>Charitable activities</b>						
Enhancing World-Class Research	2,188,600	200,034	<b>2,388,634</b>	2,310,356	212,933	2,523,289
Strengthening connections among academia, business, public and voluntary sector	611,528	92,196	<b>703,724</b>	729,037	114,359	843,396
RSE Young Academy of Scotland	7,495	58,426	<b>65,921</b>	48,935	21,747	70,682
Enhancing public contribution to science, economic and cultural issues	117,553	386,569	<b>504,122</b>	91,663	426,911	518,574
Informing and influencing policy decisions	46,530	239,934	<b>286,464</b>	55,209	260,094	315,303
Recognising excellence	23,257	6,354	<b>29,611</b>	25,183	2,545	27,728
Reaching out	125,198	171,448	<b>296,646</b>	133,032	137,338	270,370
<b>Total cost of charitable activities</b>	<b>3,120,161</b>	<b>1,154,961</b>	<b>4,275,122</b>	<b>3,393,414</b>	<b>1,175,928</b>	<b>4,569,342</b>
<b>Governance (note 11)</b>						
RSE	5,675	97,800	<b>103,475</b>	5,908	103,012	108,920
RSE Scotland Foundation	5,202	35,969	<b>41,171</b>	5,058	40,132	45,190
RSE Scotland SCIO	1,421	2,561	<b>3,982</b>	–	–	–
BP Research Fellowship Trust	1,285	–	<b>1,285</b>	1,260	–	1,260
<b>Total governance costs</b>	<b>13,583</b>	<b>136,330</b>	<b>149,913</b>	<b>12,226</b>	<b>143,144</b>	<b>155,370</b>
<b>Resources expended</b>	<b>3,194,514</b>	<b>1,508,882</b>	<b>4,703,396</b>	<b>3,409,708</b>	<b>1,570,137</b>	<b>4,979,845</b>

Central support costs as set out in note 11 have been allocated to activities in proportion to the employment cost in each area of activity.

## notes to the financial statements

### 7 Grants payable

	2013 £	2012 £
Promotion of research (note 8)	2,244,450	2,315,558
International grants (note 8)	144,184	207,731
	<b>2,388,634</b>	2,523,289
Prizes and grants (note 8)	29,611	27,728
Promotion of Innovation (Note 9)	654,077	810,085
	<b>3,072,322</b>	3,361,102

### 8 Enhancing World-Class Research

	2013 £	2012 £
<b>Promotion of Research</b>		
Scottish Government Fellowships	1,545,761	1,526,453
Marie Curie COFUND actions	22,341	74,949
Arts & Humanities Workshop Grants	122,897	120,745
CRF European Fellowships	38,861	30,303
CRF Personal Fellowships	70,248	111,458
Robert Cormack Bequest	7,859	6,457
John Moyes Lessells Scholarship	25,539	19,017
Auber Bequest Awards	–	3,000
Henry Dryerre Scholarship	20,971	20,755
Other direct costs	2,682	4,202
	<b>1,857,159</b>	1,917,339
RSE	112,373	123,335
BP Research Fellowship Trust	92,036	79,093
	<b>2,061,568</b>	2,119,767
Support costs (note 6)	182,882	195,791
	<b>2,244,450</b>	2,315,558
<b>International exchange grants</b>		
Support costs (note 6)	127,031	190,589
	17,153	17,143
	<b>144,184</b>	207,731
	<b>2,388,634</b>	2,523,289

An analysis of institutions and individual awards made under this expenditure heading is included in the Society's Annual Review 2013, obtainable from the address on the back cover.

## notes to the financial statements

### 9 Strengthening connections between business and academia

	2013 £	2012 £
Scottish Enterprise Fellowships	294,395	460,313
STFC Enterprise Fellowships	77,145	65,183
BBSRC Enterprise Fellowships	203,656	175,215
	<b>575,196</b>	700,711
Support costs (Note 6)	78,881	109,374
	<b>654,077</b>	810,085
Business Innovation Forum	13,990	12,205
Policy partnerships	2,633	–
IEEE/ James Clerk Maxwell Prize	19,709	16,121
	<b>36,332</b>	28,326
Support costs (Note 6)	13,315	4,985
	<b>703,724</b>	843,396

### 10 Governance

	2013 £	2012 £
Management and secretariat	136,551	143,144
Audit fee	13,362	12,226
Other professional advice from auditors	–	–
	<b>149,913</b>	155,370

## notes to the financial statements

### 11 Support costs

	2013 £	2012 £
Staff costs (including secondments) (note 12)	1,084,737	1,119,082
Staff training, agency and recruitment costs	12,148	16,098
Other staff costs	(6,609)	76,320
Non-cash pension cost adjustments (FRS 17)	(31,000)	(75,000)
	<b>1,059,276</b>	1,136,500
<i>Other costs</i>		
Establishment expenses	173,088	181,699
Computer and equipment costs	38,611	40,079
Communication, stationery and printing costs	46,946	49,165
Travel and subsistence, hospitality	26,006	19,143
Publicity	26,520	9,453
Miscellaneous	2,971	1,644
Professional fees and subscriptions	13,494	12,937
Depreciation	121,970	119,517
	<b>449,606</b>	433,637
<b>Total central costs</b>	<b>1,508,882</b>	1,570,137

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

### 12 Employees

2013	Total Payroll £	Secondments £	RSE Project costs £	Support costs £	Funded by Foundation £	Funded by SCIO £	Funded by RSE 2013 £
Wages and salaries	859,081	3,354	(9,109)	853,326	116,421	24,577	712,328
Social security costs	60,230	228	(188)	60,270	8,156	1,661	50,453
Other pension costs	171,904	731	(1,494)	171,241	20,250	4,146	146,745
	<b>1,091,215</b>	<b>4,313</b>	<b>(10,791)</b>	<b>1,084,737</b>	<b>144,827</b>	<b>30,384</b>	<b>909,526</b>

#### 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>

The average number of employees of the RSE including those employed under joint contracts with the RSE Scotland Foundation was 29 (2012:29). One member of staff earned over £70,000 per year and is a member of a defined benefit pension scheme.

## notes to the financial statements

### 13 Tangible fixed assets

<i>Group</i>	<b>22 – 24 George Street Purchase cost</b>	<b>26 George Street Purchase cost</b>	<b>Improvements Purchase cost</b>	<b>Computer &amp; equipment</b>	<b>Total</b>
	£	£	£	£	£
<i>Cost</i>					
At 1 April 2012	1,103,038	1,647,468	2,136,070	356,762	<b>5,243,338</b>
Additions	–	–	–	27,177	<b>27,177</b>
Disposals	–	–	–	(8,842)	<b>(8,842)</b>
At 31 March 2013	1,103,038	1,647,468	2,136,070	375,097	<b>5,261,673</b>
<i>Depreciation</i>					
At 1 April 2012	286,791	428,341	571,639	304,013	<b>1,590,784</b>
On disposals	–	–	–	(8,842)	<b>(8,842)</b>
Charge for the year	22,061	32,949	44,467	22,493	<b>121,970</b>
At 31 March 2013	308,852	461,290	616,106	317,664	<b>1,703,912</b>
<i>Net book value</i>					
At 31 March 2013	794,186	1,186,178	1,519,964	57,433	<b>3,557,761</b>
At 31 March 2012	816,247	1,219,127	1,564,431	52,749	<b>3,652,554</b>
<b>RSE</b>					
<i>Net book value</i>					
At 31 March 2013	794,186	1,186,178	–	20,212	<b>2,000,576</b>
At 31 March 2012	816,247	1,219,127	–	22,994	<b>2,058,368</b>

### 14 Fixed asset investments

	Value at 1 April 2012	Investments made at cost	Proceeds on sale of investments	Gain / (Loss)	Revaluation	Market value at 31 March 2013
	£	£	£	£	£	£
<b>(a) Fixed asset investments</b>						
<b>RSE</b>						
Managed Funds	1,686,427	243,806	–	–	367,340	<b>2,297,573</b>
Fixed interest	1,885,561	–	(293,370)	(867)	101,177	<b>1,692,501</b>
UK equities	4,339,226	486,340	(414,223)	19,711	686,721	<b>5,117,775</b>
Cash deposits	29,849	(730,146)	707,593	–	–	<b>7,296</b>
	7,941,063	–	–	18,844	1,155,238	<b>9,115,145</b>
<b>BP Research Fellowship Trust</b>						
Managed Funds	638,698	89,382	(8,428)	(147)	136,491	<b>855,996</b>
Fixed interest	648,425	–	(80,579)	(66)	33,311	<b>601,091</b>
UK equities	1,621,217	172,716	(162,178)	6,145	253,074	<b>1,890,974</b>
Cash deposits	34,168	(262,098)	241,185	–	–	<b>13,255</b>
	2,942,508	–	(10,000)	5,932	422,876	<b>3,361,316</b>
<b>RSESF Caledonian Research Fund</b>						
Managed Funds	1,725,162	272,036	–	–	375,411	<b>2,372,609</b>
Fixed interest	1,950,895	–	(255,081)	(2,404)	100,593	<b>1,794,003</b>
UK equities	4,452,621	498,893	(432,285)	19,362	696,964	<b>5,235,555</b>
Cash deposits	87,743	(770,929)	687,366	–	–	<b>4,180</b>
	8,216,421	–	–	16,958	1,172,968	<b>9,406,347</b>
	19,099,992	–	(10,000)	41,734	2,751,083	<b>21,882,808</b>

The gain on sale of investments measured against their historical cost was £278,457 (2012: £524,473). The historical cost of investments was £17,393,910 (2012: £17,125,455). (RSE £7,500,227, 2012: £7,415,150). Investments comprising more than 5% of the market value of the portfolio were: Aberdeen Asia Income Fund.

## notes to the financial statements

### 14 Fixed asset investments (continued)

(b) Loan by RSE to RSE Scotland Foundation	2013 £	2012 £
Due within one year	46,808	46,808
Due after one year	1,563,480	1,610,288
	<b>1,610,288</b>	1,657,096

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.

### 15 Debtors

	2013 £	2012 £
General debtors	272,158	849,852
Prepayments and accrued income	1,243	9,852
Income tax recoverable	25,139	–
<b>RSE</b>	<b>298,540</b>	859,704
RSE Scotland Foundation	19,344	35,779
RSE Scotland SCIO	225	12,488
BP Research Fellowship Trust	5,889	2,624
<b>Group</b>	<b>323,998</b>	910,595

### 16 Creditors: Amounts falling due within one year

	2013 £	2012 £
<b>Group</b>		
General creditors	609,876	594,274
Accruals	60,775	169,830
VAT payable	47,296	55,478
Deferred income	459,173	372,141
Event income deferred	59,436	68,856
Advance receipts – Publications	78,906	111,046
	<b>1,315,462</b>	1,371,625

## notes to the financial statements

16 **Creditors:** Amounts falling due within one year (*continued*)

### Deferred income and advance receipts analysis

	At 1 April 2012	Received in year	Recognised in year	Exchange difference	At 31 March 2013
	£	£	£	£	£
Marie Curie COFUND	343,234	229	(21,963)	3,892	<b>325,392</b>
Friends of the Society	10,500	32,100	(30,100)	–	<b>12,500</b>
Digital Participation Inquiry	–	70,000	(2,749)	–	<b>67,251</b>
Computing Project	18,407	28,758	(35,517)	–	<b>11,648</b>
RSE @ Lochaber	–	69,735	(27,353)	–	<b>42,382</b>
	372,141	200,822	(117,682)	3,892	<b>459,173</b>
Journal receipts	111,046	187,730	(219,870)	–	<b>78,906</b>
Event income	68,856	50,403	(59,823)	–	<b>59,436</b>

### RSE

	2013	2012
	£	£
General creditors	<b>561,992</b>	667,817
RSE Scotland Foundation current account	<b>1,302,451</b>	1,104,319
RSE Scotland SCIO current account	<b>2,175</b>	–
Deferred income	<b>459,173</b>	372,141
Event income deferred	<b>59,436</b>	68,856
	<b>2,385,227</b>	2,213,133

## 17 Provision for liabilities and charges

£

### Commitments for research fellowships

At 1 April 2012 – Group & RSE	130,880
New commitments:	
Lloyds TSB Foundation for Scotland Research Fellowships	
Grants paid in the year	(65,246)
At 31 March 2013	<b>65,634</b>

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

## 18 General Fund

£

At 1 April 2012	623,886
Net movement in funds for the year from statement of financial activities	76,623
At 31 March 2013	<b>700,509</b>

## notes to the financial statements

### 19 Designated Funds

	At 1 April 2012	Investment income	Other income	Expenditure	Gains/(Losses)	Transfers	At 31 March 2013
	£	£	£	£	£	£	£
Capital Asset Reserve	3,692,472	–	–	–	–	(101,818)	<b>3,590,654</b>
New Enlightenment Fund	4,654,299	196,060	80,919	(89,529)	673,820	–	<b>5,515,569</b>
Programme Fund	133,119	5,713	–	(112)	19,682	–	<b>158,402</b>
CH Kemball Fund	29,611	1,271	–	(1,233)	4,378	–	<b>34,027</b>
Grants Fund	654,355	28,080	–	(9,037)	96,746	–	<b>770,144</b>
Dr James Heggie Fund	241,865	10,379	–	(10,267)	35,760	–	<b>277,737</b>
	<b>9,405,721</b>	<b>241,503</b>	<b>80,919</b>	<b>(110,178)</b>	<b>830,386</b>	<b>(101,818)</b>	<b>10,346,533</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.

### 20 Restricted Funds

	At 1 April 2012	Investment income	Other income	Expenditure	Gains/(Losses)	Transfers	At 31 March 2013
	£	£	£	£	£	£	£
Robert Cormack Bequest	111,089	4,767	–	(8,102)	16,424	–	<b>124,178</b>
Lessells Trust	470,127	20,175	13,807	(33,884)	69,508	–	<b>539,733</b>
Auber Bequest	480,957	20,639	–	(8,537)	71,109	–	<b>564,168</b>
Prizes Fund	71,821	3,082	–	(4,499)	10,619	–	<b>81,023</b>
Dryerre Fund	508,912	21,839	–	(30,005)	75,242	–	<b>575,988</b>
Fleck	110,361	4,736	–	(2,959)	16,317	–	<b>128,455</b>
Piazzi Smyth	14,268	613	–	(253)	2,110	–	<b>16,738</b>
Sillitto	34,237	1,469	–	(2,871)	5,062	–	<b>37,897</b>
Others	29,311	1,258	–	(520)	4,334	–	<b>34,383</b>
Edinburgh Drug Absorption Foundation	121,982	610	–	(15,000)	–	–	<b>107,592</b>
Restricted Income Fund	–	–	3,065,838	(3,065,838)	–	–	<b>–</b>
RSE	1,953,065	79,188	3,079,645	(3,172,468)	270,725	–	<b>2,210,155</b>
RSE Scotland Foundation	9,191,902	355,264	603,666	(611,878)	1,189,926	(156,045)	<b>10,572,835</b>
RSE Scotland SCIO	–	–	12,500	(12,500)	–	–	<b>–</b>
BP Research Fellowship Trust	2,935,605	128,539	–	(125,882)	428,808	–	<b>3,367,070</b>
<b>Total</b>	<b>14,080,572</b>	<b>562,991</b>	<b>3,695,811</b>	<b>(3,922,728)</b>	<b>1,889,459</b>	<b>(156,045)</b>	<b>16,150,060</b>

## notes to the financial statements

### 20 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 of £37,262, the CRF fund of £9,654,270 and the balance of the Foundation general fund of £881,303.

### 21 Analysis of assets between funds

Group	General £	Designated Funds £	Restricted Funds £	2013 £	2012 £
Fund balances at 31 March 2013 are represented by:					
Tangible fixed assets	20,212	1,980,364	1,557,185	<b>3,557,761</b>	3,652,554
Investments	354,012	6,658,572	14,870,225	<b>21,882,809</b>	19,099,992
Loan to RSE Scotland Foundation	–	1,610,288	(1,610,288)	–	–
Current assets	298,540	–	25,458	<b>323,998</b>	910,595
RSE Scotland Foundation current account	(1,302,451)	–	1,302,451	–	–
RSE Scotland SCIO current account	(2,175)	–	2,175	–	–
Deposits	979,802	97,309	1,151,805	<b>2,228,916</b>	1,654,192
Cash	454,593	–	130,122	<b>584,715</b>	295,351
Current liabilities	(36,390)	–	(1,279,073)	<b>(1,315,463)</b>	(1,371,625)
Provisions for liabilities and charges	(65,634)	–	–	<b>(65,634)</b>	(130,880)
Pension fund liability	–	–	–	–	–
	700,509	10,346,533	16,150,060	<b>27,197,102</b>	24,110,179

RSE	General £	Designated Funds £	Restricted Funds £	2013 £	2012 £
Fund balances at 31 March 2013 are represented by:					
Tangible fixed assets	20,212	1,980,364	–	<b>2,000,576</b>	2,058,368
Investments	354,012	6,658,572	2,102,561	<b>9,115,145</b>	7,941,063
Loan to RSE Scotland Foundation	–	1,610,288	–	<b>1,610,288</b>	1,657,096
Current assets	298,540	–	–	<b>298,540</b>	859,704
RSE Scotland Foundation current account	(1,302,451)	–	–	<b>(1,302,451)</b>	(1,104,319)
RSE Scotland SCIO current account	(2,175)	–	–	<b>(2,175)</b>	–
Deposits	979,802	97,309	1,151,805	<b>2,228,916</b>	1,515,103
Cash	454,593	–	–	<b>454,593</b>	295,351
Current liabilities	(36,390)	–	(1,044,211)	<b>(1,080,601)</b>	(1,108,814)
Provisions for liabilities and charges	(65,634)	–	–	<b>(65,634)</b>	(130,880)
Pension fund liability	–	–	–	–	–
	700,509	10,346,533	2,210,155	<b>13,257,197</b>	11,982,672

## notes to the financial statements

### 22 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 Second Pension (S2P) 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 2013, 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 £17,623.

#### (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.

## notes to the financial statements

### 22 Pension costs (continued)

#### Pension fund asset / (liability)

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

	2013 £'000	2012 £'000
Present value of funded liabilities (defined benefit obligation)	(2,908)	(2,209)
Fair value of employer assets	3,042	2,441
Net asset at 31 March	134	232

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.

	2013 £'000	2012 £'000
Movement in present value of defined benefit obligation		
At 1 April	2,209	2,087
Current service cost	127	117
Past service costs	53	–
Interest cost	111	119
Contribution by members	44	45
Actuarial losses/(gains)	378	(137)
Benefits paid	(14)	(22)
At 31 March	2,908	2,209

	2013 £'000	2012 £'000
Movement in fair value of employer assets		
At 1 April	2,441	2,174
Expected return on assets	147	158
Contributions by members	44	45
Contributions by the employer	175	153
Actuarial gains/(losses)	249	(67)
Benefits paid	(14)	(22)
At 31 March	3,042	2,441

	2013 £'000	2012 £'000
The net expense recognised in the statement of financial activities after FRS17 adjustments was		
Current service cost	127	117
Interest cost	111	119
Expected return on employer assets	(147)	(158)
Past service cost/(gain)	53	–
	144	78

The total amount recognised in the statement of financial activities in respect of actuarial gains and losses is a loss of £31,000 (2012: loss of £75,000). This loss has been calculated to eliminate the net asset to reflect the expectations in respect of its recovery at 31 March 2013.

## notes to the financial statements

### 22 Pension costs (continued)

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

	Value 2013 £'000	Return 2013 %	Value 2012 £'000	Return 2012 %
Equities	2,403	5.7	1,929	6.2
Bonds	243	3.5	195	4.0
Property	274	3.9	268	4.4
Cash	122	3.0	49	3.5
	<b>3,042</b>		2,441	
Actual return on plan assets	<b>396</b>		48	

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:

	2013 %	2012 %
Inflation/pension increase rate	2.8	2.5
Salary increase rate	5.1	4.8
Expected return on assets	5.3	5.8
Discount rate	4.5	4.8

The salary increase assumption at 31 March 2013 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:

	Males 2013		Females		Males 2012		Females	
Current pensioners	20.4 years		22.8 years		20.8 years		24.1 years	
Future pensioners	22.6 years		25.4 years		22.3 years		25.7 years	
The history of the plan for the current and prior periods is as follows:	<b>2013</b> £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Present value of defined benefit obligation	<b>(2,908)</b>	(2,209)	(2,087)	(2,299)	(1,128)	(1,145)	(1,298)	(1,250)
Fair value of employer assets	<b>3,042</b>	2,441	2,174	1,884	1,267	1,437	1,347	1,130
Surplus/(deficit)	<b>134</b>	232	87	(415)	139	292	49	(120)
Experience gains and losses on assets and liabilities have been as follows:	<b>2013</b> £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Experience gains/(losses) on liabilities	<b>1</b>	180	–	–	28	–	(1)	(30)
Experience gains/(losses) on assets	<b>249</b>	(67)	(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 £130,000.

#### (c) Pension charge

The total pension charge for the year, before the FRS17 pension credit, was £171,904 (2012: £171,199 before FRS 17 pensions credit).

## notes to the financial statements

### 23 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 £3,583 (2012: £1,185).

#### 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 2012–13 the Foundation made payments in support of the studentship scheme amounting to £92,036 (2012: £79,093).

### 24 Connected charitable trusts

#### (a) RSE Scotland Foundation

The RSE Scotland Foundation is a charitable trust, recognised in Scotland as Scottish charity number SC024636. 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 is a charitable trust recognised in Scotland as Scottish Charity Number SC008420. It funds a scheme of post doctoral research fellowships administered by the RSE.

#### (c) RSE Scotland SCIO

RSE Scotland SCIO – incorporated in June 2012 as Scottish Charity Number SC043194, with charitable purposes of the advancement of education; the arts, heritage, culture or science; and of citizenship or community development. The SCIO co-ordinates the development of the RSE Young Academy of Scotland.

### 25 Financial commitments – operating leases

The financial commitment at 31 March 2013, in respect of operating leases expiring within one year for printing and copying equipment, was £6,631.

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

#### (a) Scottish Government Grants Income

	2013	2012
	£	£
Promotion of research – research fellowships	<b>1,667,122</b>	1,648,861
Arts and Humanities Award	<b>139,226</b>	134,632
Engagement and Innovation	<b>305,128</b>	317,099
International activities	<b>238,524</b>	354,408
	<b>2,350,000</b>	2,455,000

The funding for 2012–13 was grant-in-aid under S23 Natural Heritage (Scotland) Act 1985 in support of the four programmes of activity: Research Fellowships, Arts & Humanities Awards; International grants & relations and Engagement and Innovation, administered through the Scottish Funding Council.

At 31 March 2013 the financial commitment in respect of Personal and Support Fellowships awarded subject to Scottish Government funding in the years, 2013–14, 2014–15, 2015–16, 2016–17 and 2017–18 amounted to £1,025,570, £797,684, £340,167, £200,917 and £87,104 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)

The amount paid to Universities in respect of the Research Fellowships represented 80% of the full economic cost of employing the Research Fellows. The support of the Universities in funding the balance of the cost is essential to the success of the scheme.

#### (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	326,792	–
<b>Costs</b>		
Promotion of research & innovation	294,395	58,013
RSE administration and staff costs recovery	32,397	7,233
	<b>326,792</b>	<b>65,246</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 2013 were as follows:

Binks Trust	Oracle Corporation UK Limited
BT plc	Pulsant
CISEP Project	Royal Academy of Engineering
City of Edinburgh Council	Royal Commonwealth Society
Council of Professors & Heads of Computing	Scottish Agricultural College
The Darwin Trust of Edinburgh	Scottish Cancer Foundation
Edinburgh Napier University	Scottish Schools Education Research Centre
Education Scotland	Society of Biology
European Parliament information Office	Standard Life Investments
European Commission	University of Edinburgh
Gedeon Richter (UK) Limited	University of Glasgow
Glasgow City Council	University of St Andrews
Glasgow Caledonian University	University of the West of Scotland
International Futures Forum	Wolfson Microelectronics Plc
Institute of Physics	
Microsoft Research Limited	

## 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 2013 were as follows:

Arup Group	Oracle Corporation UK Limited
BP plc	Scottish Council for Development and Industry (SCDI)
FES Ltd	Scottish Power
Institution of Civil Engineers	Shell UK
Lloyds Banking Group	Standard Life plc
MacRoberts LLP	The Royal Bank of Scotland Group plc
Newsquest Scotland (Herald & Times)	Toshiba Medical Visualization Systems Europe, Ltd
Optos plc	Wood Group plc

### 27 Analysis of net funds

	At 31 March 2013	Cash flows	At 1 April 2012
	£	£	£
Cash at bank	584,715	289,364	295,351
Deposits – general	979,802	684,690	295,112
Deposits – designated funds	97,309	484	96,825
Deposits – restricted funds	1,151,805	(110,450)	1,262,255
	<b>2,813,631</b>	<b>864,088</b>	1,949,543

# 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  
George House  
50 George Square  
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 2013

The Royal Society of Edinburgh is registered in Scotland as Scottish Charity No. SC000470



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.

The Royal Society of Edinburgh  
22 – 26 George Street  
Edinburgh  
EH2 2PQ

T 0131 240 5000  
F 0131 240 5024  
E [rse@royalsoced.org.uk](mailto:rse@royalsoced.org.uk)  
W [www.royalsoced.org.uk](http://www.royalsoced.org.uk)

ISSN 1742-1810

*This document is printed on 100% recycled paper*