

2016/17

ANNUAL REPORT &  
ACCOUNTS

RCA / 180

  
Royal College of Art  
180 Years of Innovation, Art & Design

# ANNUAL REPORT & ACCOUNTS

**Part 1/Annual Report**

Vice-Chancellor’s Foreword	3
2016/17 Facts & Figures	8
Student Nationalities & Numbers	10
Review of the Year 2016/17	12
RCA 180: Building the Future	24
Foundations & Vision	25
Academic Developments	33
Battersea South & White City	41
People	49
Research, Knowledge Exchange & Innovation	57
Development & Alumni Relations	69
Donors & Sponsors	76
RCA Honorary Degrees & Appointments	79

# VICE-CHANCELLOR'S FOREWORD



**There is much to celebrate in 2016/17: the 180th year of the Royal College of Art's founding, and 50 years since we were awarded university status by Royal Charter. Furthermore, we remain the world's number one art and design university for the third year running, as ranked by the QS World University Rankings.**

The research questions that drive the RCA are in the vanguard of creative enquiry. This year, we welcomed the first cohort of students to the new RCA Master's of Research (MRes) programme – a 12-month degree course that offers a new entry point to PhD study for early-career researchers. Our new MA in Contemporary Art Practice launched, with students from 25 countries and five continents; the programme offers a truly global dialogue about the practice and study of contemporary art and provides a complementary discourse to our four established medium-based programmes in fine art.



# VICE-CHANCELLOR'S FOREWORD

New Master's programmes that specifically address global challenges have been developed for launch in October 2017: City Design, Environmental Architecture, Digital Direction and Intelligent Mobility. This latter programme has evolved from the former Vehicle Design MA programme, reflecting the rapidly changing world of transport, car ownership, fuel sources, urbanisation, autonomy and the internet of things. Finally, in order to bring greater intellectual coherence and structure to our academic offer, we move from six Schools to four in 2017/18: Architecture, Arts & Humanities, Communication and Design. The new Schools are reflected in this Annual Report.

Our strategic plan positions the RCA at the leading edge of the STEAM agenda, placing critical value on the catalysing power of the creative arts ('A') within science, technology, engineering and mathematics (STEM). The need for greater interdisciplinarity within our education system is widely articulated, by UK research councils, industry, educationalists and major foundations. In UK higher education, there is philosophical support for STEAM, but it has yet to be unbottled in a multi-faculty university. Nor has it been systematically adopted by any art and design university internationally.

I believe that the RCA is uniquely placed to step into the breach, given our longstanding relationship with engineers at Imperial College, our frequent research partnerships with scientists, and the recent establishment of the HELIX Centre, which sees surgeons work alongside designers. Over the course of the next four years, the RCA will establish new research centres and knowledge exchange labs that will encourage greater cross-collaboration between artists and computer scientists, experts in artificial intelligence and product designers. Our research and teaching plans address four major societal challenges that we will task our STEAM collaborators to examine: cities and mass migration; mobility; healthcare and wellbeing; and ageing populations.

While we encourage greater cross-disciplinarity, it is important for me also to reassert our commitment to the role of the individual artist and maker within our community. The sole practitioner and the ancient, haptic crafts of making in ceramic, glass and metal will continue to flourish in the newly created facilities of the Woo Building and in the workshops across the RCA's campus. Our plan also includes the creation of a new research centre in that most primal of human creative impulses: Drawing. Attracting the best artists, designers, curators

**'THERE IS MUCH TO  
CELEBRATE IN 2016/17:  
THE 180TH YEAR OF THE  
ROYAL COLLEGE OF ART'S  
FOUNDING; 50 YEARS  
SINCE WE WERE AWARDED  
UNIVERSITY STATUS BY  
ROYAL CHARTER.  
FURTHERMORE, WE REMAIN  
THE WORLD'S NUMBER  
ONE ART AND DESIGN  
UNIVERSITY FOR THE  
THIRD YEAR RUNNING, AS  
RANKED BY THE QS WORLD  
UNIVERSITY RANKINGS.'**

and writers to study at the RCA remains of critical importance to the well being of the university. We were very pleased to announce the Stavros Niarchos Foundation PhD scholarships in STEAM-focused research this year and the very generous expansion of the Burberry scholarship programme for Master's-level students.

The principal focus of our financial investment and estates planning this year has been the new developments at White City for programmes in the Schools of Arts & Humanities and Communication. Capital expenditure and investment is set out in detail in the Treasurer's Report (see Accounts/2). This £5m investment in our estates – both physical and digital – represents a substantial upgrading of our campus.

This year, we embarked on the selection of an architect and the beginning of the design process for an entirely new building at Battersea: a 15,000sqm, flagship building which will be the largest and most complex 'ideas factory' ever commissioned by the RCA (see Annual Report/42). In October 2016, we selected architects Herzog & de Meuron from a longlist of 120 architectural practices worldwide. The completed design will sit on a one-acre freehold site purchased this year. The RCA had known for many years that this site was likely to come on to the market and is delighted to have seized this once-in-a-lifetime opportunity to future proof the long-term needs of the College with the acquisition of our first freehold property in 180 years of existence.

I would like to thank HEFCE for its continued support of the Royal College of Art, as well as all of our donors, supporters and staff, who contribute so much to the university: in particular, the Sackler Trust, for its support of our new Battersea building; the Burberry Foundation, for its generous support of a new Material Futures Research Group and expanded scholarship programme; and the estate of

Monica Ford (Des RCA Diploma Ceramics & Glass, 1953) for her generous legacy gift. Especial thanks go to the RCA's Council and its Chair and Pro-Chancellor Baroness Rebuck DBE and our Treasurer Caragh Merrick.

In June the Council passed a special resolution recommending to the Privy Council that the RCA's Charter and Statutes be amended to bring titles of senior College members into step with other HE organisations, both in the UK and internationally (see Annual Report/55). This resolution was ratified by the Privy Council in November 2017, and the new titles are reflected in this Annual Report. With that in mind, I would like to thank our outgoing Provost alumnus Sir James Dyson OM, and extend a warm welcome to our new Chancellor, Sir Jony Ive, Chief Design Officer at Apple. Finally, our Royal Visitor since 1967, His Royal Highness the Duke of Edinburgh, has retired from public engagements and all of the RCA community send him our heartfelt best wishes and thanks for taking such a keen interest in the work of this institution, championing, in particular, the work of British designers and engineers over so many decades.

**Dr Paul Thompson**  
Vice-Chancellor

# 2016\17 FACTS & FIGURES

**OVER 500 PERMANENT STAFF**

**3RD YEAR RUNNING:  
NO. 1 ART AND DESIGN  
UNIVERSITY, QS WORLD  
UNIVERSITY RANKINGS**

**4 SCHOOLS**

**£2M DONATION AND ENDOWMENT  
INCOME (CASH RECEIVED)**

**1.56M WEBSITE  
VISITORS**

**£35.6M CAPITAL  
INVESTMENT**

**26 PROGRAMMES**

**74 NATIONALITIES**

**40 START-UPS LAUNCHED BY 61  
GRADUATES SINCE 2008**

**OVER 950 VISITING  
LECTURERS**

**1 RESEARCH GROUP**

**4 RESEARCH  
CENTRES**

**£48.9M CORE  
INCOME\***

**498,624 SOCIAL MEDIA  
FOLLOWERS**

**1,902 STUDENTS**

\* Total income before donations and  
endowments, and excluding £12m capital grant

					
Australian 10	Austrian 5	Azerbaijani 1	Bahraini 1	Belgian 17	Brazilian 3
					
British 749	Bulgarian 4	Canadian 14	Chilean 8	Chinese 186	Colombian 3
					
Costa Rican 1	Croatian 5	Cypriot (EU) 5	Czech 5	Danish 32	Dutch 26
					
Ecuadorean 1	Egyptian 1	Emirian 5	Estonian 1	Filipino 2	Finnish 9
					
French 49	German 66	Ghanaian 3	Greek 25	Hong Kong 14	Hungarian 6
					
Icelandic 1	Indian 23	Indonesian 3	Iranian 7	Irish 22	Israeli 6
					
Italian 67	Japanese 22	Kazakhstani 1	Latvian 4	Lebanese 2	Lithuanian 3
					
Luxembourger 2	Macao 1	Malaysian 6	Mauritanian 1	Mexican 4	Moroccan 2
					
New Zealander 4	Nigerian 1	Norwegian 9	Omani 2	Pakistani 3	Peruvian 4
					
Polish 19	Portuguese 13	Romanian 10	Russian 11	Saudi 6	Singaporean 9
					
Slovakian 3	Slovenian 5	South African 3	South Korean 134	Spanish 39	Sri Lankan 1
					
Swedish 21	Swiss 18	Taiwanese 58	Thai 11	Turkish 17	Ukrainian 3
					
US American 63	Vietnamese 1				

<b>Programmes 2016/17</b>	<b>Number of Applicants 2016/17</b>	<b>Students Enrolled 2016/17</b>	<b>Number of Students 2016/17</b>
<b>School of Architecture</b>			
Architecture	247	58	109
Interior Design	122	34	59
Architecture MRes	8	3	3
Postgraduate Research (MPhil/PhD)	17	5	15
<b>School Total</b>	<b>394</b>	<b>100</b>	<b>186</b>
<b>School of Arts &amp; Humanities</b>			
Ceramics & Glass	51	20	44
Contemporary Art Practice	162	77	91
Critical Writing in Art & Design	36	17	37
Curating Contemporary Art	56	23	47
Jewellery & Metal	105	20	44
Painting	297	69	116
Photography	109	36	74
Print	95	34	72
Sculpture	155	35	95
V&A/RCA History of Design	57	32	61
MRes RCA (Fine Art Pathway)	8	2	2
MRes RCA (Humanities Pathway)	6	2	2
Postgraduate Research (MPhil/PhD)	93	35	131
<b>School Total</b>	<b>1,230</b>	<b>402</b>	<b>816</b>
<b>School of Communication</b>			
Animation	81	24	50
Information Experience Design	93	39	82
Visual Communication	272	58	117
MRes RCA (Communication Design Pathway)	9	5	6
Postgraduate Research (MPhil/PhD)	15	8	27
<b>School Total</b>	<b>470</b>	<b>134</b>	<b>282</b>
<b>School of Design</b>			
Design Interactions	–	–	2
Design Products	158	50	106
Fashion	332	57	106
Global Innovation Design	114	19	31
Innovation Design Engineering	157	47	91
Service Design	102	37	67
Textiles	147	54	99
Vehicle Design	61	25	49
MRes RCA (Design Pathway)	7	4	4
MRes Healthcare & Design	11	4	4
Postgraduate Research (MPhil/PhD)	28	13	55
<b>School Total</b>	<b>1,117</b>	<b>310</b>	<b>614</b>
<b>Other</b>			
Helen Hamlyn Centre for Design Doctoral Programme	-	-	4
<b>TOTAL</b>	<b>3,211</b>	<b>946</b>	<b>1,902</b>



# REVIEW OF THE YEAR 2016/17

# AUGUST / SEPTEMBER

**Number 1/**In August, the RCA was ranked top British university in the prestigious Red Dot Design Ranking: Design Concept awards, a position that recognises both the College's achievements and commitment to design innovation.

**New York Textile Month/**Six RCA Textiles graduates represented the multifaceted nature of the programme at New York Textile Month in September, a new month-long, city-wide festival celebrating textile creativity.







**London Design Festival/** The College showcased cutting-edge research from emerging communication design researchers, as well as socially inclusive design dealing with some of society's toughest problems, at the annual design festival.



### **Crossing Over/**

Research staff and students explored the art and science of multisensory perception at this public, one-day symposium with University of Oxford.



### **Gender Generation/**

Our Battersea site played host to *Gender Generation: The Creative Process in Art & Design*. Co-organised by RCA tutors Hermione Wiltshire and Dr Claire Pajaczowska, the conference and pop-up exhibition addressed creativity, procreation and motherhood.



## **Fashion Sets Sail/**

Five RCA Fashion alumni joined the first Transatlantic Fashion Week aboard Cunard Line's Queen Mary 2, sailing to New York for September's New York Fashion Week.





# OCTOBER

## Moncler Freeze for Frieze/

French-Italian fashion brand Moncler partnered with the RCA to present an exhibition of 400 postcard-sized artworks, with all proceeds donated to RCA scholarships.



## Dubai Design Week/

Twenty-two graduates exhibited at the festival's Global Grad Show, showcasing creative and practical approaches to problem solving. Meanwhile, RCA tutors ran taster courses in Interior Design, Design Products and Curating, providing a glimpse into the College's unique, world-class teaching methods.

## Plastic Lounge/

A one-day exhibition and lecture series saw Fashion and Textiles students explore the meanings, physical properties and applications of plastic.





**Mediation Conference/**

The School of Architecture hosted Mediation, a public space conference that marked the culmination of a three-year Marie Curie-funded EU TRADERS research project.

**GoGlobal/**

Innovation Design Engineering students visited Cape Town, taking part in cross-cultural collaborations with academic and industry partners to devise design solutions for local entrepreneurs.



**Karakusevic Carson Scholarships Programme/**

The College announced the new scholarships programme for MA Architecture students, supported by Karakusevic Carson Architects (KCA).

**AcrossRCA/**

This annual week-long event offered students the opportunity to step out of curricular activities and collaborate on real-world projects across programmes and disciplines.

**InnovationRCA Design Challenge/**

Tom Watson launched Our Place in the World, the inaugural InnovationRCA design challenge exploring the future of work.

**Battersea South/**

Award-winning practice Herzog & de Meuron won an invited competition to be appointed architects for the RCA's new state-of-the-art £108m Battersea South campus.



NOVEMBER



# DECEMBER/ JANUARY

**Communication sci-fi/**  
Communication students created  
immersive sci-fi worlds for *Space  
2016*, a group exhibition in a multi-  
storey car park underneath Soho.





**NEW OLD/** This exhibition at the Design Museum showcased designs for later life, and marked the thirtieth anniversary of the Helen Hamlyn Centre for Design's pioneering *New Design for Old* exhibition.



**RCA-ISS Tokyo Design Lab/** The College launched a new research space in collaboration with the University of Tokyo's Institute of Industrial Science, to develop innovation at the intersection of science, engineering and design.



# FEBRUARY \ MARCH

## **Safety Grand Challenge/**

Following a three-month collaboration with the Lloyd's Register Foundation (LRF), RCA students exhibited innovative design solutions for safety at sea.

**Becoming/** An exhibition of new photographic and digital artworks by 17 international RCA students explored how to exist in the digital age.







**Driverless Futures/**In March, RCA designers considered the impact of driverless vehicles and the public’s perception of them in this exhibition at London Transport Museum.

**Number 1 – Again/**  
The College was named the world’s leading university of Art and Design by QS World University Rankings for the third year running.

# APRIL/MAY

**InnovationRCA/**  
Bernard Liautaud was announced as the inaugural Visiting Clore Innovation Professor.



**New Fellowships Announced/**The RCA announced a new fellowship in Design Curation in partnership with the Design Trust, an initiative of the non-profit Hong Kong Ambassadors of Design.

**Making Waves/**  
Students and tutors from Communication worked with KYOTO Design Lab at the Kyoto Institute of Technology (KIT) to create new interpretative works based on poet Shuntaro Tanikawa’s collection of vintage radios.

**Curating Contemporary Art/**CCA students presented their final projects developed in collaboration with leading London art galleries, as part of the new CCA Graduate Partnership project programme.



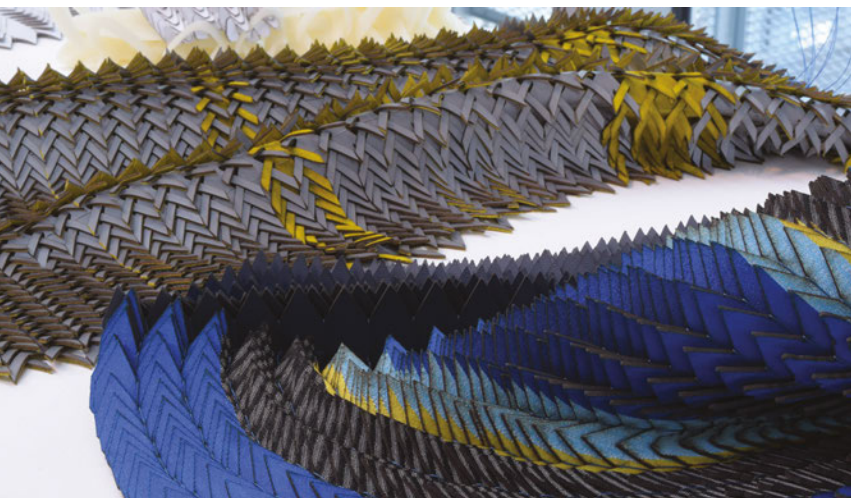


**Show 2017/** Showcasing work by more than 800 graduating students across Kensington and Battersea, this year's graduate exhibition also saw School of Architecture students exhibiting off-site for the first time in Lambeth.



### **Arctic Voyage/**

First-year Contemporary Art Practice Public Sphere student Cicilia Östholm undertook a month-long residency on board a tall-masted barquentine in the Arctic, with a durational performance under the summer solstice midnight sun.



**Material Futures/** The Burberry Foundation awarded a £3 million grant to the College to establish the Burberry Material Futures Research Group – the first of its kind in the world.



**Daybreak/** Practice-based MPhil and PhD researchers in the School of Fine Art came together to create an off-site project encompassing an exhibition, live events and research symposium.

# JUNE/JULY

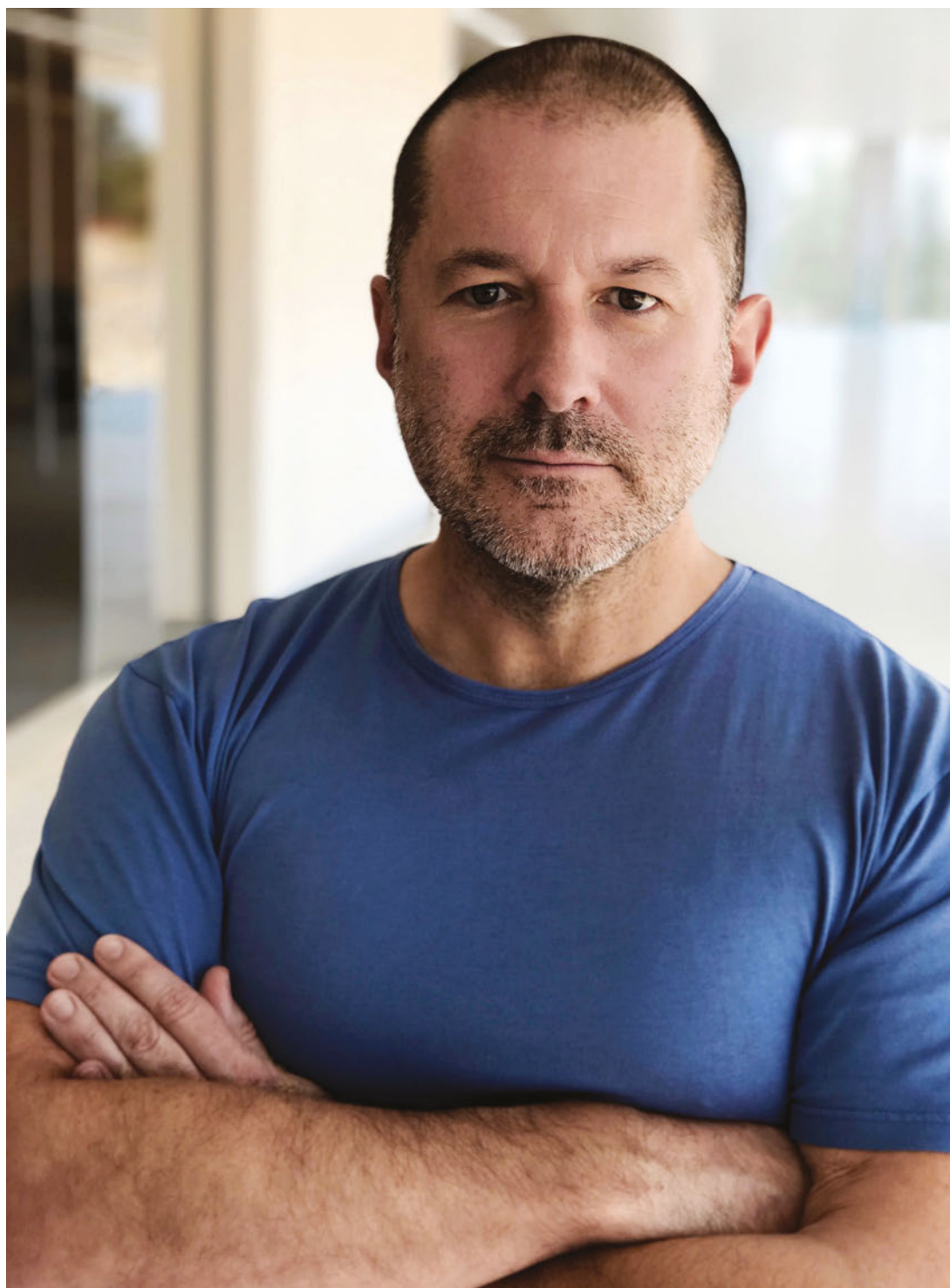
## **A New Measure of Fashion/**

Forty-eight graduating MA Menswear and Womenswear students presented their collections through a dynamic combination of performance, installation, music and choreography in Shoreditch.

**Sir Jony Ive/**In July we welcomed Sir Jony Ive, Apple's Chief Design Officer and RCA honorand, to the key honorary role of Chancellor of the RCA.

## **Convocation/**

The College bid a fond farewell to Provost Sir James Dyson OM as he presided over a ceremony conferring degrees to almost 800 MA, MPhil and PhD graduands.



# 180/BUILDING THE FUTURE

**‘THE OBJECTS OF THE COLLEGE ARE TO ADVANCE LEARNING, KNOWLEDGE AND PROFESSIONAL COMPETENCE, PARTICULARLY IN THE FIELD OF FINE ARTS, IN THE PRINCIPLES AND PRACTICE OF ART AND DESIGN IN THEIR RELATION TO INDUSTRIAL AND COMMERCIAL PROCESSES AND SOCIAL DEVELOPMENTS AND OTHER SUBJECTS RELATING THERETO THROUGH TEACHING, RESEARCH AND COLLABORATION WITH INDUSTRY AND COMMERCE.’**

**CHARTER OF INCORPORATION OF THE ROYAL COLLEGE OF ART, 28 JULY 1967**



# 180\FOUNDATIONS & VISION



Design Products student working in the Darwin Building, Kensington

**The 180th anniversary provides a moment for us to reflect on the legacy of this unique, world-leading institution.**

Established in 1837, at the height of the Industrial Revolution, the Royal College of Art's founding purpose was to train the artists and designers of the future. Its original name, the Government School of Design, and our Royal Charter of 1967, underscore the university's enduring mission:

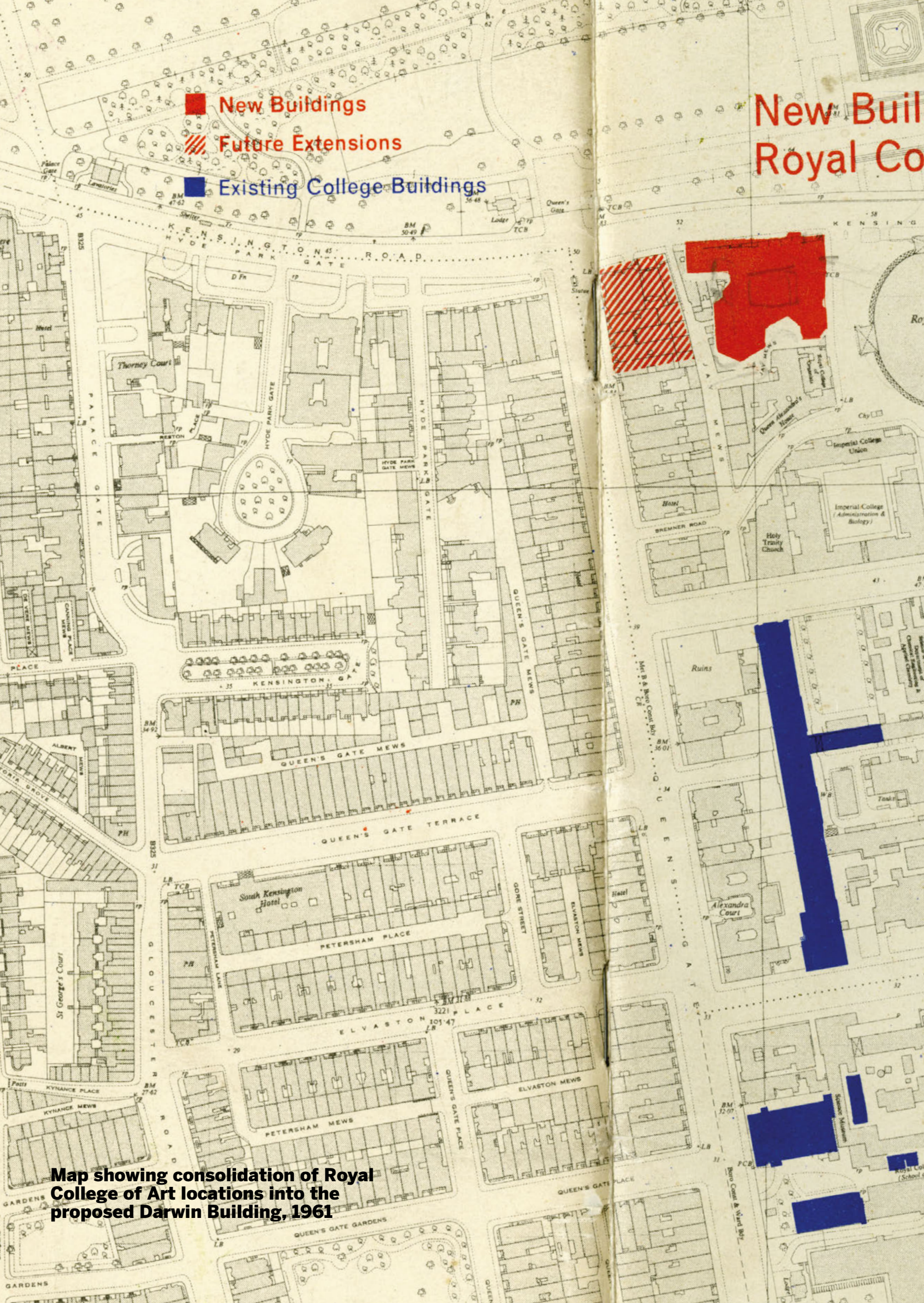
'The objects of the College are to advance learning, knowledge and professional competence, particularly in the field of fine arts, in the principles and practice of art and design in their relation to industrial and commercial processes and social developments and other subjects relating thereto through teaching, research and collaboration with industry and commerce.'

*Charter of Incorporation of the Royal College of Art, 28 July 1967*



- New Buildings
- ▨ Future Extensions
- Existing College Buildings

New Build  
Royal Co



Map showing consolidation of Royal College of Art locations into the proposed Darwin Building, 1961



# Buildings for the College of Art





The planned expansion of the Royal College of Art is the largest and most comprehensive in our history, but it is not the first time the College has substantially reviewed its direction, or embarked on an ambitious building project. The Government committee set up in 1911 to consider the future of the College said in conclusion, 'We think it right to put upon record our opinion that the existing buildings are neither in dignity nor in convenience worthy of a national establishment.' The two world wars that followed impeded further progress.

Writing in the 1950s, Principal Robin Darwin said, 'It would probably be impossible to discover any institution of comparable importance which, for so long a period, has been as badly and inadequately housed as the Royal College of Art... When I joined the College I found that many of the staff who had been members of it for a great many years, did not know one another even by sight. And although some people outside it had heard of the Royal College of Art, very few knew where it was or had ever visited it.'

At that time, the College was spread over eight buildings within a one-mile radius around Kensington: 21 and 23 Cromwell Road, which housed Fashion, administrative offices and the College's first library; the old drill hall in Queen's Gate, which was converted from Junior Common Room to School of Ceramics workshops; Painting and Print Making studios in the Victoria and Albert Museum, and Sculpture workshops in the Western Galleries of what is now Imperial College. There was no communal space for staff, and no room large enough to accommodate a congregation of faculty and students.

Darwin's ambitious building plan, '...involved the reconsideration of the whole basis of our teaching, and the function and place of the College in the national life, as well as some hazard as to its future.' It was funded by a grant from the Ministry of Education, of £424,000 for 78,075 square feet of usable space. Darwin appointed staff members Professor Sir Hugh Casson, Professor Robert Goodden and H T Cadbury-Brown to deliver 'an austere building without frills and built in the least expensive way of the simplest materials'. This approach has stood the test of time: while in need of renovation, the building retains its usefulness as a flexible shell, able easily to accommodate shifting educational needs.

Most significantly, the brief that the current Vice-Chancellor Dr Paul Thompson handed to architects Herzog & de Meuron was almost verbatim the brief that Darwin handed to his architects: to create a robust, factory-like space, focused on people and their creative interactions, taking the Darwin Building and its vertically stacked workshops and studios as a guiding principle, but improving the circulation and interaction between students on various floors. The new building (see Annual Report/42), as with everything in the RCA's strategic planning, is designed for the future – whatever that might hold.

Today, in our globalised society, with rapid urbanisation, climate change and resource depletion, digitisation, connectivity and the implications of artificial intelligence, the RCA believes that many of the most intriguing and compelling solutions to global challenges are found at the intersection of the creative arts, design and science. Art and design universities must be at the forefront, proposing new, multidisciplinary design and technology solutions.

'The College's mission is to expand the frontiers of knowledge in art and design through research, teaching and knowledge exchange and offer a transformative educational experience, training artists and designers who go on to transform the world.'

#### *Royal College of Art Strategic Plan, 2016–21*

The RCA's history is one of institutional transformation – characterised by responsiveness to technological advances, to educational policy, to industry, to global events – and that agility has kept the College at the forefront of world culture and debate. Looking forward, we must continue to preserve those fundamental tenets of an RCA education that have delivered success over two centuries, and build on them by laying the foundations of our GenerationRCA campaign, to secure the College's future.

Great universities are places of profound existential transformation for the people that pass through them. The RCA is singularly well placed to support artists and designers to devise and deliver creative solutions that address societal, cultural and economic challenges. While we articulate our mission in twenty-first century terms, its founding premise remains as important today as when it was coined 180 years ago – to educate the artists and designers of tomorrow.

**'THE COLLEGE'S MISSION IS  
TO EXPAND THE FRONTIERS  
OF KNOWLEDGE IN ART  
AND DESIGN THROUGH  
RESEARCH, TEACHING  
AND KNOWLEDGE  
EXCHANGE AND OFFER  
A TRANSFORMATIVE  
EDUCATIONAL EXPERIENCE,  
TRAINING ARTISTS AND  
DESIGNERS WHO GO ON TO  
TRANSFORM THE WORLD.'**

**ROYAL COLLEGE OF ART STRATEGIC  
PLAN, 2016–21**

**Timeline:**

**1837** Royal College of Art founded as the Government School of Design, located in Somerset House, with the purpose of improving industry through design

**1864** School renamed the National Art Training School, refocused towards training teachers, and moves to South Kensington as part of Albertopolis

**1897** Royal College of Art renamed with Queen Victoria's permission

**1920** College emphasis shifts to employment of practising artists and designers

**1946** Future Principal Robin Darwin urges greater specialist training for industrial designers

**1949** Establishment of the RCA as a National College

**1962** Darwin Building opens in Kensington as the primary College campus

**1967** College granted Royal Charter and University status

**1992** Stevens Building opens in Kensington

**1992** Second campus at Battersea inaugurated by arrival of Sculpture and Painting

**2008–15** Completion of Sculpture, Sackler, Dyson and Woo Buildings to form Battersea North campus

**2017** Freehold purchase and planning for Battersea South campus

1837

**1837** Royal College of Art founded as the Government School of Design, located in Somerset House, with the purpose of improving industry through design

1864

**1864** School renamed the National Art Training School, refocused towards training teachers, and moves to South Kensington as part of Albertopolis

1946

**1946** Future Principal Robin Darwin urges greater specialist training for industrial designers

1992

**1992** Stevens Building opens in Kensington

1967

**1967** College granted Royal Charter and University status

# 1897

**1897** Royal College of Art renamed with Queen Victoria's permission

# 1920

**1920** College emphasis shifts to employment of practising artists and designers

# 1949

**1949** Establishment of the RCA as a National College

# 1962

**1962** Darwin Building opens in Kensington as the primary College campus

# 2008–15

**2008–15** Completion of Sculpture, Sackler, Dyson and Woo Buildings to form Battersea North campus

# 2017

**2017** Freehold purchase and planning for Battersea South campus



**‘WE DO NOT SET OUT TO ANSWER  
THE QUESTIONS POSED BY  
OTHERS, BUT BEGIN BY SEEKING  
TO IDENTIFY MORE INTERESTING,  
RELEVANT AND MEANINGFUL  
QUESTIONS THAT ALLOW US TO  
IMAGINE NEW WAYS OF SEEING  
THE WORLD, AND OF DEVELOPING  
PROPOSALS, PRODUCTS, SERVICES  
AND PROJECTS THAT MAKE A  
DIFFERENCE.’**

**DEPUTY VICE-CHANCELLOR AND PROVOST  
PROFESSOR NAREN BARFIELD**

History of Design Lecture with Head of Programme, Dr Sarah Teasley



# 180\ACADEMIC DEVELOPMENTS

As the pace of change across the world accelerates, and new places, technologies and industries emerge, the contemporary university needs to stay at the forefront of knowledge creation, creativity and collaboration with industry partners nationally and internationally.

The Royal College of Art is the exemplar of the dynamic, modern postgraduate university, producing graduates whose creative ideas and leadership provide much-needed contributions to improving lives, society and the economy.

At the RCA, we encourage students, and staff, to apply their creative imagination to shaping the future, allied to advanced technical solutions and a critical awareness of context. We seek, and support, ideas that combine creativity, intellectual rigour, and practical outcomes towards goals that create cultural, social and economic impact for the widest benefit.

To achieve this, we need to continue to recruit the highest calibre members of faculty and technical staff, and to continue to introduce innovative programmes that anticipate future need and attract the most talented students from the UK and internationally. We need to provide world-class facilities for our international experts to produce ground-breaking research through architecture, communication, design, fine art and humanities that help to create the world of tomorrow.

## **Creative Education**

We do not set out to answer the questions posed by others, but begin by seeking to identify more interesting, relevant and meaningful questions that allow us to imagine new ways of seeing the world, and of developing proposals, products, services and projects that make a difference.

Creativity, allied to intellectual rigour, is a foundation of the RCA education, which ranges from engineering, design, to the arts and humanities, to architecture and the applied arts, and is designed to enable students to address global challenges, from healthcare to inclusive design, mobility to materials, and designing the fabric of our evolving cities in a rapidly urbanising world.

The RCA's global reputation is linked to the quality of our students, staff and graduates, and we seek applicants who are talented, have a curiosity about the world, and the commitment to apply and test their ideas, whether they have come from a background in art and design or beyond.

For application, we require a portfolio that shows creative curiosity and technical ability, but most importantly, we seek individuals who can think differently, identify patterns and problems, and who have the potential to come up with novel and untested solutions, increasingly through being able to work in multidisciplinary teams and with experts from diverse fields.







Our students are particularly good at combining things that others would not have thought of combining. In 2016/17, they operated across 26 art and design disciplines, working within them, enhancing them and producing new knowledge. It's synthetic thinking, applied in addition to analytic thinking, and it produces new ways of utilising ideas and solutions, which result in outcomes that would not arise from mono-disciplinary methods and approaches.

It happens when you accept a brain surgeon to study sculpture, or an ophthalmologist to study vehicle design, or a Sanskrit scholar to study product design. These are real examples of recent RCA students, the latter being Dr Roland Lamb, RCA Design Products alumnus, founder of ROLI and inventor of Seaboard, the keyboard that's revolutionised music production and featured in Hollywood blockbusters, and is exported internationally to over 40 countries.

RCA students are self-initiators, who have the confidence to tackle global problems through experimental learning: a learning-by-doing model, based on live projects and discovery rather than receiving accepted wisdom. Students benefit from world-leading research, which generates new knowledge and extends the boundaries of disciplines. This grounds deep disciplinary knowledge in trial, error and experimentation. Co-creation, working in groups and teams, brings the ability to articulate ideas through dialogue, persuasion, demonstration and application.

Demonstrating the success of our approach, our graduates go out into the world with high employability, ready to launch their businesses, produce creative interventions, able to articulate their intentions, and already networked into creative, technical and economic sectors.



School of Design student working in the Darwin Building, Kensington

School of Architecture student working in the Darwin Building, Kensington





Painting student working in the Sackler Building, Battersea





**'DEMONSTRATING  
THE SUCCESS OF  
OUR APPROACH, OUR  
GRADUATES GO OUT  
INTO THE WORLD WITH  
HIGH EMPLOYABILITY,  
READY TO LAUNCH  
THEIR BUSINESSES,  
PRODUCE CREATIVE  
INTERVENTIONS, ABLE  
TO ARTICULATE THEIR  
INTENTIONS, AND  
ALREADY NETWORKED  
INTO CREATIVE,  
TECHNICAL AND  
ECONOMIC SECTORS.'**



**Our Vision: STEM to STEAM**

Founded in response to the first industrial revolution, the RCA stands now at the brink of the fourth, which promises breakthroughs in robotics, autonomous vehicles, nanotechnology, computing science and artificial intelligence, material science and biodesign.

Where traditionally design, when linked to science and technology, has been placed at the end of the innovation cycle, translating new knowledge, breakthroughs and insights from STEM areas into marketable products and near-market commercialisation, the RCA's new academic model places design at the beginning of the cycle, framing STEAM-led research at the outset of projects through problem identification and question formation. This research is frequently inter- or multidisciplinary in character, and places design as integral to, and frequently at the lead of, project and team formation within STEM.

By extension, this provides context for, and reinforces, new models of postgraduate, research-led design education that are contributing to the delivery of a distinctive STEAM education here at the RCA. Traditionally, art and design education has employed a 'skills based' and 'learning by doing' pedagogical model, which develops tacit knowledge, understanding and skills. While these approaches remain valuable, the evolving RCA pedagogical model adds research-driven enquiry, applied through knowledge exchange with industry and through dynamic and 'live' curriculum developments.

The delivery of our Strategic Plan 2016–21 represents a step change not only for the RCA but also for international higher education, in which we will translate cutting-edge research, across STEAM, into taught postgraduate programmes rapidly, at the leading edge of knowledge production.

**Deputy Vice-Chancellor and Provost  
Professor Naren Barfield**





# Schools & Programmes 2017/18

Looking forward to 2017/18, the RCA will offer 29 distinct programmes and pathways, including MAs in City Design, Digital Direction, Environmental Architecture and Intelligent Mobility (building on the foundations of the longstanding Vehicle Design MA), an MRes RCA with pathways in Architecture, Arts & Humanities, Communication Design and Design, and an MRes in Healthcare & Design.

Launched in September 2017, the RCA's new MA Digital Direction addresses media and storytelling in the digital era, assessing emerging issues associated with contemporary digital communication and the creative economy, and training high-level creative leaders who are responsive to continually changing contexts, infrastructures and technologies.

There are two new MAs in the School of Architecture, offering multi-scalar approaches aimed at an emerging generation of designers, proposing new approaches to city design and environmental architecture that unite spatial, technological and scientific research for a world that is seeing population growth, migration, urbanisation and a concern for sustainability. MA City Design addresses the radical transformation of cities and the societies that are shaped by them; and MA Environmental Architecture focuses on the widespread and far-reaching transformation of environments and landscapes.

## School of Architecture

MA Architecture  
MA City Design  
MA Environmental Architecture  
MA Interior Design

MRes RCA: Architecture Pathway  
MPhil/PhD Architecture

## School of Arts & Humanities

MA Ceramics & Glass  
MA Contemporary Art Practice  
MA Critical Writing in Art & Design  
MA Curating Contemporary Art  
MA Jewellery & Metal  
MA Painting  
MA Photography  
MA Print  
MA Sculpture  
MA V&A/RCA History of Design

MRes RCA: Arts & Humanities  
Pathway  
MPhil/PhD Arts & Humanities

## School of Communication

MA Animation  
MA Digital Direction  
MA Information Experience Design  
MA Visual Communication

MRes RCA: Communication Design  
Pathway  
MPhil/PhD Communication

## School of Design

MA Design Products  
MA Fashion Menswear  
MA Fashion Womenswear  
MA/MSc Global Innovation Design  
MA/MSc Innovation Design  
Engineering  
MA Intelligent Mobility  
MA Service Design  
MA Textiles

MRes Healthcare Design  
MRes RCA: Design Pathway  
MPhil/PhD Design

**‘GREAT ARCHITECTURE  
HAS THE POTENTIAL  
TO TRANSFORM THE  
WAY PEOPLE SOCIALISE,  
WORK, LEARN, THINK  
AND COMMUNICATE –  
ALL THE INGREDIENTS  
THAT LEAD TO  
POWERFUL IDEAS  
AND LIFE-CHANGING  
INNOVATIONS.’**

**DR ADRIAN LAHOUD, DEAN,  
SCHOOL OF ARCHITECTURE**



# 180\BATTERSEA SOUTH & WHITE CITY

**The new building at Battersea will represent the most radical transformation of the RCA's campus in the institution's history, due to the scale and complexity of the building and the entirely new academic activities that will be housed within it, including research centres, purpose-built studios, and increased space for InnovationRCA to incubate creative new businesses.**

Enabled by a grant from Government of £54 million and scheduled to open in 2020/21, the building will welcome Arts & Humanities programmes including Sculpture and Contemporary Art Practice, and Design programmes including Design Products, Global Innovation Design, Innovation Design Engineering, Fashion and Textiles.

New research centres will enable cross-disciplinary research in future-facing areas including Computer Science and Robotics, Materials Science and Intelligent Mobility. Our Helen Hamlyn Centre for Design will be given its first-ever purpose-built home. A vast, 10-metre-high 'hangar' space will form a focal point, in which large-scale objects can be assembled, prototyped and displayed to the public.

A café and art shop will facilitate greater public involvement in the life of the College. Progressive communities look outwards as well as inwards, so the new building will contribute to a burgeoning culture and design quarter in the heart of Battersea, enriching the surrounding area.





**Proposed designs for the new Battersea Building, with hangar space, by architects Herzog & de Meuron**









Garden House, White City

Print Bureau, Garden House, White City



Smartzone, Garden House



## White City

The Garden House at White City opened in summer 2017, welcoming MA students in the School of Communication's Animation, Digital Direction, Information Experience Design and Visual Communication programmes, and the School of Arts & Humanities' programmes in Critical Writing in Art & Design, Curating Contemporary Art and V&A/RCA History of Design, as well as MRes, MPhil and PhD students. With an environmental identity designed by Dean of Communication Professor Neville Brody, the building supports a postgraduate student community of over 700 housed in purpose-built studios, with specialist workshops, multimedia facilities and smart zones.

The redevelopment at White City is fast establishing a new London hub for the creative industries, and the new RCA building will open up further opportunities for interdisciplinary practice, in White City's Media Village. Imperial College London is opening an extensive new Research and Translation Hub nearby, which will have space for 1,000 researchers alongside 50 spin-out companies, and local media and retail companies have expressed strong interest in collaborating with staff and students in knowledge-exchange and exhibition projects.











**‘THE COLLEGE CANNOT  
CREATE TALENT, BUT  
IT HAS PROVED OVER  
THE YEARS THAT IT CAN  
SUCCESSFULLY DISCOVER  
TALENT AND GIVE IT  
EVERY OPPORTUNITY  
TO DEVELOP AND TO  
FLOURISH.’**

**HRH PRINCE PHILIP  
THE DUKE OF EDINBURGH  
(VISITOR 1967–2017)**

HRH Prince Philip, the Duke of Edinburgh, with Edward Brial (MA Global Innovation Design, 2016)



# 180/PEOPLE

**For 180 years, the RCA has nurtured generations of world-leading artists, architects, thinkers, writers and designers in fields as diverse as fashion, painting, design engineering and architecture, creating everything from government services to Hollywood blockbusters to ambulances.**

It is undoubtedly the ‘brain trust’ – the creative talent that the RCA attracts as staff, members of faculty, and students – that makes the institution such an extraordinary hot house for talent. During the past year, we have welcomed a number of new staff and bid farewell to others in our community, including our Royal Visitor and Provost.

Royal Visitor HRH Prince Philip, the Duke of Edinburgh, retired from public duty this year and will be much missed by the RCA community. His successor will be announced in the forthcoming year.

‘The College cannot create talent, but it has proved over the years that it can successfully discover talent and give it every opportunity to develop and to flourish.’

*HRH Prince Philip, the Duke of Edinburgh, Visitor, 1967–2017*

This year we said farewell to Provost Sir James Dyson OM and alumnus. Sir James graduated from the College in 1971, joined Council in 1998 and became Provost in 2011. His detailed understanding of design and entrepreneurship has made him an invaluable member of our community and a tireless champion of the university.

‘The Royal College of Art is the only university in the UK that so successfully synthesises expertise in technology and design with academic excellence and entrepreneurial spirit.’

*Sir James Dyson OM (MDes Interior Design, 1971), Provost 2011–17*

Sir Jony Ive KBE joins the RCA as Chancellor at a transformative moment in the university’s history. As Chancellor for a five-year term, Sir Jony will advise the College during a period of expansion, embodied in the construction of a new building at Battersea, scheduled to open in 2020/21.

‘I am thrilled to formalise my relationship with the RCA, given the profound influence the College has had on so many of the artists and designers that I admire. Our design team includes many RCA alumni, who embody the fundamental values of the College. I look forward to advising both the College and students, hoping that my experience proves useful in their work.’

*Sir Jony Ive, Chancellor, 2017–*

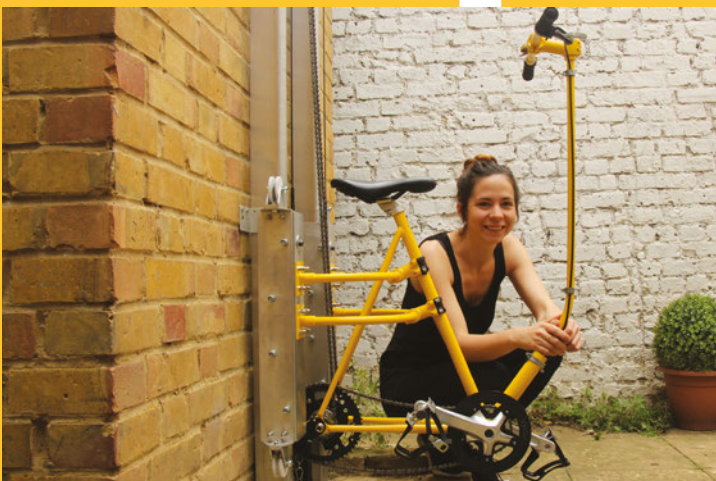


## RCA People

Our graduates have defined culture for generations – from Christopher Dresser to James Dyson, from Ridley Scott to Asif Kapadia, from Christopher Bailey to Thomas Heatherwick. The cars we drive, the digital and consumer products we use, the iconic images and cultural objects that define our age were formed in the crucible of the RCA. Over the last 30 years, a strand of creative innovation has emerged – nurtured by the Department of Design Research, the Helen Hamlyn Centre for Design, the Innovation Design Engineering programme, InnovationRCA and the HELIX Centre – that puts art and design to the service of social problems.

Building on a proven track record for research and innovation into homes and workspaces for an ageing population, sustainable housing, life-saving apparatus and vehicles, and the delivery of cost-effective healthcare – all areas that rely on digital fabrication, artificial intelligence, virtual reality and 3D imaging to enable solutions that were unimaginable even 10 years ago – a range of new design solutions have emerged. Collectively, they evidence the vital importance of the College's contribution to the creative industries and UK economic productivity, and our ability to add value to the UK for a third century, and beyond.

Vycle, Elena Larriba (MA Innovation Design Engineering, 2017)



**‘WHEN I WENT  
TO THE RCA  
MY WORLD  
REALLY OPENED  
UP – AND  
THAT’S WHERE  
I DISCOVERED  
THERE’S ALWAYS  
A SOLUTION.’**

**SIR RIDLEY SCOTT  
(ARCA DIPLOMA GRAPHIC  
DESIGN, 1961)**

Vycle is a pedal-powered transportation system proposed by Elena Larriba (MA Innovation Design Engineering, 2017) as an alternative way to ascend and descend tall buildings. Resembling a bike connected to a vertical rail, the Vycle is powered by continuous cyclical movement. Lightweight, sustainable and with a low square footage, Vycle offers an efficient substitute for lifts and stairs, as well as a safer way for workers to navigate structures such as scaffolding or transmission towers.

‘The IDE MA programme transformed the way I look at the world; human-centred design and sustainability are now integral to my approach.’

*Elena Larriba (MA Innovation Design Engineering, 2017)*



Petit Pli, Ryan Yasin (MA Global Innovation Design, 2017)

Ryan Yasin (MA Global Innovation Design, 2017) won the UK James Dyson Award for his innovative design of children's clothing, which are designed to grow and expand. Called Petit Pli, the clothing was designed to address the environmental and financial costs of having to frequently replace infants' clothing as they quickly grow out of them.

'When I began Petit Pli, I knew I'd want to unleash it to the world – it was never my intention for it to remain a portfolio piece. I've since been busy raising investment, forming a small team, giving talks and pitches. We've been fortunate enough to have won the national UK James Dyson Award, as well as the D&AD Impact Promise Award. I'm just beginning my partnership with InnovationRCA, who also offered patent support. It's truly an exciting time.'

*Ryan Yasin (MA Global Innovation Design, 2017)*

Louis Alderson-Bythell (MA Fashion Womenswear, 2017), Tashia Tucker (MA Architecture, 2017), Greg Orrom Swan (MA student Innovation Design Engineering, 2016–18) and Sam Roots (MA Innovation Design Engineering, 2017) created POM (Pollinator & Orchard Management), an early-stage agricultural technology company that is working to enhance pollination rates and crop yields by working with flies and other wild pollinators.

With populations of wild and domesticated pollinators declining worldwide, there is a pressing need to understand and supplement the role that these creatures play in our food systems. The current global market for pollination services is in the hundreds of millions of dollars. With this 'Internet of Things' network of pheromone emitters that curate the movement of pollinators while collecting data on their behaviour, POM believes that it can enhance yields significantly, and boost the quantity and quality of crops.



Baroness Gail Rebusk DBE is Chair of Penguin Random House UK, Pro-Chancellor and Chair of the Royal College of Art's Council and sits in the House of Lords, where she speaks regularly in support of Higher Education.

'I can think of no other institution which has such influence on Britain's innovation, creative output and wealth creation, nurturing successive generations of leading design engineers, architect, car designers and of course artists. The fact that such a small institution has produced the highest number of university owned start-ups in England, according to a 2015 HEFCE report – more than Oxford, Cambridge and Imperial College – is frankly astonishing.'

*Baroness Gail Rebusk DBE, Pro-Chancellor and Chair*

Dr Sina Sareh's appointment facilitates the development of design-led robotics at the College, creating the vision and strategy for a new Robotics facility within the Battersea campus. It reflects the College's strategy for bringing advanced technologies into design and applying design methods to technological change.

'It is an extremely exciting moment to be involved in shaping the ambitious future of education at the RCA. I am very much looking forward to leading the integration of robotics into the College's research, its international programmes and collaborations with industry.'

*Dr Sina Sareh, Academic Lead, Robotics*

Beth Hughes' appointment as Head of Architecture recognised her achievements working in demanding global practices, her rigorous understanding of the key challenges facing the discipline, and a commitment to develop the research questions and methods that will define architecture education for the coming years.

'Questions of how people live, produce and commune will always be at the core of what we do in the School of Architecture, but these discussions will be constantly challenged and shifted by the competing pressures of emerging technologies, global events and political change. Rather than teaching a specific technique or style, we are helping students to hone a rigorous and critical method that enables them to position themselves in relation to these new bodies of knowledge, and to intervene meaningfully through their practice.'

*Beth Hughes, Head of Architecture, School of Architecture*



Baroness Gail Rebusk DBE, Pro-Chancellor and Chair

**‘IT IS AN EXTREMELY EXCITING  
MOMENT TO BE INVOLVED IN  
SHAPING THE AMBITIOUS FUTURE OF  
EDUCATION AT THE RCA. I AM VERY  
MUCH LOOKING FORWARD TO LEADING  
THE INTEGRATION OF ROBOTICS  
INTO THE COLLEGE’S RESEARCH, ITS  
INTERNATIONAL PROGRAMMES AND  
COLLABORATIONS WITH INDUSTRY.’**

**DR SINA SAREH, ACADEMIC LEAD, ROBOTICS**

Professor Anderson’s appointment as Dean of the School of Design recognised the value of both his strong industrial experience in technical product design and his international profile in leading-edge research into fundamental human computer interface issues associated with 3D interfaces, haptics, 3D sound and gesture-based interaction supporting real-time 3D visualisation, in leading the future vision of the School.

‘The way that we approach design has changed dramatically over the last two decades: we no longer limit the discipline to purely object-orientated activities. System, experience and service offering are now an integral part of the discipline, and the RCA is in a prime position to continue to deliver world-leading design teaching and research.’

*Professor Paul Anderson, Dean, School of Design*



Dr Mel Jordan's appointment as Head of Contemporary Art Practice recognised her achievements as an artist, writer and researcher, whose work (with Beech and Hewitt as the Freee art collective) is at the forefront of investigations into the relationship between art and politics through public sphere theory and participatory arts.

'Contemporary Art Practice (CAP) is a new programme at the RCA. Through four pathways, we offer an exciting perspective that enables artists to study emerging conceptual frameworks including Performance, Moving Image, Public Sphere and Critical Practice with an engagement that is socio-political, critical and non-technologically determined.'

*Dr Mel Jordan, Head of Contemporary Art Practice,  
School of Arts & Humanities*

**New Titles**

The RCA has respectfully requested that the Privy Council formally approve amendments to its Charter and Statutes, on the recommendation of the Council.

The amendments will come into force in 2017/18 and will bring the titles of senior College members into line with those of other higher education organisations, both in the UK and internationally.

The new titles will be:

**Chancellor**  
**(Sir Jony Ive)**

**Pro-Chancellor and Chair of Council**  
**(Baroness Rebuck)**

**Vice-Chancellor**  
**(Dr Paul Thompson)**

**Deputy Vice-Chancellor and Provost**  
**(Professor Naren Barfield)**

**‘CONTEMPORARY ART PRACTICE (CAP) IS A NEW PROGRAMME AT THE RCA. THROUGH FOUR PATHWAYS, WE OFFER AN EXCITING PERSPECTIVE THAT ENABLES ARTISTS TO STUDY EMERGING CONCEPTUAL FRAMEWORKS INCLUDING PERFORMANCE, MOVING IMAGE, PUBLIC SPHERE AND CRITICAL PRACTICE WITH AN ENGAGEMENT THAT IS SOCIO-POLITICAL, CRITICAL AND NON-TECHNOLOGICALLY DETERMINED.’**

**DR MEL JORDAN,  
HEAD OF CONTEMPORARY ART PRACTICE**



# RESEARCH, KNOWLEDGE & INNOVATION EXCHANGE

**'THE RCA'S RESEARCH,  
KNOWLEDGE EXCHANGE  
AND INNOVATION  
ACTIVITIES HAVE  
CONTINUED TO  
DEVELOP APACE  
AS WE CONSOLIDATE  
OUR RESEARCH  
STRENGTHS AND SEE  
INCREASED DEMAND  
FROM BUSINESS AND  
INDUSTRY PARTNERS  
FOR RESEARCH  
COLLABORATIONS,  
CONSULTANCY WORK  
AND SPECIALIST  
TRAINING COURSES.'**



# Research, Knowledge Exchange & Innovation

**The RCA's research, knowledge exchange and innovation activities have continued to develop apace, as we consolidate our research strengths and see increased demand from business and industry partners for research collaborations, consultancy work and specialist training courses.**

Staff in our Schools and research centres secured over £4 million in research funding, business and industry collaborations, and executive education contracts in 2016/17. Alongside a strong success rate in the highly competitive Research Councils UK grants, we have successfully secured a number of European funding bids, from projects looking at the role of creativity and culture in post-conflict transitions, to using a service design approach to social innovation and citizen engagement, to improve urban resilience to climate change – a great illustration of the range of expertise at the RCA.

Our research collaborations this year have included partnerships with global universities, from Imperial College London to new partners at Tokyo University, projects supported by cultural institutions such as the Henry Moore Institute and the National Maritime Museum, as well as projects undertaken with business and industry partners including Bloomberg, British Land, British Government's Defence Science and Technology Laboratory (DSTL), Huawei, Karsan, Lloyds, Lloyds Register Foundation (see Annual Report/72), Samsung, Telefonica and Tesco.

We have moved ahead with plans for establishing a number of interdisciplinary research centres, building on the continuing success of the Helen Hamlyn Centre for Design (see Annual Report/63), the HELIX Centre (an RCA collaboration with Imperial College London) and more recent initiatives such as the AHRC-funded Creative Exchange (CX) hub. This year we received generous support from Hyundai-Kia to establish our Intelligent Mobility Design Centre. We have also received a generous gift from the Burberry Foundation to establish the Burberry Material Futures Research Group (see Annual Report/71). We are also developing capacity that looks forward to design-led robotics (see Annual Report/53).

Our research student community continues to grow, with over 250 students now registered for research degrees that span the RCA's broad range of specialisms (see Annual Report/61). They are supported by a number of RCUK-funded doctoral training centres. We were delighted also to welcome our first cohort of students to our new MRes programme. Joining us from a wide variety of academic, business and public-sector backgrounds, our MRes students have added a vibrant dimension to the College's research student culture.

As part of the College's Battersea expansion plans, the RCA moved forward with its goal to double the number of start-ups exiting its highly successful commercialisation centre and incubator, InnovationRCA (see Annual Report/67).



Dr Emma Wakelin, Director of Research & Innovation

Faculty Research Profile

Exploring the Potential of the Digitally Printed Ceramic Surface – Funded by the Arts & Humanities Research Council.

This research project brought together a consortium of pioneers of 2D ceramic toner laser transfer printing to explore the potentials for scale, economies and a new aesthetic within UK commercial production for the printed ceramic surface.

Led by RCA academics, Professor Martin Smith and Dr Peter Oakley and Dr Steve Brown, in partnership with commercial and industrial companies in the UK and Germany, staff in the School of Arts & Humanities collaborated with MZTT, inventor and patent holder of the laser-printed ceramic transfer process, their British partner Digital Ceramic Systems and two industrial ceramic manufacturers: Royal Crown Derby and Steelite International.

In addressing scales of production for digitally printing ceramic surface imagery, the project tackled head on the feasibility of creating processes and technologies that would support innovation and enterprise – without compromising on aesthetic quality.



Digitally Printed Ceramic Surface Design Prototypes

Digitally Printed Ceramic Surface Design Prototypes



AHRC Follow-on Funding for Impact and Engagement in the Creative Economy has been secured to support further activities. The new project, Improved Laser-printed Equipment for Ceramics (ILPEC), will help identify the technical specifications for the next generation of machines that will be directly dedicated to the needs of UK ceramics companies and related creative industries.



## Student Research Profile

Funding was secured from the Stavros Niarchos Foundation to support six students with STEAM-focused research projects, and for a further three students through the AHRC National Productivity Investment Fund scheme, which is specifically targeted at creative industry partnerships. Three new Collaborative Doctoral Award studentships have been awarded, and we have been particularly successful with studentships across both Doctoral Training Partnership consortia, TECHNE and LDoc, increasing our proportion of awards.

One of the new NPIF awards was secured by Wayne Binitie, a second-year School of Arts & Humanities student, whose art practice operates across sound, glass and painting. Highly entrepreneurial, Wayne has established working partnerships with the British Antarctic Survey (BAS) and ARUP, the multinational professional services firm. This has given him direct access to BAS's ice core archive, where he has been able to make audio recordings of their ancient gases being released. One of BAS's key strategic aims is to bring their knowledge and research to wider audiences. Wayne's work offers a valuable route for this, positioning it not as a conventional artist-in-residence, but as a co-researcher.



# Research Centres

## Intelligent Mobility Design Centre

### Future Luxury Project

The IMDC Future Luxury project challenged RCA students and alumni to explore the future of luxury and help define the subject in a broader sense, focusing on responses outside the automotive sector. The project involved designers with backgrounds in architecture, vehicle design, textiles, industrial product design, design engineering, sculpture, UX design and service design.

The project gathered opinions from different design disciplines and combined them to generate a series of narratives forecasting areas of design, technology and habitat that will have an impact on the future of luxury.

This research is to be added to a wider body of work carried out by the RCA looking at the future of luxury. Its purpose is to provide Hyundai-Kia with key areas that will help inform future trends that will affect the luxury market.

### GATEway Research Project

GATEway (Greenwich Automated Transport Environment) is an £8 million research project, funded primarily by InnovateUK, that has been set up to try to examine how the technical, legal and societal challenges of autonomous vehicles might be tackled.

The Helen Hamlyn Centre for Design and the Royal College of Art's Intelligent Mobility Design Centre are working on public engagement to develop a better understanding of the attitudes towards autonomous technology. Involving the public in conversations surrounding the development of these vehicles means that their concerns can be taken into account when thinking about the design aspect. This discussion extends to thinking about the kinds of services and infrastructure that will need to be put into place.

In order to improve public perception and engagement with the technology, which is often viewed with suspicion, the team led a series of workshops to explore the possibilities of what autonomous vehicles could be. These helped the team to understand people's hopes (environmental friendliness, safety, mobility) and fears (human redundancy, over-reliance, surveillance) about a driverless future, and led to significant insights into how the public might learn to embrace the technology.

GATEway exhibition at the London Transport Museum





The findings were explored in a public exhibition at the London Transport Museum in 2017, which presented both utopian and dystopian futures. This exhibition then shaped a second series of public workshops which involves the use of 'Harry', a driverless shuttle prototype in Greenwich. GATEway is helping to imagine a positive future for autonomous vehicles.

### The Helen Hamlyn Centre for Design

**This year the Helen Hamlyn Centre for Design continued to expand its work in inclusive design to address an increasingly broad range of social issues, matching academic expertise with application in the real world. Building on our work in autism, we looked at how design can support neurodivergence, and we also set about empowering people with osteoarthritis, improving the wellbeing of office workers and enhancing the patient experience of intensive care in hospitals.**

Design for community took a front seat. One of the biggest engagements this year was with Public Health Agency Northern Ireland on a research project with communities around the River Foyle, which flows through Derry/London and has been associated with poor mental wellbeing. The project saw nearly 40,000 people view the Hallowe'en recreation of 'Dopey Dick', a lost Killer Whale who swam up the river in the 1970s. On a smaller scale, the Centre engaged communities of older people in London to examine what homes for later life can look like under the banner of vintage vitality.

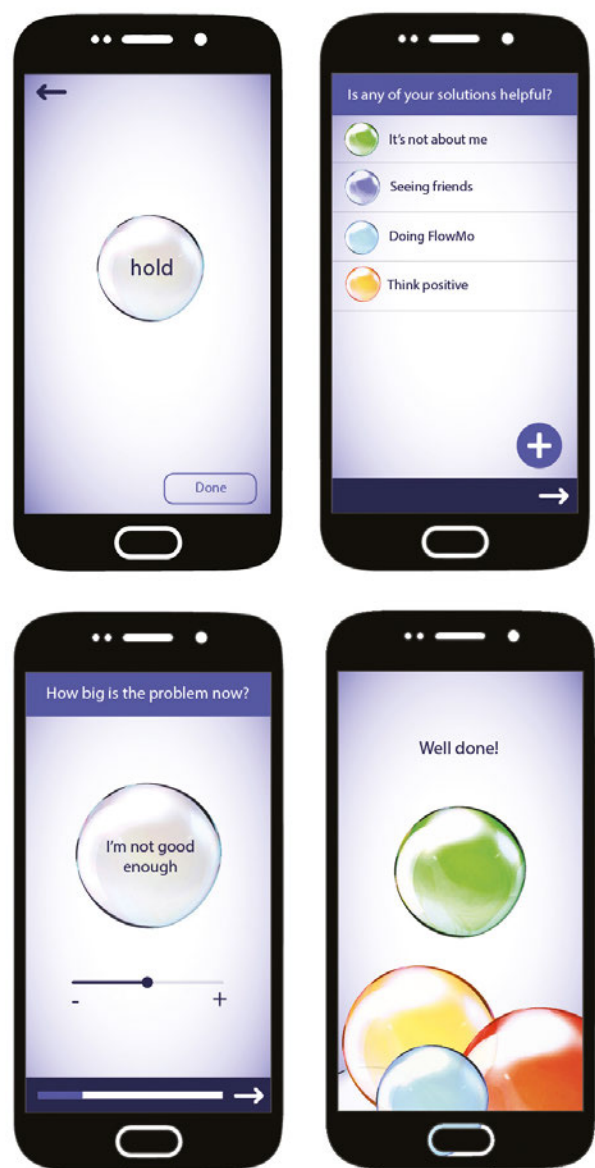
### SlowMo

**The Institute of Psychology, Psychiatry and Neuroscience at King's College London (KCL) trialled a cognitive behavioural therapy course for people who suffer from paranoid and suspicious thoughts in 2014. The results of the intervention, titled Thinking Well, led to the understanding that therapy needed to extend beyond the consultant's room, into everyday life.**

To develop this, the KCL team approached the Helen Hamlyn Centre for Design for design and research input with the resultant app currently going through clinical trials. Working in the field of mental health and trying to understand the needs of people who are in a different psychological state pushes inclusive design into a new area of research and design: the 'usual' user experience (which typically looks for speed and efficiency in products such as mobile apps) might not be beneficial in the context of mental and emotional wellbeing.

The team has been working on a new commercial version of the app, called 'Mo'.

The SlowMo Digital App



# Knowledge Exchange Profile

## KFAS Innovation Challenge 2017

The Kuwait Foundation for the Advancement of Sciences engaged the RCA to offer an applied executive education programme specifically intended to drive companies in Kuwait to become more innovative. Businesses included the National Bank of Kuwait (NBK), the Commercial Bank of Kuwait (CBK), project management company Kipco, logistics company Agility and Alargan real estate.

Between January and May 2017, KFAS and the RCA ran three workshops centred on creative leadership and design thinking, business canvas modelling and service design skills.



KFAS Innovation Challenge visit to Battersea Power Station











# InnovationRCA

InnovationRCA continued to extend its activities as the Royal College of Art’s centre for enterprise, entrepreneurship, incubation and business support, helping 21 start-up companies in 2016/17. Building on the success outlined in the 2015 HEFCE Student Start-up report, which identified the RCA as generating more university-owned start-up companies than any other UK university, the College has entered into an agreement with venture capital firm, Venrex Investment Management. Venrex is raising a £1–3 million investment fund, InnovationRCA 1, which will invest in RCA companies incubated at InnovationRCA. This, alongside the angel investment network run by InnovationRCA, AngelClubRCA, means that graduate entrepreneurs will find it easier and quicker to raise funds for growth in the future.

In order to assist the College to deliver our ambitious goal to double the number of start-ups exiting the incubator, McKinsey & Company were engaged to assist in a scoping study in November 2016. McKinsey’s study ranked InnovationRCA world class in its benchmarking against private and public accelerators and incubators in the UK and internationally, and passed a strong vote of confidence in the successes, impact and outcomes of InnovationRCA and its Director Dr Nadia Danhash.

## InnovationRCA Start-ups

### Aeropowder

Multi-award winning Aeropowder is an InnovationRCA start-up, co-founded in 2016 by Elena Dieckman (MA Innovation Design Engineering, 2016). This early-stage company is converting chicken feathers, a waste material, into sustainable innovative products. InnovationRCA assisted Elena to file a patent. The company has won almost £200,000 in awards and accolades including the Mayor of London’s Low Carbon Entrepreneur Award 2016, and 2017 Echoing Green Fellowships. Elena was one of two InnovationRCA female entrepreneurs to be honoured with the nationwide InnovateUK Women in Innovation Award in 2016 – a testament to the value of an RCA education and its strong entrepreneurship programmes.



Aeropowder

**Gravity Sketch**

Gravity Sketch has developed a multi-platform, immersive technology, productivity tool for design and creation in 3D. This is being used to cut time and cost out of the creation process in the automotive sector and in architecture. Founders Oluwaseyi Sosanya and Daniela Paredes Fuentes (MA Innovation Design Engineering, 2014) have been incubated at InnovationRCA while building the technology and testing the market.

Gravity Sketch is one of just six UK companies to be classed as an ‘Augmentor Company’ used by InnovateUK and its Digital Catapult to showcase British Innovation in the immersive tech sector. Oluwaseyi Sosanya was also awarded a Royal Academy of Engineering Fellowship, and the company is closing a major funding round with US and UK venture capitalists.

Gravity Sketch Virtual Reality Prototype





# DEVELOPMENT & ALUMNI RELATIONS

Biologic, a Smart Wearable Material that responds to Human Sweat.  
Developed by Helen Steiner (MA Innovation Design Engineering, 2015)





**‘IT WAS DURING  
MY TIME AT  
THE RCA THAT I  
LEARNED THE  
IMPORTANCE  
OF EXPRESSING  
YOURSELF,  
AND HAVING A  
CONFIDENCE  
AND BELIEF IN  
YOUR VISION.’**

**CHRISTOPHER BAILEY, MBE  
(MA FASHION WOMENSWEAR,  
1994)**

The College would like to express its appreciation to all those individuals, trusts, foundations, corporations and alumni who donated and pledged a total of £7.5 million in philanthropic support to the RCA's students, researchers and academics, and their pursuit of creative excellence during 2016/17. The following highlights show a few of the ways our community demonstrates its belief in the importance of creative endeavours.

### **The Burberry Material Futures Research Group**

In June 2017, Burberry Foundation and the Royal College of Art announced the establishment of the Burberry Material Futures Research Group, supported by a £3 million grant from the Burberry Foundation. The new Group will be the first explicit STEAM research centre at an art and design university, applying radical thinking to invent more sustainable materials, transform consumer experience and advance manufacturing for the benefit of industry and the wider community. The grant also includes £750,000 to expand the existing Burberry Design Scholarship at the RCA, enabling more students from the UK and EU to reach their full potential regardless of their financial circumstances.

The Burberry Material Futures Research Group will deliver the academic vision for materials science research outlined in the RCA's Strategic Plan 2016–21. The Group will act as a virtual centre until it moves to a permanent home in the RCA's new building in Battersea when it opens in 2020/21.

The activities of the Burberry Material Futures Research Group will be led by the Burberry Chair of Material Futures, who will also be the academic lead of the Material Science Research Centre and the first industry-named Chair post at the College.

The Burberry Foundation takes a long-term approach to promoting the STEAM agenda, tackling educational inequality, reducing waste and supporting social and economic development.

The grant from the Burberry Foundation to establish the Burberry Material Futures Research Group is in line with Burberry's responsibility agenda and complements Burberry's existing relationship with the RCA and their shared interest in material science and technological innovation.

# Global Safety Challenge Launched by Lloyd's Register Foundation

Lloyd's Register Foundation generously agreed to support the RCA during the year to explore the role that design can play in creating a safer world. Through a Global Safety Challenge – the first of its kind for both the College and the Foundation – students and staff deployed their creative energies to suggest future design innovations for safety at sea.

The project launched during AcrossRCA in October 2016, when students were released from curriculum commitments to form multidisciplinary teams that were drawn from several parts of the College. Visiting experts shared industry, scientific and engineering expert knowledge.

The Challenge focused on two themes: how to safely transfer between vessels at sea; and identifying challenges to future safety on and around the River Thames. Project partners included the Royal National Lifeboat Institute, who will give access to facilities on the Thames and at their headquarters in Poole, the Port of London Authority and Lloyd's Register's Global Technology Centre in Southampton.

The Foundation's support enabled 800 initial design ideas to be distilled down to six final projects. Through more than 2,000 hours of teaching time, the RCA's MA students engaged directly with industry experts across the marine and maritime sector, as well as the RCA's design experts. Six final student projects were exhibited in and out of London, with prizes awarded for Best Potential Impact, Best Innovation and Best Enterprise Potential.













## AlumniRCA

At over 11,000 strong and residing in more than 70 countries worldwide, our active AlumniRCA community remains a truly vital part of the College's DNA.

RCA alumni from all generations continue to play an instrumental role in defining the impact art and design has on society. An impressive 95 per cent of RCA alumni are employed at the appropriate post-MA level within one year of graduation, across diverse industries and disciplines. Many of our alumni go on to become leaders in their fields: 45 per cent establish their own art or design business, while others hold senior roles at the most celebrated design-led companies; from Tim Brown, CEO of IDEO, to Ian Callum, Head of Design at Jaguar to Lee Don-Tae, Head of Global Design at Samsung. RCA alumni are also operating at the frontiers of digital innovation, with graduates working in leading tech companies including Google, Apple, Microsoft, Intel and Facebook.

Every year RCA alumni are recognised around the world as innovators and leaders in their disciplines, making headlines on both a national and international scale. Honourable accolades from 2016/17 include: Christopher Bailey winning Designer of the Year at GQ Men of the Year 2017 Awards; the National Portrait Gallery purchasing Tracey Emin's Death Mask; Clare Waight Keller being appointed as Givenchy's Artistic Director; David Adjaye receiving his Knighthood; and David Hockney's retrospective at the Tate becoming the most-visited exhibition ever held at the Millbank gallery.

Building on the successes of international activity in 2015/16, official AlumniRCA Clubs are being established across the world, with alumni volunteers taking the lead on activity in their areas closely supported by the College. This year saw annual receptions held in Shanghai, Hong Kong, San Francisco and New York, hosted through AlumniRCA or RCAUSA communities.

# DONORS & SPONSORS



**Provost’s Circle**

Abraaj Group  
Basil H Alkazzi  
Burberry Foundation  
Garfield Weston Foundation  
Lady Hamlyn  
Hyundai Motor (UK) Ltd  
James Dyson Foundation  
Kia Motors (UK) Ltd  
Lydia & Manfred Gorvy  
Slr Po-Shing & Lady Helen Woo  
The Clore Duffield Foundation  
The Conran Foundation  
The Dr Mortimer & Theresa Sackler Foundation  
The Sackler Trust

**Rector’s Circle**

Alexander de Brye  
Atkin Charitable Foundation  
Brioni Roman Style SpA  
Burberry Ltd  
Charlotte A Fraser  
Clore Israel Foundation  
Constance Fairness Foundation  
Design Trust Hong Kong  
Eric and Jean Cass  
Esmée Fairbairn Foundation  
Foyle Foundation  
IFF  
Jane Smith  
John Lyon’s Charity  
Lane Crawford Joyce Group  
Lloyd’s Register Foundation  
Lois Hunt  
Matthews Wrightson Charitable Trust  
Microsoft Research  
Nesta  
Oliver Stocken CBE  
Orla Kiely & Dermott Rowan  
Robert Tchenguiz Esq  
Sarah and Gerard Griffin  
Snowdon Trust  
Stavros Niarchos Foundation  
Stewarts  
The Ashley Family Foundation  
The Clothworkers’ Company  
The David Hockney Foundation  
The Durham Wharf Foundation  
The Genesis Foundation  
The Leverhulme Trust  
The Royal Commission for the Exhibition of 1851  
The Wolfson Foundation

The Worshipful Company of Broderers  
Thomas H Gibson Esq  
Wates Family Enterprise Trust

**Corporate**

Abraaj Group  
Art Dubai  
Augustus Martin Ltd  
Bannenberg & Rowell Ltd  
DAAD  
Hong Kong Vi-ein Investment Co Ltd  
Imperial College London  
Karakusevic Carson Architects  
Kildare Village  
Loro Piana  
Madeira Threads UK Ltd  
Moncler  
Silk Road  
Stewarts  
Viaduct Furniture  
Vindependents  
Winsor & Newton

**Trusts & Foundations**

Burberry Foundation  
Clore Israel Foundation  
Constance Fairness Foundation  
Design Trust Hong Kong  
Foyle Foundation  
Helen Hamlyn Trust  
James Dyson Foundation  
Lloyd’s Register Foundation  
Snowdon Trust  
Society of Dyers and Colourists  
Stanley Foundation Limited  
Stavros Niarchos Foundation  
Stewarts Law Foundation  
The Ashley Family Foundation  
The Chelsea Arts Club Trust  
The Clore Duffield Foundation  
The Clothworkers’ Company  
The Durham Wharf Foundation  
The Great Britain Sasakawa Foundation  
The Leverhulme Trust  
The Radcliffe Trust  
The Sackler Trust  
The Stanley Picker Trust  
The Worshipful Company of Broderers  
The Worshipful Company of

Carpenters  
The Worshipful Company of Framework Knitters  
The Worshipful Company of Grocers  
The Worshipful Company of Haberdashers  
The Worshipful Company of Needlemakers  
The Worshipful Company of Weavers  
Wates Family Enterprise Trust  
WESLDE Trust

**Legacy Gifts & Pledges**

Ben Hillier  
Christine Robin Allen  
John A Younger  
Monica Ford  
Rose Finn-Kelcey  
Stanley Tucker

**Research & Knowledge Exchange Sponsors**

100% Optical  
Adidas  
Age UK  
Art Dubai Group  
Arthritis Research UK  
Arts and Humanities Research Council  
Auriens  
Bloomberg  
Bluewolf Group  
Brioni Roman Style SpA  
British Council  
British Land Company plc  
British Standards Institute  
Bupa  
Burberry Ltd  
Camira  
Clore Leadership Programme  
CNH Industrial Tracks  
Cowley Manor  
Daiwa Foundation  
Defence Science & Technology Laboratory  
Design Museum  
Economic and Social Research Council  
Elf Factory  
Euro Manchetten  
European Broadcasting Union  
European Union  
Fujitsu  
Government of Japan  
Haworth  
Henry Moore Institute  
Hong Kong Design Centre  
Huawei  
Hyundai Motor (UK) Ltd  
Ikea

Indian School of Design and Innovation  
Innovate UK  
Institute of Physics  
International Flavors & Fragrances (IFF)  
Jensen Motors  
Karsan  
Kia Motors (UK) Ltd  
King’s College  
Kinnarps (UK) Ltd  
Korean Institute for the Promotion of Design  
Kuwait Foundation for the Advancement of Sciences  
Lloyd’s  
Lloyd’s Register Foundation  
London Business School  
Microsoft  
MIE Medical Research  
Milliken  
MLA Architects, Hong Kong  
National Institute of Health Research  
Newton Business School  
Open Data Institute  
PepsiCo  
Priestman Goode  
Public Health Agency (Northern Ireland)  
Realys  
RNIB  
Royal Bank of Scotland  
Royal College of Physicians, Edinburgh  
Royal Free Hospital  
SAIC Motor Corp  
Samsung  
Scott Brownrigg  
Sedition  
Shanghai Minsheng Bank  
Sonos  
St James Group Limited  
Stanhope plc  
Stannah  
Subject Matter  
Swarovski UK Ltd  
Tata Consultancy Services  
Telefonica  
Tesco  
Texma  
The London Clinic  
Unilever  
Victoria and Albert Museum  
Wellcome Collection

**Individuals**

Aimee L Betts	Guy E Desbarats	Malcolm R Moseley Esq	Stephen Dixon
Alan H Tilbury Esq	Helen E Eger	Mara Johnstone	Stephen E Little
Alexander W Young Esq	Helen Hamlyn	Maria Oliveira	Stephen J Buchanan Esq
Amanda F Drury	Hong-Yeul Eom	Mark Edgson Wright	Stephen J Gavin
Andrew M Stevenson	Howard D Greenhalgh	Mark R Phillips	Steven M Appleby
Angela Cassidy	Ian Carruthers	Markus Hohl Esq	Sue H Bradley
Anna M Dickinson	Idrees Rasouli	Martin Hardingham Esq	Susan Bevan
Anna M Freeman Bentley	Ikuko Iwamoto	Martin J Blacher	Susan C Andrews
Anna-Louise Felstead	Jaakko T Tuomivaara	Martin Kemp	Suzanna M Holland
Anthony C Finkelstein	Jack Elias	Mary E Stirling	Suzanne M Deakin
Anthony Heaton	James A Chambers	Matthew A Appleton	Sylvia Ayton
Aoife P Ni Chofaigh	James G Orkney	Matthew Flintham	Teresa Churchill
Audrey Levy	James Merry	Matthew Judkins	Theo Fennell
Basil H Alkazzi	James R Flower	Maureen Crutch	Theresa A Hart
Ben Chatfield	James S Beveridge	Max F Wehebrink	Thomas S Croft
Brenda C Martin	Jane Rutherford	Mellany Robinson	Tobias G Revell
Brian Bolger	Janet Gilbert	Mevlit A Djafer Esq	Tom Mower
Brian Collier	Janet Marsh	Michael Samuels	Tom W Hatfield
Bridget M Lloyd	Janice Blackburn OBE and	Mikolaj Dymowski	Tomasz Donocik
Carl Nordbruch	David Blackburn	Minna J Kantonen	Tony Pritchard
Caroline A James	Jason A Steel	Natasha Daintry	Vicki M Gamwell
Charlotte A Fraser	Jason N Flanagan	Nathan T Pass	Victoria J Kelley
Chau Har Lee	Jenna V Gibson	Nicholas P Byrne	Vincent R Roberts
Chris Mundy	Jennifer Shellard	Nicky R Thomson	Wendy E Marchbanks
Christine Westwood-Davis	Joanna M Norman	Nicola M Bayley	Wendy J Coates-Smith
Chudamani Clowes	John E Grainger Esq	Nicolaas J Rysenbry	William Gotch
Clare V Finn	John E Summers	Nigel V Chapman	Zara B Gorman
Cristina Bilsland	John F Gallally	Nina Cohen Bohn	Zoe T Acketts
Dallas J Collins	John Heys	Noalacy Jose Batista Carlos	
Daniel Becerra	John MacLachlan Esq	Norman P McNally	
Darren M Swanborough	John W Coleman	Oliver N Poyntz	
David De Silva	Jonathan P Keep	Olivia Lory Kay	
David S Steiner	Julie A Speechley	Pamela Dale	
David Sudlow	Julie Hill	Paola J Cumiskey	
David T Field MBE	Justine L Tabak	Patrick McDonnell	
David W Hayward	Kai-Lu Hsiung	Paul B Rutter	
Derek Morton Esq	Karen J Robins	Peter D Gammack	
Diane E Waller	Karen Nicol	Peter G Russell-Clarke	
Dominik K Donocik	Karin E Dunbar	Peter Hale	
Edward A Hutchison	Karla M Newell	Philip D Hughes	
Edward J Payne	Kate Woodhead	Ralf Napiwotzki	
Edwin Pouncey Esq	Katherine F Goodridge	Raphilena M Bernard Esq	
Ekaterina Belonogova	Katherine M Sharp	Ray O'Meara	
Elisabeth C Bogdan	Keiron A Vital	Richard G Mawle	
Elizabeth F Clark	Keith W Redfern Esq	Richard N Doust	
Elizabeth L Beel	Kenneth C Cox Esq	Richard Simmons	
Eloise R Calandre	Kevin J Hill	Robert J Kilvington Esq	
Emma J Light	Kuan Chi C Hau	Robert W Davies	
Emma L Coyte	Laurie Lindey	Roger K Breakwell	
Emma-Jane Lawrenson	Lee Don-Tae	Roman D Schoneboom	
Ezinma Mbonu	Leon Kossoff	Rosalyn A Clark	
Fergus Heron	Lewis Ronald	Rowena Murray	
Fian J Andrews	Lisa-Dionne Morris	Sally K Halls	
Frances M May	Lois Hunt	Sarah and Gerard Griffin	
Gemma C Ross	Lucy C Miller	Sarah J Morris	
Geoff E Merchant	Lucy Chick	Scott McDonald	
Georgia Collett	Lucy M McMullen	Sharon J Whitehurst	
Giulia M Adams	Lucy Strachan	Sheila Osborn	
Gordon W Leney Esq	Luise M Martin	Shelley J Hugh-Jones	
Gregory T Fattorini	Luke T Trybula	Shirley-Ann Dixon	
	Lynda Leach	Siriol Hogg	



# RCA HONORARY DEGREES & APPOINTMENTS

## Honorary Doctors

**Tim Brown**  
Chief Executive Officer, IDEO

**J Mays**  
Automotive designer

**Frances Morris**  
Director, Tate Modern

## Honorary Fellows

**Andrew Bolton**  
Curator in Chief, Costume Institute, Metropolitan Museum of Art

**Aaron Cezar**  
Director, Delfina Foundation

**Dame Vivien Duffield DBE**  
Chairman, Clore Duffield Foundation

**Dr David Good**  
Director of Education (Biological Services), Cambridge University  
and former RCA Council member

**Dr Joanna Kennedy**  
Civil engineer and former RCA Council member

**Paul Priestman**  
Chairman, PriestmanGoode

**Vanessa Rolf**  
Former Project Director, ReachOutRCA

**Cathy Turner**  
Former RCA Council member

## Fellows

**Maybelle Peters**  
Technician, School of Communication

**Carolyn Runcie**  
Programme Manager and Tutor, Service Design

**Dr Amanda Spencer**  
Director of Information, Learning & Technology Services

**Dr Emma Wakelin**  
Director of Research & Innovation

## Appointments

**Professor Paul Anderson**  
Dean, School of Design

**Andrew Asbury**  
Director of Buildings & Estates

**Rod Bamford**  
Head of Programme, Ceramics & Glass

**Lucy Kennedy**  
Executive Director, Research Centres

**Chris Millard**  
Director of Communications & Marketing

**Dean Morley**  
Director of Human Resources

**Helen Protheroe**  
Director of Development & Alumni Relations

**Dr Sina Sareh**  
Academic Lead, Robotics

# ANNUAL REPORT & ACCOUNTS

<b>Part 2/Accounts</b>	
Treasurer’s Report	2
Key Financial Highlights	6
Scope of the Financial Statements	21
Public Benefit Statement	22
Summary of the Structure of Corporate Governance	23
Council & Committee Members	26
Senior Officers & Advisers	27
Auditor’s Report	28
Statement of Comprehensive Income & Expenditure	30
Balance Sheet	31
Statement of Changes in Reserves	32
Cash Flow Statement	33
Statement of Accounting Policies	34
Notes to the Accounts	39



# TREASURER'S REPORT

# TREASURER'S REPORT



**My third year as Treasurer has been fast paced and eventful, with the Royal College of Art making excellent progress towards implementing its ambitious strategic plan. As ever, this has been underpinned by the outstanding work of our staff and students, who have exhibited (often literally) the qualities that make the College unique in the world.**

Over the course of the year, the RCA has continued to demonstrate financial resilience, having achieved an improved core operating surplus<sup>1</sup> (2016/17: 8% of core income,<sup>2</sup> 2015/16: 5%), and a strengthened operating cash flow. Student recruitment remains strong, however we must remain responsive to external influences and cannot allow complacency.

New academic programmes and flexible models of learning, as outlined in the Vice-Chancellor's Foreword, not only deliver the first goal of our academic strategy but also build financial resilience and growth. The RCA remains mindful of the need for financial sustainability to ensure continued investment in the student experience, which drove the investment of over £1m in student-facing IT and technical service upgrades during the year.

The university is also continuing to invest in its research base. Over the strategic planning period, the College will launch a number of new cross-disciplinary research centres: a generous gift from Hyundai-Kia (\$3m: £2.1m, over three years) enabled the university to launch its Intelligent Mobility Design Centre in 2016/17. A £3m donation over five years, from the Burberry Foundation, will launch the Burberry Material Futures Research Group.

1/Core operating surplus is defined as Unrestricted Comprehensive Income for the Year, excluding the £12m capital grant and £1.5m gain on disposal of fixed assets.

2/Core income is defined as Total Income before Donations and Endowments, and excluding the £12m capital grant.



The third goal of our Strategic Plan is to enhance knowledge exchange and foster innovation. As well as building strong industry links that enrich our research and teaching, knowledge exchange and executive education can enhance the employment opportunities of our graduates. The successful delivery of this goal diversifies income streams beyond public funding and tuition fees. The university launched a new executive education portfolio during 2016, and delivered a number of programmes during the year, in the UK, Kuwait and Hong Kong. Together these helped to deliver an uplift in income and surplus during the year: my congratulations to the staff responsible.

The 2016–21 Strategic Plan is underpinned by a longer-term estates strategy, and a digital roadmap, which is focused on delivering an effective, efficient and accessible IT infrastructure to underpin the College's growth strategy. These investments are essential to deliver improved student experience and planned developments in research and knowledge exchange. They will also help to deliver improved efficiency in our academic and operational support functions.

The estates strategy sets out an ambitious c. £150m capital programme that will deliver extended space and enhanced facilities across the university's Battersea and Kensington campuses over the next seven years.

During the year, the RCA purchased an acre of land in Battersea for £24m. Much of our attention during 2016/17 has been spent on establishing the financial resources to support the development of the Battersea campus.

We are delighted that the UK Government recognised the fundamental importance role of the RCA in contributing to the UK creative economy by committing £54m of match-funding to support the project, and the College subsequently signed a grant agreement with the London Borough of Wandsworth, which has agreed to facilitate the disbursement of funding.

A refinancing exercise has resulted in the College signing a new agreement with HSBC for a 10-year, £28m revolving credit facility, to enable the development of the new building while the College raises funds through philanthropic support. In 2016/17 the

RCA received £2.75m of new pledges for the Battersea development. Further substantial capital donations will be needed in order to complete the new building. Another important milestone achieved in our estates strategy in 2016/17 was signing a new lease at White City, which will provide high-quality space for students in the Schools of Art & Humanities and Communication. The cost of fitting out this space, and refurbishing other areas across the estate, is spread over two financial years and totals £5m.

During the year, the Buildings & Estates and Finance Committees were amalgamated under my leadership to form a new, streamlined Resources Committee, which has ensured that there is a clear financial oversight of these major estates projects

Bursary/scholarship funding fell during the year following the withdrawal of the HEFCE bursary scheme; however, new students were able to access the Government's new postgraduate loan scheme. The Burberry Foundation grant highlighted above, includes a much-welcomed £750,000 to expand the existing Burberry Design Scholarships, enabling more students from the UK and EU to reach their full potential regardless of their financial circumstances. The College continues to work hard to identify new sources of funding to support students, including the Tony Snowdon Scholarship supporting people with physical and sensory impairments and the Karakusevic Carson Scholarships to support future MA Architecture students.

The financial statements that follow demonstrate the Royal College of Art's continued ability to deliver as a world-leading art and design university. Please do take the opportunity to learn more about the work of this unique institution by reading the accompanying review.

**Caragh Merrick**  
Treasurer

**'THE RCA'S  
FINANCIAL AND  
STRATEGIC  
PLANNING  
PRESERVES  
EXISTING  
FOUNDATIONS  
AND BUILDS FOR  
THE FUTURE'**



# KEY FINANCIAL HIGHLIGHTS

**CORE INCOME\* OF £48.9M, 26%  
FROM FUNDING COUNCIL GRANTS\*\***

**£2M OF DONATIONS AND  
ENDOWMENTS INCOME (CASH  
RECEIVED) IN YEAR**

**7% OF TOTAL EXPENDITURE SPENT  
ON BURSARIES, SCHOLARSHIPS,  
PRIZES & AWARDS**

**£35.6M OF CAPITAL  
INVESTMENT, INCLUDING £24M  
PURCHASE OF LAND**

\*Total income before donations and endowments, and excluding £12m capital grant

\*\* Excluding £12m capital grant

**£10.8M NET CASH GENERATED  
FROM OPERATING ACTIVITIES,  
21% OF TOTAL INCOME\*\***

**NEW 10-YEAR £28M REVOLVING  
CREDIT FACILITY**

**CORE SURPLUS\*\*\*  
OF £4.1M, 8% OF CORE INCOME**

\*\* Excluding £12m capital grant

\*\*\*Unrestricted Comprehensive Income for the Year, excluding  
£12m capital grant and £1.5m gain on disposal of fixed assets



## Overview of the Year

This has been a highly cash generative year, with cash from operating activities of £10.8m (21% of total income, excluding the £12m capital grant), compared to £6.0m (13% of total income) in 2015/16. This increase reflects the College's strength in student recruitment, a change in the mix of Home/EU and overseas students and a continued focus on operational efficiency and cost control.

Cash generation is an important part of the College's financial strategy, which is formulated to support investment in sustainable development and future growth of the College. This year the College has invested over £16m of its own in-year cash and reserves in capital additions, which included £12m towards the purchase of freehold land in Battersea.

## Total Income

Total income for the year of £62.9m, included £12m of match-funded capital grant income relating to the purchase of freehold land at Battersea. It also included £2m of income associated with new donations and endowments (2015/16: £2.7m), including the second tranche of gift funding from Hyundai-Kia for the Intelligent Mobility Design Centre and funding for the Abraaj Scholarship Programme, which supports talented students from low-income countries and the southern hemisphere – a group that traditionally has been under-represented within the RCA community.

## Core Income

Core income, which excludes the match-funded grant and income from donations and endowments, grew 12% during the year to £48.9m (2015/16: £43.7m). This growth was largely driven by an increase in student numbers and associated tuition fee income, partly enabled by the introduction of two new programmes; Contemporary Art Practice and the Master's of Research (MRes).

Income from tuition fees grew 26% to £29.2m (2015/16: £23.1m), representing 60% of the College's total core income compared to just over 50% in 2014/15. The College continues to develop its postgraduate taught programmes, with 1,796 FTE (full-time equivalent) students registering in 2016/17, 36% of whom were from outside the EU (2015/16: 1,513 FTE, 32% overseas).

Applications for places at the College remain strong, however we cannot be complacent regarding the uncertainty created by Brexit, the cost of living and studying in London, increasing international competition and the financial pressures on UK students who may have accrued significant debts as a result of undergraduate student loans. Our focus continues to be on improving the student experience, launching new learning initiatives including accelerated programmes, and identifying and

delivering efficiencies in our professional services. We are also looking to develop more flexible study routes and pathways into MA study.

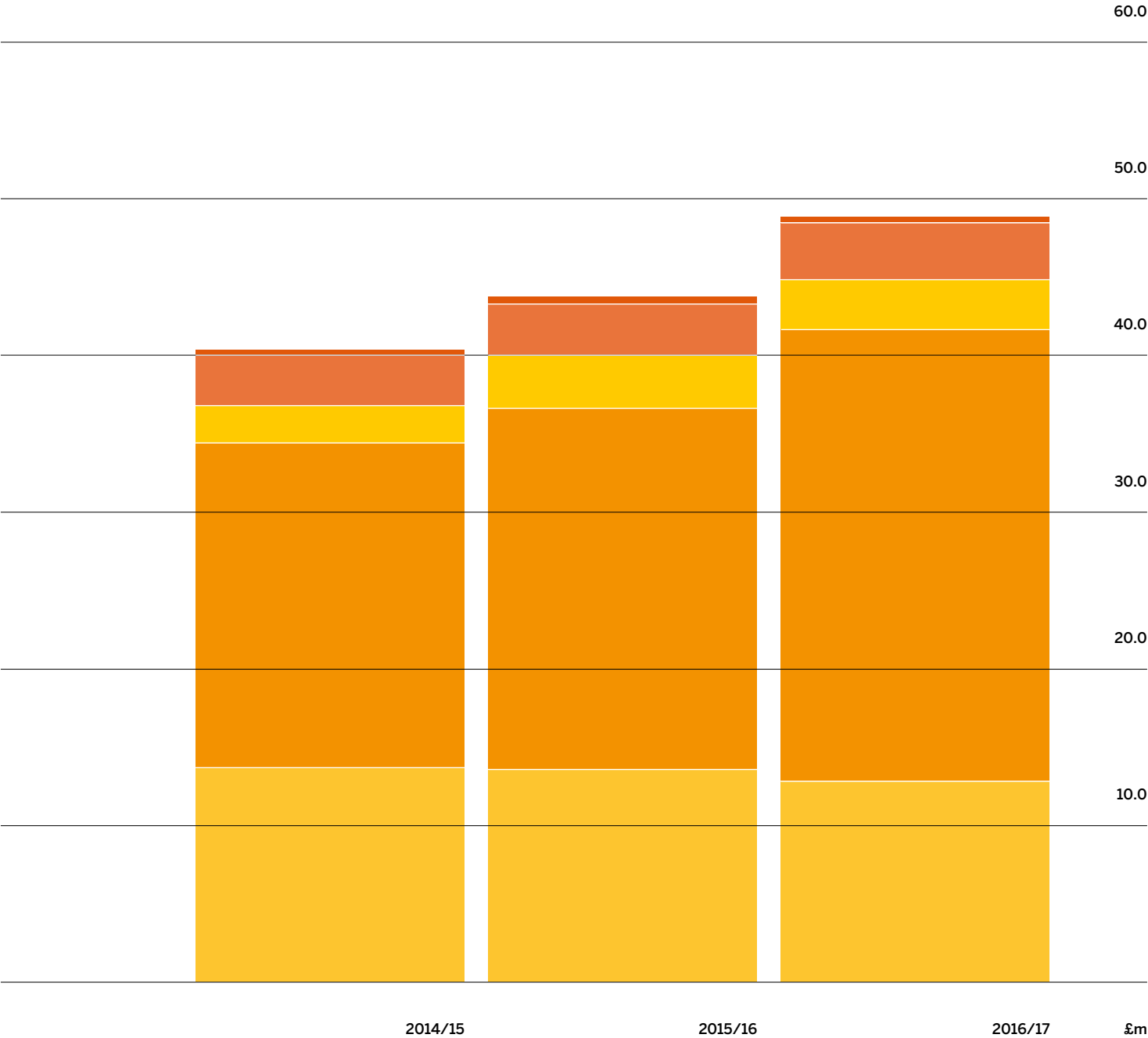
Income from the Higher Education Funding Council of England (HEFCE) grants fell 6% in 2016/17 to £12.7m (2015/16: £13.5m). In 2010/11 the College received almost half its income from this source; this figure has now reduced to just over a quarter (26%) of core income. Bursary funding fell by £1.6m following the withdrawal of HEFCE bursaries. Recurrent teaching grant income grew 3% versus prior year, while income from specific grants grew, as the College's Knowledge Exchange funding (Higher Education Innovation Fund) was awarded for the 2016/17 academic year (£0.3m). The College also received £0.8m of funding for work on the Catalyst-funded HELIX (Healthcare Innovation Exchange) Centre. The Centre, a collaboration between the RCA and Imperial College London, brings design thinking to the heart of healthcare innovation.

Research income fell 11% to £3.1m, however prior year income included a number of large partner payments related to EPSRC-funded projects. Excluding this, income was marginally up on prior year.

Other income of £3.8m grew by £0.4m (12%). Executive Education income grew from £0.1m in 2015/16 to £0.9m in 2016/17 as the RCA looks to diversify income and strengthen knowledge exchange with partners in both the commercial sector and public services. This growth was partially offset by reduced interest income, lower deferred capital grants and lower income related to scholarships and bursaries. Investment income remained at similar levels to the prior year.

Total Income

- Investment Income
- Other Income
- Research Grants and Contracts
- Tuition Fees and Education Contracts
- Funding Body Grants





# Total Expenditure

Total expenditure increased 7% to £46.4m (2015/16: £43.2m), reflecting the growth in student numbers and investment to support the College's Strategic Plan.

Staff costs of £19.1m included a provision release (£0.5m) relating to a deficit repayment charge for the SAUL pension scheme (Superannuation Arrangements of the University of London) that was made in the prior year (£0.8m). Excluding this adjustment, underlying staff costs increased 11% to £19.6m (2015/16: £17.6m).

Overall expenditure on bursaries, scholarships, prizes and awards fell to £3.1m (2015/16: £4.7m), representing 7% of the College's total expenditure. This was due to two factors: the withdrawal of the HEFCE-funded bursary scheme, which meant that this was the first year in which the bursaries could not be offered to first-year students; and the closure of the Government's Postgraduate Support Scheme (PSS), which was introduced during the 2015/16 academic year to provide support for postgraduate students, but was subsequently replaced with the new Postgraduate Loan scheme, distributed via the Student Loan Company.

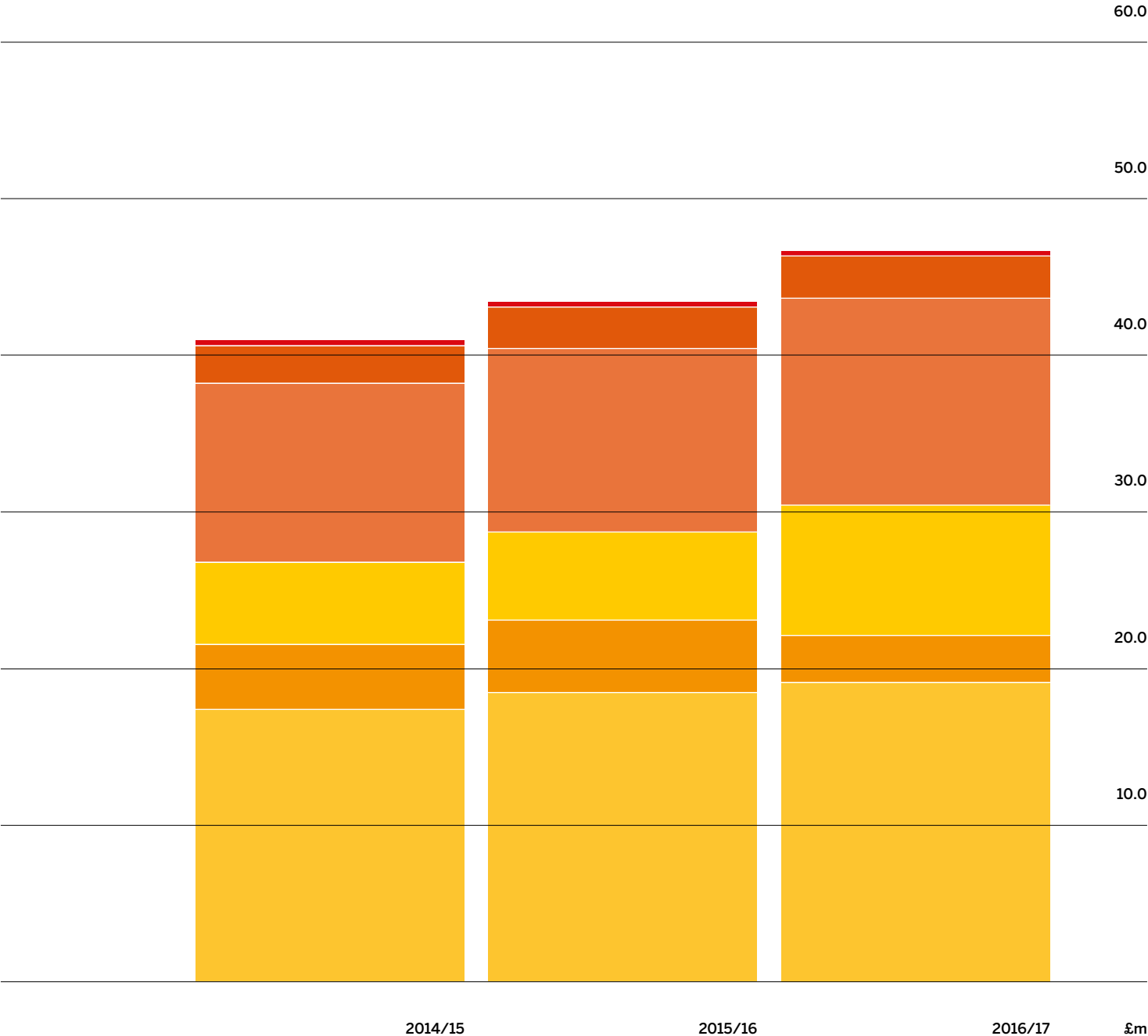
Other operating expenses (excluding bursaries, scholarships, prizes and awards) increased 24% to £21.4m (2015/16: £17.3m). Expenditure on academic programmes, technical services and the degree show increased by 12% as the College continues to focus on improving the student experience. Expenditure on premises grew significantly as the College signed a new 10-year lease on a property at White City, which will provide additional space until the new building opens in Battersea in 2020. Additionally, the College invested in a major programme of summer works, which saw around 1,500 staff and students moving to new locations in White City, Kensington and Battersea. The cost of administrative and central services compared to core income reduced proportionally as the College continues to identify and realise efficiency savings. Depreciation and amortisation charges increased 3% to £2.7m.

# Bursaries and Scholarships

During the year the College distributed just over £550,000 in named scholarships, benefiting students in each of its academic Schools. These named scholarships were mainly awarded during the programme application process, enabling talented applicants to take up places that they would otherwise have had to turn down for financial reasons. Additionally the College has distributed over £274,200 to enrolled students to help enable those in financial difficulty to complete their final year. This was mainly allocated via the Continuation Fund, which is open to all continuing students. This year 75 students were offered bursaries from the fund of between £2,000 and £7,000. The College has also been able to help 36 students via the emergency Back on Track Fund, allocating £26,450 to students facing unforeseen changes of circumstances that caused specific financial challenge.

Total Expenditure

- Interest Payable
- Depreciation
- Other Operating Expenses
- Premises
- Bursaries, Scholarships, Prizes and Awards
- Staff Costs



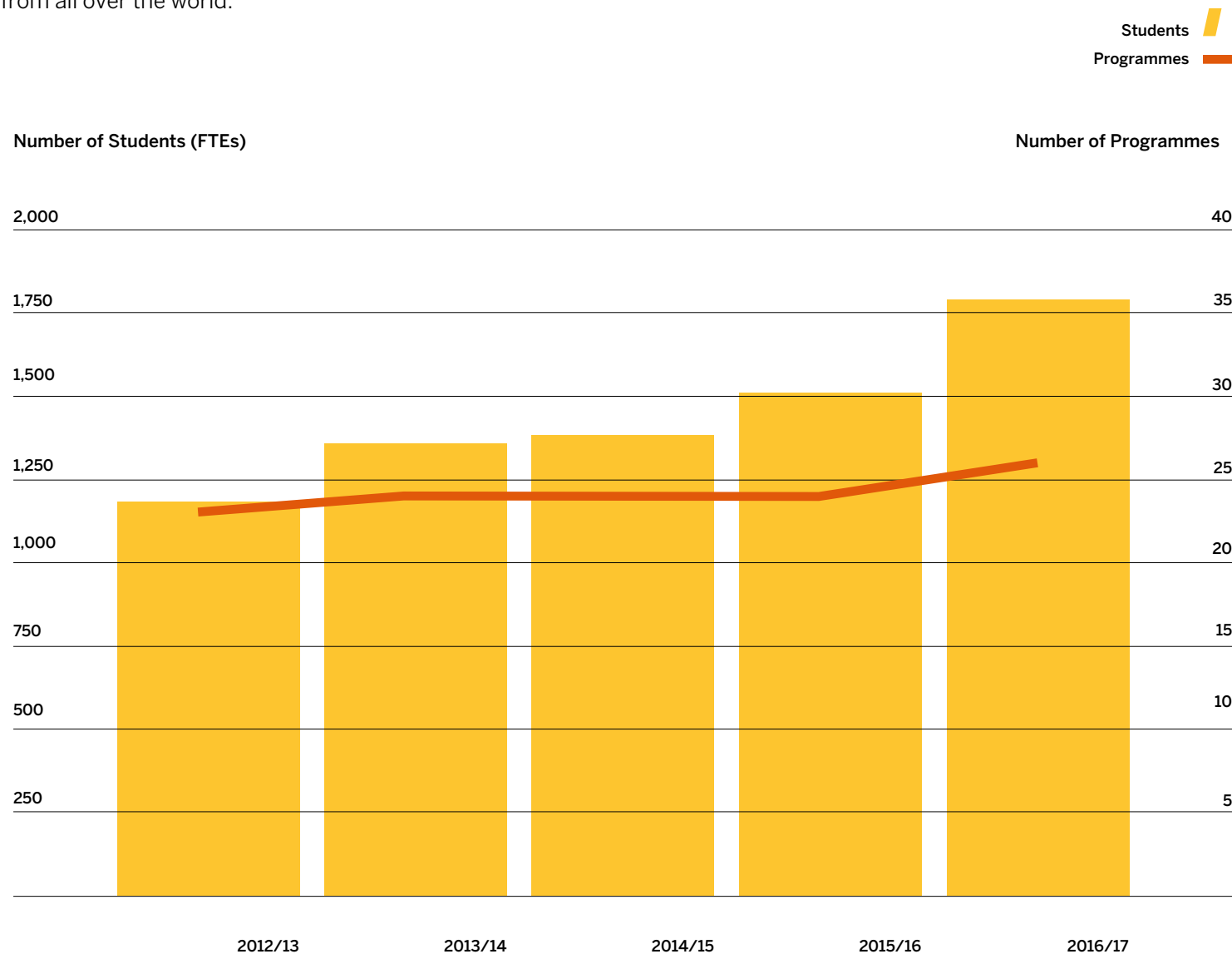
**'OUR FINANCIAL  
PERFORMANCE IS  
DRIVEN BY THE  
STRATEGY APPROVED  
BY COUNCIL IN 2015.  
THE ACHIEVEMENTS  
AND CHALLENGES  
OF THE RCA'S THREE  
STRATEGIC GOALS, AND  
THE KEY AREAS THAT  
SUPPORT DELIVERY,  
ARE SET OUT ON THE  
FOLLOWING PAGES.'**



Goal 1: To advance art and design education

The 2016–21 Strategic Plan outlines the roadmap for the development of the College’s taught programmes. Over the planning period, the College will develop new programmes to ensure that it remains at the forefront of art and design education, and explore more flexible teaching models to meet the needs of students and employers. 2016/17 was a period of intense programme development as outlined in the Vice-Chancellor’s Foreword.

The RCA has a strong track record of preparing its postgraduate students for careers in art, design and the creative sector. For example, Service Design continues with its high degree of employability among the world’s leading companies, professional services and design firms and government departments. Its recent graduates have joined Mckinsey, Boston Consulting Group, Accenture and Ernst & Young, international firms such as Capital One, Royal Bank of Scotland, Tesco, Jaguar Land Rover and Arup, design agencies including IDEO, Fjord, Engine, Livework, Seren and Spotless, and Government departments including the Department for International Trade, Government Digital Service and the Ministry of Justice. It has become the largest and most influential programme of its kind and is attracting students as well as project and research partners from all over the world.



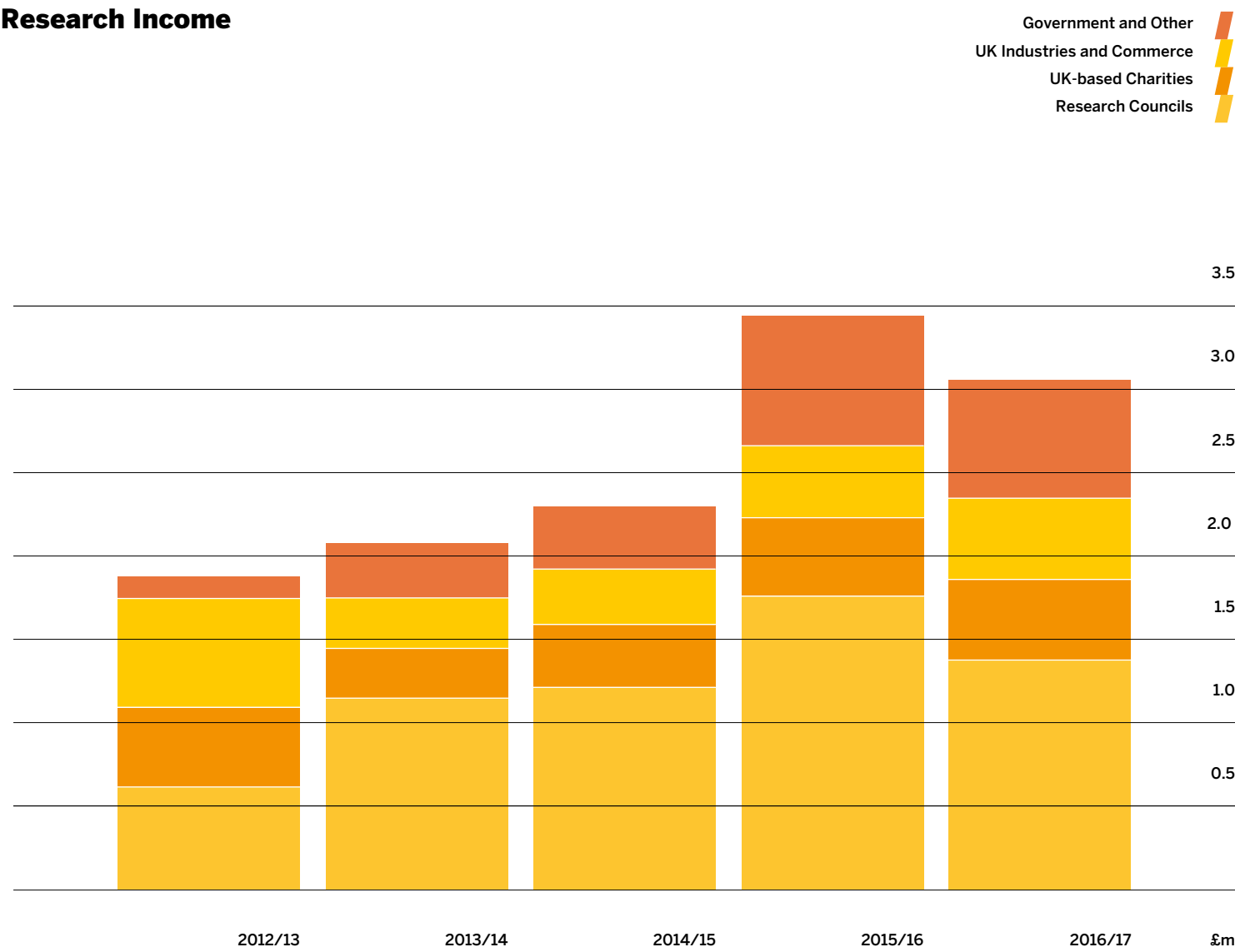
Goal 2: To create new knowledge in art and design through research and scholarship

The RCA is the UK's most research-intensive art and design university. Income from research grants and contracts totalled £3.1m in 2016/17, which was slightly down on prior year as Research Council income, including funding for a number of large partner payments related to EPSRC-funded research projects (£0.5m), fell.

A number of new UK Research Council awards were secured during the year, by researchers in the Helen Hamlyn Centre for Design and the School of Arts & Humanities. Income from UK-based charities increased, including funds awarded by the Wellcome Trust, the Daiwa Foundation, and a major Design for Safety review commissioned by Lloyds Register Foundation and delivered by researchers in the School of Design. Income from UK industry and commerce increased due to activity on the Hexagon Future Taxi project, led by staff and research associates from the Helen Hamlyn Centre for Design and the new Intelligent Mobility Design Centre.

The RCA continues to perform well in securing EU research grants, and believes it is essential for the UK to negotiate continued access to EU research funding through associate membership of Horizon 2020 and successor framework programmes.

Research Income



**Goal 3: To enhance knowledge exchange and foster innovation**

Income from knowledge exchange and consultancy projects has again increased, partly as a result of an increase in the number and scale of projects undertaken, and partly as a result of embedding professional and consistent approaches to charging and contracting for industry projects. Notable examples include; design-led projects for Bloomberg and for Samsung and a collaboration with the UK Government's Defence Science and Technology Laboratory (DSTL) applying RCA materials expertise to the design of a new generation of military uniform.

Income also continues to be generated from the College's very successful programme of Executive Education courses, which range from short-course summer schools to bespoke programmes in creative and cultural leadership and design-led innovation for major corporate clients.

2016/17 also saw an increased volume of studio projects undertaken across the Schools, generating income of £0.7m (25% increase from 2015/16). This was again due in part to a more consistent approach to charging to cover full costs, and in part to a number of new industry partners, including SAIC, Pepsi and CNH Industrial.

**Enabling Strategy 1: Institutional positioning**

The RCA is a small and highly specialist institution whose reach, profile and international impact far exceed its scale. With more than 74 nationalities represented among its community, the College continues to operate as an international university in a global higher education context.

As we embark on the journey to 2021 with the introduction of a number of new academic programmes and increased student numbers, we have enlisted the help of specialist agencies. Hobsons, who are experts in assisting higher education institutions with marketing communications, CRM and recruitment processes; and Portland, one of the UK's leading communications agencies, who are supporting us in shaping our messaging and raising our profile with a range of stakeholders in national and local political and media circles.

The global response to the appointment of Apple's Chief Design Officer Sir Jony Ive KBE as Chancellor of the Royal College of Art illustrates his international standing within the design and technology sectors and beyond, as well as demonstrating the strength of the RCA's institutional positioning.



Enabling Strategy 2: Estates and infrastructure

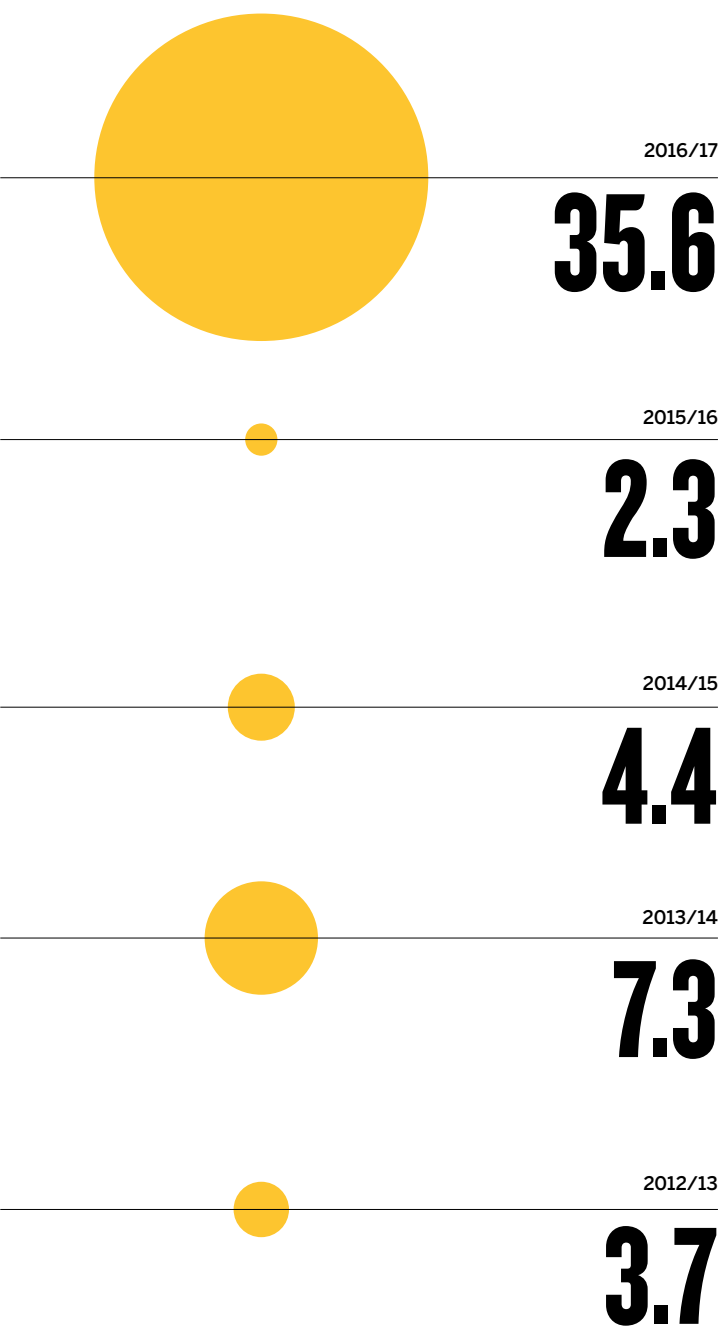
The RCA has invested more than £50m over the last five years in the development of its estate and other infrastructure improvements, which together have delivered world-class facilities. Over the next five years, this investment will more than double as we look to complete work on the new campus building at Battersea, and start the refurbishment of our Kensington campus.

In 2016/17, the College spent £35.6m on capital additions (2015/16: £2.3m), including £30.7m of expenditure related to the College's new campus development at Battersea. The RCA acquired freehold land for £24m, and spent a further £3.8m on fees and initial design and planning work for the new building. In addition, the College invested £2.9m on the fit-out of new accommodation at White City, which will provide necessary additional space for staff and students during the life of the project. The project is 50% match-funded by Government, therefore £15.4m of the £54m capital grant was spent during the financial year.

As well as investing in the new campus, the College also invested c. £1m on the construction of a new building in Radstock Yard, next to the existing Sackler Building in Battersea. £2m was spent on summer works and other estates-related projects, including an upgrade of the fire alarm system in the Stevens Building in Kensington. A further £0.5m was spent on design fees for the Darwin Building.

Additionally, the College invested over £1m in IT systems, software and technical equipment, including funding for a new intranet, timetabling system and student information system. The latter is due to go live during the 2017/18 financial year, and is expected to deliver significant benefits for both students and staff.

Capital Investment (£M)



Total 5-year spend: £53.3 million

### Enabling Strategy 3: People

In 2016/17 the RCA employed 500 permanent staff over the course of the academic year (which equated to 370 full-time equivalent staff) supplemented by over 950 visiting lecturers. Total staff costs, including spend on visiting lecturers and casual/agency staff totalled £22m, which was 48% of total expenditure. The College prides itself on its ability to recruit the very best practitioners to join the academic staff, and it remains essential to the unique quality of teaching and research that it continues to attract and retain world-leading academic staff as well as inspirational practising artists and designers and a large number of highly specialised technicians.

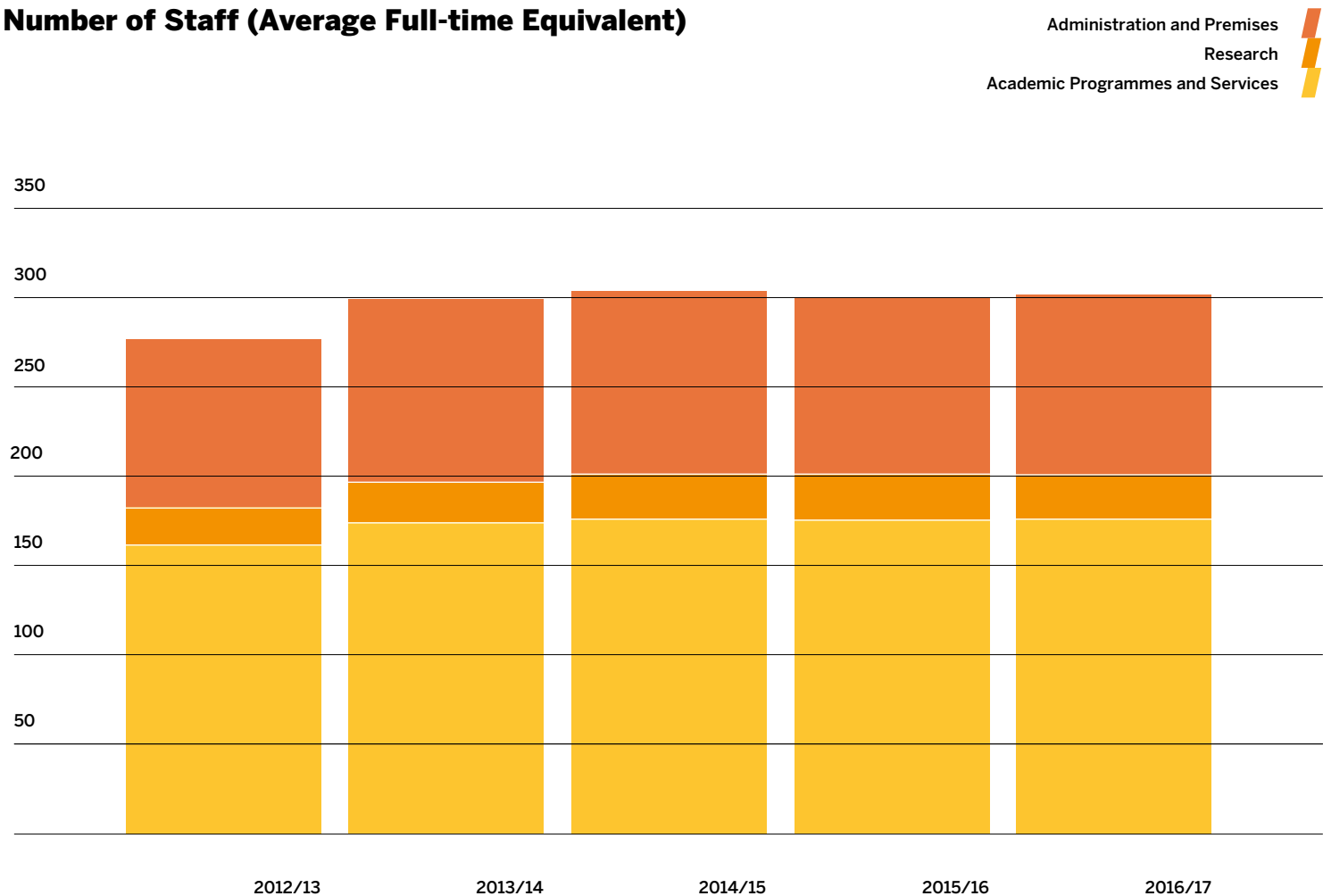
During the latter part of 2016/17, as part of the RCA's growth planning it has embarked on a major project to develop a Talent Strategy, consisting of strategic workforce planning, succession and talent management, and leadership and management development.

This will enable more effective allocation of future resourcing requirements and the actions needed to achieve these. Initially focused on each School, this project will extend to research centres and professional services during 2017/18.

Work has also started on developing an RCA-wide approach to succession and talent management to ensure we continue to plan for, retain, recruit and invest in the talent crucial to achieving our strategic goals. Alongside this, we continue to invest in developing our leaders and managers to help them meet the challenges of leading and delivering the change agenda which underpins our Strategic Plan.

On the support services side, following a review of the separate administrative arrangements in Schools earlier in the year, we have now put in place a new College-wide structure delivering improved support to Schools.

### Number of Staff (Average Full-time Equivalent)



**Enabling Strategy 4: Finance – Indicators of financial strength**

**Surplus for the Year**

Total Unrestricted Comprehensive Income for the year was £17.5m, including a £12m capital grant and an exceptional £1.5m gain on the disposal of a building in Kensington. Excluding these items, the core underlying operating surplus was £4.1m, 8% of core income (2015/16: £2m, 5% of core income).

**Cash Flow from Operating Activities**

As previously mentioned, the RCA’s cash flow increased significantly during the year. Net cash inflow from operating activities was £10.8m in 2016/17 (21% of total income, excluding the £12m capital grant), compared to £6m (13% of total income) in 2015/16.

**Borrowings/Cash and Cash Equivalents**

Up until February 2017, the RCA had two loans with Royal Bank of Scotland (RBS); the first taken out in April 2010 for £12m was to fund a deficit payment when the RCA’s own pension scheme was merged with SAUL. The second loan from RBS of £4m was taken in August 2013, to fund the construction of the Woo Building.

In February 2017, the College rescheduled its debt finance and agreed a £28m revolving credit facility with HSBC. The £7m loans outstanding with RBS were transferred to HSBC. The purpose of the facility is to assist with the financing of, and cash flows relating to, the RCA’s £108m project to build a new campus at Battersea South. The facility with HSBC is over a ten-year period and the loan drawn down is subject to monthly interest rate repayments. There is no charge over the RCA’s assets. At 31 July 2017, the RCA had drawn down £7m as a loan with £21m undrawn on the facility.

At the end of the year, the College held cash of £6.7m (2015/16: £16m). The significant reduction versus prior year was driven by a change in the College’s cash and investment policies, following the move to a revolving credit facility. The RCA is now required to maintain a minimum cash balance of £5m or 40 liquidity days, whichever is the higher. Any excess cash, will be used to minimise the College’s debt position, thereby reducing the level of interest repayments. As the result of this change in policy, a significant amount of the cash was used to pay for investment.

**Net Assets**

The RCA’s balance sheet remains strong: net assets have increased to £115.9m (2015/16: £97.2m). One of the main reasons for the movement was an increase of £31.9m in the College’s fixed assets, largely driven by the purchase of freehold land and other in-year investments in the estate. Debtors increased by £2.5m, which was primarily due to an increase in accrued income, £1.8m of the movement being the amount of the HMT grant related to the Battersea project owed to the RCA at 31 July 2017. As explained above, cash reduced by £9.3m as reserves were used to pay for investment in the College’s estate and

infrastructure. There was a £2.9m increase in short-term creditors, which was due to estates work being completed but not invoiced at the end of the year, and there was a £4.8m increase in long-term creditors, which represents the Government capital grant received for the non-land related costs of the Battersea South project.

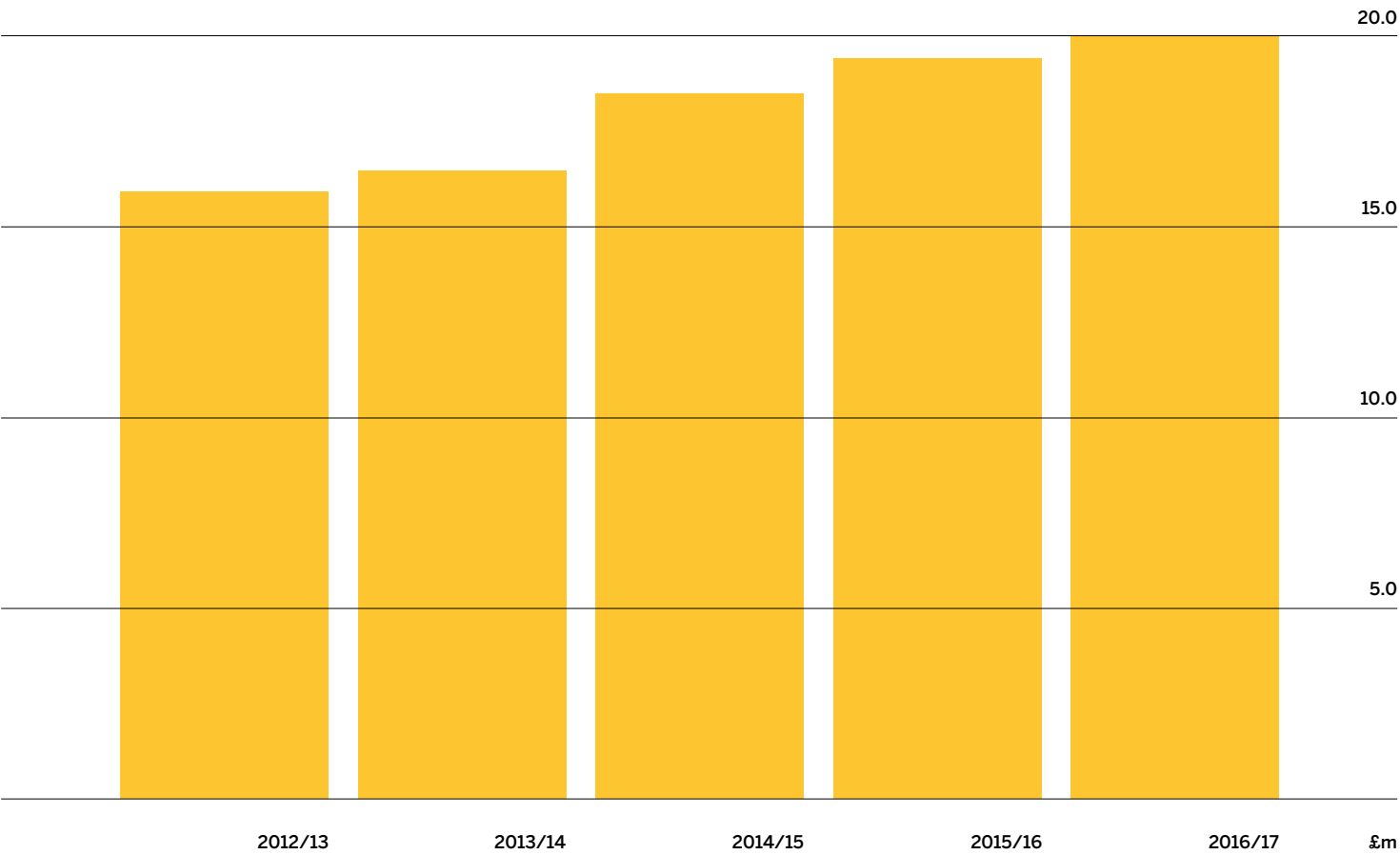
**Current Ratio**

The current ratio measures an organisation’s ability to pay its creditors. The College’s ratio reduced from 1.9 to 0.9 during the year following the change in cash/ investment policies. As mentioned above, the RCA used a significant proportion of its cash reserves to pay for capital investment, however it had £21m of undrawn loan facility at the end of the financial year.

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



Endowment Assets



Endowment Assets

The RCA’s investments are overseen by the Investment Committee (a sub-committee of the Resources Committee), which is charged with setting investment policies for the College’s endowments and cash reserves, and monitoring their implementation. Funds are split between £7.4m under the Baring Dynamic Asset Allocation Fund and £12.6m under the management of Ruffer Investment Management LLP, with £0.2m of cash in transit. The value of total endowments at year end was £20.2m.

In 2016/17 the College received £0.2m of new endowment gifts. Including further gifts to long-established relationships from the Orla Kiely scholarship for students studying towards an MA in Textiles, and the Charlotte Fraser scholarship award for MA Ceramics & Glass.

## Risks

The RCA has a well-developed strategic risk register, which is reviewed by the Audit & Risk Committee at each meeting. The most significant risks on the register at the end of 2016/17 related to the UK's decision to leave the EU, including the potential threat to student recruitment and the potential loss of EU research funding.

The development of the Battersea campus is a huge opportunity for the RCA, but also presents significant risks which could be exacerbated if uncertainties surrounding the UK's exit from the EU begin to affect the wider economy. Financing for the new campus is on a match-funded basis, with the College responsible for funding £54m, including through fundraising. The level and phasing of future donations is a key project risk.

Other important risks include the ongoing investment to ensure that the College's physical and digital infrastructure continue to develop in line with innovations in teaching and research and innovation.

Maintaining and enhancing a high-quality student experience will be a key focus for the Senior Management Team during a period of growth and change.

Action is being taken to mitigate these and other risks identified in the College's strategic risk register, and both Council and the Senior Management Team will continue to monitor the position closely. Further information about the College's risk management process is set out on Accounts/23.

## Subsidiaries

The RCA owns the following subsidiaries: RCA Design Group Ltd, which acted as the developer of the Woo Building, safeguarding the College's potential recovery of input VAT on the projects; a 100%-owned subsidiary, RCA Angel Investor Club Ltd, to handle investment opportunities for incubator companies supported by InnovationRCA; and Lion and Unicorn Press Ltd, a historic imprint which published books. None of these subsidiaries has been consolidated in the accounts as they were all dormant in 2016/17.

## Conclusion

The higher education sector continues to be subject to change and financial pressure, both nationally and internationally. The College remains in a strong market position in postgraduate teaching and world-leading research, as demonstrated by our number one QS World University Rankings position in art and design, held for the third year in 2017. The Strategic Plan 2016–21 provides a robust roadmap for the future, to ensure the RCA remains in a pre-eminent position in the global education landscape. To support the sustainable development and future growth ambitions of the College, an important part of our financial strategy will be to preserve and build on our surpluses and operating cash flow, to ensure we have funding to remain agile and responsive to change, and to invest accordingly.



**Caragh Merrick**  
Treasurer

# Scope of the Financial Statements

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

The trustees of the charity are the current Council members (see Accounts/26). The current Charter was granted in 1967, although the RCA was originally founded in 1837 – at that time it was called the Government School of Design.

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

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



## Public Benefit Statement

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

### Education

The RCA provides postgraduate programmes in art and design on a non-profit-making basis. Fees charged to EU-domiciled students are well below the cost of teaching those students as their costs are subsidised by HEFCE grants. Fees charged to non-EU domiciled students are set at a full cost level. As noted in previous sections of this report, the College provides bursaries and hardship grants to some of its students, which help students of limited means to study at the College.

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

### Research

The RCA undertakes world-leading research in art and design. A particular emphasis is placed on design for an ageing population; including through the Helen Hamlyn Centre for Design. Much of the research carried out at the College is funded by charities and UK Research Councils and is undertaken in order to advance knowledge and understanding. In some cases research is carried out on behalf of commercial sponsors – any surplus remaining when the direct and indirect costs of this work have been met is reinvested in the College’s teaching and research activities, where permissible by the funder.

## Other Activities

The RCA organises public exhibitions, seminars, lectures and conferences which enable students to show their work and also enable the public to engage with the work of the College. All College exhibitions and lectures are free of charge to members of the public and any charge which might be made for conferences or seminars is designed to cover costs only. The College also operates a schools liaison programme, known as ReachOutRCA, which runs workshops for around 500 young people each year to work with RCA staff and students. In addition, the College runs collaborative projects with partners including Gasworks, Delfina Foundation and others.

### Policies and Operations

The RCA has adopted policies on environmental and ethical issues and makes every effort to operate in a sustainable and responsible way. These policies are available on the College’s website.

# Summary of the Structure of Corporate Governance

The following statement provides information about the College's governance procedures.

The RCA is committed to exhibiting best practice in corporate governance, including through compliance with the Governance Code of Practice published by the Committee of University Chairs (CUC).

The Council is the governing body of the College, and comprises a majority of lay members together with staff and student members. All members are appointed under the College's Statutes. The roles of Chair and Vice-Chair of Council are separated from the role of the College's Chief Executive, the Vice-Chancellor. The Council is responsible for the College's ongoing strategic direction, approval of major developments and receiving regular reports from Executive Officers on day-to-day operations. The Council adopted a revised statement of its primary responsibilities in June 2016, and this is set out in the next section of this report.

Council delegates a number of functions to its sub-committees, including a Resources Committee (with an Investment Sub-Committee), an Audit & Risk Committee, a Remuneration Committee and a Nominations Committee. All these Committees are formally constituted with terms of reference and comprise mainly lay members of Council.

During 2015/16 Council completed a review of the College's governance arrangements, which it had instigated to ensure the College continues to comply with the revised CUC Code and best practice. Council formally approved the review's recommendations in June 2016, which included a number of changes to the structure and terms of reference of Council Sub-Committees. These changes were implemented during 2016/17 and have been in place throughout the year.

During the year, Council approved a special resolution to amend the titles of a number of senior office holders. This was approved by the Privy Council, and information on the amended titles is given in the RCA 180: People section, see Annual Report/55.

The Resources Committee is responsible inter alia for recommending the College's annual revenue and capital budgets to Council, monitoring financial performance against agreed budgets, and advising Council on all resource and estates issues.

The Audit & Risk Committee meets three times annually, with the Internal and External Auditors, to discuss audit findings and to consider detailed internal audit reports and recommendations for the improvement of the College's systems of internal control, together with management's response and implementation plans. The Audit & Risk Committee also receives and considers assurance and internal control reports from HEFCE and other funders,

and monitors adherence to regulatory and funding requirements. The Committee reports annually to Council and to HEFCE on the operation of the College's internal control procedures, risk management, value for money, the management and quality assurance of data and other relevant matters. While Senior Management Team members attend meetings of the Audit & Risk Committee as necessary, they are not members of the Committee, and at each meeting the Committee offers the Internal and External Auditors the opportunity of private meetings with the Committee members without officers present.

The Nominations Committee considers nominations for vacancies on Council and Committee membership under the relevant Statute.

The Remuneration Committee determines the remuneration of the Vice-Chancellor and senior staff, in accordance with guidance issued by HEFCE. The Committee is chaired by a lay member of Council, and also includes the Chair of Council and Treasurer. The Remuneration Committee considers any matters related to senior staff pay in the context of: charity law (namely the obligation for trustees to use charity funds and assets only to further their charitable purposes); the CUC Code of Governance; principles set out by the Association of Chief Executives of Voluntary Organisations; and benchmarking data.

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

## Risk Management

On behalf of Council, the Audit & Risk Committee has appointed Mazars LLP as the College's internal auditors. The internal auditors review the effectiveness of the College's systems of internal control, including risk management, and their findings are considered by management and reviewed by the Committee.

The Audit & Risk Committee is also responsible for the oversight of the College's policies and procedures for Risk Management, in accordance with guidelines issued by HEFCE. During 2016/17 the Senior Management Team adopted a revised framework for managing risk. This links key risks to the objectives set out in the College's Strategic Plan, and documents the actions taken and further actions planned to manage and mitigate each risk. The Senior Management Team has also developed KPIs linked to the Strategy, which will enable the executive, Council and the Audit & Risk Committee to monitor the status of risks and progress towards the College's strategic objectives. This revised approach to risk management has been endorsed by the Audit & Risk Committee and Council, and both committees receive termly reports highlighting the current

status of strategic risks, and any developments in the external or internal environment affecting these risks.

**Register of Interests**

The RCA maintains a Register of Interests completed by Council members and senior managers and these declared interests are updated annually. Additionally agendas at all meetings of Council and its Sub-Committees have ‘declaration of interests’ as the first substantive item. Members and officers are invited at that time to declare any interest in business to be considered by the meeting.

**Internal Controls**

The Audit & Risk Committee, on behalf of the Council, has reviewed the effectiveness of the College’s system of internal control. Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

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

**Compliance with the Committee of University Chairs Governance Code of Practice, 2014**

The Code states that ‘It is recommended that institutions should report in the corporate governance statement of their annual audited financial statements that they have had regard to the Code, and where an institution’s practices are not consistent with particular provisions of the Code an explanation should be published in that statement’. The College complies with the Code except for the requirement in relation to the appointment of new Council members that ‘when vacancies arise they should be fully publicised within and outside the institution’.

During 2016/17 four new, lay members were appointed to Council, on the recommendation of the Nominations Committee. In three cases the new members were already serving as co-opted members of Council sub-committees and had expertise in areas which Council wished to strengthen. The vacancies were therefore not publicly advertised. The fourth member was appointed on taking up the role of director of a partner institution, in succession to the previous director. The College plans to recruit to a number of Council vacancies during 2017/18 and will use an external search agency to assist in identifying potential candidates with specific skills.

**Primary Roles and Responsibilities of the Council**

1. To approve the mission and strategic vision of the RCA, the Strategic Plan (including long-term academic and business plans and key performance indicators), and to ensure that these meet the interests of stakeholders;

2. To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the College against the Strategic Plan and approved key performance indicators, which should be – where possible and appropriate – benchmarked against other comparable institutions;

3. To delegate authority to the Vice-Chancellor, as Chief Executive for the academic, corporate, financial, estate and human resource management of the institution within the terms of the Strategic Plan and the budget as agreed by Council. And to establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the Vice-Chancellor;

4. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment and procedures for handling internal grievances and for managing conflicts of interest;

5. To establish processes to monitor and evaluate the performance and effectiveness of the Council itself;

6. To conduct its business in accordance with best practice in Higher Education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life;

7. To safeguard and promote the good name and values of the College;

8. To appoint and to remove the Vice-Chancellor as Chief Executive, and to put in place suitable arrangements for monitoring his/her performance;

9. To appoint and to remove the Chancellor, the Pro-Chancellor and Chair of Council, the Vice Chair of Council, the Treasurer and other senior appointments as determined by Council currently and in the future;

10. To appoint and to remove a clerk to the Council and to ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability;

11. To be the employing authority for all staff in the institution and to be responsible for oversight of the human resources strategy;

12. To be the principal financial and business authority of the College, to ensure compliance with the HEFCE Memorandum, that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the College’s assets, property and estate;



13. To be the College's legal authority and, as such, to ensure that systems are in place for meeting all the College's legal obligations, including those arising from contracts, legal commitments made in the College's name and legal obligations in relation to charity law, equality and diversity and health and safety;

14. To receive assurance that adequate provision has been made to uphold the quality of the student experience;

15. To receive assurance that academic governance is effective;

16. To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the College;

17. To ensure that the Students' Union operates in a fair, democratic, accountable and financially sustainable manner;

18. To ensure that the RCA's Charter, Statutes and Ordinances are followed at all times and that appropriate advice is available to enable this to happen.

Council & Committee Members

The following served as members of Council during the year:

Ex-officio Members

The Provost<sup>1</sup> – Sir James Dyson OM, CBE (until 30 June 2017)  
Sir Jony Ive (from 1 July 2017)  
The Chair and Pro-Provost – Baroness Rebuck of Bloomsbury DBE  
The Rector and Vice-Provost – Dr Paul Thompson  
The Treasurer and Vice-Chair of Council – Caragh Merrick  
The Pro-Rector – Professor Naren Barfield  
The Co-President of the Students’ Union – Hannah Evans

Members appointed by the Court

Saffron Aldridge (from 1 April 2017)  
Professor Richard Burdett  
Robert Careless  
Jennifer Duvalier  
Mike Forster (from 1 March 2017)  
Dr Joanna Kennedy OBE (until 30 September 2016)  
Professor Magdalene Odundo OBE  
Catherine Parry (from 1 June 2017)  
Lady Ritblat  
Professor Martin Roth (until 31 October 2016)  
Dame Marjorie Scardino  
Tom Van Oss (from 1 November 2016)  
Cathy Turner (until 28 February 2017)

Members appointed by the Senate

Professor Paul Anderson  
Zowie Broach  
Professor Neville Brody  
Dr Melanie Jordan  
Dr Adrian Lahoud  
Professor Jane Pavitt (until 30 June 2017)  
Dr Emma Wakelin

One Student elected by the Students

Francesca Tamse

Co-opted Members

Professor Rachel Cooper OBE  
Professor Alice Gast  
Tristram Hunt (from 1 March 2017)  
Alan Leibowitz  
Patrick Plant  
John Studzinski CBE  
Ed Williams

Secretary

Chief Operating Officer – Richard Benson

The following served as members of the key Committees:

Chairs’ Committee

Baroness Rebuck of Bloomsbury DBE, Chair  
Caragh Merrick  
Professor Rachel Cooper  
Jennifer Duvalier  
Tom Van Oss (from 1 March 2017)  
Cathy Turner (until 28 February 2017)

Audit & Risk Committee

Tom Van Oss (from 1 November 2016) (Chair, from 1 March 2017)  
Cathy Turner (Chair, until 28 February 2017)  
Catherine Parry (co-opted until 31 May 2017, as lay Council from 1 June 2017)  
Robert Careless (from 1 March 2017)  
Roger Miles, (co-opted until 30 November 2016)

Resources Committee

Caragh Merrick, Chair  
Dr Paul Thompson  
Richard Benson  
Robert Careless (until 28 February 2017)  
Mike Forster (until 28 February 2017)  
Patrick Plant

Investment Sub-Committee

Caragh Merrick, Chair  
Dr Paul Thompson  
Richard Benson  
Howard Jenner (co-opted)

Remuneration Committee

Cathy Turner, Chair (until 28 February 2017)  
Jennifer Duvalier, Chair (from 1 March 2017)  
Baroness Rebuck of Bloomsbury DBE  
Caragh Merrick  
Dr Paul Thompson

Development Committee

Baroness Rebuck of Bloomsbury DBE, Chair  
Dr Paul Thompson  
Saffron Aldridge (co-opted until 31 March 2017, as lay Council from 1 April 2017)  
Dame Marjorie Scardino  
John Studzinski  
Ed Williams  
Tim Brown (co-opted)  
Sarah Griffin (co-opted)  
Lady Helen Hamlyn (co-opted)  
Jagdeep Jagpal (co-opted)

Nominations Committee

Baroness Rebuck of Bloomsbury DBE, Chair  
Dr Paul Thompson  
Caragh Merrick  
Ed Williams

<sup>1</sup>/Titles of senior College members were amended in October 2017: Provost was changed to Chancellor, Pro-Provost to Pro-Chancellor, Rector and Vice-Provost to Vice-Chancellor and Pro-Rector to Deputy Vice-Chancellor and Provost, see Annual Report/55.

**Senior Officers & Advisers**

**Senior Officers**

Rector and Vice Provost<sup>2</sup> – Dr Paul Thompson  
Pro-Rector – Professor Naren Barfield  
Chief Operating Officer – Richard Benson  
Director of Finance – Amanda White

**Bankers**

HSBC Bank plc, 71 Queen Victoria Street,  
London EC4V 4AY  
National Westminster Bank plc, 180 Brompton Square,  
London SW3 XJ

**Solicitors**

Stephenson Harwood, 1 Finsbury Circus,  
London EC2M 7SH

**Insurers**

UM Association Ltd, Hasilwood House, 60 Bishopsgate,  
London EC2N 4AW

**External Auditors**

KPMG LLP, 15 Canada Square, London E14 5GL

**Internal Auditors**

Mazars LLP, Tower Bridge House,  
St Katharine’s Way, London E1W 1DD

**Investment Managers**

Ruffer LLP, 80 Victoria Street, London SW1E 5JL  
Baring Asset Management, 155 Bishopsgate,  
London EC2M 3XY

<sup>2</sup>/Titles of senior College members were amended in October 2017: Provost was changed to Chancellor, Pro-Provost to Pro-Chancellor, Rector and Vice-Provost to Vice-Chancellor and Pro-Rector to Deputy Vice-Chancellor and Provost, see Annual Report/55.



# Independent Auditor’s Report to the Council of the Royal College of Art

## Opinion

We have audited the financial statements of the Royal College of Art ('the College') for the year ended 31 July 2017 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes, including the Accounting Policies.

In our opinion the financial statements:

1. Give a true and fair view of the state of the College's affairs as at 31 July 2017, and of the College's income and expenditure, gains and losses and changes in reserves, and of the College's cash flows, for the year then ended;
2. Have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, and with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education;
3. Meet the requirements of HEFCE's Accounts Direction to higher education institutions for 2016-17 financial statements.

## Basis for opinion

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

## Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

## Other information

The Council is responsible for the other information included within the Annual Report and Accounts. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

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

## Council responsibilities

As explained more fully in their statement set out on Accounts/24–5, the Council is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the College or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**Report on other legal and regulatory requirements**

We are required to report on the following matters under the HEFCE Audit Code of Practice (effective 1 August 2016) issued under the Further and Higher Education Act 1992.

In our opinion, in all material respects:

1. Funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
2. Income has been applied in accordance with the College's Statutes;
3. Funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them.

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

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

**29 November 2017**

**Neil Thomas**

**For and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants

15 Canada Square

London E14 5GL

# Statement of Comprehensive Income & Expenditure for the Year Ended 31 July 2017

		Year ended 31 July 2017	Year ended 31 July 2016
	Notes	College £'000	College £'000
<b>Income</b>			
Tuition Fees and Education Contracts	1	29,153	23,120
Funding Body Grants	2	24,717	13,531
Research Grants and Contracts	3	3,056	3,446
Other Income	4	3,774	3,359
Investment Income	5	202	251
<b>Total Income Before Donations and Endowments</b>		<b>60,902</b>	<b>43,707</b>
Donations and Endowments	6	1,991	2,698
<b>Total Income</b>		<b>62,893</b>	<b>46,405</b>
<b>Expenditure</b>			
Staff Costs	7	19,080	18,460
Other Operating Expenses		24,462	21,940
Depreciation and Amortisation	10/11	2,697	2,631
Interest and Other Finance Costs	8	151	179
<b>Total Expenditure</b>	9	<b>46,390</b>	<b>43,210</b>
<b>Surplus Before Other Gains</b>		<b>16,503</b>	<b>3,195</b>
Gain on Disposal of Fixed Assets		1,456	–
Gain on Investments	13	745	301
<b>Total Comprehensive Income for the Year</b>		<b>18,704</b>	<b>3,496</b>
<b>Represented by:</b>			
Endowment Comprehensive Income for the Year		693	941
Restricted Comprehensive Income for the Year		495	559
Unrestricted Comprehensive Income for the Year		17,516	1,996
		<b>18,704</b>	<b>3,496</b>

All items of income and expenditure relate to continuing activities.



# Balance Sheet as at 31 July 2017

		As at 31 July 2017	As at 31 July 2016
	Notes	College £'000	College £'000
<b>Non-current Assets</b>			
Intangible Assets	10	74	85
Fixed Assets	11	103,755	71,815
Heritage Assets	11	11,020	11,020
Investments	13	22,311	20,088
		<b>137,160</b>	<b>103,008</b>
<b>Current Assets</b>			
Stock	14	100	64
Debtors	15	4,089	1,570
Investments	16	861	2,360
Cash and Cash Equivalents	22	6,675	15,953
		11,725	19,947
Less: Creditors: Amounts Falling Due Within One Year	17	(13,696)	(10,779)
<b>Net Current Liabilities</b>		<b>(1,971)</b>	<b>9,168</b>
<b>Total Assets Less Current Liabilities</b>		<b>135,189</b>	<b>112,176</b>
Creditors: Amounts Falling Due After More Than One Year	18	(18,913)	(14,124)
<b>Provisions</b>			
Pension Provision	19	(355)	(836)
<b>Total Net Assets</b>		<b>115,921</b>	<b>97,216</b>
<b>Restricted Reserves</b>			
Income and Expenditure Reserve – Endowment Reserve	20	20,182	19,489
Income and Expenditure Reserve – Restricted Reserve	21	6,141	6,296
<b>Unrestricted Reserves</b>			
Income and Expenditure Reserve – Unrestricted		45,178	27,011
Revaluation Reserve		44,420	44,420
<b>Total Reserves</b>		<b>115,921</b>	<b>97,216</b>

The financial statements on Accounts/30–53 were approved by the Council on 23 November 2017 and were signed on its behalf by:



Dr Paul Thompson, Vice-Chancellor



Caragh Merrick, Treasurer

**Statement of Changes in Reserves  
for the Year Ended 31 July 2017**

	Income and Expenditure Account			Revaluation Reserve	Total
	Endowment £'000	Restricted £'000	Unrestricted £'000	£'000	£'000
College					
Balance at 1 August 2016	19,489	6,296	27,011	44,420	97,216
Surplus/(Deficit) from the Income and Expenditure Statement	(22)	495	16,030	–	16,503
Other Comprehensive Income	715	–	1,487	–	2,202
Release of Restricted Funds Spent in Year	–	(650)	650	–	–
	693	(155)	18,167	–	18,705
Balance at 31 July 2017	20,182	6,141	45,178	44,420	115,921

# Cash Flow Statement for the Year Ended 31 July 2017

		Year ended 31 July 2017	Year ended 31 July 2016
	Notes	College £'000	College £'000
<b>Cash Flow from Operating Activities</b>			
Surplus for the Year		18,704	3,496
<b>Adjustment for Non-cash Items</b>			
Depreciation	11	2,627	2,451
Amortisation of Intangibles	10	70	181
Gain on Investments	13	(745)	(301)
Increase in Stock	14	(36)	(13)
(Increase)/Decrease in Debtors	15	(2,519)	460
Increase/(Decrease) in Creditors	17/18	8,620	(109)
(Decrease)/Increase in Pension Provision	19	(481)	836
<b>Adjustment for Investing or Financing Activities</b>			
Investment Income	5	(202)	(251)
Interest Payable	8	151	179
Endowment Income	6/20	(211)	(883)
Profit on the Sale of Fixed Assets		(1,456)	–
Capital Grant Income		(13,719)	–
<b>Net Cash Inflow from Operating Activities</b>		<b>10,803</b>	<b>6,046</b>
<b>Cash Flows from Investing Activities</b>			
Proceeds from Sales of Fixed Assets		2,498	–
Capital Grant Receipts	2	13,719	–
Disposal of Non-current Asset Investments	13	5,971	5,625
Withdrawal of Deposits	16	1,499	(877)
Investment Income	5	202	251
Payments Made to Acquire Fixed Assets	11	(35,608)	(2,275)
Payments Made to Acquire Intangible Assets	10	(59)	(105)
New Non-current Asset Investments	13	(7,449)	(5,427)
		<b>(19,227)</b>	<b>(2,808)</b>
<b>Cash Flows from Financing Activities</b>			
Interest Paid	8	(151)	(179)
Endowment Cash Received	6/20	211	883
New Unsecured Loans	18	7,009	–
Repayments of Amounts Borrowed	18	(7,923)	(1,778)
		<b>(854)</b>	<b>(1,074)</b>
<b>(Decrease)/Increase in Cash and Cash Equivalents in the Year</b>		<b>(9,278)</b>	<b>2,164</b>
Cash and Cash Equivalents at Beginning of the Year	22	<b>15,953</b>	<b>13,789</b>
Cash and Cash Equivalents at End of the Year	22	<b>6,675</b>	<b>15,953</b>



# STATEMENT OF AGGREGATING POLIGIES FOR THE YEAR ENDED 31 JULY 2017

# Statement of Accounting Policies

## A. Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS 102). The RCA is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of fixed assets and derivative financial instruments).

## B. Basis of consolidation

The financial statements include only the College. The RCA has the following dormant 100% owned subsidiaries, which were not consolidated in 2016/17: RCA Design Group Ltd, which provided development services for the College's Battersea campus; RCA Angel Investor Club Ltd, which was set up to facilitate funding opportunities for Innovation RCA's incubator companies and Lion & Unicorn Press Ltd, which published books and has been dormant for a number of years.

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

The RCA's financial statements in previous years include the 'Consolidated' and 'College' accounts. Reference should be made to the 'College' column in previous financial statements to compare the 2016/17 accounts on a consistent basis.

## C. Income recognition

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

Fee income is stated gross of any expenditure which is not a discount and credited to the Statement of Income and Expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Investment income is credited to the Statement of Comprehensive Income and Expenditure on a receivable basis.

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

## Grant funding

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

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

## Donations and endowments

Non-exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor-imposed restrictions are recognised in income when the RCA is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the College is entitled to the funds.

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

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

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

### Capital grants

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

### D. Accounting for retirement benefits

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

SAUL's statutory funding objective is to have sufficient and appropriate assets to meet the costs incurred by the Trustee in paying SAUL's benefits as they fall due (the 'Technical Provisions'). The Trustee adopts assumptions which, taken as a whole, are intended to be sufficiently prudent for pensions and benefits already in payment to continue to be paid and for the commitments which arise from Members' accrued pension rights to be met. The Technical Provisions assumptions include appropriate margins to allow for the possibility of events turning out worse than expected. However, the funding method and assumptions do not completely remove the risk that the Technical Provisions could be insufficient to provide benefits in the future.

A formal actuarial valuation of SAUL is carried out every three years by a professionally qualified and independent actuary. The last actuarial valuation was carried out with an effective date of 31 March 2014. Informal reviews of SAUL's position, reflecting changes in market conditions, cash flow information and new accrual of benefits, are carried out between formal valuations. The funding principles were agreed in November 2015 and are due to be reviewed at SAUL's next formal valuation in 2017.

The trustee and Employers agreed that the Technical Provisions deficit at the 31 March 2014 valuation would be addressed by employer contributions of 3% of Salaries between 1 April 2016 and 31 March 2018 (inclusive). The

overall level of the Employers' contributions therefore increased from 13% of salaries to 16% of salaries with effect from 1 April 2016.

### E. Employment benefits

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

### F. Finance leases

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

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

### G. Operating leases

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

### H. Foreign currency

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

### I. Fixed assets

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

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.



**Land and buildings**

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

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

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

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

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

No depreciation is charged on assets in the course of construction.

**Equipment**

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

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

Computer Equipment	3 years
Other Equipment	5 years

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet.

**Borrowing costs**

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

**J. Heritage assets**

The College Collection consists mainly of works of art acquired free of charge from former students and artists associated with the College. Most items in the collection had nil or little value at the date of acquisition as the artists were not well known. An internal valuation of the collection was carried out during 2009/10. This provided an estimate

of the value of the collection, which was used to bring the collection on to the balance sheet. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

**K. Intangible assets**

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

**L. Investment Properties**

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

**M. Investments**

Investments consist of endowment asset investments and are included in the balance sheet at market value.

**N. Stock**

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

**O. Cash and cash equivalents**

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

**P. Provisions, contingent liabilities and contingent assets**

Provisions are recognised in the financial statements when:

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

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

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

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

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

### **Q. Accounting for Jointly Controlled Operations**

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

### **R. Taxation**

The RCA is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The College receives no similar exemption in respect of Value Added Tax (VAT). Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost. The College's subsidiaries are liable to Corporation Tax in the same way as any other commercial organisation.

### **S. Derivatives**

The RCA uses derivative financial instruments called interest rate caps and swaps to reduce exposure to interest rate movements. Such derivative financial instruments are not held for speculative purposes and relate to actual assets or liabilities or to probable commitments, changing the nature of the interest rate by converting a fixed rate to a variable rate or vice versa. Interest differentials under these swaps are recognised by adjusting net interest payable over the periods of the contracts. In instances where the derivative financial instrument ceases to be a hedge for an actual asset or liability, then it is marked to market and any resulting profit or loss recognised at that time.

### **T. Reserves**

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

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

# NOTES TO THE AGGREGATE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2017



	Year ended 31 July 2017	Year ended 31 July 2016
	College	College
	£'000	£'000
<b>1 Tuition Fees and Education Contracts</b>		
Full-time Home and EU Students	10,447	9,323
Full-time International Students	18,090	13,262
Part-time Students	466	403
Other Short Courses	150	132
	<b>29,153</b>	<b>23,120</b>
<b>2 Funding Body Grants</b>		
<b>Recurrent Grant</b>		
Higher Education Funding Council	11,487	12,509
Capital Grant	135	128
<b>Specific Grants</b>		
Higher Education Funding Council Helix	778	504
Higher Education Innovation Fund	317	–
Capital Grant	12,000	–
Higher Education Funding Council Postgraduate Support Scheme	–	390
	<b>24,717</b>	<b>13,531</b>
<b>3 Research Grants and Contracts</b>		
Research Councils	1,376	1,759
Research Charities	484	476
Government (UK and Overseas)	347	91
Industry and Commerce	489	434
Other	360	686
	<b>3,056</b>	<b>3,446</b>
<b>4 Other Income</b>		
Lettings/ Rental Income	303	292
Catering	560	602
Other Services Rendered	1,084	1,183
Other Income	1,827	1,282
	<b>3,774</b>	<b>3,359</b>

		Year ended 31 July 2017	Year ended 31 July 2016
	Notes	College £'000	College £'000
<b>5 Investment Income</b>			
Investment Income on Endowments	20	177	169
Other Investment Income		25	82
		<b>202</b>	<b>251</b>

## 6 Donations and Endowments

New Endowments	20	211	883
Donations with Restrictions	21	1,390	1,424
Unrestricted Donations		390	391
		<b>1,991</b>	<b>2,698</b>

	Year ended 31 July 2017	Year ended 31 July 2016
	College £'000	College £'000
<b>7 Staff Costs</b>		
Salaries	15,479	14,252
Social Security Costs	1,540	1,273
Pension Costs	2,207	1,821
SAUL Pension Deficit	(481)	836
Restructuring Costs	335	278
<b>Total</b>	<b>19,080</b>	<b>18,460</b>

	Year ended 31 July 2017	Year ended 31 July 2016
	£	£
<b>Emoluments of the Vice-Chancellor</b>		
Salary	225,000	217,150
Benefits	–	–
Pension Contributions to SAUL	50,427	46,689
	<b>275,427</b>	<b>263,839</b>

No performance related or other bonuses were awarded for the financial year.

No sums were paid by way of an expense allowance during the year. No taxable benefits were received during the year.

**Remuneration of other higher paid staff, excluding employer's national insurance and pension contributions:**

	No.	No.
£100,000 to £109,999	1	–
£110,000 to £119,999	1	–
£120,000 to £129,999	–	1
£130,000 to £139,999	–	–
£140,000 to £149,999	–	–
£150,000 to £159,999	1	–
	<b>3</b>	<b>1</b>

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

	No.	No.
<b>Average Staff Numbers by Major Category :</b>		
Academic Programmes and Services	176	176
Premises	12	12
Research	25	27
Administrative and Other	90	86
	<b>303</b>	<b>300</b>

Average Full-time Equivalent (FTE) staff numbers in 2016/17 were calculated by taking an average of actual staff numbers at 31 July 2017 and 31 July 2016.

**Key Management Personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College. Staff costs include compensation paid to key management personnel. Compensation consists of salary and benefits and includes employer pension contributions. The key management personnel at the Royal College of Art are the Vice-Chancellor, the Deputy Vice-Chancellor and Provost, the Chief Operating Officer and the Director of Finance.

	Year ended 31 July 2016	Year ended 31 July 2017
	£'000	£'000
<b>Key Management Personnel Compensation</b>	<b>712</b>	<b>574</b>



	Year ended 31 July 2017	Year ended 31 July 2016
	College £'000	College £'000
<b>8 Interest and Other Finance Costs</b>		
Loan Interest	151	179
	151	179

## 9 Analysis of Total Expenditure by Activity

Academic Programmes	12,955	10,977
Academic Services	6,079	5,828
HEFCE Student Bursaries	1,635	3,244
Scholarships, Prizes and Awards	1,462	1,435
Sponsored Projects, Exhibitions and Shows	1,127	1,196
Research Grants and Contracts	4,214	4,391
Premises (Including Service Concession Cost)	8,163	5,413
Residences, Catering and Conferences	764	782
Administration and Central Services	6,094	5,525
Depreciation	2,697	2,631
Other Expenses	1,200	1,788
	<b>46,390</b>	<b>43,210</b>

## Other Operating Expenses Include:

External Auditors Remuneration in Respect of Audit Services	42	41
External Auditors Remuneration in Respect of Non-audit Services	3	15
Internal Audit	24	25
Operating Lease Rentals – Land and Buildings	1,457	850

## 10 Intangible Assets

### Software

#### Cost

Opening Balance	542	437
Additions in the Year	59	105
<b>Total Cost</b>	<b>601</b>	<b>542</b>

#### Amortisation

Opening Balance	(457)	(276)
Amortisation Charge for the Year	(70)	(181)
Accumulated Amortisation	(527)	(457)

#### Net Book Value 31 July 2017

	<b>74</b>	<b>85</b>
--	-----------	-----------

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

	Freehold Land & Buildings	Leasehold Land and Buildings	Fixtures, Fittings & Equipment	Assets in the Course of Construction	Heritage Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>11 Fixed Assets</b>						
<b>College</b>						
<b>Cost and valuation</b>						
At 1 August 2016	–	73,962	4,250	100	11,020	89,332
Additions	24,288	1,229	984	9,107	–	35,608
Disposals	–	(1,121)	–	–	–	(1,121)
<b>At 31 July 2017</b>	<b>24,288</b>	<b>74,070</b>	<b>5,234</b>	<b>9,207</b>	<b>11,020</b>	<b>123,819</b>
<b>Depreciation</b>						
At 1 August 2016	–	(3,636)	(2,861)	–	–	(6,497)
Charge for the Year	–	(1,855)	(772)	–	–	(2,627)
Disposals	–	80	–	–	–	80
<b>At 31 July 2017</b>	<b>–</b>	<b>(5,411)</b>	<b>(3,633)</b>	<b>–</b>	<b>–</b>	<b>(9,044)</b>
<b>Net Book Value</b>						
<b>At 31 July 2017</b>	<b>24,288</b>	<b>68,659</b>	<b>1,601</b>	<b>9,207</b>	<b>11,020</b>	<b>114,775</b>
At 31 July 2016	–	70,326	1,389	100	11,020	82,835

A full valuation of academic, office, ancillary and support buildings was carried out on 31 July 2014 by Geraldeve.

In February 2017, the RCA purchased Freehold Land and Buildings at Battersea South for £24,288,000 (including legal costs).

In December 2016, the RCA sold the Leasehold Building 41–43 Jay Mews for £2,497,000. The carrying value of £1,041,000 is reflected under Disposals Land and Buildings.

## 12 Heritage Assets

The RCA has an art collection which consists mainly of works of art acquired free of charge from former students and artists associated with the College. Most items in the collection had nil or little value at the date of acquisition as the artists were not well known. Over time some items in the collection have appreciated in value. At 31 July 2017 there were over 1,100 items in collection. An RCA internal valuation of the collection took place over the 2009/10 financial year. This estimate was used to capitalise the collection and recognise it on the balance sheet at 1 August 2010 in line with FRS 30 (Heritage assets). No items were acquired in 2016/17.

	2017	2016	2015	2014	2013
	£'000	£'000	£'000	£'000	£'000
Total Cost of Acquisitions Purchased	–	–	–	–	–
Value of Acquisitions by Donation	–	12	–	–	–
<b>Total Acquisitions Capitalised</b>	<b>–</b>	<b>12</b>	<b>–</b>	<b>–</b>	<b>–</b>

	Endowment Assets	Investment Property	Total
<b>13 Non-Current Investments</b>			
College	£'000	£'000	£'000
<b>At 1 August 2016</b>	<b>17,128</b>	<b>2,960</b>	<b>20,088</b>
Additions	7,449	–	7,449
Disposals	(5,971)	–	(5,971)
Increase in Market Value of Investments	715	30	745
<b>At 31 July 2017</b>	<b>19,321</b>	<b>2,990</b>	<b>22,311</b>

The non-current investments have been valued at market value. For the breakdown of Endowment Assets by Investment Class, refer to Note 20.

	Year ended 31 July 2017	Year ended 31 July 2016
	College £'000	College £'000
<b>14 Stock</b>		
Stock	100	64
	<b>100</b>	<b>64</b>

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

### 15 Debtors

Amounts falling due within one year:

Debtors	1,385	1,199
Accrued Income	2,424	95
Prepayments	280	276
	<b>4,089</b>	<b>1,570</b>



	Year ended 31 July 2017	Year ended 31 July 2016
	College £'000	College £'000
Short-term Deposits	861	2,360
	<b>861</b>	<b>2,360</b>

**16 Current Investments**

**17 Creditors: Amounts Falling Due Within One Year**

Unsecured Loans	–	1,877
Sundry Creditors	4,709	1,455
Social Security and Other Taxation Payable	300	487
Accruals and Deferred Income	7,845	6,186
Staff Annual Leave Accrual	842	774
	<b>13,696</b>	<b>10,779</b>

**Deferred Income**

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

Donations	10	71
Research Grants Received on Account	2,181	1,700
Grant Income	76	140
Other Income	468	510
	<b>2,735</b>	<b>2,421</b>

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

	Year ended 31 July 2017	Year ended 31 July 2016
	College £'000	College £'000
<b>18 Creditors: Amounts Falling Due After More Than One Year</b>		
Deferred Income *	11,904	8,078
Unsecured Loans	7,009	6,046
	<b>18,913</b>	<b>14,124</b>
Analysis of Unsecured Loans:		
<b>Due Within One Year or on Demand (Note 17)</b>	–	1,877
Due Between One and Two Years	–	1,984
Due Between Two and Five Years	–	4,062
Due in Five Years or More	–	–
<b>Due After More Than One Year</b>	<b>7,009</b>	<b>6,046</b>
<b>Total Unsecured Loans</b>	<b>7,009</b>	<b>7,923</b>
Unsecured loans	7,009	7,923
	<b>7,009</b>	<b>7,923</b>

\* Deferred income includes government grants received to fund capital projects. These are released over the life of the related fixed asset. The current year balance includes £3.4m of deferred capital grants relating to the College's new campus.

In February 2017, the RCA rescheduled its debt finance and agreed a £28m revolving credit facility with HSBC. The purpose of the facility is to assist with the financing of and cash flows relating to the College's £108m project to build a new campus in Battersea. The facility with HSBC is over a ten year period, repayable by 2027 and the loan drawn down is subject to monthly interest rate repayments. The undrawn amount attracts quarterly interest rate repayments. There is no charge over the College's assets.

The College had two loans with Royal Bank of Scotland; the first taken in April 2010 for £12m was to fund a deficit payment when the College's own pension scheme was merged with the SAUL Scheme. The loan was being repaid in quarterly instalments over 10 years. The second loan from Royal Bank of Scotland of £4m was taken out in August 2013 to fund the construction of the Woo Building. The loan was being repaid in 28 quarterly instalments. There was no charge over the College's assets.

Both Royal Bank of Scotland loans were repaid on 22 February 2017 (capital /interest owed below) and £7,008,912 was transferred to HSBC:

	Loan 1	Loan 2	Loan 3
	£'000	£'000	£'000
Principal	4,722	2,277	6,999
Interest	7	3	10
<b>Total</b>	<b>4,729</b>	<b>2,280</b>	<b>7,009</b>

At 31 July 2017, the capital sum owed on the facility was £7,008,912. £20,991,088 was undrawn.

	Obligation to Fund Deficit on SAUL Pension	Total Pensions Provisions	Total Other
	£'000	£'000	£'000
<b>19 Provisions for Liabilities</b>			
<b>College</b>			
At 1 August 2016	836	836	836
Utilised in Year	(481)	(481)	(481)
<b>At 31 July 2017</b>	<b>355</b>	<b>355</b>	<b>355</b>



	Restricted Permanent Endowments	Unrestricted Permanent Endowments	Restricted Expendable Endowments	2017 Total	2016 Total
	£'000	£'000	£'000	£'000	£'000
<b>20 Endowment Reserves</b>					
Restricted net assets relating to endowments are as follows:					
<b>Balances at 1 August 2016</b>					
Capital	5,927	5,465	7,548	<b>18,940</b>	17,827
Accumulated Income	302	247	–	<b>549</b>	721
	<u>6,229</u>	<u>5,712</u>	<u>7,548</u>	<u><b>19,489</b></u>	<u>18,548</u>
New Endowments	8	–	203	<b>211</b>	883
Investment Income	48	50	79	<b>177</b>	169
Expenditure	(105)	(37)	(268)	<b>(410)</b>	(372)
	<u>(57)</u>	<u>13</u>	<u>(189)</u>	<u><b>(233)</b></u>	<u>(203)</u>
Increase in Market Value of Investments	253	220	242	<b>715</b>	261
	<u>253</u>	<u>220</u>	<u>242</u>	<u><b>715</b></u>	<u>261</u>
<b>At 31 July 2017</b>	<u><u>6,433</u></u>	<u><u>5,945</u></u>	<u><u>7,804</u></u>	<u><u><b>20,182</b></u></u>	<u><u>19,489</u></u>
<b>Represented by:</b>					
Capital	6,189	5,685	7,804	<b>19,678</b>	18,940
Accumulated Income	244	260	–	<b>504</b>	549
	<u>6,433</u>	<u>5,945</u>	<u>7,804</u>	<u><b>20,182</b></u>	<u>19,489</u>
<b>Analysis by Type of Purpose:</b>					
Scholarships and Bursaries	5,622	–	4,813	<b>10,435</b>	10,027
Research Support	–	–	2,896	<b>2,896</b>	2,871
Prize Funds	774	–	95	<b>869</b>	836
General	37	5,945	–	<b>5,982</b>	5,755
	<u>6,433</u>	<u>5,945</u>	<u>7,804</u>	<u><b>20,182</b></u>	<u>19,489</u>
<b>Analysis by Asset:</b>					
Fixed Interest Stocks				<b>5,310</b>	3,669
Equities/Securities				<b>14,011</b>	13,293
Cash and Cash Equivalents				<b>861</b>	2,527
				<u><u><b>20,182</b></u></u>	<u><u>19,489</u></u>

	Unspent Capital Grants	Donations	2017 Total	2016 Total
	£'000	£'000	£'000	£'000
<b>21 Restricted Reserves</b>				
Reserves with Restrictions are as follows:				
<b>Balances at 1 August 2016</b>	5,436	860	6,296	5,737
New Grants	–	–	–	191
New Donations	–	1,390	1,390	1,233
Capital Grants Utilised	(651)	–	(651)	–
Expenditure	–	(894)	(894)	(865)
	(651)	496	(155)	559
<b>At 31 July 2017</b>	<b>4,785</b>	<b>1,356</b>	<b>6,141</b>	<b>6,296</b>
			<b>2017 Total</b>	<b>2016 Total</b>
<b>Analysis of Other Restricted Funds/Donations by Type of Purpose:</b>			£'000	£'000
Scholarships and Bursaries			524	304
Capital Grants			4,786	5,436
Prize Funds			75	76
General			756	480
			<b>6,141</b>	<b>6,296</b>
	<b>At August 2016</b>	<b>Cash Flows</b>	<b>At 31st July 2017</b>	
	£'000	£'000	£'000	
<b>22 Cash and Cash Equivalents</b>				
Cash and Cash Equivalents	15,953	(9,278)	6,675	
	<b>15,953</b>	<b>(9,278)</b>	<b>6,675</b>	
	<b>Year ended 31 July 2017</b>	<b>Year ended 31 July 2016</b>		
<b>23 Capital and Other Commitments</b>		<b>College £'000</b>		<b>College £'000</b>
Provision has not been made for the following capital commitments at 31 July 2017:				
Commitments contracted for*		6,611		124
		<b>6,611</b>		<b>124</b>

\* These relate to contracts associated with the upgrade of the Darwin Building, the College’s Battersea South Project, the establishment of the White City campus and Summer Works on the College’s Kensington Estate.

24 Financial Instruments

Unquoted Investments

At 31 July 2017, the RCA had unquoted equity investments of £1,183,157 which were held at cost. These consist of investments in 31 start-up companies supported by the InnovationRCA Incubator.

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

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

Hedging

Until 22 February 2017, the RCA had two hedging arrangements related to its two loans with the Royal Bank of Scotland (see note 18). An interest rate cap, which capped the interest rate payable on its £12m loan at 5% to reduce exposure to interest rate increases. Also, an interest rate swap at a fixed rate of 1.58% in relation to the College's £4m loan. In February 2017, both the interest rate cap and the swap were terminated at a cost of £192,706 and £44,518 respectively. The College's two loans were consolidated and transferred to HSBC as part of the move to a new £28m revolving credit facility (see note 18).

25 Lease Obligations

Total rentals payable under operating leases:

	Land & Buildings	31 July 2017 Total	31 July 2016 Total
	£'000	£'000	£'000
Payable during the year	1,457	1,457	850
Future Minimum Lease Payments Due:			
Not Later than One Year	2,498	2,498	817
Later than One Year and Not Later than Five Years	9,237	9,237	3,152
Later than Five Years	46,196	46,196	66,184
Total Lease Payments Due	57,931	57,931	70,153

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

	31 July 2017	31 July 2016
	£'000	£'000
Operating Lease Rentals		
Receivable During the Year	216	140
Future Minimum Lease Receipts Due:		
Not Later than One Year	171	140
Later than One Year and Not Later than Five Years	625	560
Later than Five Years	671	741
Total Rental Income Receipts Due	1,467	1,441

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

26 Pension Scheme

General Description of the Scheme

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

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

Prior to 1 April 2016, pension benefits accrued within SAUL built up on a Final Salary basis. Following a consultation with members, the SAUL Final Salary Section closed from 31 March 2016 and all members build up benefits on a Career Average Revalued Earnings (CARE) basis from 1 April 2016.

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

Funding Policy

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

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

A formal actuarial valuation of SAUL is carried out every three years by a professionally qualified and independent actuary. The last actuarial valuation was carried out with an effective date of 31 March 2014. Informal reviews of SAUL's position, reflecting changes in market conditions, cash flow information and new accrual of benefits, are carried out between formal valuations.

The funding principles were agreed in November 2015 and are due to be reviewed at SAUL's next formal valuation in 2017.

The Trustee and Employers have agreed that the Technical Provisions deficit at the 31 March 2014 valuation will be addressed by employer contributions of 3% of Salaries between 1 April 2016 and 31 March 2018 (inclusive). The overall level of the Employers' contributions have, therefore, increased from 13% of Salaries to 16% of Salaries with effect from 1 April 2016.

Accounting Policy

The Royal College of Art is a Participating Employer in SAUL. The actuarial valuation applies to SAUL as a whole and does not identify surpluses or deficits applicable to individual employers. As a whole, the market value of SAUL's assets was £1,927 million representing 97% of the liabilities for benefits accrued up to 31 March 2014.

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

The Trustee and Employers have agreed that the Technical Provisions deficit at the 31 March 2014 valuation will be addressed by employer contributions of 3% of Salaries between 1 April 2016 and 31 March 2018 (inclusive). The defined benefit liability to be recognised by the Royal College of Art in respect of the deficit contributions due to SAUL (i.e. the present value of the deficit contributions) is £355,086 as at 31 July 2017.

This liability is based on a projection of salaries over the period to 31 March 2018.



**27 Related party transactions note**

Due to the nature of the College’s operations and the composition of its Council and staff, it is inevitable that transactions will take place with external bodies, trusts and organisations with which Council members and/or staff may be associated. The College maintains a Register of Interests in which all such interests are declared, and all transactions are conducted at arm’s length and in accordance with the College’s financial regulations and usual procurement procedures. There were no payments made to Council members for the reimbursement of incidental expenses during the year (2015/16, £0).

During the year, the following transactions took place with companies in which Council or staff members had interests: The RCA paid £453,974 to the Victoria and Albert Museum (2015/16, £413,468) for reimbursement of fees for the History of Design programme (run jointly by the College and the Victoria and Albert Museum), a lecture and reimbursement for a study trip to Vienna.

The College invoiced the Victoria and Albert Museum for the following items: £9,000 relating to a scholarship funded by the V&A; £500 for artist’s fees for a project and £3,000 for V&A contribution to curriculum development. Dr Paul Thompson, the Vice-Chancellor, is a Trustee of the Victoria and Albert Museum and Tristram Hunt, RCA Council member, is also Director of the Victoria and Albert Museum.

The College paid £10,560 to Research Studios Limited for design costs relating to the development of the College’s ‘180’ identity and website design review. The College also invoiced Research Studios Limited for costs relating to a research and recruitment trip. Neville Brody is the Dean of Communications at the College and Director of Research Studios Limited.

The College paid £22,757 to the British Council for various events held at British Council premises. The College also invoiced the British Council £48,485 for projects undertaken by the RCA. Magdalene Odundo is a member of the College’s Council and an Arts Advisory Group member at the British Council.

The College paid £196 to the British Library in respect of loans. Patrick Plant is a member of the College’s Council and Board member of the British Library.

The College paid £6,740 to Design Museum Enterprises. Lady Jillian Ritblat is a member of the College’s Council and a Trustee at the Design Museum.

**28 Jointly controlled operations**

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

The Royal College of Art, the Royal Academy of Music, the Royal College of Music, Trinity Laban and Regents University were admitted as members of the company on 17 March 2016.

**Colophon**

**Editor**

Octavia Reeve

**Assistant editor**

Sarah MacDonald

**Publication design**

Brody Associates

**Typefaces**

Calvert Brody

Knockout 68

Benton Sans

**Annual Report Photography**

Page 4, 53

Hugo Burnard

Page 13, 26, 33, 35–8, 45–8

Richard Haughton

Page 18

Luke Hayes

Page 23

Mikael Jansson

Page 39

Colin Ross