

14/15

# Annual Report & Accounts



**Royal College of Art**  
Postgraduate Art & Design

**Royal College of Art**

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**“THE RCA IS AN ENVIRONMENT  
IN WHICH STUDENTS FEEL FREE  
TO EXPERIMENT AND PRODUCE  
REMARKABLE RESULTS.”**



# Rector's Foreword

**This review highlights some of the RCA's major achievements over the past academic year. Most notable, was the recognition of those achievements by the highly regarded QS World University Rankings survey, which ranked the RCA as the world's number one art and design university. This is the first year in which QS has created a league table of specialist art and design universities, and I am delighted to report that the RCA leads the field.**

2014/15 saw a change in leadership at the RCA, with Baroness Rebuck of Bloomsbury DBE becoming Chair of Council, the RCA's governing body, following the retirement of Sir Neil Cossons. Gail Rebuck joined our Provost Sir James Dyson at a particularly exciting moment for the institution, as we learned the results of the UK-wide REF (Research Excellence Framework), which measures the quality of research undertaken in every UK university. The RCA was rated as the most research-intensive art and design specialist university in the UK. As with our QS ranking, this is a powerful stamp of approval and testament to the talent of faculty and students at the RCA.

Of course, external measures of success are valuable, but as important are the day-to-day interactions of staff and students that take place in a concentrated, specialist institution – in the studios, workshops and seminar rooms, where we offer the highest ratio of staff to students of any art and design university in the UK. The RCA is an environment in which students feel free to experiment and produce remarkable results. During the year, MA students worked on formal briefs with designers at Airbus, Jaguar and Brioni, among others. These experiences all prepare our students for the 'real world' of the workplace.

This year the RCA announced the launch of a new Innovation Lab with TCS – Tata Consultancy Services. This lab will focus on the areas of digital mobility, big data, user experience and service design (see page 19).

The HELIX Centre, based in St Mary's Hospital, Paddington, is the first design studio to be established in a clinical setting. It encourages clinicians, patients and hospital visitors to interact with a team of designers, to develop high-impact new products and services for the NHS. The HELIX pop-up studio was designed by first-year RCA architecture students, and opened in 2015 (see page 17).

In terms of the university's finances, I am pleased to report that we ended the year with a small operating surplus (see page 46). The Garfield Weston Foundation contributed £5 million to the RCA for the revitalisation of the Darwin Building in Kensington.

This grant, alongside the James Dyson Foundation's gift in 2009, represents the largest donation to the RCA. We are extremely grateful for the Weston family's support, which now stretches back over three decades. Another very longstanding donor is Basil Alkazzi, who this year committed a scholarship award for Painting in memory of his brother, Ali H Alkazzi. With the support of Sir Po-Shing Woo and his family, we completed the new Woo Building, which will accommodate programmes from the Schools of Material and Fine Art.

In support of widening participation, the College provides over 100 scholarships, awards and prizes each year. Of particular note is the introduction of the new Abraaj scholarship programme, targeting talent from the developing world or southern hemisphere – a group which has traditionally been under-represented within the RCA community. In terms of gender equality, with the RCA electing its first-ever female Chair of Council and women occupying 50% of the RCA's senior management team, I hope that a clear message of equality and opportunity is signalled to our current and prospective student, staff and stakeholder community.

The Development and Alumni Relations office received £7.7m in new pledges and donations this year and spent just 10p for every £1 raised. Of the 793 individuals who made contributions to the RCA in 2014/15, 734 were alumni (this compares to the figure of 11 alumni in 2011). The generosity of our alumni and philanthropists is vital to the long-term health of this institution and we thank them, and the Higher Education Funding Council for England (HEFCE), for their on-going support.

This year, 624 MA and 22 MPhil and PhD students graduated from the RCA, including our first graduates in the discipline of Global Innovation Design. Dr Katie Gaudion processed as the first doctoral student from the Helen Hamlyn Centre for Design and Honorary Doctorates were conferred upon the Belgian artist Luc Tuymans and filmmaker and RCA alumnus Sir Ridley Scott.

The RCA continues to set international standards of excellence in the postgraduate education of artists, designers and related practitioners, and to build on its reputation for distinctive art and design scholarship, practice and innovation. I very much hope that you will enjoy the spirit, energy and sense of experimentation and discovery that defines the College, captured in the following pages.

**Dr Paul Thompson**  
Rector

# 2014/15 Facts & Figures

**No.1**

**Art and Design  
University, QS  
World University  
Rankings**

**178**

**Years of Art and  
Design Pedagogy**

**1**

**Royal Charter**

**24**

**Programmes**

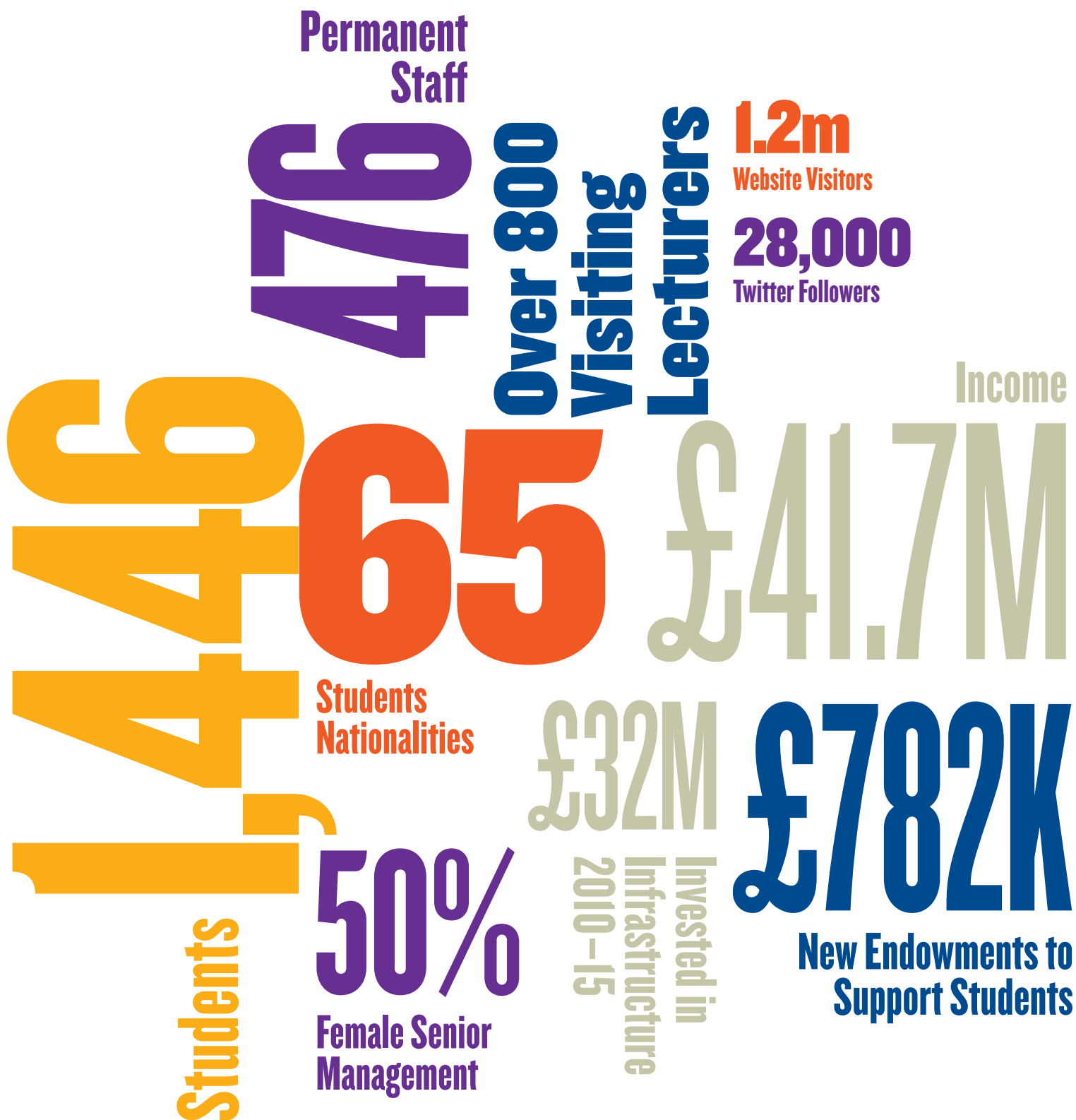
**Schools**

**3**

**Research  
Centres**

**1**

**Innovation Lab**



	Number of Applicants 2014/15	Students Enrolled 2014/15	Number of Students 2014/15
<b>School of Architecture</b>			
Architecture	248	53	118
Interior Design	91	22	38
<b>School Total</b>	<b>339</b>	<b>75</b>	<b>156</b>

## School of Communication

Animation	73	20	45
Information Experience Design	64	23	48
Visual Communication	206	56	122
<b>School Total</b>	<b>343</b>	<b>99</b>	<b>215</b>

## School of Design

Design Interactions	84	15	37
Design Products	168	37	89
Global Innovation Design	60	12	24
Innovation Design Engineering	174	45	98
Service Design	49	27	48
Vehicle Design	55	22	49
<b>School Total</b>	<b>590</b>	<b>158</b>	<b>345</b>

## School of Fine Art

Painting	285	34	85
Photography	121	22	60
Printmaking	71	22	58
Sculpture	181	38	86
<b>School Total</b>	<b>658</b>	<b>116</b>	<b>289</b>

## School of Humanities

Critical & Historical Studies	9	4	18
Critical Writing in Art & Design	44	16	37
Curating Contemporary Art	72	16	37
V&A/RCA History of Design	74	28	70
<b>School Total</b>	<b>199</b>	<b>64</b>	<b>162</b>

## School of Material

Ceramics & Glass	56	24	48
Fashion	267	44	98
Jewellery & Metal	55	19	42
Textiles	134	43	88
<b>School Total</b>	<b>512</b>	<b>130</b>	<b>276</b>

## Other

HHCD Doctoral Programme	2	1	3
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<b>Totals</b>	<b>2,643</b>	<b>643</b>	<b>1,446</b>
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Note: these figures represent individual students, not 'full-time equivalent' (FTE) adjusted numbers (HESA)



Australian: 2



Austrian: 8



Barbadian: 1



Belgian: 10



Brazilian: 4



British: 588



British (Jersey): 1



Bulgarian: 2



Canadian: 17



Chilean: 4



Chinese: 121



Colombian: 1



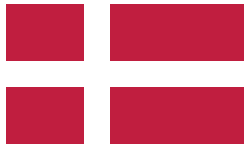
Croatian: 4



Cypriot (EU): 2



Czech: 4



Danish: 21



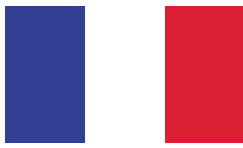
Dutch: 15



Estonian: 1



Finnish: 15



French: 47



German: 50



Ghanaian: 1



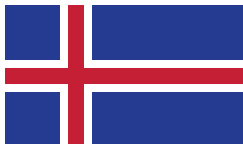
Greek: 17



Hong Kong: 8



Hungarian: 5



Icelandic: 1



Indian: 14



Iranian: 3



Irish: 18



Israeli: 9



Italian: 36



Japanese: 23



Jordanian: 1



Kazakhstani: 1



Kuwaiti: 2



Latvian: 2



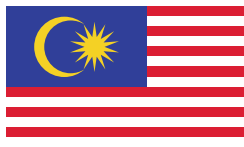
Lebanese: 4



Lithuanian: 6



Luxembourger: 1



Malaysian: 1



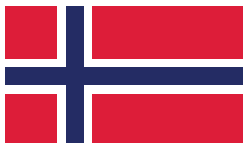
Maltese: 1



Mexican: 2



New Zealander: 5



Norwegian: 3



Pakistani: 3



Polish: 19



Portuguese: 11



Qatari: 1



Romanian: 7



Russian: 7



Saudi: 1



Singaporean: 8



Slovakian: 1



Slovenian: 4



South African: 3



South Korean: 114



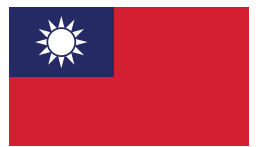
Spanish: 37



Swedish: 19



Swiss: 15



Taiwanese: 32



Thai: 8



Turkish: 6



Ukrainian: 2



US American: 65



Vietnamese: 1

# News & Events in 2014/15

School of  
Communication

## Knowledge Exchange

The School of Communication celebrated the launch of *The Horse is Dead, Long Live the Horse*, the outcome of its year-long knowledge exchange collaboration with the Hyundai Motor Company.



SEPTEMBER

## Appointments

**BARONESS REBUCK OF BLOOMSBURY DBE WAS APPOINTED CHAIR AND PRO-PROVOST OF COUNCIL AT THE ROYAL COLLEGE OF ART.**

SustainRCA

OCTOBER

## Events

SustainRCA Show and Awards 2014 winning entries featured edible drinks packaging, an open-source campaign toolkit, remodelling the cut-flower industry, and weaving unwanted fabric into new cloth.



Animation

## Awards

**Animation alumni Mikey Please won the Channel 4 Best of British Animation Award. Fellow BAFTA winner, and RCA graduate Gaëlle Denis won the Channel 4 Best of British Short Film Award.**



NOVEMBER

# Printmaking

## Events

*Performing Print: Bringing the Archive Alive* exhibited the RCA's extensive Printmaking Archive of works from early 1960s to the present day at Christie's *Multiplied*, the UK's only fair devoted exclusively to contemporary art in editions.

# Vehicle Design

## Awards

**Royal College of Art first-year Vehicle Design student James Owen won Best of British, at RAC London Motor Week.**

## Projects

400 students enrolled in the AcrossRCA programme, bringing their skills as artists, designers, curators, writers and thinkers, to cross-disciplinary solutions to a wide range of social, cultural and ecological issues.



# AcrossRCA

# Design Policy Network

## Projects

Service Design launched the Design Policy Network, aimed at internationalising design policy. Funded by UK Arts and Humanities Research Council (AHRC), it brings together the UK Design Council, NESTA, Chinese trade organisations and university partners Northumbria University, Shanghai Jiao Tong University and Beijing Union University.

# GraphicsRCA

## Events

Major exhibition *Graphics RCA: Fifty Years* revealed the rich history of RCA graphic design and illustrated the ways in which the RCA has articulated the leading edge of developments in graphic communication for the last 50 years.

DECEMBER

# Digital Ceramics

## Research

The Arts and Humanities Research Council (AHRC) awarded £330,000 in funding to RCA researchers to interrogate the potential of digital ceramic transfer printing technology. This new digital research project brings together RCA academics with commercial and industrial partners to explore new applications of laser-printed ceramic transfer printing technology.

## Architecture, Interior Design and Textiles

## Collaborations

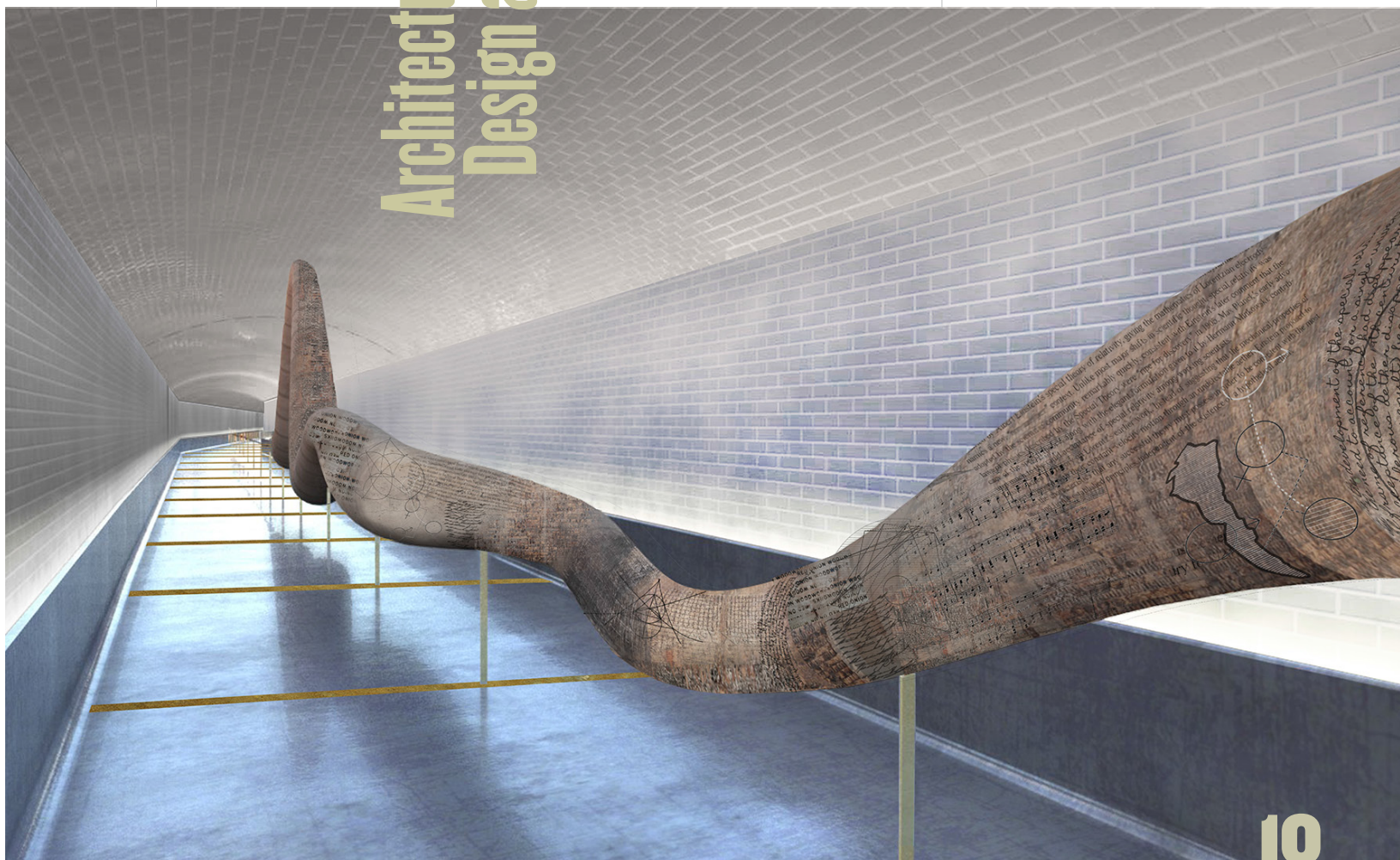
Architecture, Interior Design and Textiles students collaborated with Royal College of Music and Imperial College London students to produce schemes to reinvigorate the Grade II-listed, 550-metre pedestrian tunnel that links South Kensington underground station to the attractions of Albertopolis.

JANUARY

## Research

Design Products' Head Professor Sharon Baurley and Senior Tutor James Tooze secured £500,000 funding from the Engineering and Physical Sciences Research Council and the Economic and Social Research Council to develop a multidisciplinary vision and research agenda for the future role of 'makespaces' in redistributed manufacturing.

## Design Products





# Architecture

## Research

# HELIX'S NEW DESIGN STUDIO OPENED IN JANUARY 2015, DESIGNED BY RCA ARCHITECTURE STUDENTS AS A 'LIVE PROJECT'.

Operating in the grounds of St Mary's Hospital, the studio is a hub to engage frontline NHS staff and patients as co-design collaborators alongside the RCA's creativity and user-centred design expertise and Imperial College London's clinical knowledge.

FEBRUARY

# Performance

## Events

Artist Christian Marclay invited four RCA Performance students to inhabit his exhibition at White Cube, Bermondsey, using original Fluxus scores to remake and remark on the contemporary and their own practice.

### Events

The 2015 Research Biennial posed the provocative question, *Why Would I Lie?* and offered a two-day academic conference, exhibition, publication and vibrant programme of related events, including film screenings and a salon at the ICA that explored ethics and aesthetics in contemporary research practices in art and design.



## Curating Contemporary Art

### Events

Curating Contemporary Art's graduate show consisted of four independent exhibitions from artists, theatre designers and writers across the mediums of film, performance, interactive installation and sculpture. One of these exhibitions, *Echo Chamber*, was developed collaboratively with acclaimed theatre designer Chloe Lamford.

## THE RCA SECRET SALE RAISED OVER £140,000 FOR SCHOLARSHIPS.

### Events

## RCA Secret



## ROLI

### Innovation

Roland Lamb, PhD alumnus and InnovationRCA entrepreneur, attracted a further \$3.8 million of investment into his new music technology enterprise (making a total of \$16.5 million in 2014) and a visit from Prime Minister David Cameron.



# Fashion

## Events

Head of Programme Zowie Broach produced a dynamic, choreographed display of models presenting the students' collections in a non-linear performance. This distinctive showcase echoed the unique range of approaches, influences and outcomes seen across Menswear, Womenswear, Knitwear, Footwear, Accessories & Millinery.



# InnOvate

## Innovation

InnovationRCA marked its tenth anniversary as the Royal College of Art's centre for enterprise and entrepreneurship. InnovationRCA has incubated and launched 26 graduate start-ups with 14 already trading. Over 400 UK jobs have been created, and trading start-ups had over £7.3 million turnover in 2014.

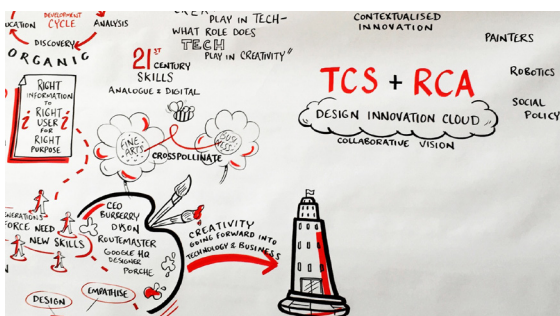
MAY

# TCS–RCA Design Innovation Lab

## Knowledge Exchange

# THE RCA ANNOUNCED A NEW DESIGN INNOVATION LAB WITH TATA CONSULTANCY SERVICES (TCS).

The TCS–RCA Design Innovation Lab embodies the College's commitment to Knowledge Exchange, as located in cross-disciplinary, industry collaborations that address real-world problems. At the confluence of design thinking, technology and business, the Lab will develop and deliver joint research outcomes, including patent applications and publications.





# SHOW 2015

## Events

**DESIGNED BY ALUMNI JACK LLEWELLYN AND GIULIA GARBIN, SHOW 2015 ATTRACTED 40,000 VISITORS OVER 10 DAYS.**

## Abraaj

### Awards

Five Abraaj Innovation Scholars from Kazakhstan, India, the Philippines, Colombia and Mexico were selected by an international panel of creative thinkers and visionaries, including artist Yinka Shonibare MBE, Paola Antonelli, Senior Curator of the Department of Architecture and Design at New York's Museum of Modern Art, and Dame Marjorie Scardino, Twitter's first female Executive Board member.

### Appointments

#### School of Architecture appoints new senior staff.

Dr Adrian Lahoud was appointed as Head of Architecture and Graeme Brooker as Head of Interior Design, with Dr Harriet Harriss as Senior Tutor.

## Textiles

### Appointments

School of Material appointed Head of Textiles Anne Toomey, specialist in smart, responsive and interactive printed surfaces.

JUNE

## IED & Fashion

### Knowledge Exchange

The Science Museum and RCA collaborated on the future of human-robot interaction.

Students and staff from the Royal College of Art's Information Experience Design (IED) and Fashion programmes worked with the Science Museum on a project about robots, in relation to *You, Robot*, a major exhibition due to open at the Museum in 2017.



# Convocation

## Events

624 MA and 22 MPhil and PhD students graduated from the RCA, including the first Global Innovation Design graduates and the first ever doctoral student from the Helen Hamlyn Centre for Design. Martin Smith and Clare Johnston were made Professors Emeritus, and Honorary Doctorates were conferred on Belgian artist Luc Tuymans and RCA alumnus filmmaker Sir Ridley Scott.



# Contactless Technology

## Knowledge Exchange

Delegates from Visa Europe and design experts from the Royal College of Art designed prototypes for a new contactless donation tin.

In a project initiated by Tata Consultancy Services (TCS) for Visa Europe to design prototypes for contactless charitable giving, the RCA partnered with TCS to introduce Visa representatives to the concepts of design thinking, co-creation and inclusive design in the development of new products and services.

## Appointments

Rama Gheerawo was appointed Director of the Helen Hamlyn Centre for Design, following the retirement of Professor Jeremy Myerson.

The Helen Hamlyn Centre  
For Design

# Postgraduate Support Scheme

## Awards

Over 85 new applicants for 2015/16 were selected to benefit from a £10,000 bursary, enabling them to overcome financial barriers and study at the RCA.

JULY

Architecture

## Collaboration

EIGHT FIRST-YEAR ARCHITECTURE STUDENTS RECREATED THE RIETVELD PAVILION FOR BARBARA HEPWORTH: SCULPTOR OF A MODERN WORLD AT TATE BRITAIN.

School of Design

## Appointments

Oron Catts and Dr Ionat Zurr – artists, researchers and curators, whose work explores the philosophical and ethical considerations of new technological approaches to life, including regenerative and synthetic biology – were appointed as visiting faculty.

# Research, Knowledge Exchange & Innovation

The continuum of activity in 2014/15 that spans research (embracing practice-led, theoretical and historical approaches), knowledge exchange and innovation, has ensured that the high-quality research undertaken by College staff is applied in numerous contexts where it can make a difference to our quality of life, to the performance of businesses, and to the provision of public services.

This year our research impacts have included using design principles to explore topics from the possible futures of the driverless car, to wearable technology, using architectural insights to work with the construction industry and local authorities, and using historical insights to inform public understanding in collaboration with our long-standing partner the Victoria and Albert Museum (V&A).

The RCA also continues to make a difference to the careers of its graduates and its early career researchers, through InnovationRCA's support for graduate starts-ups, through the Helen Hamlyn Centre for Design's research associate programme, and through the support and training the College offers to its research students.

HELIX Centre Design Studio



HRH The Prince of Wales Visits the HELIX Centre





## HELIX

The Healthcare Innovation Exchange (HELIX) Centre design studio, designed by RCA Architecture students, opened in January 2015 at Imperial Health Trust's St Mary's Hospital, London. The centre combines the RCA's creativity and user-centred design expertise with Imperial College London's clinical know-how, to identify patient-centred and cost-effective solutions to the most pressing healthcare challenges faced today.

# THE RCA CONTINUES TO MAKE A DIFFERENCE TO THE CAREERS OF ITS GRADUATES AND ITS EARLY-CAREER RESEARCHERS

## The Helen Hamlyn Centre for Design

The Helen Hamlyn Centre for Design has built on its track record of successful evidence-based design research and impact, including methods of design ethnography that have a strong strand of user engagement and a whole-systems approach.

## Future London Taxi

Working with industry partners Hexagon and Karsan, and co-led with the RCA's Vehicle Design programme, this flagship project aims to develop a low-emission London taxi that meets the needs and aspirations of drivers and passengers of all ages and abilities. Extensive research, design and development have been carried out alongside experts in access, culture and vehicle design. The design team has conducted co-creation sessions with drivers and passengers, to achieve the best possible result in terms of accessibility and desirability. Prototype vehicles of the design are scheduled to reach the streets of London in early 2016.

The External Education programme continued to deliver a number of inclusive design workshops and events to businesses, designers and academics around the world. The programme had a strong focus on working with government and policymakers, running design leadership sessions with the Hong Kong Government's Civil Service Bureau and their Department of Health in a series of events organised by the Hong Kong Design Centre. In the UK, they led a workshop for civil servants at DEFRA (the UK Government Department for Environment, Food & Rural Affairs) and

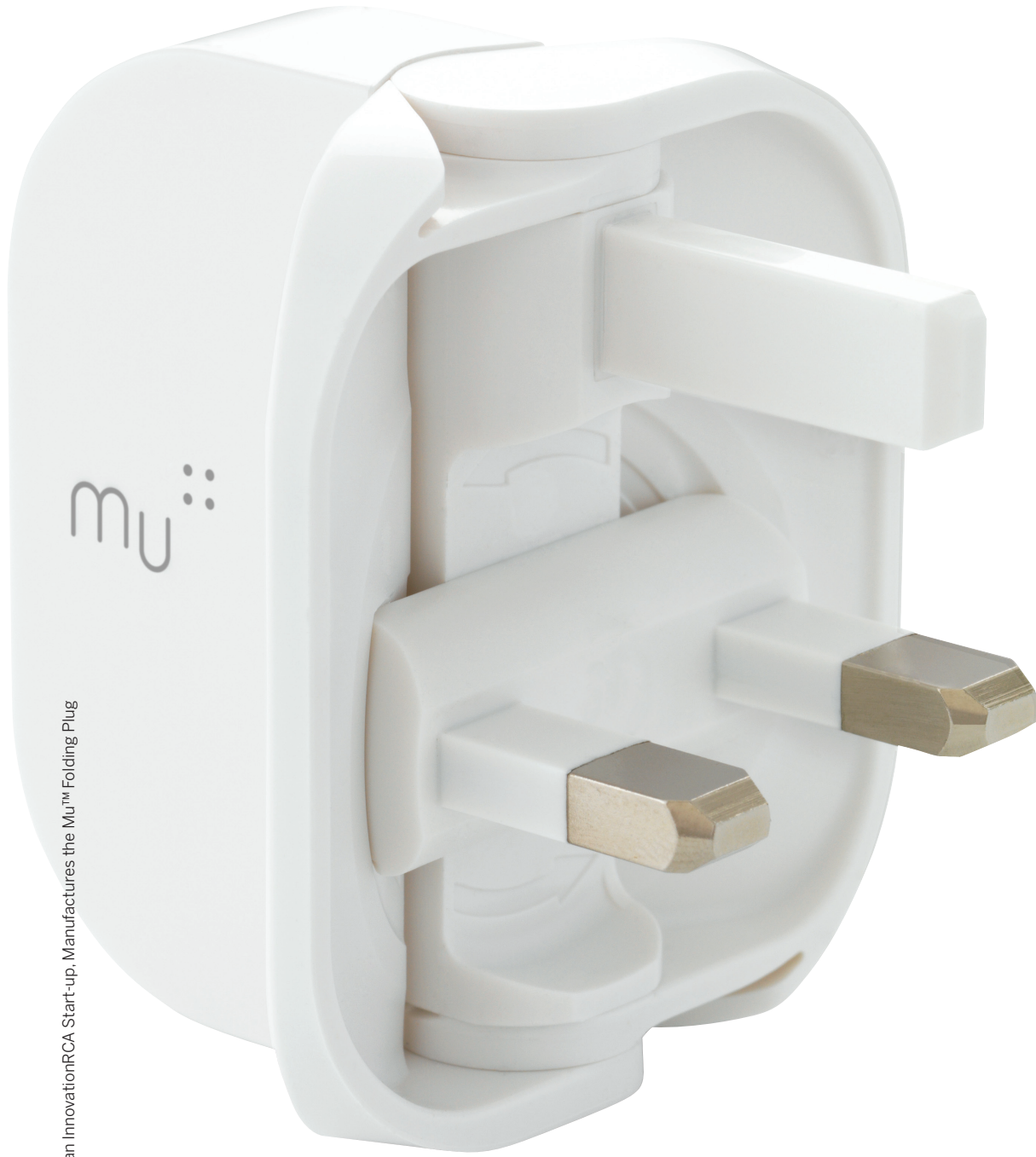
work continued in Qatar with a social innovation workshop delivered over five days for the Social Innovation initiative at Hamad Bin Khalifa University.

The Helen Hamlyn Centre for Design awarded its first doctoral degree this year. Working in collaboration with the autism charity the Kingwood Trust, Dr Katie Gaudion investigated how people with autism experience their home environment, using a design approach. Her research identified and developed collaborative design tools for autistic adults, their support staff and family members.

In June 2015, Professor Jeremy Myerson announced his retirement as Director of the Centre. After a rigorous international selection process, Rama Gheerawo's reputation throughout the design industry and genuine commitment to inclusive design secured his appointment.



Future London Taxi



Made in Mind, an InnovationRCA Start-up, Manufactures the Mu™ Folding Plug



Concrete Canvas, an InnovationRCA Start-up, Manufactures Concrete Cloth for Civil Engineering Applications

# INNOVATIONRCA CONTINUES TO PROVIDE COMMERCIALISATION SUPPORT IN THE FORM OF DROP-IN CLINICS, INTELLECTUAL PROPERTY WORKSHOPS, NETWORKING MEET-UPS AND SELF-STARTERS – A NEW SERIES OF EVENTS PROMOTING ENTREPRENEURSHIP

## InnovationRCA

InnovationRCA celebrated a decade as the home of entrepreneurship and enterprise at the RCA in 2014/15, and continued its mission to provide expert support, guidance and inspiration to start-ups, students and graduates.

The incubator welcomed four new start-ups, bringing the total number of graduate companies incubated at the RCA over the last ten years to 26 and the number of UK jobs created by these SMEs to over 400.

Other start-ups succeeded with crowd-funding in the past year. Stair-Rover, an all-terrain long-board, raised more than \$1 million in Asia's biggest crowd-funding campaign to date. Ikawa raised over £150,000 for its Home Roaster campaign and Made in Mind almost £100,000 for its Mu™ international charger.

Our annual call for applications received over 100 high-calibre submissions from students and graduates of the RCA, with 30 of these taking part in Launchpad Entrepreneur's Summer School in July. The impact of Launchpad is highlighted by doppel, a wearable device start-up, which went on to raise over £110,000 through crowd-funding.

To mark its tenth anniversary, InnovationRCA produced a film and *InnoVate* exhibition showcasing past and present success. Guests heard from former incubatee Peter Brewin of Concrete Canvas, recently ranked the sixteenth fastest-growing company in the UK, and Daniel Becerra of BuffaloGrid.

InnovationRCA continued to provide commercialisation support in the form of drop-in clinics, intellectual property workshops, networking meet-ups and Self-Starters, a new series of events promoting entrepreneurship. Over 100 RCA students, graduates and members

of the wider start-up community attended The Finer Things, which looked at demystifying the starting and running of a luxury brand business.

Dr Lisa Smith joined as entrepreneur-in-residence, to encourage, support and challenge the entrepreneurs and start-ups in all aspects of their business endeavours.

## Knowledge Exchange

Organisations ranging from multinational corporates to local community groups are eager to work alongside the RCA's researchers, whether in long-term research partnerships, shorter collaborations for rapid innovation and knowledge exchange, or intensive sessions bringing the creative and design-led approach of RCA staff to the senior executives of these partner organisations. Recent partnerships have included those with FutureCity/St James, Huawei, Royal Borough of Greenwich, Transport for London, Thames & Hudson, Tata Consultancy Services Ltd, Microsoft Research, DEFRA, Cowley Manor, Hong Kong Design Centre and the Qatar Foundation.

## TCS–RCA Design Innovation Lab

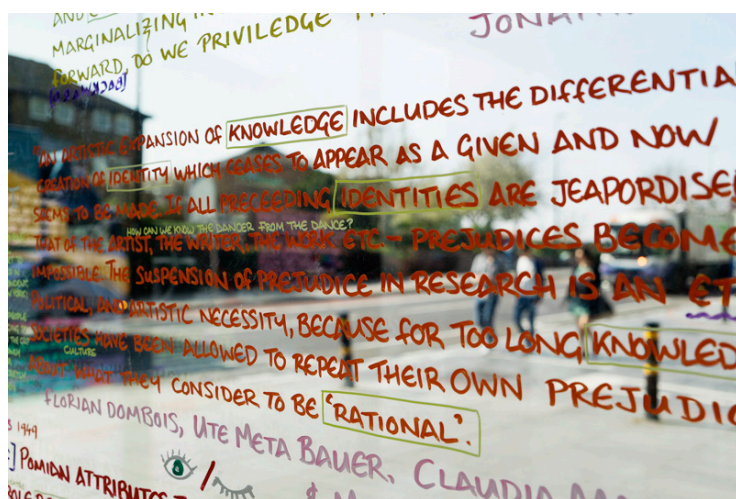
As part of our continuing partnership with Tata Consultancy Service, the College has launched the TCS–RCA Design Innovation Lab. As the second biggest employer in the UK after the NHS, TCS is keen to expose its staff and major clients to the innovative approaches and design expertise of RCA staff and post-graduate students, in a shared lab space where colleagues can drop in and work on collaborative projects. We look forward to seeing the results of its first few months of operation.

Stair-Rover, an InnovationRCA Start-up, is an Eight-wheeled Longboard Designed for Urban Terrains





THE HIGH-QUALITY RESEARCH... IS  
APPLIED IN NUMEROUS CONTEXTS WHERE  
IT CAN MAKE A DIFFERENCE TO OUR  
QUALITY OF LIFE, TO THE PERFORMANCE OF  
BUSINESSES, AND TO THE PROVISION OF  
PUBLIC SERVICES.



Why Would I Lie? Research Biennial



BuffaloGrid, an InnovationRCA Start-up, Uses Solar Energy to Provide Mobile Power to Off-grid Communities

## Research

The RCA's vibrant research culture continues to be recognised as outstanding by many different measures. The 2014 Research Excellence Framework rated the Royal College of Art the most research-intensive specialist art and design institution in the UK, with a higher proportion of its research judged world-leading than any of its competitors. The QS World University Rankings 2015 rated the RCA the number one art and design university in the world, on the basis of its academic standing, its reputation with employers and the impact of its research. RCA research is supported by major national funders, including the AHRC and EPSRC, the Wellcome Trust, the Kingwood Trust, the Daiwa Foundation and the Arts Council.

Dr Emma Wakelin was appointed Director of Research & Innovation, a post established to integrate the RCA's support for staff research, research students, knowledge exchange and executive education; to develop a strong research culture at the College, by building on existing strengths, exploring new opportunities and ensuring that RCA research students are an integral part of its research culture; and to ensure a sound financial basis for the College's growing research activity and future ambitions.



GATEway Autonomous Vehicle

### Future Makespaces

The School of Design this year secured £500,000 from the EPSRC and the ESRC to develop a multi-disciplinary research agenda for the future role of 'makespaces' in re-distributed manufacturing. The project brings together a broad spectrum of academic expertise to work in partnership with the Royal Society for the Encouragement of Arts, Manufactures and Commerce (RSA), with waste management and recycling companies; experts in digital networks and design tools, industrial expertise from national and international partners, including the Department for Business, Innovation and Skills, and makespaces across the UK.

### Digital Ceramics

The AHRC awarded Royal College of Art researchers in the School of Material £330,000 for research into the potential of digital ceramic transfer printing technology. The project brings together RCA academics with commercial and industrial partners in the UK and Germany, including pioneers of 2D ceramic toner laser transfer printing, to explore new applications of digital technologies and a new aesthetic within UK commercial production for the printed ceramic surface.

### GATEway: Autonomous Vehicles

The Royal College of Art secured the principal university research role for the £8 million Royal Borough of Greenwich GATEway (Greenwich Automated Transport Environment) investigation led by the Transport Research Laboratory into the viability of driverless vehicles in urban environments, commissioned by InnovateUK. The project will create a test-bed for driverless cars, enabling automotive and other industries, planners, policy makers and others to evaluate both new vehicles and innovative technologies applied to existing vehicles, and to understand the human behaviours and attitudes emerging around these new forms of transport.

### Huawei

The Royal College of Art has partnered with Huawei's Aesthetics Research Centre to address major changes taking place in tele-communications enterprise. Moving beyond thinking in terms of devices and trends, the partnership brings together informed creative thinking and design innovation from the RCA's Schools of Communication and Design to enable Huawei to develop a forward-looking design strategy that anticipates and responds to rapidly changing social and cultural environments. Research will focus on ways in which contexts encompassing, for example, the Internet of Things, multi-modality, innovation diplomacy and human-centred design, might support Huawei's brand and innovation design.

### MPhil & PhD

The number of students undertaking doctoral research at the RCA is increasing steadily in all Schools, and our research students are supported by funding from the Research Councils, including the LDoc and Techné AHRC doctoral training consortia, AHRC collaborative doctoral awards and partnerships (e.g. with the V&A and other partners), and through one of the AHRC's flagship Knowledge Exchange Hubs, Creative Exchange (CX).

This year, first-year research students from across the RCA organised a series of interdisciplinary research events under the title *Why Would I Lie?* Aimed at exploring ethics and aesthetics in contemporary art and design research practices, the events included exhibited works, discursive presentations, a publication and a two-day conference with keynote talks from international speakers.



*Why Would I Lie?* Research Biennial



Royal College of Art

Woo Building

Ceramics & Glass  
Jewellery & Metal

Dyson Building  
Woo Building  
←

# Development & Alumni Relations

**The College would like to extend its thanks to the network of benefactors who support the Royal College of Art and its students, contributing to a total of £7.7 million in 2014/15.**

## **The Ali H Alkazzi Scholarship Award in Painting**

The artist Basil Alkazzi has generously donated an endowment to establish The Ali H Alkazzi Scholarship Award in Painting. This scholarship is named in honour of Mr Alkazzi's brother.

Together with The Basil H Alkazzi Foundation Award, which has supported 18 scholars since it was established in 1985, The Ali H Alkazzi Scholarship Award will enable talented and deserving painters to come to the RCA. The first Ali H Alkazzi Scholar will begin their studies at the College in 2015/16.

## **Garfield Weston Foundation**

Longstanding benefactors of the RCA, the Garfield Weston Foundation made an exceptional donation of £5 million to the College in November 2014 towards the cost of revitalising the Darwin Building – the centrepiece of the RCA estate, which was built in 1962. The project will redevelop the interior of Darwin, reinstating the bright,

open-plan studios to facilitate cross-disciplinary research and teaching, and creating room for additional students. The RCA is profoundly grateful for the visionary support of the Garfield Weston Foundation and its trustees.

## **Orla Kiely Scholarship**

Irish fashion designer Orla Kiely (MA Knitted Textiles, 1992) has established an endowment fund for a scholarship to enable a Textiles student to study at the RCA. In addition to supporting tuition fees, the scholarship will include a summer placement at Orla Kiely's design studio, during which the scholar will gain invaluable hands-on experience working alongside Kiely and her team. The College welcomes the first scholar in September 2015.

## **Lane Crawford Project and Scholarships**

Lane Crawford, one of the world's oldest department stores, is an iconic brand in Greater China. The retailer entered into a new partnership with the Royal College of Art in March 2015, to establish the Lane Crawford Scholarships, and to participate in a studio project with Service Design students, during which students explored new ideas and techniques to enhance the consumer experience. The first scholarship, which was open to citizens of Greater China who are accepted to study a Master's degree in Service Design, Design Products, Textiles or Fashion, has been awarded to Gulan Wang, who begins her studies on the Design Products programme in September 2015.

**"IT IS AN HONOUR AND A PRIVILEGE TO BE ABLE TO HELP THE NEXT GENERATION OF DESIGNERS AND GIVE DESERVING INDIVIDUALS A CHANCE TO BUILD UPON THEIR TALENTS AT THE RCA, AN ENVIRONMENT OF WHICH I HAVE SUCH FOND MEMORIES."**

**Orla Kiely**

After graduating from the RCA in 1992, Kiely founded the Orla Kiely Partnership with her husband Dermott Rowan. The label, which began with hats and handbags, has expanded and now includes a ready-to-wear line and homewear collection alongside lifestyle products. The company is soon to celebrate its twentieth anniversary.

### **The Rector's Circle**

The RCA launched 'The Rector's Circle' in April 2015, established to recognise the generosity of benefactors whose support and vision enable the College to flourish. Members play a vital role in the RCA's continued success by supporting its students, academic programmes and campuses in Battersea and Kensington. 33 guests attended the inaugural event. Over dinner in the SCR, presentations were made by Julian Melchiorri (MA Innovation Design Engineering, 2014) and Dr Roland Lamb (PhD Design Products, 2014), before guests each received a limited-edition print designed and made by Rob Miles (MA Printmaking, 2015).

### **RCA Fund**

The College is extremely grateful for the generosity of more than 380 alumni and friends who donated to the RCA Fund in 2014/15. Collectively, they gave £59,000 to support scholarships and bursaries for students who need financial support to accept their place at the RCA or to complete their studies at the College. The focus of the RCA Fund, which launched in spring 2014, is to improve the RCA student experience.

### **Alumnus Sir Ridley Scott Receives Honorary Doctorate**

Sir Ridley Scott (ARCA Diploma Graphic Design, 1961) was awarded an Honorary Doctorate at Convocation on 3 July 2015.

One of the world's foremost directors and producers, Sir Ridley Scott is best known for his work on films that include *Alien*, *Blade Runner*, *Thelma & Louise* and *Black Hawk Down*. His film epic *Gladiator* won the Oscar, Golden Globe and BAFTA awards for Best Picture as well as the Oscar for Best Actor in a leading role for Russell Crowe.

Born in South Shields, Tyne and Wear, Scott was accepted at the Royal College of Art to study Graphic Design in 1958. Focusing on his own desire to become a filmmaker, he borrowed the College's only Bolex clockwork camera, a light meter and an instruction book and, armed with his screenplay, he took one month to shoot the short film *Boy on a Bicycle* starring both his father and younger brother Tony Scott (MA Film & Television, 1970).

THE COLLEGE IS  
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FOR THE GENEROSITY OF  
MORE THAN 380 ALUMNI  
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FUND IN 2014/15.

Sir Ridley Scott Accepting his Honorary Doctorate at Convocation, July 2015



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 Ben Hillier  
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 Jagdip Jagpal  
 Professor Clare Johnston

Leanne Jones,  
*Fashion Womenswear*, 1999  
 Shizuko Kimura, 2000  
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*Printmaking*, 1974  
 Kim Looi  
 Rebecca Lowthorpe  
 Althea McNish, *Textile Design*, 1958  
 Erdem Moralioglu,  
*Fashion Womenswear*, 2003  
 Sara Moralioglu  
 Bahman Mostaghimi,  
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 Brendan Mullane  
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- John Elson, *Industrial Design Engineering*, 1968
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- Luise Martin, *Textiles*, 2013
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Alison Milner, <i>Furniture Design</i> , 1987	Sally Pollard, <i>Textile Design</i> , 1987	Alexie Sommer, <i>Communication Art &amp; Design</i> , 2002	David Wilson, <i>Film &amp; Television</i> , 1969
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Elliott Montgomery, <i>Design Interactions</i> , 2011	Dr Sunand Prasad, <i>Visual Islamic Arts</i> , 1989	Christopher Steel, <i>Graphic Design</i> , 1975	Kate Woodhead, <i>Cultural History (Joint Course with V&amp;A)</i> , 1989
James Morgan, <i>Textile Design</i> , 1962	Tony Pritchard, <i>Architecture &amp; Interiors</i> , 2000	Jason Steel, <i>Fashion Menswear</i> , 2002	Tyler Woolcott, <i>Curating Contemporary Art</i> , 2011
Malcolm Morley, <i>Painting</i> , 1957	David Prosser, <i>Animation</i> , 2010	David Steiner, <i>Design Products</i> , 2013	Matthew Wurr, <i>Graphic Design</i> , 1977
Lisa-Dionne Morris, <i>Industrial Design</i> , 2000	The Radcliffe Trust	Andrew Stevenson, <i>Textiles</i> , 2010	Alexander Young, <i>Painting</i> , 1975
Sarah Morris, <i>Computer Related Design</i> , 1999	Graeme Raeburn, <i>Fashion Womenswear</i> , 2003	Lady Mary Stirling, <i>Wood, Metal &amp; Plastics</i> , 1954	Alfred Young, <i>Painting</i> , 1962
Derek Morton, <i>Fashion Design</i> , 1971	Tanya Rainsley, <i>Architecture</i> , 2006	Trevor Stone, <i>Furniture</i> , 1959	
Malcolm Moseley, <i>Printmaking</i> , 1973	Katrina Ramsey, <i>History of Design</i> , 2008	Anne Storey, <i>Fashion Design</i> , 1979	Thanks to those donors who wish to remain anonymous
Tom Mower, <i>Communication Art &amp; Design</i> , 2006	Yoav Reches, <i>Design Products</i> , 2010	Lucy Strachan, <i>Sculpture</i> , 1984	
Yusuf Muhammad, <i>Industrial Design Engineering</i> , 2008	Keith Redfern, <i>Silversmithing &amp; Jewellery</i> , 1962	Chiara Strigini, <i>History of Design</i> , 2001	
Jean-Pierre Müller, <i>Industrial Design Engineering</i> , 1964	Mary Restieaux, <i>Textile Design</i> , 1974	Sara Sturgeon, <i>Fashion Design</i> , 1984	
Matthew Murdoch, <i>Communication Art &amp; Design</i> , 2006	Tobias Revell, <i>Design Interactions</i> , 2012	David Sudlow, <i>Communication Art &amp; Design</i> , 2004	
Helen Murgatroyd, <i>Printmaking</i> , 2010	James Rigler, <i>Ceramics &amp; Glass</i> , 2007	John Summers, <i>Sculpture</i> , 2002	
Emily Murray, <i>Fashion Menswear</i> , 2011	Professor Mary Robert, <i>Photography</i> , 1985	Helen Swaine-Dickson, <i>Fashion Design</i> , 1979	
Rowena Murray, <i>GSM&amp;J</i> , 2010	Vincent Roberts, <i>Furniture Design</i> , 1968	Darren Swanborough, <i>Ceramics &amp; Glass</i> , 2004	
Bibiana Nelson, <i>Industrial Design Engineering</i> , 2009	Karen Robins, <i>Communication Art &amp; Design</i> , 2002	Justine Tabak, <i>Fashion Design</i> , 1988	
Karla Newell, <i>Metalwork &amp; Jewellery</i> , 1987	Jenny Robinson, <i>Vehicle Design</i> , 1990	Kinya Tagawa, <i>Industrial Design Engineering</i> , 2001	
Aoife Ni Chofaigh, <i>Fashion Womenswear</i> , 2006	Mellany Robinson, <i>History of Design</i> , 1999	The London Pottery Co Ltd	
Karen Nicol, <i>Textile Design</i> , 1975	Chris Rogers	Dr Paul Thompson	
Carl Nordbruch, <i>Ceramics &amp; Glass</i> , 2000	Janet Rogers, <i>Ceramics &amp; Glass</i> , 1991	Stephen Thompson, <i>Industrial Design</i> , 1987	
Joanna Norman, <i>Fashion Womenswear</i> , 2000	Lewis Ronald, <i>Photography</i> , 2009	Andrew Thomson, <i>Industrial Design Engineering</i> , 1993	
Nicholas Oakley, <i>Industrial Design</i> , 1980	Royal Caribbean	Nicky Thomson, <i>Fashion Knitwear</i> , 1992	
Patrick O'Callaghan, <i>Graphic Design</i> , 1975	Jane Rutherford, <i>Conservation</i> , 1997	Alan Tilbury, <i>Furniture</i> , 1960	
Suzanne Olding, <i>Illustration</i> , 2000	Paul Rutter, <i>Industrial Design Engineering</i> , 1985	Martha Todd, <i>Ceramics &amp; Glass</i> , 2010	
Ray O'Meara, <i>Communication Art &amp; Design</i> , 2010	Nicolaas Rysenbry, <i>Design Products</i> , 2009	Peter Town, <i>Graphic Design</i> , 1973	
James Orkney, <i>Industrial Design</i> , 1984	Carmel Said, <i>Painting</i> , 1979	Teresa Treffry, <i>Fashion Design</i> , 1976	
Hilary Ormesher, <i>Fashion Design</i> , 1980	Michelle Salamon, <i>Animation</i> , 1994	Luke Trybula, <i>Printed Textiles</i> , 2009	
Sheila Osborn, <i>Graphic Design</i> , 1949	Michael Samuels, <i>Sculpture</i> , 2000	Jaakko Tuomivaara, <i>Communication Art &amp; Design</i> , 2010	
Milo O'Sullivan	Daphne Sanderson, <i>Textile Design</i> , 1964	David Turner, <i>Textile Design</i> , 1975	
Liliana Ovalle, <i>Design Products</i> , 2006	David Sassoon, <i>Fashion Design</i> , 1959	TVC Group	
Maureen Paley, <i>Photography</i> , 1980	Dame Marjorie Scardino	Evanthia-Chloe Vazaka, <i>Architecture</i> , 2006	
Nathan Pass, <i>Textiles</i> , 2012	Angela Schluter, <i>Painting</i> , 1966	Christina Vervitsioti, <i>Illustration</i> , 1999	
Linda Patrick, <i>Fashion Design</i> , 1982	Roman Schoneboom, <i>Service Design</i> , 2014	Keiron Vital, <i>Photography</i> , 1991	
Johannes Paul, <i>Industrial Design Engineering</i> , 2003	Geoffrey Schott, <i>Illustration</i> , 1998	Constanze Von Unruh, <i>History of Design</i> , 2008	
Edward Payne, <i>Sculpture</i> , 2010	Dr Alex Seago, <i>History of Design</i> , 1990	Elizabeth Wall, <i>Ceramics &amp; Glass</i> , 2004	
Esther Pearson, <i>Textile Design</i> , 1973	John Senior, <i>Architecture &amp; Interiors</i> , 1999	Professor Diane Waller, <i>General Studies</i> , 1972	
Mark Phillips, <i>Industrial Design Engineering</i> , 1994	Katherine Sharp, <i>History of Design</i> , 1995	Phillipa Warden Hill, <i>Fashion Womenswear</i> , 1996	
Rachel Philpott, <i>Textiles</i> , 2011	Dr Phil Shaw, <i>Printmaking</i> , 1980	Max Wehebrink, <i>Industrial Design Engineering</i> , 2005	
Andrea Pilcher	Jennifer Shellard, <i>Constructed Textiles</i> , 1998	Colin West, <i>Illustration</i> , 1975	
Stephen Pimbley, <i>Architecture: Environmental Design</i> , 1985	Wendy Shirley, <i>Textile Design</i> , 1967	Christine Westwood-Davis, <i>Constructed Textiles</i> , 1999	
David Pizzanelli, <i>Holography</i> , 1994	Paul Sibbering, <i>Painting</i> , 1977	Lisa Wilkinson, <i>Textiles</i> , 2010	
	Geoffrey Smith, <i>Computer Related Design</i> , 1994		

# RCA Honorary Degrees

## Honorary Doctors

Sir Ridley Scott, *Filmmaker*

Luc Tuymans, *Fine Artist*

## Senior Fellows

Sir Neil Cossons, *former Pro-Provost and Chair of Council*

## Honorary Fellows

Simon Foxtan, *Stylist and Visiting Professor*

Sarah Griffin, *Curator*

Peter Longfellow, *former Metalwork Technician, Darwin Workshop*

Colum Lowe, *former Head of Design for the NHS National Patient Safety Agency*

Sarah Miller, *former Council Member*

Rohan Silva, *former Senior Policy Adviser to the Prime Minister on technology*

Aitor Throup, *Creative Director, G-Star*

## Fellows

Andrew Asbury, *Director of Buildings & Estates*

John Gallally, *Student Support Manager*

Kay Sandford Beal, *Head of Operations, The Helen Hamlyn Centre for Design*

Sarah McMinn, *Head of Campaigns and Major Gifts*

Professor Victoria Walsh, *Head of Programme, Curating Contemporary Art*

Pauline Watkins, *IP Programmes Manager, InnovationRCA*

# Appointments

## School of Communication

Dr Rathna Ramanathan, *Head of Programme, Visual Communication*

## School of Design

Dr Jonathan Edelman, *Senior Tutor, Design Products*

Dr Robert Phillips, *Senior Tutor, Design Products*

## School of Material

Zowie Broach, *Head of Programme, Fashion*

Fiona Curran, *Senior Tutor, Printed Textiles*

Professor Judith Mottram, *Dean of School*

## Finance

Amanda White, *Director of Finance*

## Research, Knowledge Exchange & Innovation

Dr Emma Wakelin, *Director of Research & Innovation*

# **Accounts 14/15**

# Treasurer's Report



Ms Caragh Merrick, Treasurer

**Looking back on my first, full year as Treasurer at the Royal College of Art, it has been an extraordinary privilege to witness at close hand the quality of students and the calibre of faculty working at the RCA. 2014/15 has been a year of high accolades for the College: the RCA was identified as the world's number one University of Art and Design in 2015 by QS World University Rankings; and in the Research Excellence Framework (REF) 2014, it submitted a higher percentage of eligible staff than any other specialist art and design university, achieving the highest level of research intensity of any submission. These public endorsements of the RCA's good health are reassuring, and serve to underpin its already established reputation as the world's most influential art and design university, with a history of over 175 years of art and design pedagogy.**

At the end of the year, the RCA remains in a solid position, having achieved a modest operating surplus and delivered strongly against recruitment targets for next year. Looking forward, the College's new strategic plan, for launch in 2016, embeds realistic growth alongside robust financial forecasting and management.

Visiting the SHOW this year, the vast array of art and design talent on display left me with no doubt that the College will continue to contribute as much to society and culture in the twenty-first century as it did in the twentieth. It has also given me particular pleasure to see the RCA retain the Higher Education Funding Council for England (HEFCE) Quality-related Research Funding (worth £2.3 million in 2015/16) as a result of its excellent REF results.

The Royal College of Art is one of a small number of specialist institutions currently in receipt of discretionary funding from HEFCE, which is subject to review in autumn 2015. Institutions have been invited to show that they provide world-leading teaching and the outcomes that result from that. The RCA, I believe, has submitted a compelling, evidence-based case for support, however, in the light of pressure on HEFCE resources, there is concern that this stream of funding will come under pressure in the medium if not the short term.

The College's Strategic Plan 2011–16 was mindful of the need to diversify and increase its funding streams. While the RCA remains a relatively small College, the number of new programmes offered is expanding, as we keep pace with new knowledge in art and design. Student numbers did not increase between 2013/14 and 2014/15, but we have exciting plans in store for the next five years, as we intend to roll out new programmes including Healthcare Design, Landscape Architecture and Critical Practice in Fine Art. Throughout 2014/15,

Senate and Deans have worked closely with the Co-presidents of the Students' Union to ensure that student satisfaction is reviewed and improved wherever possible, in particular, we are pleased to note the introduction of a Student Charter, which I am sure will provide a solid basis for expectations. I thank the Co-presidents for their contribution in this regard.

The 2011–16 Strategic Plan was complemented by an Estates Masterplan, the final phase of which was completed during 2014/15 when the Woo Building was officially handed over by Vinci contractors to the College, and the process began of installing the kilns, hot glass, metalwork and jewellery equipment into the workshop spaces for our School of Material. The Woo Building owes its existence to the generosity of donors Sir Po-Shing and Lady Helen Woo, and the College is indebted to its supporters for many aspects of the rich student experience on offer. Substantial capital donations are essential to support the ambitions of the College, and I would like particularly to thank the Garfield Weston Foundation for their £5m grant made to support the revitalisation of the Darwin Building.

In a recent alumni survey, 85% of recent graduates stated that the RCA was very important or important in preparing them for their future career; key to this, for the majority of respondents, was the freedom to explore their own creativity, followed by the student mix and the quality of RCA teaching staff.

I hope that these financial statements present a clear picture of the Royal College of Art and invite you to learn more about the work of this unique institution by reading the accompanying review.

**“THE RCA’S FINANCIAL  
AND STRATEGIC  
PLANNING PRESERVES  
EXISTING FOUNDATIONS  
AND BUILDS FOR  
THE FUTURE.”**

# Key Financial Highlights 2014/15

The financial statements  
comprise the results of the  
Royal College of Art and RCA  
Design Group.

33%

Income from Funding  
Council Grants

Surplus of

£491K

1.2%

of Income Represented  
by Surplus

Income

£4.1M

**£4.4M** Capital Investment

**£100M**

**Net Assets Exceeded  
for the First Time**

“THIS HAS BEEN  
A YEAR OF CONTINUED  
INVESTMENT IN RCA  
INFRASTRUCTURE,  
TO ENSURE LONG-TERM  
SUSTAINABILITY  
AND GROWTH.”

**£782K**

**of New  
Endowments  
to Support  
Students**

## Total Income

Over the last five years, income has grown by 36% to £41.7m (2013/14 £40.3m). In 2010/11 the College received almost half of its income from Funding Council (HEFCE) grants, but that figure has now reduced to a third. Grant income rose 3% in 2014/15 to £13.7m, as work on the Catalyst-funded HELIX (Healthcare Innovation Exchange) project continued (see p. 17).

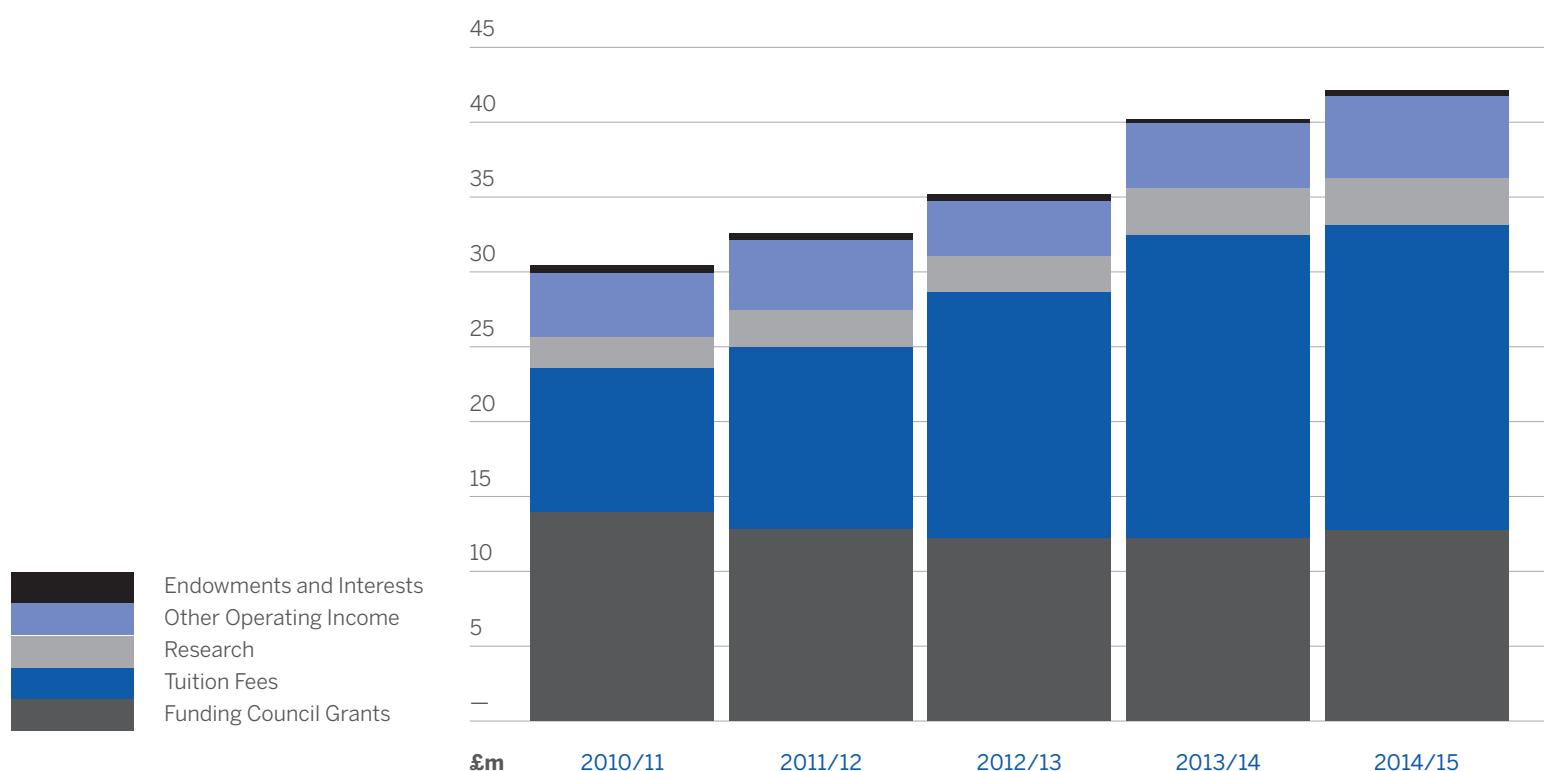
The College continues to develop its student offering, and educated 1,365 FTE (full-time equivalent) students, with a 33% overseas contingent. Applications for places at the College remain strong; however we cannot be complacent about increased competition within

the Higher Education sector or the financial pressures on students from fees and the cost of living. Our response is to focus continually on improving the student experience.

Income from tuition fees of £20.8m is more than double that earned in 2010/11. Tuition fee income growth of 2% was lower than the previous three years, as planned; the rate is expected to increase again in 2015/16, as further space is available following completion of the Woo Building at Battersea.

Research income rose 11% to £2.3m, as the College was successful in securing several new grants, including £500k from the Engineering and Physical Sciences

Research Council (EPSRC) for Future Makespaces. Other operating income grew 10% to £4.6m, driven by increases from corporate partnerships.



## Total Expenditure

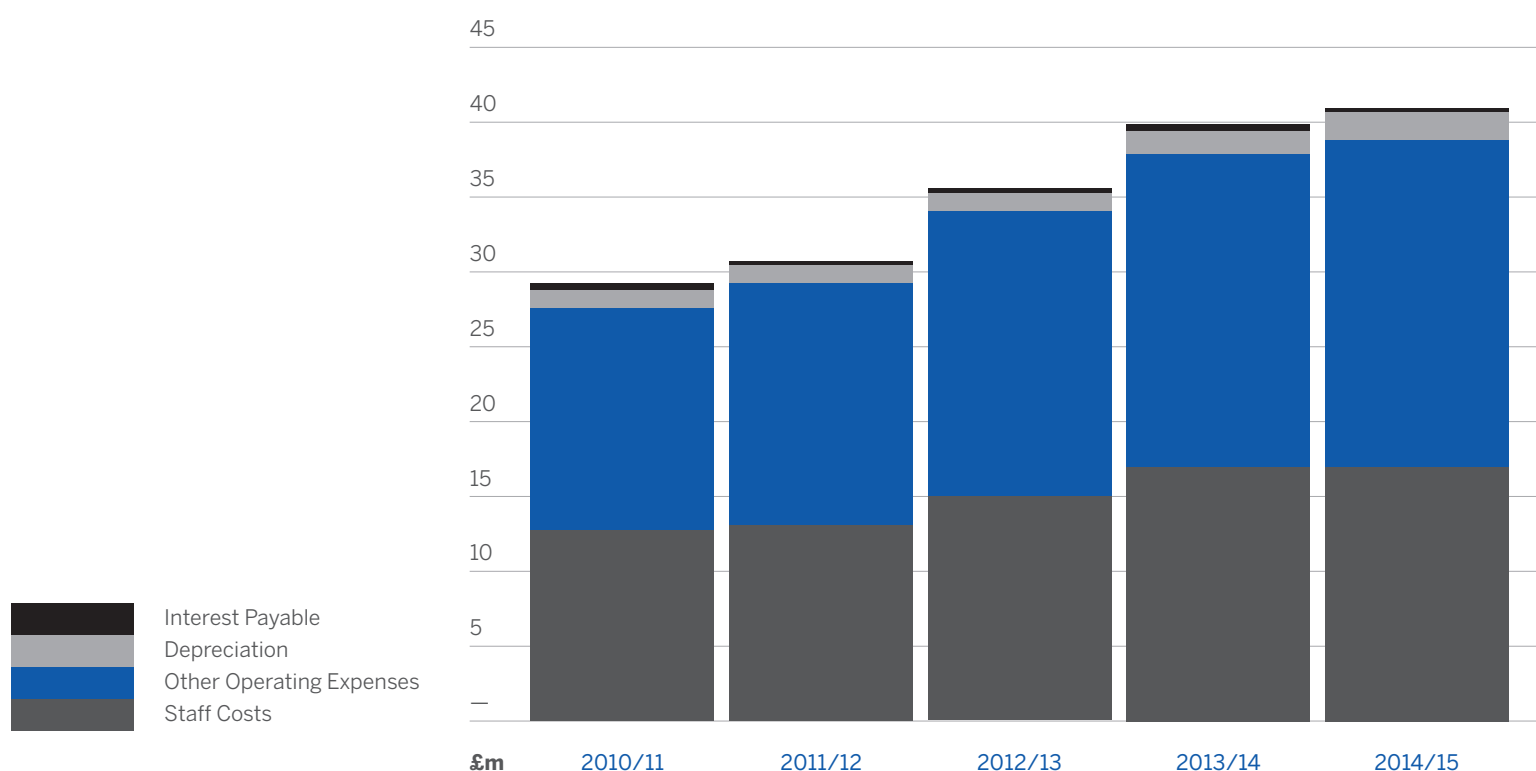
Total expenditure in the last five years has grown from £29.6m in 2010/11 to £41.4m in 2014/15. Since the beginning of the current Strategic Plan period, the College has invested heavily in its building, technical services and administrative infrastructure. Much of the recent work has been financed through revenue surpluses, as the College's external financing has been directed towards completing work on the North Battersea development.

In 2014/15, expenditure increased by 8% on academic programmes, technical services and the degree show, as the College continues to focus on

improving the student experience. Expenditure on premises fell as a result of outsourcing a number of building and estates services; the cost of administrative services compared to income also reduced proportionally following recent investment in new finance and HR systems. Depreciation and amortisation charges increased 18% to £2.8m following the completion of the Woo Building.

## Bursaries and Scholarships

The RCA currently administers a bursary scheme for full-time students from England, Wales, Northern Ireland, Scotland and other EU countries, through which an average of 86% of eligible students receive a fee bursary of £3,000. In 2014/15, the College also disbursed an additional £1.3m of other scholarships, prizes and awards. Scholarships ensure that the best students can access an RCA education by overcoming financial barriers. Establishing more scholarships for talented and deserving students is a key strategic priority.

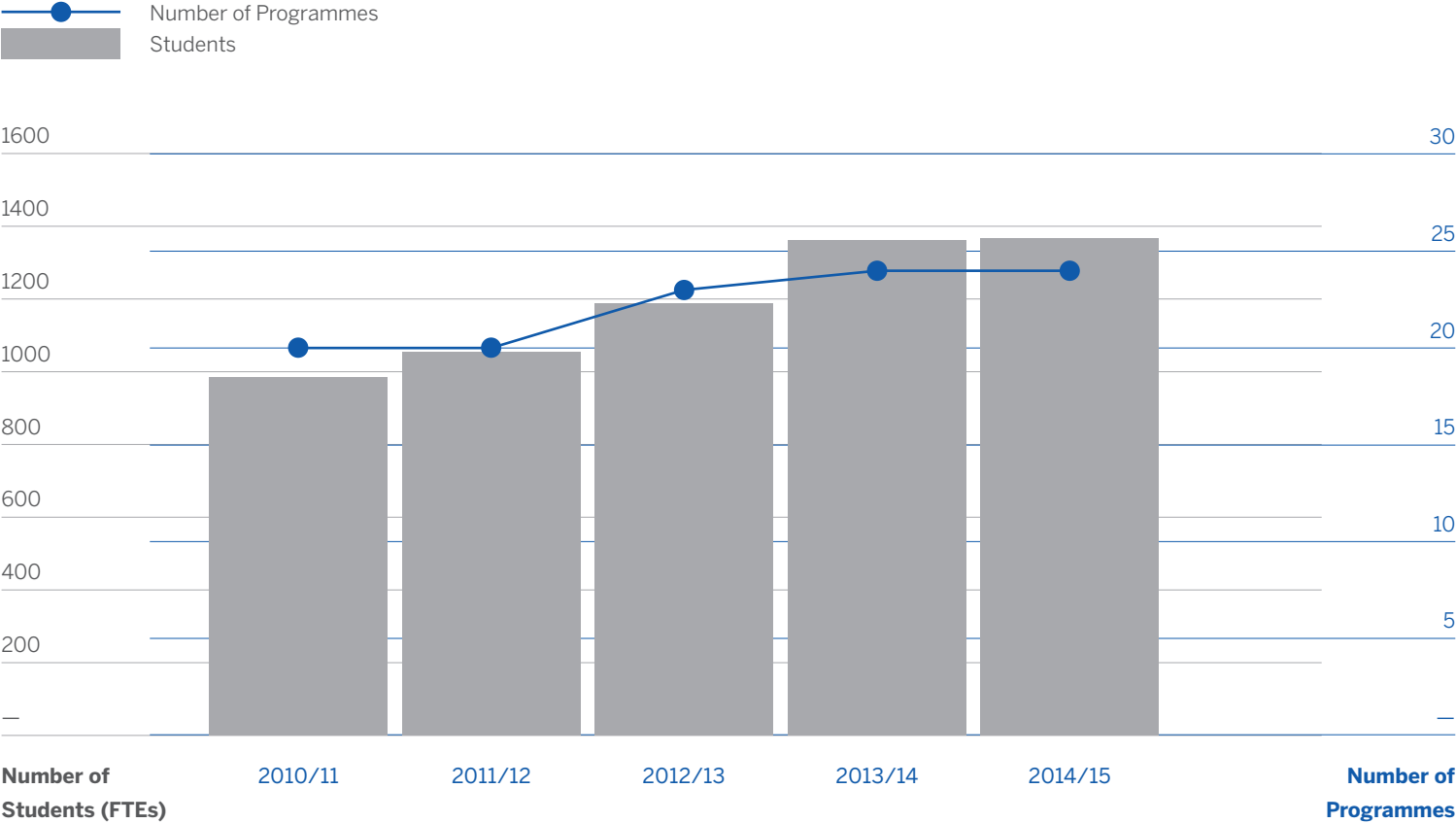


# Performance against strategic goals 2011–16



Three strategic goals, underpinned by four facilitating factors, influence our financial performance as set out below.

I. Expand the Master's programme to advance new developments in design and art, ensuring twenty-first century relevance



Over the last three years we have launched four new Master's programmes; Information Experience Design, Interior Design, Service Design and Global Innovation Design. 2014/15 saw the first students graduate from the Global Innovation Design programme, which is delivered in collaboration with Imperial College London, and provides opportunities for students to study in Tokyo, New York and London.

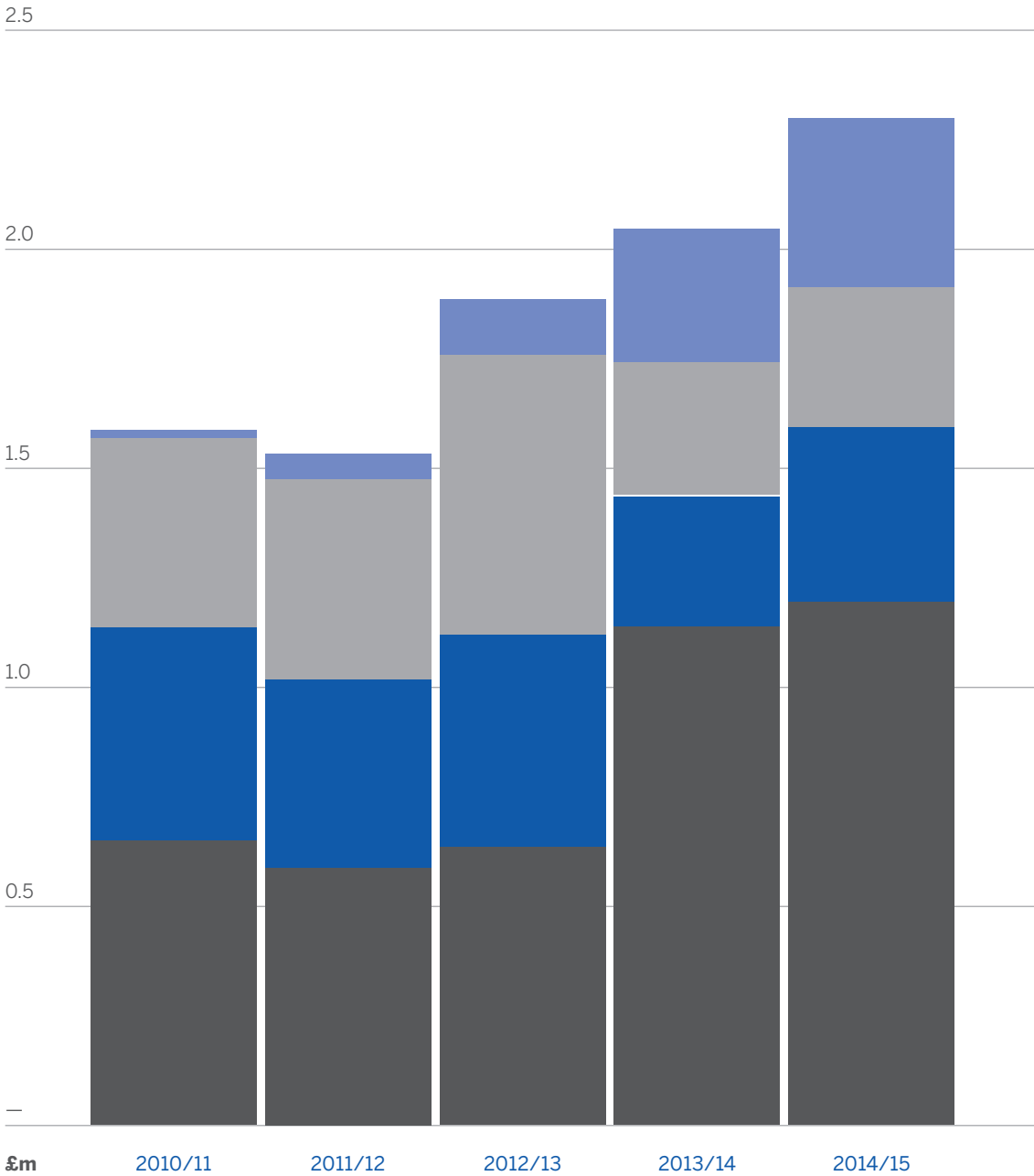
The RCA has a strong track record of preparing its postgraduate students for careers in art, design and the creative

sector – indeed the College is widely viewed as a crucible of the creative industries.

For example, Service Design, after only three years, boasts a near-100% record of graduate employability with major companies including Accenture, Barclays, Samsung, Royal Bank of Scotland, Ministry of Justice and IDEO.

## 2. Consolidate and realise research excellence

The College's research excellence is detailed on pp. 16–23. Income from Research grants and contracts has grown strongly over the last five years, and increased by a further 11% in 2014/15 to £2.3m, the highest level achieved in the College's history. We are strengthening the College's robustness in the 'Research–KE–Innovation pipeline', focusing on winning bids and income, achieving significant success rates in grants won, and developing internal peer review and grant development expertise.



### **3. Strengthen the culture of design innovation and entrepreneurialism with closer links to industry**

The RCA's unique relationship with industry and innovation is outlined on p. 19. Design innovation, long championed by the RCA, continues to be strengthened through the continued progression of the most entrepreneurial graduates on to the InnovationRCA incubator programme; and the increased recognition of the RCA's ability to provide consultancy to industry and policy makers, including DEFRA, the Prime Minister's Policy Unit and government agencies in Hong Kong and Qatar.

The College continues to invest resource in developing its executive education offering, and aims to grow from £300k per annum income to a planned £1m per annum, both by growing high-value bespoke services to corporate partners, and planning and executing a programmed portfolio of executive

education short courses derived from the generation of new knowledge and insights in the RCA's research and innovation work.

InnovationRCA celebrated its tenth anniversary during 2014/15, and has seen significant successes including Concrete Canvas, Plumis and ROLI arising from student projects, with 26 companies founded. The next stages of InnovationRCA's development include the formation of an Angel Investor Network to facilitate private investment into future graduate start-up companies.

Other collaborations in 2014/15 include the Huawei Knowledge Exchange in Shenzhen, China, and Tata Consultancy Services, London – the latter resulting in a new joint B2B service, to be based at the RCA.

# Facilitating Factors

## 1. Institutional positioning and advocacy

The RCA is a small and highly specialist institution whose reach, profile and international impact far exceed its scale. With more than 60 nationalities represented among its community, the College operates as an international university in a global higher education context. Positioning and advocacy work is key to the College achieving its objective to become the leading internationalised university of art and design with enhanced global recognition, influence and impact.

The RCA takes a leadership role in fostering dialogue with governmental and key institutional partners. In 2014/15 this has included advocacy work undertaken via membership organisations including UUK, London Higher, London First and the newly established Creative Industries Federation. In addition, the College has established a new academic partnership with Tsinghua University, in addition to existing partnerships with leading global partners including the Victoria and Albert Museum (V&A) and Imperial College London. The RCA has continued its positive relationship with its primary funding body HEFCE and the Higher Education Academy.

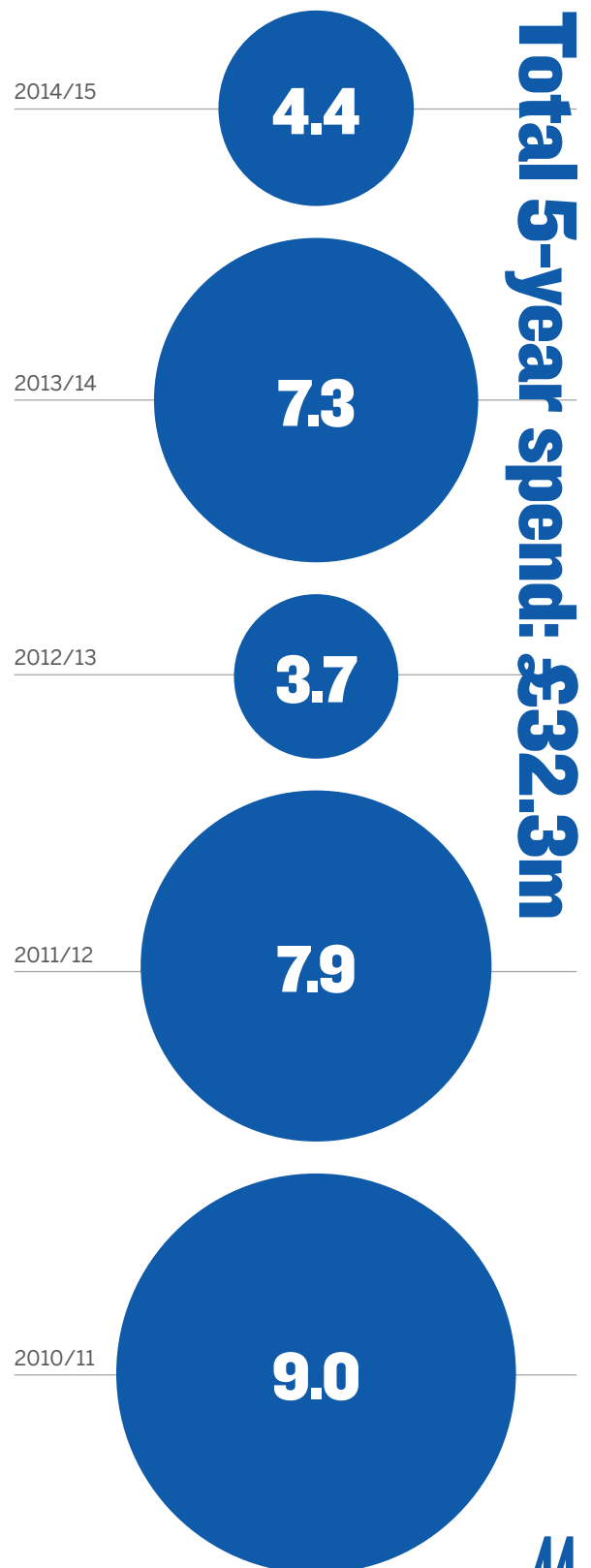
International recognition and standing of RCA staff is evidenced by senior staff being invited to advise higher education institutions (HEIs) around the world on academic and research strategy, with similar relationships established with government bodies and non-government organisations (NGOs).

## 2. Campus

The College has invested more than £32m over the last five years in the development of its estate at Battersea and other infrastructure improvements, which together have delivered world-class facilities befitting the world's pre-eminent art and design school.

In 2014, the RCA undertook a comprehensive estate planning exercise, using a third-party consultant, which resulted in new space standards being implemented across the College. These new standards will allow us to increase student numbers by nearly 30% within our current estate. As the College continues to grow, we will be able to further improve our utilisation.

## Capital Investment (£m)



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

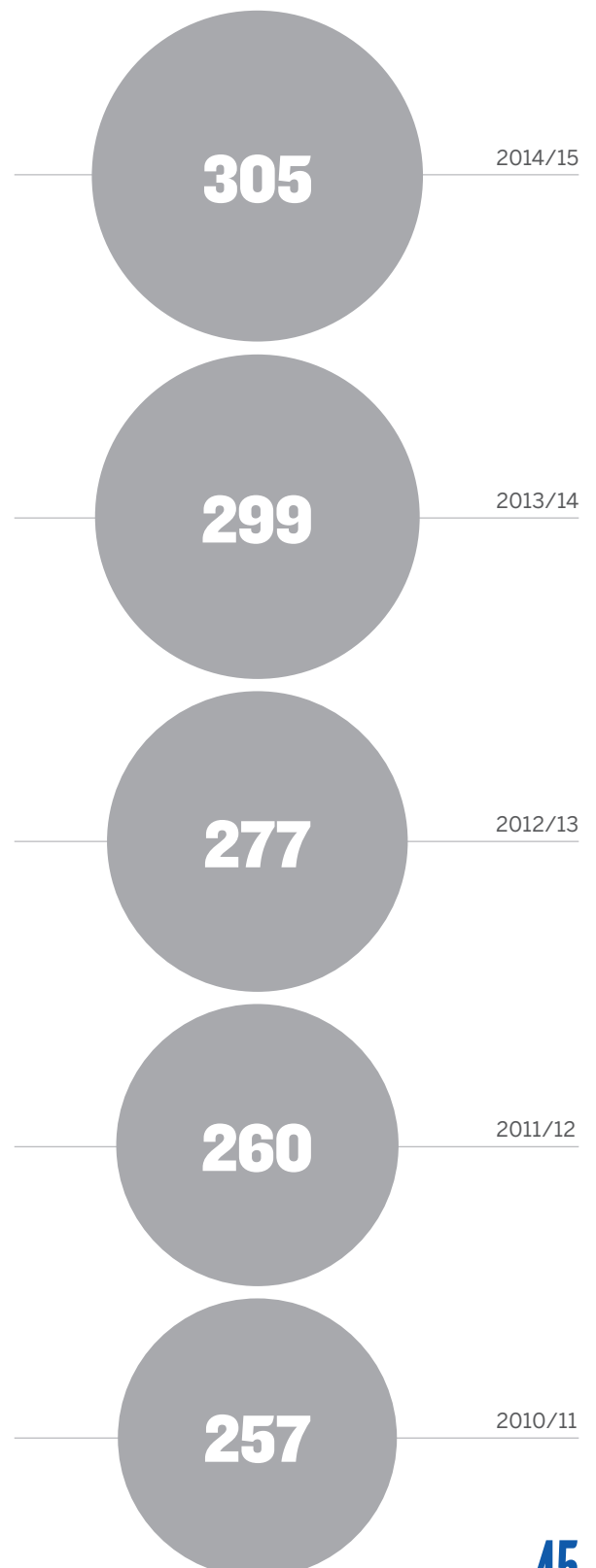
### 3. People and culture

In 2014/15 the College employed 476 permanent staff, supplemented by over 800 visiting lecturers. This equated to 305 full-time equivalent staff. The College prides itself on being able to recruit, retain and support the very best academics who are practitioners and researchers at the leading edge of their disciplines. From visiting lecturers, up to and including Deans and the Pro-Rector (Academic), all academic staff are engaged in practice, which contributes to the unique quality of teaching and research, and the closeness of the curriculum with the latest thinking and innovation across our 24 disciplines. This approach allows us to attract world-leading staff, as well as inspirational practising designers, artists, architects and theorists who contribute to ensuring our academic environment is world-leading.

The College has grown its student numbers and has increased the academic staff commensurately. We have taken steps to control staff costs and to ensure the College operates efficiently and effectively, by investing in key professional functions such as finance and human resources, while actively seeking to obtain benefit from investment in systems to manage budgets and people.

The Superannuation Scheme for the University of London (SAUL), which the College uses for its entire staff, changed to 'career average benefits' in July 2012. The scheme is valued every three years,

and in March 2014 the valuation showed a deficit of £118m, in addition to a contribution strain of 4.6%. In April 2015, SAUL's negotiating committee agreed on a series of proposals that were accepted by the trustees. These included closing the final salary plan to all members, increasing employer contributions from 13% to 16% with no commensurate increase in member contributions and improving the accrual rate from 1/80ths to 1/60ths. In anticipation of SAUL implementing these proposed changes, the College has made provision for the increase in employment costs from April 2016.



## 4. Finance

### 1. Surplus for the year

The College's surplus was £491k in 2014/15, which was lower than the prior year as a result of increased depreciation charges following the completion of the Woo Building. Excluding this, earnings generated were at the same level as 2013/14.

### 2. Current ratio

The current ratio measures an organisation's ability to pay its creditors. The College's ratio strengthened from 1.3 to 1.5 during the year.

The College 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.

### 3. Net assets / Cash and cash deposits

The College's balance sheet remains strong: net assets have increased to £107.3m (2013/14: £99.5m), the first time they have exceeded £100m.

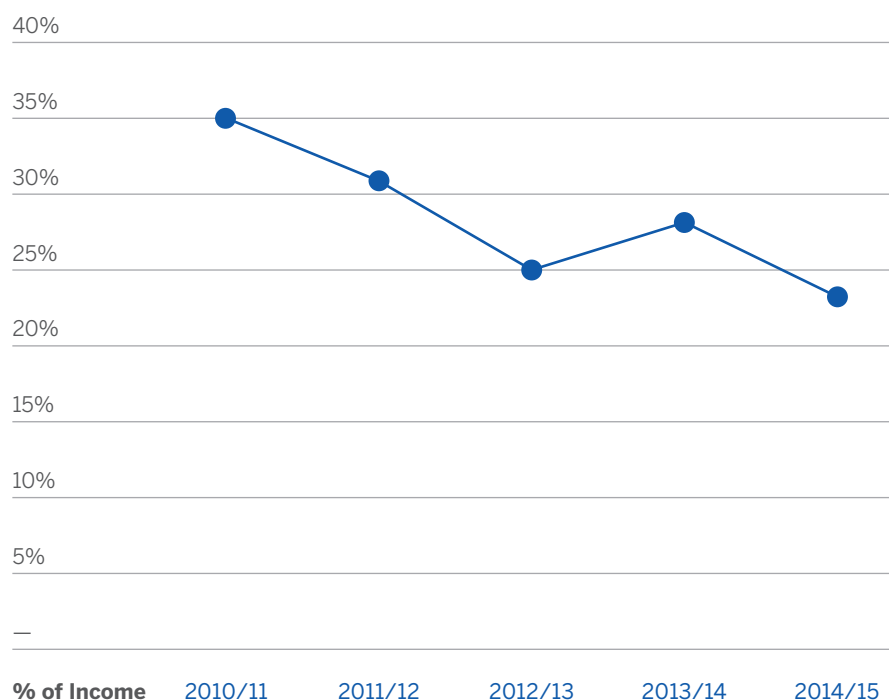
At the end of the year, the College had cash of £13.8m (2013/14: £8.3m), which included a £5m donation from the Garfield Weston Foundation. Surplus cash is maintained in a short-term interest bearing account. Interest received on short-term cash deposits amounted to £0.1 million during the year.

Net cash inflow from operating activities (£5.5m) increased substantially over the period (2013/14: £2.6m). This was partly driven by a reduction in debtors (£0.6m) after the introduction of a new debt management policy but also by an increase in creditors (£2.2m). The increase in creditors was due to an increase in deferred income (£1.1m), as the College received more ring-fenced project funding upfront. There was also an increase in the amount of tuition fee deposits received from students who will be studying at the College in 2015/16 (£0.5m). Sundry creditors also increased (£1.1m) mainly due to the recognition of liabilities relating to student bursaries, including match funding for the HEFCE Postgraduate Support Scheme.

## 4. External borrowing as % of total income

The College's level of external borrowing continues to reduce. The debt relates to two loans; a £12m loan was taken out in 2010 to fund a deficit payment that was required when the RCA transferred its in-house pension scheme to SAUL, and a further £4m loan was taken out in 2013 to fund the Woo Building.

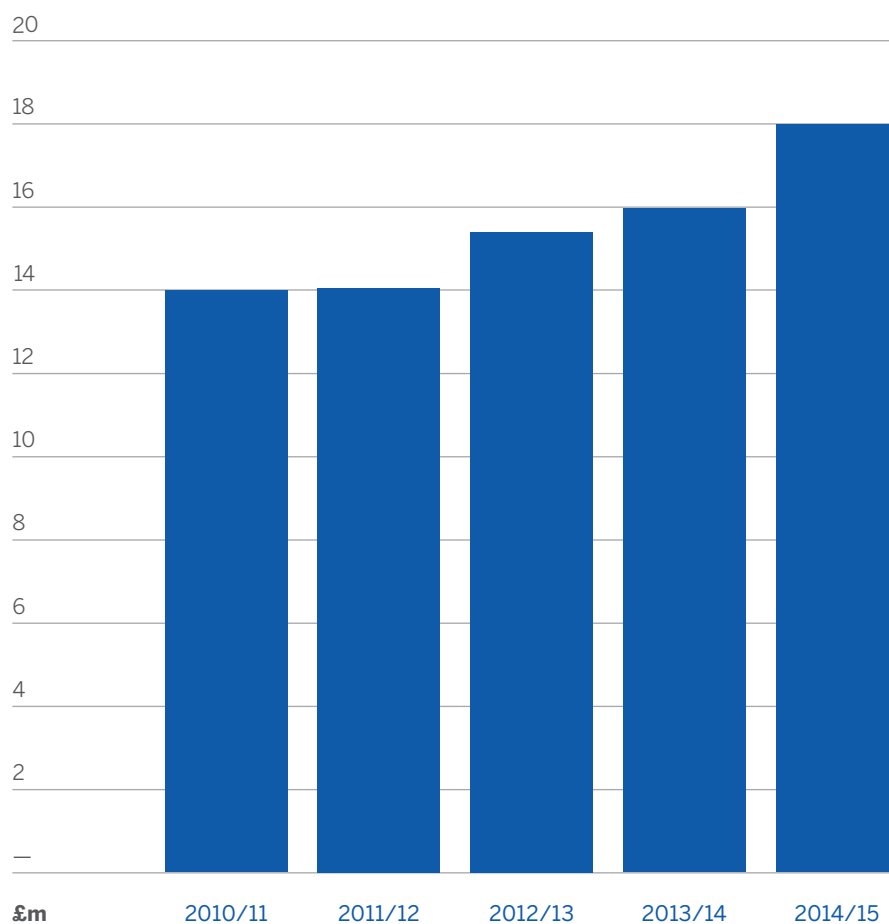
External Borrowing as % of Total Income



## 5. Investment

The College's investments are overseen by the Investment Committee, which is charged with setting investment policies for the College's endowments and cash reserves, and monitoring their implementation. Funds are split between £6.3m under the Baring Dynamic Asset Allocation Fund and £12.2m under the management of Ruffer Investment Management LLP. Total funds under management at year end were £18.5m. In 2013/14 Council approved the release of £4.8m to fund the final stage of the Woo Building development. This transaction will be completed during 2015/16.

Endowment Investments



# Risks

The College has a well-developed risk register, which is reviewed by the Audit Committee at each meeting. The most significant risk on the register at the end of 2014/15 financial year is the possible loss or significant reduction in the College's ISTA (Institution Specific Targeted Allocation) funding following the current HEFCE review. Other important risks are the threat to student recruitment represented by changes to immigration regulations. Action is being taken to mitigate these risks in as much as it is in the College's power to do so.

For example, the RCA provides prospective applicants with information and support to meet visa requirements, to ensure that 'refusal rates' are kept below the Home Office limit of 10%, which is a condition of the RCA's Tier 4 licence. The College also provides detailed information and support for staff in relation to the Tier 2 and 5 visa routes, and continues to be successful in obtaining a number of visas for graduates who start-up businesses sponsored by InnovationRCA.

# Subsidiaries

During the year the College continued to use a subsidiary – RCA Design Group Ltd – to act as the developer of the Woo Building. This arrangement safeguards the College's potential recovery of input VAT on the projects. RCA Design Group is incorporated and registered in England and Wales. The subsidiary is included in the consolidated accounts. The College also has a dormant subsidiary company, Lion & Unicorn Press Ltd.

In July 2015, the College created a new 100%-owned subsidiary, RCA Angel Investor Club Ltd, to facilitate the creation of a network of angel investors who may invest in incubator companies supported by InnovationRCA. There were no transactions during the financial year.

# Conclusion

The higher education sector in the UK continues to experience change and financial pressure. The College remains in a strong position in both postgraduate teaching and world-leading research, as demonstrated by our number one QS ranking and outstanding REF results, and is launching a new Strategic Plan in 2016, to provide a robust roadmap to 2021. 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, to ensure we have funding to remain agile and responsive to change, and to invest accordingly in the student experience.

# Scope of the Financial Statements

**The College is an exempt charity which operates under the terms of a Royal Charter. The trustees of the charity are the current Council members (see page 54). The current Charter was granted in 1967, although the College was originally founded in 1837 – at that time it was known as the Government School of Design.**

The College has governance arrangements which are similar to those of pre-1992 English Universities. It is funded by the Higher Education Funding Council 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 College are 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 such, the College has charitable status for taxation purposes but it is regulated by the Higher Education Funding Council for England (HEFCE). HEFCE requires exempt charities which it regulates to publish an annual public benefit statement having regard to the Charity Commission guidance on public benefit.**

The College is incorporated by Royal Charter – it has no shareholders and it does not distribute profits. Any surpluses which arise on its income and expenditure are reinvested in the College's teaching and research activities.

## Education

The College 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. The College provides bursaries and hardship grants to some of its students, partly from HEFCE resources and partly from other resources. These bursaries and hardship payments help students of limited means to study at the College.

## Research

The high-quality research, knowledge exchange and innovation activities undertaken by RCA academics contribute to knowledge and understanding in the academic disciplines of Art and Design, and are applied in numerous contexts where they make a difference to our quality of life, to the performance of businesses and to the provision of public services. RCA research, knowledge exchange and innovation activities are supported by major national funders (including the UK Research Councils, Innovate UK and the Wellcome Trust), EU funding programmes, charities and partnerships with businesses.

Research funded by national public bodies is undertaken on a full economic cost basis, not for profit. Where any surplus is generated from commercial projects and partnerships, this surplus is reinvested in the College's teaching and research activities as appropriate.

## Other Activities

The College 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. The College also operates a schools liaison programme, known as ReachoutRCA. 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.

## Policies and Operations

The College 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 Council comprises lay staff and students appointed under the College's Statutes, the majority of whom are non-executive. The roles of Chair and Vice-Chair of Council are separated from the role of the College's Chief Executive, the Rector. The matters specifically reserved to the Council for decision are set out in the College's Statutes. By custom and under the HEFCE Financial Memorandum, 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 meets four times a year and has several Committees, including a Finance Committee, a Buildings & Estates Committee, an Audit Committee and a Remuneration Committee. All these Committees are formally constituted with terms of reference and comprise mainly lay members of Council.**

The Senior Management Team recommends to the Finance Committee the College's annual revenue and capital budgets, and monitors performance in relation to the approved budgets. The Senior Management Team advises Council on the College's overall objectives and priorities, and the strategies and policies required to achieve them. The Nominations Committee considers nominations for vacancies on Council and Committee membership under the relevant Statute. The Remuneration Committee determines the remuneration of the most senior staff. The Buildings & Estates Committee is responsible for estates planning and strategy.

The Audit 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 Committee also receives and considers assurance and internal control reports from HEFCE and monitors adherence to the regulatory requirements. The Audit Committee reports annually to Council and to HEFCE on the operation of the College's internal control procedures, risk management, value for money and other relevant matters. While Senior Management Team members attend meetings of the Audit 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.

## Risk Management

On behalf of Council, the Audit 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. The results were considered by management and reviewed by the Audit Committee. The Audit Committee is also responsible for the oversight of the College's policies and procedures for Risk Management, in accordance with guidelines issued by HEFCE. A risk management policy for the College has been approved by Council, and a Risk Framework has been presented to the Council by the Audit Committee. The risk management policy sets out the College's underlying approach to risk management and documents the roles and responsibilities of senior managers, Council and other key parties. During the year senior officers of the College attended the Committee to discuss their perceptions of the key risks facing the College and the risk register has been updated accordingly.

## Register of Interests

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

## Responsibilities of the Council

The Council is responsible for the governance of the College and is required to present audited financial statements for each financial year.

The Council is responsible for ensuring proper records are kept which disclose with reasonable accuracy at any time the financial position of the College and enable it to ensure that the accounts are prepared in accordance with the Royal Charter and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) and other relevant accounting standards. In addition, within the terms and conditions of the Financial Memorandum agreed between HEFCE and the Council of the College, the Council, through its designated office holder, is required to prepare accounts for each financial year that give a true and fair view of the state of affairs of the College and of the surplus or deficit for that year.

## **In causing the accounts to be prepared, the Council has to ensure that:**

- suitable accounting policies are selected and applied consistently
- judgements and estimates are made that are reasonable and prudent
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- the College had adequate resources to continue in operation for the foreseeable future and for this reason the financial statements are prepared on the 'going concern' basis.

## **The Council has taken reasonable steps to:**

- ensure that funds from HEFCE are used only for the purposes for which they have been given and in accordance with Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources
- safeguard the assets of the College and prevent and detect fraud
- secure the economical, efficient and effective management of the College's resources and expenditure.

## **The key elements of the College's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:**

- clear definitions of the responsibilities of, and the authority delegated to Deans, Heads of Programme and Directors of Professional Departments
- a comprehensive medium- and short-term planning process, supplemented by detailed variance reporting and updates of forecast out-turns

- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Council
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Finance Committee and Council
- a professional Internal Audit team whose annual programme is approved by the Audit Committee.

The Audit 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 published 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 publicized within and outside the institution*'. The Nominations Committee has considered this requirement and has decided that it wishes to seek nominations from existing lay members of Council in the first instance but that, if necessary, a search will be employed to identify potential candidates with specific skills.

# Council & Committee Members

The following served as members of Council during the year:

## Ex Officio Members

**The Provost** — Sir James Dyson

**The Chair and Pro-Provost** — Sir Neil Cossons (until 28 February 2015), Baroness Rebuck of Bloomsbury DBE (from 1 March 2015)

**The Rector and Vice-Provost** — Dr Paul Thompson

**The Treasurer** — Ms Caragh Merrick

**The Pro-Rector (Academic)** — Professor Naren Barfield

**The Pro-Rector (Operations)** — Ms Jane Alexander

**The Co-President of the Students' Union** — Mr Miloslav Vorlicek

## Members appointed by the Court

Mr Charles Allen-Jones (Vice-Chair)

Professor Richard Burdett

Mr Rupert Hambro CBE

Ms Betty Jackson

Dr Joanna Kennedy OBE

Ms Sarah Miller (until 31 December 2014)

Dame Marjorie Scardino

Ms Cathy Turner

Professor Martin Roth

Lady Ritblat

Mr Yinka Shonibare MBE

Ms Magdalene Odundo OBE

## Members appointed by the Senate

Professor Sharon Baurley

Professor Dale Harrow

Professor Juan Cruz

Professor Judith Mottram

Professor Alex de Rijke

Professor Teal Triggs

Professor Victoria Walsh

## One Student elected by the Students

Ms Ritz Wu

## Co-opted Members

Mr Tony Brierley

Ms Hemione Hudson (until 8 June 2015)

Professor Alice Gast

Sir Peter Michael

Mr Paul Priestman

Mr John Studzinski CBE

The following served as members of the key Committees:

## Chairs' Committee (from 1 March 2015)

Baroness Rebuck of Bloomsbury DBE

Mr Charles Allen-Jones

Ms Caragh Merrick

Mr Tony Brierley

Dr Joanna Kennedy OBE

Ms Cathy Turner

Mr Rupert Hambro CBE

Dr David Good

## Finance Committee

Ms Caragh Merrick, Chair

Mr Charles Allen-Jones

Dr Paul Thompson

Ms Jane Alexander

Ms Hemione Hudson (member until 8 June 2015, co-opted from 9 June 2015)

## Audit Committee

Mr Tony Brierley, Chair

Mr Roger Miles (co-opted)

Ms Sarah Miller (until 31 December 2014)

Mr David Thompson (co-opted)

Ms Catherine Parry (co-opted)

Ms Cathy Turner

## Remuneration Committee

Sir Neil Cossons, Chair (until 28 February 2015),

Baroness Rebuck of Bloomsbury DBE (from 1 March 2015)

Mr Charles Allen-Jones

Ms Caragh Merrick

Ms Cathy Turner

Dr Paul Thompson

# Senior Officers and Advisers

## Buildings & Estates Committee

Dr Joanna Kennedy OBE, Chair

Mr Robert Evans (until 31 December 2014, co-opted)

Dr Paul Thompson

Professor Martin Smith

Ms Jane Alexander

Mr Charles Allen-Jones

Mr Alan Leibowitz (co-opted)

Mr Mike Forster (co-opted)

Mr Simon Ward (co-opted)

## Investment Sub Committee

Mr John Studzinski CBE, Chair (until 26 January 2015),

Ms Caragh Merrick (from 27 January 2015)

Dr Paul Thompson

Ms Jane Alexander

## Development Board

Mr John Studzinski CBE, (Chairman until 30 April 2015),

Mr Rupert Hambro CBE (from 1 May 2015)

Baroness Rebuck of Bloomsbury DBE

Dame Marjorie Scardino

Mr Paul Priestman

Mr Tim Brown (co-opted)

Ms Jagdip Jagpal (co-opted)

## Nominations Committee

Sir Neil Cossons, Chair (until 28 February 2015),

Baroness Rebuck of Bloomsbury DBE (from 1 March 2015)

Dr Paul Thompson

Ms Jane Alexander

Mr Charles Allen-Jones

Ms Caragh Merrick

Ms Sarah Miller (until 31 December 2014)

**Rector and Vice Provost** Dr Paul Thompson

**Pro-Rector (Academic)** Professor Naren Barfield

**Pro-Rector (Operations)** Ms Jane Alexander

**Interim Director of Finance** Ms Louise Parr-Morley  
(to 23 November 2014)

**Director of Finance** Ms Amanda White (from 24 November 2014)

**Academic Registrar** Ms Corinne Smith

**Director of Research and Innovation** Dr Emma Wakelin  
(from 15 June 2015)

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

**Director of the Helen Hamlyn Research Centre**  
Professor Jeremy Myerson

## Bankers

National Westminster Bank plc,  
180 Brompton Square, London SW3 1XJ

## 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

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

**We have audited the Group and College financial statements (the 'financial statements') of the Royal College of Art for the year ended 31 July 2015 which comprise the Consolidated Income and Expenditure Account, the Consolidated and College Balance Sheets, the Consolidated Cash Flow Statement, the Statement of Consolidated Total Recognised Gains and Losses, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).**

This report is made solely to the 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 it 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 Council for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of the Council and Auditor

As explained more fully in the Responsibilities of the Council Statement, set out on page 52, the Council is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Review to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## Opinion on financial statements

- In our opinion the financial statements:
- give a true and fair view of the state of the affairs of the Group and College as at 31 July 2015 and of the Group's income and expenditure, recognised gains and losses and cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education; and
- meet the requirements of HEFCE's Accounts direction to higher education institutions for 2014–15 financial statements.

## Opinion on other matters prescribed in the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the College's Statutes;
- funds provided by HEFCE have been applied in accordance with the Financial Memorandum and any other terms and conditions attached to them; and
- the corporate governance and internal control requirements of HEFCE's Accounts direction to higher education institutions for 2014/15 financial statements have been met.

## Neil Thomas

For and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square  
London E14 5GL

23 November 2015

# Consolidated Income and Expenditure Account for the Year Ended 31 July 2015

Income	Notes	2014/15 £'000	2013/14 £'000
Funding Council Grants	1	13,745	13,324
Tuition Fees and Education Contracts	2	20,777	20,418
Research Grants and Contracts	3	2,294	2,070
Other Operating Income	4	4,605	4,193
Endowment and Investment Income	5	267	314
<b>Total Income</b>		<b>41,688</b>	<b>40,319</b>
Expenditure			
Staff Costs	6	17,349	17,005
Other Operating Expenses	7	21,023	19,979
Depreciation and Amortisation	10,11	2,785	2,351
Interest and Other Finance Costs	8	216	244
<b>Total Expenditure</b>	9	<b>41,373</b>	<b>39,579</b>
Surplus/(Deficit) on Continuing Operations After Depreciation of Tangible Fixed Assets at Valuation Before Exceptional Items		315	740
<b>Surplus/(Deficit) on Continuing Operations After Depreciation of Assets at Valuation and Disposal of Assets</b>		315	740
Surplus Transferred to Accumulated Income in Endowment Funds	21	176	193
Surplus for the Year Retained Within General Reserves		<b>491</b>	<b>933</b>
The Income and Expenditure account has been prepared in respect of continuing operations.			

# Balance Sheets as at 31 July 2015

<b>Fixed Assets</b>	Notes	Consolidated 2015 £'000	Consolidated 2014 £'000	College 2015 £'000	College 2014 £'000
Intangible Assets	10	213	140	213	140
Tangible Assets	11	91,326	89,809	91,326	89,809
Other Fixed Asset Investments	12	605	589	605	589
<b>Endowment Asset Investments</b>	13	<b>17,943</b>	<b>15,946</b>	<b>17,943</b>	<b>15,946</b>
<b>Current Assets</b>					
Stock		51	53	51	53
Debtors	14	2,030	2,646	2,030	2,646
Investments	15	11,560	8,222	11,560	8,222
Cash at Bank and in Hand		2,229	85	2,229	85
<b>Total Current Assets</b>		<b>15,870</b>	<b>11,006</b>	<b>15,870</b>	<b>11,006</b>
<b>Creditors:</b> Amounts Falling Due Within One Year	16	10,731	8,431	10,731	8,431
<b>Net Current Assets</b>		5,139	2,575	5,139	2,575
<b>Total Assets Less Current Liabilities</b>		115,226	109,059	115,226	109,059
<b>Creditors:</b> Amounts Falling Due After More Than One Year	17	7,924	9,517	7,924	9,517
<b>Net Assets</b>		<b>107,302</b>	<b>99,542</b>	<b>107,302</b>	<b>99,542</b>
Represented by:					
<b>Deferred Capital Grants</b>	18	<b>24,837</b>	<b>19,565</b>	<b>24,837</b>	19,565
<b>Endowments</b>	19				
Expendable		6,906	5,707	6,906	5,707
Permanent		11,037	10,239	11,037	10,239
<b>Total Endowments</b>		<b>17,943</b>	<b>15,946</b>	<b>17,943</b>	<b>15,946</b>
<b>Reserves</b>					
Revaluation Reserve	20	49,001	50,343	49,001	50,343
<b>Income and Expenditure Account</b>	21	<b>15,521</b>	<b>13,688</b>	<b>15,521</b>	<b>13,688</b>
<b>Total Reserves</b>		<b>64,522</b>	<b>64,031</b>	<b>64,522</b>	<b>64,031</b>
		<b>107,302</b>	<b>99,542</b>	<b>107,302</b>	<b>99,542</b>

The financial statements on pages 58 to 79 were approved by the Council on 19 November 2015 and signed on its behalf by:



Dr Paul Thompson  
Rector



Caragh Merrick  
Treasurer

## Statement of Historical Cost Surpluses and Deficits for the Year Ended 31 July 2015

	Notes	2014/15 £'000	2013/14 £'000
Surplus/(Deficit) After Depreciation of Assets at Valuation		315	740
Difference Between the Historical Cost Depreciation Charge and the Actual Depreciation Charge for the Year Calculated on the Revalued Amount	20	1,342	1,342
<b>Historical Cost Surplus</b>		<b><u>1,657</u></b>	<b><u>2,082</u></b>

## Statement of Consolidated Total Recognised Gains and Losses for the Year Ended 31 July 2015

	Notes	2014/15 £'000	2013/14 £'000
Surplus/(Deficit) on Continuing Operations After Depreciation of Assets at Valuation and Disposal of Assets		315	740
Appreciation of Endowment Asset Investments	19	1,388	0
Endowment Additions	19	780	800
<b>Total Recognised Gains Relating to the Year</b>		<b><u>2,483</u></b>	<b><u>1,540</u></b>

# Consolidated Cash Flow Statement for the Year Ended 31 July 2015

	Notes	2014/15 £'000	2013/14 £'000
Net Cash Inflow from Operating Activities	25	5,456	2,623
Returns on Investments and Servicing of Finance	26	72	88
Capital Expenditure and Financial Investment	27	2,399	(6,342)
Cash Outflow Before Use of Liquid Resources and Financing		7,927	(3,631)
Management of Liquid Resources	28	(3,338)	1,102
Financing			
New Loans	28	0	4,000
Loans Repaid		(1,509)	(1,606)
<b>Increase/(Decrease) in Cash</b>		<b>3,080</b>	<b>(135)</b>

## Reconciliation of Net Cash Flow to Movement in Net Funds

	Notes	2014/15 £'000	2013/14 £'000
(Decrease)/Increase in Cash in the Period	28	3,080	(135)
Cash Inflow from Liquid Resources	28	3,338	(1,102)
Movement in Net Funds in Period		6,418	(1,237)
Net Funds at 1 August		8,853	10,090
<b>Net Funds at 31 July</b>		<b>15,271</b>	<b>8,853</b>

# Statement of Principal Accounting Policies

## A. Accounting Convention

The Accounts have been drawn up in accordance with the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) and applicable accounting standards. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of endowment asset investments and of buildings for which a cost is not readily ascertainable. The College considers that it has sufficient financial resources and is confident that its future income streams will maintain these resources. The Council believe that the College is well placed to effectively manage its business risks, despite the current uncertain economic situation. The Council have a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the financial statements.

## B. Basis of Consolidation

The consolidated financial statements consolidate the financial statements of the College and the RCA Design Group Ltd (subsidiary). The RCA Design Group was dormant for a number of years but during 2009/10 it was revived in order to provide development services for Phase 2 of the College's Battersea North Site development. The accounts of the other subsidiary, Lion & Unicorn Press Ltd, have not been consolidated, as it was dormant during the period. The consolidated financial statements do not include those of the Students' Union because the College does not control those activities.

## C. Income Recognition

Funding council grants are accounted for in the period to which they relate.

Fee income is stated gross and credited to the income and expenditure account 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.

Recurrent income from grants, contracts and other services rendered are accounted for on an accruals basis and included to the extent of the completion of the contract or service concerned; any payments received in advance of such performance are recognised on the balance sheet as liabilities.

Donations with restrictions are recognised when relevant conditions have been met; in many cases recognition is directly related to expenditure incurred on specific purposes. Donations which are to be retained for the benefit of the institution are recognised in the statement of total recognised gains and losses and in endowments; other donations are recognised by inclusion as other income in the income and expenditure account.

Non-recurrent grants received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants. Such grants are credited to deferred capital grants and an annual transfer made to the income and expenditure account over the useful economic life of the asset, at the same rate as the depreciation charge on the asset for which the grant was awarded.

Income from the sale of goods or services is credited to the income and expenditure account when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Endowment and investment income is credited to the income and expenditure account on a receivable basis. Income from restricted endowments not spent during the period in accordance with the restrictions of the endowment, is transferred from the income and expenditure account to restricted endowments. Any realised gains or losses from dealing in the related assets are retained within the endowment in the balance sheet.

Any increase in value arising on the revaluation of fixed asset investments is carried as a credit to the revaluation reserve, via the statement of total recognised gains and losses; a diminution in value is charged to the income and expenditure account as a debit, to the extent that it is not covered by a previous revaluation surplus.

Increases or decreases in value arising on the revaluation or disposal of endowment assets i.e. the appreciation or depreciation of endowment assets, is added to or subtracted from the funds concerned and accounted for through the balance sheet by debiting or crediting the endowment asset, crediting or debiting the endowment fund, and is reported in the statement of total recognised gains and losses.

## D. Agency Arrangements

Funds the College 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.

## E. Land and Buildings

Land and buildings are stated at cost or at valuation. Chartered Quantity Surveyors carried out a revaluation in December 1998. Under FRS 15 the College has opted to use the 1998 valuation as the balance sheet value, and not to make regular revaluations.

Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful life of 50 years.

A review for impairment is conducted if events or changes in market conditions indicate that the carrying amount of any fixed asset may not be recoverable.

Where buildings are acquired with the aid of specific grants they are capitalised and depreciated. The related grants are treated as deferred capital grants and released to income over the expected useful life of the buildings.

## F. Equipment

Equipment, including PCs 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:

Computing Equipment	3 years
Other Equipment	5 years

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated as above. The related grants are treated as deferred capital grant received in advance and released to income over the expected useful life of the equipment (the period of the grant in respect of specific research projects).

## G. Intangible Assets

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.

## H. Leased Assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Leasing agreements, which transfer to the College substantially all the benefits and risks of ownership of an asset, are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements.

The capital element is applied in order to reduce outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

## I. Heritage Assets

The College Art 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 has been used to bring the collection on to the balance sheet in line with FRS 30 (heritage assets). Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

## J. Investments

Endowment Asset Investments are included in the balance sheet at market value. Short term investments consist of cash balances, which are invested in interest bearing deposit accounts.

## K. Stocks

Stocks are stated at the lower of cost or net realisable value. Where necessary, provision is made for slow-moving and defective stocks.

## L. Maintenance of Premises

The College has a rolling maintenance plan, which is reviewed on an annual basis. The cost of routine and corrective maintenance is charged to the income and expenditure account as incurred.

## M. Accounting for Charitable Donations

Unrestricted donations:

Charitable donations are recognised in the accounts when the charitable donation has been received or if, before receipt, there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability.

Endowment funds:

Where charitable donations are restricted to a particular objective specified by the donor these are accounted for as an endowment. There are three main types:

- Restricted permanent endowment – the capital of the fund is to be maintained and the income thereon applied to the purposes specified by the donor;
- Unrestricted permanent endowments – the capital of the fund is to be maintained but the income can be applied to the general purposes of the College;
- Restricted expendable endowments – the capital of the fund can be spent for purposes specified by the donor.

Donations for fixed assets:

Donations received to be applied to the cost of a tangible fixed asset are shown on the balance sheet as a deferred capital grant. The deferred capital grant is released to the income and expenditure account over the estimated useful life of the asset in question.

## N. Taxation Status

The College is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 (formerly schedule 2 of the Charities Act 1993), and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 287 CTA2009 and sections 471, and 478–488 CTA 2010 (formerly s505 of ICTA 1988) 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. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost.

## **O. Pension Scheme**

The Royal College of Art participates in the Superannuation Arrangements of the University of London ('SAUL'), which is a centralised defined benefit scheme and is contracted-out of the Second State Pension. SAUL is a 'last man standing' scheme so that in the event of the insolvency of any of the participating employers in SAUL, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation. A formal valuation of SAUL is carried out every three years by professionally qualified and independent actuaries using the Projected Unit method. Informal reviews of SAUL's position are carried out between formal valuations.

## **P. Foreign Currencies**

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are converted into sterling at year-end rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

## **Q. Gifts in Kind, Including Donated Tangible Fixed Assets**

Gifts in kind are included in 'other income' or 'deferred capital grants' as appropriate using a reasonable estimate of their gross value or the amount actually realised.

## **R. Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognised in the financial statements when the College has a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is discounted to present value where the time value of money is material. The discount rate used reflects current market assessments of the time value of money and reflects any risks specific to the liability.

Contingent liabilities are disclosed by way of a note, when the definition of a provision is not met and includes three scenarios: possible rather than a present obligation; a possible rather than a probable outflow of economic benefits; an inability to measure the economic outflow.

Contingent assets are disclosed by way of a note, where there is a possible, rather than present, asset arising from a past event.

## **S. Financial Instruments**

The College 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 to 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. Intra-group Transactions**

Gains or losses on any intra-group transactions are eliminated in full. Amounts in relation to debts and claims between undertakings included in the consolidation are also eliminated.

Balances between the College and its associates and joint ventures are not eliminated; unsettled normal trading transactions are included as current assets or liabilities. Any gains or losses are included in the carrying amount of assets of either entity the part relating to the College's share is eliminated.



# Notes to the Accounts for the Year Ended 31 July 2015

<b>1. Funding Council Grants</b>	<b>2014/15 £'000</b>	<b>2013/14 £'000</b>
Recurrent Grant	12,557	12,679
Specific Grants	1,012	481
Deferred Capital Grants Released in Year Buildings (note 18)	176	164
<b>Total</b>	<b>13,745</b>	<b>13,324</b>
<b>2. Tuition Fees and Education Contracts</b>	<b>2014/15 £'000</b>	<b>2013/14 £'000</b>
Full Time Home/EU Fees	7,933	8,251
Overseas Fees	12,252	11,659
Part-time/EU Home Fees	349	194
Other Short Course Fees	243	314
<b>Total</b>	<b>20,777</b>	<b>20,418</b>
<b>3. Research Grants and Contracts</b>	<b>2014/15 £'000</b>	<b>2013/14 £'000</b>
Research Councils Grants	1,214	1,153
UK Based Charities	384	292
UK Industries & Commerce	324	305
UK Government	1	-
Other EU	371	320
<b>Total</b>	<b>2,294</b>	<b>2,070</b>
<b>4. Other Operating Income</b>	<b>2014/15 £'000</b>	<b>2013/14 £'000</b>
Lettings	445	296
Catering Services	632	510
Other Services Rendered	1,208	944
Degree Shows Income	-	68
Other Deferred Grants Released (note 18)	251	178
Other Income	2,069	2,197
<b>Total</b>	<b>4,605</b>	<b>4,193</b>
<b>5. Endowment and Investment Income</b>	<b>2014/15 £'000</b>	<b>2013/14 £'000</b>
Income from Expendable Endowments	54	51
Income from Permanent Endowments	120	95
Other Interest Receivable	93	168
<b>Total</b>	<b>267</b>	<b>314</b>

## 6. Staff Costs

2014/15  
£'000

2013/14  
£'000

Contracted Staff	13,630	13,400
Projects and Other Staff	617	633
	14,247	14,033
Social Security Costs	1,181	1,146
Pension Costs (Note 24)	1,710	1,610
	17,138	16,789
Restructuring Costs*	211	216
<b>Total</b>	<b>17,349</b>	<b>17,005</b>

\*Restructuring relates to redundancy costs.

2014/15  
£'000

2013/14  
£'000

Emoluments of the Rector	215	205
Pension Scheme Contributions	44	43
<b>Total emoluments of the Rector</b>	<b>259</b>	<b>248</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 Pension Contributions

Number  
2014/15

Number  
2013/14

£100,001 – £110,000	1	2
£110,001 – £120,000 *	1	-
£120,001 – £130,000	1	-
£130,001 – £140,000	-	-
£140,001 – £150,000	-	-
£150,001 – £160,000	-	-
£160,001 – £170,000 *	-	1

\*includes severance payment

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

<b>Average Full-time Equivalent Staff Numbers by Major Category:</b>	<b>Number 2014/15</b>	<b>Number 2013/14</b>
Academic Programmes and Services	176	171
Premises	16	19
Research	26	25
Administrative and Other	87	84
<b>Total</b>	<b>305</b>	<b>299</b>

Average FTE staff numbers in 2014/15 were calculated by taking an average of actual staff numbers at 31 July 2015 and at 31 July 2014.

## 7. Other Operating Expenses

2014/15  
£'000

2013/14  
£'000

Academic Programmes	4,043	3,515
Central Library & Learning Resources	178	179
Computing & Information Services	302	369
Technical Services	1,179	783
Administrative Services	1,883	1,983
Rents and Rates	1,295	1,037
Heat, Light, Water and Power	657	611
Minor Works	153	281
Other Premises Costs	1,923	2,557
Degree Shows	527	689
Grants to Students' Union	137	135
Scholarships, Prizes and Awards	1,253	941
Catering	823	662
Research Projects Expenditure	1,694	1,422
Research Students' Fee Waivers	152	125
Sponsored Projects/Exhibitions etc	631	709
HEFCE Student Bursaries	2,891	3,166
HEFCE Earmarked Expenditure	623	111
Other Educational Expenses	504	552
Other Expenses	175	152

<b>Total</b>	<b>21,023</b>	<b>19,979</b>
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**Other Operating Expenses include:**

Auditors' Remuneration:		
External Auditors in Respect of Audit Services *	44	43
External Auditors in Respect of Non-audit Services	7	8
Internal Audit	22	25

\* Includes £39,980 (2012/13 – £40,980) in respect of the College.

## 8. Interest and Other Finance Costs

2014/15  
£'000

2013/14  
£'000

Bank Loans Not Wholly Repayable Within Five Years	216	244
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## 9. Analysis of Expenditure by Activity

	2014/15			2013/14	
	Staff Costs £'000	Depreciation £'000	Operating Expenditure £'000	Total Expenditure £'000	Total Expenditure £'000
Academic Departments	9,175	529	4,044	13,748	12,555
Academic Services	1,336	-	2,289	3,625	3,348
Administration Services	4,047	-	2,099	6,146	6,096
General Educational	-	-	664	664	824
HEFCE Bursaries	-	-	2,891	2,891	3,166
Student Awards and Support	-	-	1,253	1,253	941
Other Services	382	-	679	1,061	1,051
Premises	1,142	2,256	4,028	7,426	7,968
Catering	-	-	823	823	662
Research Grants and Contracts	1,196	-	1,846	3,042	2,786
Earmarked Expenditure	71	-	623	694	181

<b>Total per Income and Expenditure Account</b>	<b>17,349</b>	<b>2,785</b>	<b>21,239</b>	<b>41,373</b>	<b>39,578</b>
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### The Depreciation Charge has been funded by:

Deferred Capital Grants Released (Note 18)	427
Revaluation Reserve Released (Note 20)	1,342
General Income	1,016

<b>Total</b>	<b>2,785</b>
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## 10. Intangible Assets (Consolidated and College)

	2014/15 £'000	2013/14 £'000
<b>Cost/Valuation</b>		
At 1 August	174	123
Additions	46	52
Transfers	217	-
At 31 July	437	175
<b>Amortisation</b>		
At 1 August	(35)	-
Transfers	(43)	-
Amortisation for Year	(146)	(35)
At 31 July	(224)	(35)
<b>Net Book Value</b>		
At 31 July	<b>213</b>	<b>140</b>

The transfer for the year relates to the RCA website, which was included as Equipment in the 2013/14 accounts.

Additions have been made to both the finance software and RCA website throughout the year.

Intangible assets are valued at cost.

Intangible assets are amortised over a period of three years.

## II. Tangible Fixed Assets (Consolidated and College)

	Land & Buildings £'000	Equipment £'000	Assets in the Course of Construction £'000	Heritage assets £'000	Total £'000
<b>Cost/Valuation</b>					
At 1 August 2014	91,431	2,743	7,712	11,008	112,894
Additions at Cost	17	620	3,724	-	4,361
Transfers/ Adjustments	11,409	(220)	(11,436)	-	(247)
Disposals at Cost	-	-	-	-	-
At 31 July 2015	102,857	3,143	-	11,008	117,008
<b>Depreciation</b>					
At 1 August 2014	(21,195)	(1,890)	-	-	(23,085)
Transfers	-	43	-	-	43
Charge for Year	(2,260)	(380)	-	-	(2,640)
Disposals at Cost	-	-	-	-	-
At 31 July 2015	(23,455)	(2,227)	-	-	(25,682)
<b>Net Book Value</b>					
At 31 July 2015	<b>79,402</b>	<b>916</b>	<b>-</b>	<b>11,008</b>	<b>91,326</b>
At 1 August 2014	<b>70,236</b>	<b>853</b>	<b>7,712</b>	<b>11,008</b>	<b>89,809</b>

The College's land and buildings include those held on long leases from the 1851 Commission, which were revalued in 1998, and Sculpture, Sackler and Dyson Buildings at Battersea. The asset in the course of construction was the Woo Building in Battersea which was completed and used during the year and the balance has transferred to Land and Buildings.

### Heritage Assets

The College has an art collection which consists mainly of works of art acquired free of charge from former students and artists associated with the College. Most items in the collection had nil or little value at the date of acquisition as the artists were not well known. Over time some items in the collection have appreciated in value. At 31 July 2015 there were over 1,100 items in the 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). There were no significantly valuable pieces acquired during 2014/15.

## 12. Other Fixed Assets (Consolidated and College)

	Other Fixed Asset Investments £'000
At 1 August 2014	589
Additions	16
Disposals	-
<b>At 31 July 2015</b>	<b>605</b>

Other fixed asset investments consists of unused income generated from the Development Fund, an unrestricted permanent endowment (see Note 19).

### 13. Endowment Asset Investments

	Consolidated 2014/15 £'000	Consolidated 2013/14 £'000	College 2014/15 £'000	College 2013/14 £'000
Balance at 1 August	15,946	15,372	15,946	15,372
Additions	2,166	2,078	2,166	2,078
Disposals	(2,493)	(1,261)	(2,493)	(1,261)
Unrealised Appreciation (Note 19)	1,388	-	1,388	-
Increase/(Decrease) in Cash Balance	936	(243)	936	(243)
Balance at 31 July	<u>17,943</u>	<u>15,946</u>	<u>17,943</u>	<u>15,946</u>
<b>Represented by:</b>				
Fixed Interest Stocks (listed)	3,633	3,328	3,633	3,328
Equities (listed)	12,828	12,072	12,828	12,072
Cash Balances	1,482	546	1,482	546
<b>Total</b>	<b><u>17,943</u></b>	<b><u>15,946</u></b>	<b><u>17,943</u></b>	<b><u>15,946</u></b>

### 14. Debtors

	Consolidated & College 2014/15 £'000	Consolidated & College 2013/14 £'000
<b>Amounts Falling Due within One Year</b>		
Debtors	1,414	1,759
Donors	-	300
Prepayments	320	433
Accrued Income	296	154
	<b>2,030</b>	<b>2,646</b>

### 15. Investments

	Consolidated & College 2014/15 £'000	Consolidated & College 2013/14 £'000
<b>Deposits Maturing:</b>		
In One Year or Less	11,560	8,222
Between One and Two Years	-	-
<b>Total</b>	<b><u>11,560</u></b>	<b><u>8,222</u></b>

Deposits are held with banks operating in the London market and licensed by the Financial Services Authority.

## 16. Creditors: Amounts Falling Due Within One Year

	Consolidated & College 2014/15 £'000	Consolidated & College 2013/14 £'000
Sundry Creditors	1,854	789
Social Security and Other Taxation Payable	242	443
Accrued Expenditure	844	1,092
Deferred Income – Projects and Sponsorships	3,505	2,336
Other Deferred Income	677	729
Student Fee Deposits for Following Academic Year	1,831	1,347
Bank Loans	1,778	1,695
<b>Total</b>	<b>10,731</b>	<b>8,431</b>

## 17. Creditors: Amounts Falling Due After More Than One Year

	Consolidated & College 2014/15 £'000	Consolidated & College 2013/14 £'000
<b>Bank Loans</b>	<b>7,924</b>	<b>9,517</b>
Due Within One to Two Years	1,877	1,786
Due Within Two to Five Years	5,884	5,985
Due After More Than Five Years	163	1,746
	<b>7,924</b>	<b>9,517</b>

The College took out a loan from Royal Bank of Scotland in April 2010 of £12m to fund a deficit payment which was required when the College's own pension scheme merged with the SAUL scheme. The loan is being repaid in quarterly instalments over 10 years at a rate of 1.1% over LIBOR. There is no charge over the College's assets.

The College took out a loan from Royal Bank of Scotland in August 2013 of £4m to help fund the construction of the Woo Building. The loan is being repaid in 28 quarterly instalments at a fixed rate of 3.7%. There is no charge over the College's assets.

## 18. Deferred Capital Grants

	Consolidated & College 2014/15 HEFCE £'000	Consolidated & College 2014/15 Non-HEFCE £'000	2014/15 Total £'000	2013/14 Total £'000
At 1 August				
Buildings	7,827	11,738	19,565	18,881
<b>Total</b>	<b>7,827</b>	<b>11,738</b>	<b>19,565</b>	<b>18,881</b>
Grants Received During the Year				
Buildings	311	5,388	5,699	1,026
<b>Total</b>	<b>311</b>	<b>5,388</b>	<b>5,699</b>	<b>1,026</b>
Released to Income and Expenditure				
Buildings	(176)	(251)	(427)	(342)
<b>Total</b>	<b>(176)</b>	<b>(251)</b>	<b>(427)</b>	<b>(342)</b>
At 31 July				
Buildings	7,962	16,875	24,837	19,565
<b>Total</b>	<b>7,962</b>	<b>16,875</b>	<b>24,837</b>	<b>19,565</b>

Grants received for projects which have not yet been completed have been deferred and will be released to the income and expenditure account over the life of the projects concerned.

## 19. Consolidated Endowment Investments

	Unrestricted Permanent £'000	Restricted Permanent £'000	Total Permanent £'000	Restricted Expendable £'000	2014/15 Total £'000	2013/14 Total £'000
Balances at 1 August 2014						
Capital	4,580	5,273	9,853	5,588	15,441	14,734
Accumulated Income	-	386	386	119	505	638
	4,580	5,659	10,239	5,707	15,946	15,372
Additions	-	3	3	777	780	800
Transfers	2	(39)	(37)	39	2	-
Investment Income	34	70	104	54	158	146
Expenditure	(34)	(138)	(172)	(159)	(331)	(372)
Increase in Market Value of Investments	440	460	900	488	1,388	-

<b>At 31 July 2015</b>	<b>5,022</b>	<b>6,015</b>	<b>11,037</b>	<b>6,906</b>	<b>17,943</b>	<b>15,946</b>
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	<b>Closing Capital Value £'000</b>	<b>Closing Accumulated Income £'000</b>	<b>Total £'000</b>
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Scholarships, Awards & Prize Funds	9,609	468	10,077
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Development Fund	5,022	-	5,022
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Helen Hamlyn Endowment	340	19	359
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Helen Hamlyn Chair of Design	2,485	-	2,485
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	<b>17,456</b>	<b>487</b>	<b>17,943</b>
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### Scholarships, Awards & Prize Funds

Consists of numerous restricted permanent and expendable endowments to fund prizes or awards to students.

### Development Fund

Up until 2010 this was a separate charity which was consolidated into the College's accounts, as well as being an unrestricted permanent endowment. Since 31 July 2014, Council have approved the release of £4.8 million of the endowment to fund the final stages of the Woo Building development (also see note 12).

### Helen Hamlyn Endowment

This restricted expendable endowment funds the activities of the Helen Hamlyn Centre for Design.

### Helen Hamlyn Chair of Design

This restricted expendable endowment funds the Helen Hamlyn Chair of Design.

<b>20. Revaluation Reserve</b>	<b>Land &amp; Buildings £'000</b>	<b>Heritage Assets* £'000</b>	<b>Total £'000</b>
At 1 August 2014	39,335	11,008	50,343
<b>Contributions to Depreciation</b>			
At 1 August 2014	(17,459)	-	(17,459)
Released in Year	(1,342)	-	(1,342)
At 31 July 2015	(18,801)	-	(18,801)
<b>Net Revaluation Amount</b>			
At 31 July 2015	37,993	11,008	49,001
At 1 August 2014	<u>39,335</u>	<u>11,008</u>	<u>50,343</u>

\* Heritage assets refers to the College collection. See Note 11.

<b>21. Movement on Reserves</b>	<b>2014/15 £'000</b>	<b>2013/14 £'000</b>
Surplus after Depreciation of Assets at Valuation	315	740
Released from Revaluation Reserve	1,342	1,342
Historical Cost Surplus	1,657	2,082
Balance b/f at 1 August	13,688	11,413
Historic Cost Surplus for the Year	1,657	2,082
Transfer to Specific Endowments	176	193
<b>Income and Expenditure account at 31 July</b>	<b><u>15,521</u></b>	<b><u>13,688</u></b>

<b>22. Lease Obligations</b>	<b>Consolidated &amp; College 2014/15 £'000</b>	<b>Consolidated &amp; College 2013/14 £'000</b>
<b>Annual Operating Lease Commitments in Respect of Buildings and Equipment on Leases Expiring:</b>		
Between One and Five Years	38	312
Over Five Years	779	864
<b>Total</b>	<b>817</b>	<b>1,176</b>

## 23. Capital Commitments

During 2012/13 the College signed a contract for £10m (including VAT) for the construction of the Woo Building at the College's campus in Battersea. The building was completed during 2015 and occupied by July 2015. At 31 July 2015, the College had a remaining commitment of £231,171 (including VAT) relating to the construction of the Woo Building.

## 24. Pension Scheme

The Royal College of Art participates in a centralised defined benefit scheme for all qualified employees with assets held in separate Trustee-administered funds. The Royal College of Art has now adopted FRS17 for accounting for pension costs. It is not possible to identify the College's share of the underlying assets and liabilities of SAUL. Therefore contributions are accounted for as if SAUL were a defined contribution scheme and pension costs are based on the amounts actually paid (i.e. cash amounts) in accordance with paragraphs 8–12 of FRS17.

SAUL is subject to triennial valuations by professionally qualified independent actuaries. The last available valuation was carried out as at 31 March 2011 using the projected unit credit method in which the actuarial liability makes allowance for projected earnings. The main assumptions used to assess the technical provisions were:

	31 March 2011
<b>Discount Rate</b>	
- pre-retirement	6.80% p.a.
- post-retirement	4.70% p.a.
<b>General* Salary Increases</b>	3.75% p.a. until 31 March 2014, 4.50% p.a. thereafter
<b>Retail Prices Index Inflation (RPI)</b>	3.5% p.a.
<b>Consumer Price Index Inflation (CPI)</b>	2.8% p.a.
<b>Pension Increases in payment (excess over GMP)</b>	2.8% p.a.
<b>Mortality – Base Table</b>	SAPS Normal (year of birth) tables with an age rating of +0.5 years for males and -0.4 years for females.
<b>Mortality – Future Improvements</b>	Future improvements in line with CMI 2010 projections with a long term trend rate of 1.25% p.a.

\*an additional allowance is made for promotional salary increases

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 £1,506 million representing 95% of the liability for benefits after allowing for expected future increases in salaries.

Based on the strength of the Employer covenant and the Trustee's long-term investment strategy, the Trustee and the Employers agreed to maintain Employer and Member contributions at 13% of Salaries and 6% of Salaries respectively following the valuation. The above rates will be reviewed when the results of the next formal valuation (as at 31 March 2014) are known.

A comparison of SAUL's assets and liabilities calculated using assumptions consistent with FRS 17 revealed SAUL to be in deficit at the last formal valuation date (31 March 2011). As part of this valuation, the Trustee and Employer have agreed that no additional contributions will be required to eliminate the current shortfall.

The more material changes (the introduction of a Career Average Revalued Earnings, or 'CARE', benefit structure) to SAUL's benefit structure applied from 1 July 2012. As a consequence, the cost of benefit accrual is expected to fall as existing final salary members are replaced by new members joining the CARE structure. This will allow an increasing proportion of the expected asset return to be used to eliminate the funding shortfall. Based on conditions as at 31 March 2011, the shortfall is expected to be eliminated by 31 March 2021, which is 10 years from the valuation date.

## 25. Reconciliation of Operating Activities

	Consolidated 2014/15 £'000	Consolidated 2013/14 £'000
Surplus Before Tax and Exceptional Items	315	740
Depreciation & Amortisation (Note 10, 11)	2,785	2,351
Deferred Capital Grants Released to Income (Note 18)	(427)	(342)
Investment and Endowment Returns (Note 5)	(267)	(314)
Decrease (Increase) in Stocks	2	(1)
Decrease (Increase) in Debtors	616	(1,134)
Increase in Creditors	2,216	1,079
Interest Payable	216	244

Net Cash Inflow from Operating Activities	<b>5,456</b>	<b>2,623</b>
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## Change in Net Funds

	At 1 Aug 2014 £'000	Cashflows £'000	At 31 July 2015 £'000
Cash at Bank and in Hand	85	2,144	2,229
Endowment Cash (Note 13)	546	936	1,482

	<b>631</b>	<b>3,080</b>	<b>3,711</b>
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## 26. Returns on Investments and Servicing of Finance

	2014/15 £'000	2013/14 £'000
Investments (Note 19)	179	146
Other Interest Received (Note 5)	93	168
Income from Unrestricted Endowment Fund (Note 12)	16	18
Interest Paid (Note 8)	(216)	(244)

Net Cash Inflow from Returns on Investments and Servicing of Finance	<b>72</b>	<b>88</b>
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## 27. Capital Expenditure and Financial Investment

	2014/15 £'000	2013/14 £'000
Tangible Assets Acquired (Note 11)	(4,361)	(7,299)
Intangible Assets Acquired (Note 10)	(46)	(52)
Endowment Assets Acquired (Note 13)	(2,166)	(2,078)
Receipts from Sale of Endowment Assets (Note 13)	2,493	1,261
Deferred Capital Grants Received (Note 18)	5,699	1,026
Endowments Additions (Note 19)	780	800

Net Cash Inflow/(Outflow) from Capital Expenditure and Financial Investment	<b>2,399</b>	<b>(6,342)</b>
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## 28. Analysis of Changes in Net Funds

	At 1 Aug 2014 £'000	Cashflows £'000	Non cash changes £'000	At 31 July 2015 £'000
Endowment Asset Investments (Note 13)	546	936	-	1,482
Cash at Bank and in Hand	85	2,144	-	2,229
<b>Total</b>	<b>631</b>	<b>3,080</b>	-	<b>3,711</b>
Current Asset Investments (Note 15)	8,222	3,338	-	11,560
Changes in Net Funds	8,853	6,418	-	15,271
<b>Financing</b>				
Loan: Due Within One Year (Note 16)	(1,695)	94	(178)	(1,778)
Loan: Due After More Than One Year (Note 17)	(9,517)	1,593	-	(7,924)
	(2,359)	8,105	(178)	5,569

## 29. Financial Instruments

### Unquoted Investments

At 31 July 2015, the College had unquoted equity investments of £922,594 which were held at cost. These consist of investments in 19 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

The College entered into two hedging arrangements. An interest rate cap, which caps the interest rate payable on its long-term loan at 5% to reduce exposure to interest rate increases. Also, in relation to the £4m loan the College entered into an interest rate swap at a fixed rate of 1.58% and matches the value of the loan balance outstanding as it reduces. (see Notes 16 and 17 for details of the loans).

30. Related Party Transactions

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 (2013/14 £0).

During the year, the following transactions took place with companies in which Council or staff members had interests:

The College awarded design work to Research Studios, a firm owned by Professor Neville Brody, who was Dean of the School of Communications at the College. Overall, the amount payable to Research Studios for the work was £3,360 (2013/14 £58,092).

The College awarded design work for the RCA Canteen to Ab Rogers Design, a firm owned by Ab Rogers, who was Interior Design Head of Programme at the College. Overall, the amount payable to Ab Rogers Design for the work was £17,095 (2013/14 £0).

The College paid £18,800 to the British Council for various stands/projects (2013/14 £0). Professor Martin Roth is a trustee of the British Council.

The College paid £447,605 to the Victoria and Albert Museum (2013/14 £0) as reimbursement of fees for the History of Design course (run jointly by RCA and Imperial College). Professor Martin Roth is Director of the Victoria and Albert Museum, Dr Paul Thompson, Rector, is a Trustee of the Victoria and Albert Museum and Council Member Lady Ritblat holds membership.

The College paid £4,452 to drMM Ltd for design work (2013/14 £0). This company is owned by Professor Alex de Rijke, Dean of the School of Architecture.

The College paid £11,031 to Tate for various goods (2013/14 £0). Council Member Lady Ritblat is Trustee of the Tate Foundation.

31. Access Funds

	2014/15 £'000	2013/14 £'000
Balance b/f as at 1 August	10	5
Received from HEFCE	-	29
Payments Made to Students	(8)	(24)
Balance c/f as at 31 July	2	10

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