

**RSE**  
**The Royal Society of Edinburgh**

Financial Statements and Trustees' Annual Report  
Charity Number SC000470  
Year ended 31 March 2023

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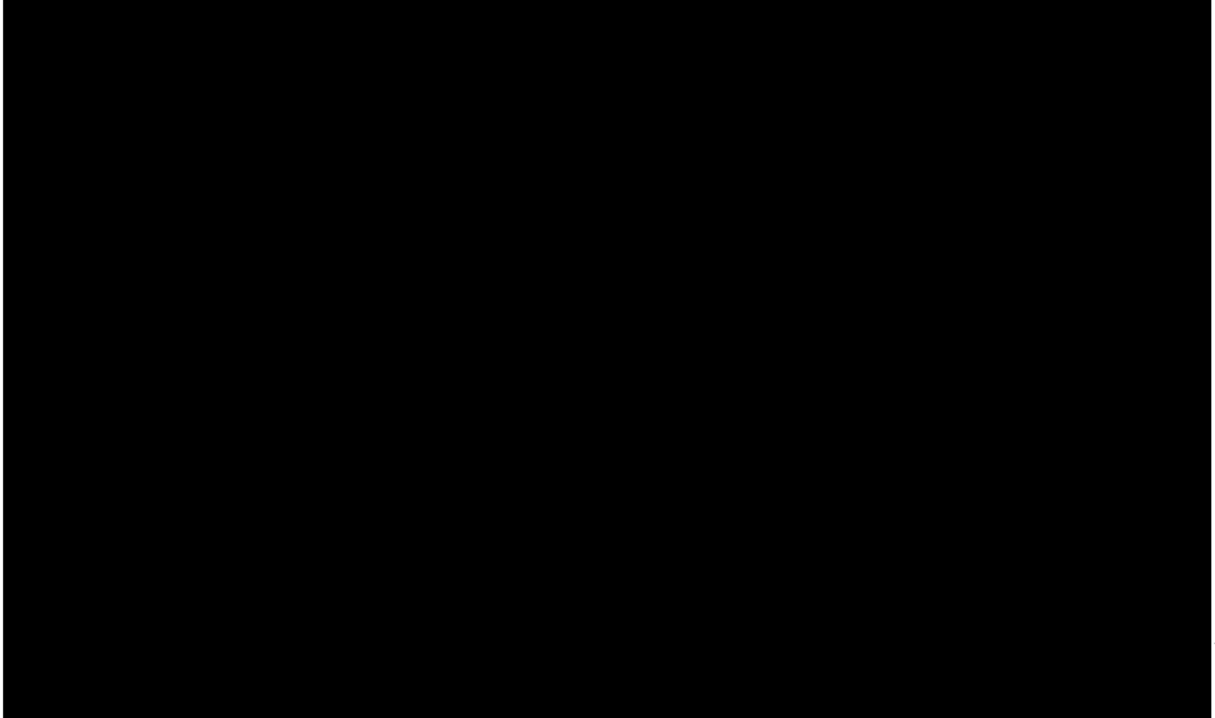
# Corporate Governance and Management

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The Royal Society of Edinburgh is an educational charity, registered in Scotland as Scottish Charity No. SC000470. The Trustees are elected Council members. Details are provided below:

**Council**

**General Secretary**



# Corporate Governance and Management (continued)

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# Trustees' Annual Report

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The Trustees present their report together with the financial statements for the year ended 31 March 2023. Corporate Governance and Management information set out on pages 3 and 4 and the Legal and Administrative Information set out on page 52 form part of this report.

## RSE Aims and Objectives

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### **RSE: Knowledge Made Useful**

The RSE, Scotland's National Academy, was established in 1783 for 'the advancement of learning and useful knowledge'. Our contemporary mission remains the same – fostering knowledge and its deployment for public good. We are driven by knowledge that contributes to the social and economic wellbeing of Scotland, its people, the care of its natural environment and the nation's wider contribution to the global community. We deliver on this mission through our four strategic objectives and impacts: Inspiring by funding crucial research through the RSE's Research Awards and supporting the Young Academy of Scotland (YAS); Engaging the public across Scotland; Generating policy impact by providing expertise; and Fostering international collaboration.

### **Achievements and Performance**

We are passionate about making sure that knowledge improves society's economic and social wellbeing, supports Scotland's people, improves our natural environment and increases our shared contribution to the wider international community particularly in times of global challenge. We organise our work around four main areas: engaging the public; funding leading research; shaping public policy; and fostering international collaboration.

None of this would be possible without the contribution of the RSE's Fellows who volunteer their time and expertise across a substantial breadth of knowledge and experience from academia, business, arts, humanities and culture, and public sector. Our 1,800+ Fellows contribute between £1m and £1.5m a year in free support for the RSE's public benefit activities. Their significant input brings to life the RSE's mission. We also benefit from the support of the Scottish Funding Council (SFC) whose core funding supports delivery of our mission alongside our own income.

### **Engaging the public**

Drawing on the expertise of the RSE's 1,800 Fellows allows the RSE to engage with a wide range of audiences, through delivering events and activities covering a wealth of subjects, and often providing a multi- and cross-disciplinary perspectives on important topics.

During 2022–2023, the RSE's public engagement programme covered topics ranging from the development of Covid-19 vaccines to the role of leadership in equality, diversity and inclusion, and dark matter, to the war in Ukraine. We continued to use a variety of event formats, including roundtable discussions, podcasts, talks, in-conversation events and interactive workshops, to reach young people, adults, school-aged children, and community groups. Several of our online and in-person events incorporated British Sign Language (BSL) provision to ensure wider accessibility.

The relaxation of pandemic restrictions during 2022 allowed us to move back to more in-person engagement, whilst offering online and hybrid options for many events. This also enabled the recommencement of

programmes and activities on a Scotland-wide basis, and within schools. For most in-person and online events, recordings were made available on the RSE YouTube channel subsequently to the live event, creating a sustainable record and allowing wider audiences to view the activities at a time that suits them.

In summary:

- Over 3200 attendees at events held between 1 April 2022 and 31 March 2023
- 32 events held as part of *Curious* over a two-week period
- 1294 attendees at our *Curious* summer programme
- 78 speakers took part in *Curious*, 45 of whom were Fellows or Young Academy Members
- Over 20 stand-alone events with speakers including Nobel Prize winner Professor David MacMillan, and Sir Patrick Vallance, and including six joint events on topics ranging from cancer prevention to rural challenges, and entrepreneurship to moral philosophy.

**Curious:** 2022 was the fourth year of the RSE's summer events programme incorporating online and in-person events, including outdoor walking tours. Themes focused on innovation and invention, our planet, health and wellbeing, and Scotland's Year of Stories. The programme spanned two weeks and comprised 32 individual events, attracting 2,111 registrations and attaining a 64% attendance rate (1,294 attendees, 931 of whom attended online). Outdoor events performed well. 56% of the audience hailed from Scotland, with 26% of the remaining audience coming from England, and 18% internationally. *Curious* attracted registrations from each of the 32 local authorities in Scotland. 90% of attendees completing the post-event survey indicated that their understanding of the topic improved through attending the event.

**Signature events:** In 2022 we launched a new series of four annual events comprising the President's Lecture, Spring Lecture, The MacCormick European Lecture, and the Young People's Signature Lecture. These events are designed to educate and encourage new thinking, ideas, and conversations. They aim to amplify the RSE's mission of 'knowledge made useful' by enhancing understanding of national and global scientific, cultural, and economic topics.

Event partners in 2022–2023 included the **University of Edinburgh, Scottish Consortium for Rural Research, Scottish Government, Royal Academy of Engineering, Scottish Cancer Foundation, Royal Institute of Philosophy, Society of Chemical Industry (SCI),** and the **Academy of Medical Sciences.**

Additional events included 2021 Nobel Laureate Professor David MacMillan CorrFRSE speaking on *Cotolysis and its impact on our planet*; a lecture on *How ecological overshoot is shifting economic rules*; and *Inside Glasgow Women's Library* – an in-conversation event and journey through some of the unique and surprising treasures within Glasgow Women's Library.

The recommencement of programmes and activities on a Scotland-wide basis launched with school and public events in Shetland. Building on an online programme of school talks focused on space science from 2021, we delivered a programme of school and public events to over 120 secondary and primary school pupils, and 75 audience members in March 2023. The RSE Young People's programme, which was predominantly delivered online to schools until late 2022, restarted in-person with a series of school talks in Dumfries and Galloway focused on language and linguistics. Further school talks with topics ranging from space science to learning a second language took place in regions of Scotland including Musselburgh, Kirkcaldy, and Edinburgh.

## Funding leading research

The RSE's competitive Research Awards Programme creates research capacity and leadership, supporting Scotland to be at the forefront of new research challenges and opportunities. Through our core programme of Personal Research Fellowships, Research Workshops, Research Networks, Small Research Grants, International Joint Projects, and Bilateral Visits, we mobilise Scotland's diverse and rich research base for public good at home and internationally.

We have also been flexible by offering additional award programmes during 2022–2023 to help Scottish-based researchers develop opportunities and network with their international counterparts. We recognised excellence and supported leading research by reviewing over 400 applications, making a total of over 100 awards worth £1.5m. Lead awardees represented all 19 of the Higher Education Institutions in Scotland. Collaborations were supported with 28 countries.

The RSE's Fellows are integral to the success of the Research Awards Programme, through ensuring excellence of award quality via disciplinary and multidisciplinary assessment processes and panels. Rigorous evaluation and cross-checking enabled over 70 RSE assessors to ensure that quality and impact remain at the forefront of all funded work, from early to later career stages across all award programmes.

The RSE's Personal Research Fellowships create opportunities for exceptional researchers to build their research careers, through three to twelve months paid research leave to focus on a research project of their choice; in 2022-2023, the RSE supported 14 leading researchers.

The RSE is also building new research, collaboration and knowledge exchange through Research Workshops, Research Networks, Small Research Grants, International Joint Projects, and Bilateral Visits. In 2022–2023, we awarded 13 Research Network Grants, 16 Research Workshop Grants, 36 Small Research Grants, 5 International Joint Projects and 1 International Bilateral Visit. Through this commitment, the RSE supports innovative research in multiple areas whose work benefits individuals, communities, and broader society.

In addition to the RSE's own research awards, during 2022, the RSE offered the following:

- another successful call of Scotland Asia Partnerships Higher Education Research Fund (SAPHIRE) which supports new and existing international research partnerships between Scottish universities, research institutes and partners in Australia, India, Japan, Pakistan, South Korea, Singapore, and the Association of Southeast Asian Nations (ASEAN). We awarded 17 projects fostering international collaboration.
- **Scotland/Ireland Bilateral Network Grants:** with the Royal Irish Academy (RIA), we offered another successful call to strengthen cooperation and learning between excellent researchers, academics and practitioners in Scotland and the island of Ireland to support the revival, resilience, and recovery of the cultural and arts sectors post-Covid-19. The arts and wider cultural sectors are vital to Scotland's and the island of Ireland's revival. They provide spaces for discussion, debate, divergence, convergence and exchange. Theatre, music, and film, for example, have the power to bring people together in a collective experience for a moment, an evening, a lifetime even, while visual and oral arts and literature offer audiences an opportunity to reflect on ideas or experiences that differ from their own or challenge existing scenarios and situations.
- **Scotland-Germany Hydrogen Research Scheme:** to facilitate international collaboration between Scottish and German institutes to develop hydrogen-related research to help inform Scotland's policy objectives. Continued engagement with the four successful awardees took place during 2022. The research projects explored agendas in a post-Brexit world.
- **RSE Saltire Research Awards:** to enable research collaboration activity with European nations, including EEA and EFTA countries with partners chosen by researchers. Participating in the schemes could be undertaken independently of Horizon Europe activity. Continued engagement took place across the 93 successful awardees supporting international collaborations across 21 countries and 14 EU nations via Early Career Fellowships, Facilitation Network Awards, and International Collaboration Awards.

## Shaping public policy

Throughout the reporting year, RSE maintained its strong track record of providing high-quality and authoritative policy advice. 2022–2023 saw the conclusion of three influential pieces of policy inquiry and an increased parliamentary profile.

The RSE's Education and Economy and Enterprise committees embarked on dynamic new work programmes centred on addressing a range of contemporary issues, bringing to bear RSE's convening power and reputation for unbiased and evidence-based policy guidance.

The reform agenda continues to dominate the national education discourse and the RSE provided compelling evidence to multiple consultations including on college regionalisation, the national discussion on education, and the Hayward review of qualifications and assessment. Looking ahead, the RSE will stimulate far-reaching debate on the future of Scottish education, including posing timely provocations about the role of artificial intelligence and other technologies in transforming education.

The RSE also responded to a number of calls for evidence, such as examining the impact of the Covid-19 pandemic on labour market inactivity and economic growth. The work of the Economy and Enterprise Committee is guided by the *three e's* of efficiency, environment, and equity. Several roundtables were held throughout 2022–2023 with government officials and sectoral representatives to generate new insights on how Scotland can achieve sustainable and equitable economic prosperity.

### Key projects and collaborations

RSE celebrated the culmination of three major projects in 2022–2023: *Rethinking Policy Impact*, the *Constitutional Futures Initiative*, and *Tertiary Education Futures*. Although they tackled different topics, all three exemplify RSE's unique role in appraising issues of national importance through an objective and multidisciplinary lens.

*Rethinking Policy Impact* sought to develop a more nuanced and productive understanding of 'policy impact' – an outcome that is common across university missions yet difficult to define. The final report included principles and practical considerations for how research can be applied effectively and ethically to shape policy.

In conjunction with colleagues from the Young Academy of Scotland, *Tertiary Education Futures* took an innovative and stakeholder-led 'blue-skies' look at the evolving tertiary landscape to consider how the system might positively respond to changes in delivery, learning, and funding. The expansive conversations initiated by the project have spawned a legacy podcast series that will premiere in 2023, featuring a diverse array of guests to debate themes such as teaching ethical leadership and the Research Excellence Framework (REF).

The *Constitutional Futures Initiative* contemplated the changing nature of Scotland's constitutional identity, bringing much-needed impartiality to what is often a highly polarised debate. Based on a series of investigative roundtables, the project unpacked the new context – post-Brexit and post-pandemic – in which the constitutional question sits, setting it against additional factors such as the Westminster angle and the role of public opinion. The project's outputs include a range of accessible blogs and recorded material to inspire continued dialogue about Scotland's constitutional future.

The RSE continued its important collaboration with its fellow Celtic Academies – the Learned Society of Wales and the Royal Irish Academy – by hosting two successful events on devolved taxation policy in cooperation with Scotland's Futures Forum. Both events were well-attended by politicians, signalling RSE's significance as a neutral space for discussion.



The RSE also continued to bring together the scientific learned societies to advocate for STEM education under the Learned Societies' Group banner, publishing multiple advice papers to feed into the reform agenda and meeting with key stakeholders to raise awareness of issues impacting science teaching in the classroom.

### **Policy advice submissions**

The RSE published responses to national consultations on a range of themes, including the planning system, the use of data in health and social care, mental health and wellbeing, biodiversity, education reform, and the impact of the cost of living crisis on rural communities. These outputs were frequently fed into relevant parliamentary debates leading to numerous cross-party mentions.

### **Parliamentary engagement**

The RSE further established itself as a valuable resource for decision-makers from across the political spectrum. The RSE was proud to feature across the Scottish political party conferences in 2022–2023. Its fringe events facilitated lively debate on education, championing the importance of alternative learning pathways and skills for the green transition. Significantly, the RSE enjoyed numerous mentions across government publications including reports on the Resource Spending Review and hydrogen and carbon capture. The RSE also continued to provide secretariat support to the Scottish Parliament Cross-Party Group on Science and Technology, exploring issues such as increasing diversity in STEM.

## **Fostering international collaboration**

The RSE's mission of 'knowledge made useful' is brought to life across the globe through our showcasing of Scotland's research, working with 29 other national academies, and wider collaboration with individuals and networks worldwide.

During 2022–2023, the RSE supported collaboration and activity between international partners and Scotland's researchers both online and in person. Together, we have delivered workshops, debates, and projects, focusing particularly on those that lead to longer-term, innovative relationships. In 2022–2023, the RSE:

- Benefitted from RSE Fellows giving 350+ hours of their expertise voluntarily
- Organised, hosted and supported more than 15 international meetings
- Enabled input from and networking between 85+ international and 100+ of Scotland's stakeholders
- Raised awareness of world-class research and innovation from Scotland and offered new programmes of funding to Scottish-based researchers and their international counterparts
- Worked with other partners to formulate two new strategic partnerships supporting German and pan-African research and innovation programmes.

Throughout the year, the RSE has reiterated its commitment to international partnerships; supporting international connections between Scottish-based academics and international collaborators through a number of multilateral endeavours with flexibility to support new research undertakings.

Our relationship with Europe was prioritised during 2022, strengthening Scotland-Europe long-term collaborations. A nine-member, RSE Fellow-led, Scotland-Europe working group was established and undertook scoping to support:

- Rigorous analysis of policy issues, drawing on academic research done or underway
- Examination of policy and institutional options to respond to main challenges with innovative solutions
- Engage in a dialogue with government, business and civil society in Scotland on these issues
- Raise awareness of these issues and options by engaging with the general public

- Contribute to and inform distinctive Scottish implications of future relations with the EU and UK policy shifts.

### Equality, Diversity and Inclusion at the RSE

The RSE is committed to Equality, Diversity, and Inclusion (EDI) in its culture and working. We are undergoing a process of integrating all EDI initiatives into an RSE-wide programme to enable learning and improvement that can be monitored and evaluated, building on those outlined in the 2021-2022 Report. Highlights across the RSE for 2022-23 include:

- **Funding Leading Research:** the RSE's redesigned and relaunched (May 2021) Research Awards Programme ensures that awards are open to all academics, at all stages of their career, from all disciplines and at all research institutions. We continue to mainstream the learning from the RSE's Covid19 Research Reboot Awards to enhance participation in research, alongside initiatives we are beginning to take to explore the RSE's role in enhancing 'research culture' within the Higher Education sector in Scotland. We have also been flexible by offering additional award programmes during 2022–2023 to help Scottish-based researchers develop opportunities and network with their international counterparts
- **Engaging the Public:** The RSE's approach has shifted to be more inclusive in order both to reach, and secure input from, the breadth of Scottish society. The RSE has partnered with organisations across the public, private and third sectors to enhance awareness of the RSE's "offering". *Geographic* inclusion has been further enhanced through the appointment of a regional public engagement officer whose focus is on strengthening the RSE's reach across Scotland's mainland and islands through a series of events, as well as the appointment of a Schools Public Engagement officer to coordinate work. *Inclusion of individuals* continues to be addressed through (for example): live streaming and recordings at major events; easy-read versions of recent publications; and a remuneration policy to support participation of those who could not otherwise take part in events due to financial and other constraints. We are also building in evaluation of these efforts into our assessment of PE work.
- **International:** as the Secretariat for the UK Human Rights Commission (UKHRC), the RSE is proactive in formulating efficient responses to key humanitarian concerns, particularly in relation to academic freedoms. The UKHRC now includes all seven of the UK Academies in its membership, along with expert input from the Council of at Risk Academics (Cara). The RSE's Africa Working Group is actively working with the African Academy of Sciences, seeking to establish a two-way mentorship programme.

# Financial Review

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## Operating result for the year

The Group statement of financial activities records an operating deficit of £764,030 (£0.8m) (comprising general fund deficit of £895,526 and a restricted fund surplus of £131,496) compared with an operating surplus in the previous year of £370,723 (comprising general fund surplus of £169,195 and restricted fund surplus of £201,528). The reduction in general fund operating result of £1.064m (2023 deficit £895k v 2022 surplus of £169k), comprises an increase in general fund expenditure of £1.115m offset by increase in unrestricted income of £50k. The increase in general fund expenditure of £1.115m includes a £407k charge for exiting a defined benefit pension scheme, the Universities Superannuation Scheme, and comprises an increase in charitable expenditure of £1.201m less a reduction in cost of generating funds of £86k.

In 2023 total income reduced by £2.8m whereas total expenditure reduced by £1.6m resulting in a reduction in total operating surplus of £1.2m (2023 deficit £0.8m v 2022 surplus £0.4m).

## Income and Expenditure

### Income

Total income was £4.7m, down £2.8m on prior year (2022: £7.5m), the main decrease being in income from grants and other income in support of charitable activities (£2.87m decrease), as certain funds and grants received for distribution as part of programmes after the Covid-19 pandemic had ended in the prior year. Other income increased by a net total of £0.07m comprising an increase in investment income of £0.073m, an increase in income from donations and legacies of £0.007m offset by a reduction in rental income of £0.01m.

### Expenditure

Total expenditure was £5.5m, £1.6m less than previous year (2022: £7.1m).

Cost of raising funds increased by £0.1m in the period, while charitable expenditure decreased by £1.7m in the year due to the ending of income from the programmes described in the section on income above meaning lower research and prize awards.

The decrease in total expenditure is net of an increase in total pension cost charges for the year of £612k which includes a £407k charge for exiting a defined benefit pension scheme, the Universities Superannuation Scheme.

The reduction in total expenditure of £1.6m comprises reduction in direct costs of £2.4m and an increase in support costs of £0.8m, which includes an increase in total pension cost charges for the year of £612k. The reduction in direct costs is a result of, although not as much as, the reduction of £2.87m in grant and other income in support of other charitable activities.

## Gains & losses on investment assets

Investment Asset losses arose during the year totalling £1.6m, being realised gains on investments of £0.5m and unrealised losses of £2.1m (2022: total gain £1.0m comprising £0.4m realised gains and £0.6m unrealised gains).

### **Unrealised gains & losses on investment property**

We also reported £nil movement in unrealised gains/(losses) on our investment property (2022: £0.5m unrealised loss).

### **Actuarial gains & losses on defined benefit pension funds**

An actuarial gain of £0.67m (2022: gain of £1.7m) was recognised in the Statement of Financial Activities, reflecting a release of £0.81m liability in respect of exiting from one pension scheme, the Universities Superannuation Scheme, during the year and a net reduction of £0.14m pension asset in a second pension scheme, the Lothian Pension Fund, (representing reduction in pension liability due to change in actuarial assumptions of £2.93m less reduction in asset valuation of £0.85m less restriction of not recognising a pension asset of £2.22m).

### **Net movement in funds**

The total net movement in funds for the year was a decrease of £1.74m (unrestricted funds decrease of £0.99m plus restricted funds decrease of £0.75m), compared with an increase in 2022 of £2.62m (unrestricted funds increase of £1.87m plus restricted funds increase of £0.75m). The net movement in funds decrease in the year of £1.74m comprises an operating deficit of £0.76m plus realised and unrealised investment losses totalling £1.64m less an actuarial gain on defined pension funds of £0.66m.

### **Balance sheet**

Consolidated net assets have decreased during the year by £1.74m (from £33.14m to £31.4m), comprising a decrease in investments at year end of £1.76m plus a decrease in net current assets of £0.56m plus a beneficial movement in the defined benefit pension schemes of £0.64m, less reduction of £0.05m in tangible fixed assets held.

At the year-end investments were valued at £24.96m, compared with £26.73m in 2022, a net decrease of £1.77m comprising a net decrease in realised and unrealised gains of £1.64m (due to the impact of movements in UK equity markets) and a net reduction in funds invested of £0.13m.

The Group's Balance Sheet contains unrestricted reserves of £15.92m, a decrease of £0.99m, being the net movement in unrestricted funds for the year.

The calculated FRS102 pension liability of £0.64m at 31 March 2022, representing RSE's participation in two pension schemes, decreased by £0.64m net (comprising actuarial gain of £0.67m less £0.03m in salary cost and interest-type adjustments charged to operating costs in the year) to an asset/liability position at 31 March 2023 of £nil, representing RSE's participation in one scheme at 31 March 2023 following RSE's exit from the Universities Superannuation Scheme (USS) during the year. The actuarial gain of £0.67m comprises actuarial gains of £2.89m less pension assets not recognised of £2.22m. The FRS102 accounts valuation in respect of one remaining pension scheme, the Lothian Pension Fund, reflects market conditions at a point in time, can fluctuate significantly and changes in assets and liabilities may be reversed. During the year RSE exited the Universities Superannuation Scheme (USS) and an exit liability has been recognised and included as an operating expense in these accounts and charged to a designated pension reserve.

# Structure, Governance and Management

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## **The RSE Council**

The RSE Council, chaired by the President, comprises 15 Trustees, namely five Vice-Presidents, the President, the General Secretary, the Treasurer, the Fellowship Secretary and six Members. The Chair of Trustees of the RSE Scotland Foundation also attends Council as an observer. Council members are elected by the Fellowship to serve for four years. All positions are unpaid. The Council is responsible for the strategic direction and policies of the RSE, and normally meets quarterly. In addition to the 15 members of Council, there are two elected Office Bearers who are not Trustees of the RSE: the Young People's Programme Convener and the Curator. These Office bearers are conveners of operational committees. Office Bearers are able to attend meetings of Council when there is business at Council relevant to their responsibilities. New members of Council and the Office Bearers are given an extensive induction through briefing notes and discussions with the Chief Executive and senior staff and training is provided to members as required.

## **Governance Committees**

A Finance and Resources Committee oversees and gives advice to Council on RSE finances, HR policies and staff remuneration. It also supervises the Investment Committee. There is also an Audit and Risk Committee, the main purpose of which is to ensure there is an effective framework of audit and risk management on behalf of Council.

## **Operational Committees**

The operational committees include the Programme Committee, the Education Committee, the International Committee, the Economy and Enterprise Committee, the Public Engagement Committee and the Research Committee. These Committees largely, but not exclusively, comprise Fellows of the RSE and support the operational delivery of the RSE's varied activities. All Fellows are actively encouraged to participate in the RSE's activities. One other charity founded by the RSE, the RSE Scotland Foundation (a charitable trust and Scottish Charity SC024636) (the Foundation), is included in the consolidated financial statements.

The Foundation supports the RSE's public outreach activities and manages the premises in Edinburgh. Five of the Trustees of the Foundation are appointed ex-officio of positions held on RSE Council and a minimum of four nominated Trustees are appointed for a three-year term by the RSE Council. Following a transfer of assets in 2009, the Foundation is also responsible for managing the programme of activities in support of research in Scotland, funded by the Caledonian Research Fund.

## **Related Parties**

Material transactions with related parties are disclosed in the notes to these financial statements. The RSE's policy is for Trustees, staff and advisers to declare their interest and exempt themselves from all relevant discussions and decisions which may involve a transaction with a related party, or in which they may have a conflict of interest.

## **Risk Management**

The Audit and Risk Committee, operating on a joint basis with the Foundation, reports directly to the Council and the Trustees of the Foundation. Unless he or she is a member of Council, the Audit and Risk Committee's Chair is invited to attend Council meetings as an observer. Its remit includes keeping under review the effectiveness of internal control and risk management systems of the RSE and the Foundation. The Council believes that the existing systems (including the review by the Audit and Risk Committee) and the structure

of decision making and reporting through the senior team to Council continue to provide assurance that risks are assessed and carefully managed.

**Principal risks and uncertainties**

Description of risk	Action to manage
Loss of funding	Director of Development role created to diversify the funding portfolio of the RSE. Engage with stakeholders on funding continuity. Continue to monitor developments that change risk factors for funding and operations.
Risk of Cyber attack or breach of IT security	Ongoing programme of IT risk management with strong strategic approach of proactive investment. All staff using IT equipment involved in ongoing cyber security training.
Information Risk	GDPR: compulsory training for all staff and internal GDPR champion assigned. Management of CRM system improved significantly, thereby enhancing confidentiality, integrity and availability of information assets. Proactive Archives and Records Management Officer appointed ensures accurate management and retrieval of internal records.

**Going Concern**

The Trustees have considered the Group's reserves and secured and expected income. The Group has significant unrestricted reserves (see note 18), access to cash deposits and relatively liquid investment portfolios, which give flexibility to the Group to absorb the impact of any reductions in income over the next 12 months. The Trustees consider that it is appropriate to prepare the financial statements on a going-concern basis.

**Policies**

**Investment powers and policy**

The investment management arrangements were reviewed in April 2016 and, since 1 July 2016, the management of the investment funds of the RSE and the Foundation has been carried out by Rathbones and Brooks MacDonald Management. Each manages half of the portfolio on a discretionary basis. The objectives set by the Council are to ensure a sufficient level of income to meet the target set annually by the Council, and to invest for real capital growth over the long term. The Council has delegated the detailed monitoring of performance to an Investment Committee, which includes at least one ordinary member of Council and two experienced investment professionals and which makes comparisons against a composite benchmark reflecting the mix of assets held. The performance of the portfolios in the year was as follows:

	Income target £'000	Actual income £'000
RSE	490	526
Foundation	310	339

The income return was satisfactory and the comparison with benchmark was positive for both managers.

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

### Operating Policies – Grant Making

The RSE makes grants to individuals across all higher education institutions, all career stages and all disciplines, in support of research activities in the categories of Personal Research Fellowships, Research Workshops, Network Grants, Small Grants and International Grants including Joint Projects. Each of these categories is funded from various sources, including the RSE's restricted funds, SFC funds and other Scottish Government Grants which the RSE administers on its behalf. The basis of eligibility and selection varies according to the detailed scheme regulations and are published on the RSE's website with each award programme ([www.rse.org.uk](http://www.rse.org.uk)).

Grants are also made in support of research activities of Fellows of the RSE, including support for travel connected with research or scholarship, small-scale specialist meetings, research collaboration and publication of books written by Fellows. The Research Awards Committee has overall responsibility for these awards to Fellows and members of the Young Academy in accordance with the scheme's regulations agreed by Council.

### Reserves Policy and Funds

The total funds at 31 March 2023 are as follows:

	£'000
Total funds	31,408
Less: Restricted	15,488
Less: Designated	
Capital Asset Reserve	2,610
Building Fund	2,921
Revaluation Reserve	1,658
BP Research Fund	3,868
Young Academy Fund	33
Development Fund	2,859
Total Designated	13,949
<b>Net available funds</b>	<b>1,971</b>
Comprising:	
General Fund Balance	1,971

The RSE holds a number of restricted funds resulting from bequests for particular purposes, details of which are set out in Note 2 to the financial statements.

The Council has allocated designated funds, within its unrestricted funds, the purposes of which are also set out in Note 2 to the financial statements. The Capital Asset Reserve represents the buildings held as tangible fixed assets. Other amounts designated for future spending comprise the Building Fund for non-routine maintenance and development of the George Street buildings expected to be spent over the next 10 to 20 years; the Revaluation Reserve Fund for previously recognised revaluations of assets; the BP Research Fund for research and innovation; the Young Academy Fund for the support of YAS; and the Development Fund to

support the delivery of the RSE Strategic Framework over the next five years.

The General Fund represents the balance of unrestricted funds.

The Council considers that it would be desirable to have a General Fund reserve in the range of six months' expenditure on support costs, or approximately £1.3m. As at 31 March 2023 the General Fund reserve is £1.971m which is in excess of six months' expenditure on support costs and available to meet any future potential liabilities which may arise.

### **Pay Policy**

The Trustees and the Senior Leadership Team, led by the Chief Executive, are the key management personnel. No Trustees receive remuneration; details of the reimbursement of Trustees' expenses are in Note 22 to the financial statements. All staff are joint employees of the RSE and the Foundation.

Policy on terms and conditions of employment was set in the past by Council's Staffing Committee, chaired by the General Secretary. This responsibility now rests with the Finance and Resources Committee (FRC). In 2022, a Job Evaluation project was undertaken which recommended a Pay & Grading Review to FRC and Council, ensuring a correction of salaries to match market benchmarks, coupled with transparency of all grades and associated pay. This Review was approved by FRC and Council in May and June 2022 respectively with implementation from July 2022.

### **RSE into the Future**

The RSE's forward outlook is built on several priorities that continue the work done in recent years. Contribution to society remains the driving force, through the effective use of knowledge and research, and providing a framework for our Fellows to share their experience and expertise.

The breadth of the Fellowship's proficiency across science, the arts, business and public service is recognised as a key enabler of multi-disciplinary approaches to the challenges of today and tomorrow. Scotland's National Academy is the focus point for these methods to serve society and we will be growing this ability.

The RSE, through its Fellows, staff and partners is endeavouring to collaboratively: strengthen Scotland's research capacity and leadership; support innovation; influence public policy; raise Scotland's profile in the world; and enable the public to contribute to debates on issues of national and global significance.

Priorities for 2023–2024 include:

- Planning for the implementation and delivery of the new Strategic Plan 2023-2028 that sets out the vision and direction for the years ahead formed by extensive engagement with Fellows, stakeholders and the wider public.
- Delivering the outcomes of the new agreement between the SFC and the RSE across a breadth of Research & Innovation, Economy & Enterprise, Education, International and Public Engagement.
- Embedding the regional strategic approach throughout our activities as an essential underpinning of RSE's role as Scotland's National Academy.
- Developing multi-disciplinary channels for outreach and impact with an emphasis on reaching new and more diverse audiences.
- Delivering an awards programme which supports Scotland in being at the forefront of new research challenges and opportunities.
- Increasing and diversifying the funding profile of the RSE.



# Statement of Council's Responsibilities

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

**In preparing these financial statements, the Council is required to:**

- select suitable accounting policies and apply them consistently
- observe the methods and principles of the Charities SORP
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any departures disclosed and explained in the financial statements
- prepare the financial statements on a going-concern basis unless it is inappropriate to presume that the RSE will continue in operation.

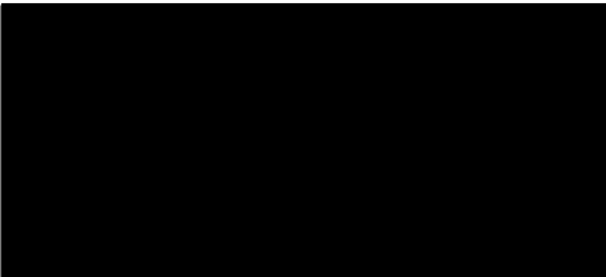
The Council is responsible for keeping accounting records that disclose, with reasonable accuracy at any time, the financial position of the RSE and which enable it to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland)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

It is also responsible for safeguarding the assets of the RSE and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Council is also responsible for the maintenance and integrity of the charity and financial information included on the RSE's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Approval of the Report**

**At the time of approving this report:**

- so far as each Trustee is aware, there is no relevant audit information of which the Auditors are unaware
- each Trustee has taken all the steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the Auditors are aware of that information



Treasurer

23 October 2023

# Independent Auditor's Report

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

### Opinion

We have audited the consolidated financial statements of The Royal Society of Edinburgh (the 'parent charity') and its subsidiary (the 'group') for the year ended 31 March 2023 which comprise the Group Statement of Financial Activities, RSE Statement of Financial Activities, the Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 March 2023 and of the group's and the parent charity's incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively cast significant doubt on the charitable group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

# Independent Auditor's Report (continued)

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## **Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

We have nothing to report in respect of the following matters in relation to which the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion:

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

## **Responsibilities of trustees**

As explained more fully in the Statement of Council's responsibilities, the Members of Council (who are the trustees for the purposes of charity law) are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charity or to cease operations, or have no realistic alternative but to do so.

## **Auditor responsibilities for the audit of the financial statements**

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act.

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

# Independent Auditor's Report (continued)

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## **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

As part of our planning process:

- We enquired of management the systems and controls the charity has in place, the areas of the financial statements that are most susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. Management informed us that there were no instances of known, suspected or alleged fraud;
- We obtained an understanding of the legal and regulatory frameworks applicable to the charity. We determined that the following were most relevant: FRS102, Charities SORP (FRS 102), Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), as well as indirectly employment law and the Data Protection Act 2018;
- We considered the incentives and opportunities that exist in the charity, including the extent of management bias, which present a potential for irregularities and fraud to be perpetrated, and tailored our risk assessment accordingly; and
- Using our knowledge of the charity, together with the discussions held with management at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Inquiry of management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing minutes of board and sub-committee meetings;
- Reviewing grant and funding agreements to confirm whether items were correctly recognised or deferred in the year;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular valuation of investment assets and accounting for pensions; and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

Owing to the inherent limitations of an audit, there is unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# Independent Auditor's Report (continued)

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## Use of our report

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



Henderson Loggie LLP  
Statutory Auditor, Chartered Accountants  
Ground Floor  
11-15 Thistle Street  
Edinburgh  
EH2 1DF

Date 26/10/23

Henderson Loggie LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

# Group Statement of Financial Activities

(INCORPORATING THE INCOME & EXPENDITURE  
ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2023

	Note	Unrestricted £	Restricted £	2023 Total £	2022 Total £
<b>Income</b>					
Donations & Legacies	4	280,749	11,459	<b>292,208</b>	285,609
Grants & other income in support of charitable activities	5	97,800	3,168,338	<b>3,266,138</b>	6,142,653
Rental income		-	260,561	<b>260,561</b>	272,058
Investment income		413,620	464,275	<b>877,895</b>	805,155
<b>Total income</b>		<b>792,169</b>	<b>3,904,633</b>	<b>4,696,802</b>	7,505,475
<b>Expenditure</b>					
Raising funds	6	(162,738)	(408,388)	<b>(571,126)</b>	(517,118)
Charitable activities	6	(1,524,957)	(3,364,749)	<b>(4,889,706)</b>	(6,617,634)
<b>Total expenditure</b>		<b>(1,687,695)</b>	<b>(3,773,137)</b>	<b>(5,460,832)</b>	(7,134,752)
Net operating surplus/(deficit)		(895,526)	131,496	<b>(764,030)</b>	370,723
<b>Gains / (losses) on Investment Assets</b>					
Realised gains	13	255,002	209,440	<b>464,442</b>	412,730
Unrealised gains/(losses) on Investments	13	(1,017,970)	(1,088,493)	<b>(2,106,463)</b>	634,309
Unrealised losses on Investment Property	12(a)	-	-	-	(500,000)
<b>Net income / (expenditure)</b>		<b>(1,658,494)</b>	<b>(747,557)</b>	<b>(2,406,051)</b>	917,762
Transfers between funds	18,19	-	-	-	-
<b>Other recognised gains / (losses)</b>					
Actuarial gains/(losses) on defined benefit pension funds	21	668,000	-	<b>668,000</b>	1,703,000
<b>Net movement in funds</b>		<b>(990,494)</b>	<b>(747,557)</b>	<b>(1,738,051)</b>	2,620,762
<b>Reconciliation of funds:</b>					
Balance brought forward at 1 April 2022	18,19	16,910,576	16,235,179	33,145,755	30,524,993
<b>Balance carried forward at 31 March 2023</b>	18,19	<b>15,920,082</b>	<b>15,487,622</b>	<b>31,407,704</b>	33,145,755

There were no acquired or discontinued activities in the year. The notes on pages 26 to 52 form part of these financial statements. Comparative information for 2022 is disclosed in note 28.

## RSE Statement of Financial Activities

(INCORPORATING THE INCOME & EXPENDITURE  
ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2023

	Note	Unrestricted £	Restricted £	2023 Total £	2022 Total £
<b>Income</b>					
Donations & Legacies	4	280,749	11,459	<b>292,208</b>	285,608
Grants & other income in support of charitable activities	5	97,800	3,099,922	<b>3,197,722</b>	6,408,582
Investment income		413,620	125,528	<b>539,148</b>	537,552
<b>Total income</b>		<b>792,169</b>	<b>3,236,909</b>	<b>4,029,078</b>	7,231,742
<b>Expenditure</b>					
Raising funds	6	(229,522)	(168,109)	<b>(397,631)</b>	(351,866)
Charitable activities	6	(1,458,173)	(3,075,462)	<b>(4,533,635)</b>	(6,347,178)
<b>Total expenditure</b>		<b>(1,687,695)</b>	<b>(3,243,571)</b>	<b>(4,931,266)</b>	(6,699,044)
Net operating surplus/ (deficit)		(895,526)	(6,662)	<b>(902,188)</b>	532,698
<b>Gains / (losses) on Investment Assets</b>					
Realised gains	13	255,002	77,390	<b>332,392</b>	254,692
Unrealised gains on Investments	13	(1,017,970)	(308,942)	<b>(1,326,912)</b>	391,327
Unrealised losses on investment property	12(a)	-	-	-	(500,000)
<b>Net income</b>		<b>(1,658,494)</b>	<b>(238,214)</b>	<b>(1,896,708)</b>	678,717
Transfers between funds	18,19	-	-	-	-
<b>Other recognised gains / (losses)</b>					
Actuarial gains/(losses) on defined benefit pension funds	21	668,000	-	<b>668,000</b>	1,703,000
<b>Net movement in funds</b>		<b>(990,494)</b>	<b>(238,214)</b>	<b>(1,228,708)</b>	2,381,717
<b>Reconciliation of funds:</b>					
Balance brought forward at 1 April 2022	18,19	16,910,576	4,448,365	21,358,941	18,977,224
<b>Balance carried forward at 31 March 2023</b>	18,19	<b>15,920,082</b>	<b>4,210,151</b>	<b>20,130,233</b>	21,358,941

There were no acquired or discontinued activities in the year. The notes on pages 26 to 52 form part of these financial statements. Comparative information for 2022 is disclosed in note 29.

## Balance Sheets at 31 March 2023

	Note	GROUP 2023 £	GROUP 2022 £	RSE 2023 £	RSE 2022 £
<b>Fixed assets</b>					
Tangible fixed assets	12(a)	<b>4,458,434</b>	4,514,525	<b>3,141,296</b>	3,180,604
Heritage assets	12(b)	<b>46,920</b>	46,920	<b>46,920</b>	46,920
Intangible fixed assets	12(c)	<b>338,998</b>	338,204	<b>338,998</b>	338,204
Investments at fair value	13	<b>24,963,746</b>	26,725,613	<b>15,198,479</b>	16,265,944
Loans receivable	14	-	-	-	1,142,208
<b>Total fixed assets</b>		<b>29,808,098</b>	31,625,262	<b>18,725,693</b>	20,973,880
<b>Current assets</b>					
Debtors	15	<b>57,377</b>	295,772	<b>80,367</b>	203,054
Cash at bank and in hand		<b>7,735,042</b>	7,310,544	<b>7,346,425</b>	7,268,841
<b>Total current assets</b>		<b>7,792,419</b>	7,606,316	<b>7,426,792</b>	7,471,895
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	16	<b>(6,192,813)</b>	(5,443,823)	<b>(6,022,252)</b>	(6,444,834)
<b>Net current assets</b>		<b>1,599,606</b>	2,162,493	<b>1,404,540</b>	1,027,061
<b>Net assets excluding pension fund</b>		<b>31,407,704</b>	33,787,755	<b>20,130,233</b>	22,000,941
Defined benefit pension schemes asset/(liability)	21	-	(642,000)	-	(642,000)
<b>Net assets after pension fund asset/(liability)</b>		<b>31,407,704</b>	33,145,755	<b>20,130,233</b>	21,358,941
<b>Funds</b>					
Restricted Funds	19,20	<b>15,487,622</b>	16,235,179	<b>4,210,151</b>	4,448,365
Unrestricted Funds:					
Designated Funds	18,20	<b>13,948,657</b>	15,912,240	<b>13,948,657</b>	15,912,240
FRS102 Pension reserve	18,20	-	(642,000)	-	(642,000)
General Fund	17,18,20	<b>1,971,425</b>	1,640,336	<b>1,971,425</b>	1,640,336
		<b>15,920,082</b>	16,910,576	<b>15,920,082</b>	16,910,576
<b>Total funds</b>		<b>31,407,704</b>	33,145,755	<b>20,130,233</b>	21,358,941

The accounts were approved and authorised for issue by the Council on 23 October 2023 and signed on its behalf by:

Treasurer



# Group Cashflow Statement

FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £	2022 £
<b>Net cash provided by/(used in) operating activities</b>		<b>(428,685)</b>	2,080,843
<b>Cash flows from investing activities</b>			
Interest received		12,717	3,684
Dividends received		865,178	801,471
Purchase of property, plant & equipment		(157,017)	(104,770)
Proceeds from sale of investments		3,954,270	6,604,169
Purchases of investments		(3,834,424)	(6,475,296)
<b>Net cash provided by/(used in) investing activities</b>		<b>840,724</b>	829,258
<b>Cash flows from financing activities</b>			
Legacies		12,459	9,024
<b>Change in cash in the year</b>		<b>424,498</b>	2,919,125
<b>Reconciliation of net cash flow to movement in funds</b>			
Cash at beginning of year		7,310,544	4,391,419
Increase in cash in the year		424,498	2,919,125
<b>Cash at end of year</b>	26	<b>7,735,042</b>	7,310,544
<b>Net income/(expenditure) for the year (as per the statement of financial activities)</b>			
<b>Net (expenditure)/income before transfers</b>		<b>(2,406,051)</b>	917,762
Losses/(Gains) on investments		1,642,021	(1,047,039)
Losses on investment property		-	500,000
Retirement benefit scheme current service cost		194,000	284,000
Retirement benefit scheme contributions		(164,000)	(190,000)
Retirement benefit scheme finance cost		225,000	226,000
Retirement benefit past service cost		(229,000)	(179,000)
Legacies		(12,459)	(9,024)
Dividends receivable		(865,178)	(801,471)
Interest receivable		(12,717)	(3,684)
Depreciation		212,314	166,890
Decrease/(increase) in debtors		238,395	146,791
Increase in creditors		748,990	2,069,618
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(428,685)</b>	2,080,843

# Notes to the Financial Statements

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## 1. Accounting Basis

The RSE is a public benefit entity, registered as a Scottish Charity (SC 000470) at registered office 22-26 George Street, Edinburgh, EH2 2PQ. The financial statements have been prepared in £ sterling, in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (Charities SORP (FRS102)) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and the Republic of Ireland (SORP), with FRS102, and with the Charities and Trustee Investment (Scotland) Act 2005 and the Charity Accounts (Scotland) Regulations 2006 (as amended).

The financial statements comprise three primary financial statements: the statement of financial activities, which incorporates the income and expenditure account; the balance sheet; and the statement of cash flows. The financial statements have been prepared under the historical cost accounting rules as modified to include the revaluation of investments.

Details of primary activities and objectives are disclosed within the Trustees' Report.

### Going Concern

The Trustees have considered the Group's reserves and secured and expected income. The Group has significant unrestricted reserves (see note 18), access to cash deposits and relatively liquid investment portfolios, which give flexibility to the Group to absorb the impact of any reductions in income over the next 12 months. The Trustees consider that it is appropriate to prepare the financial statements on a going-concern basis.

### Basis of Consolidation

The consolidated financial statements are prepared using acquisition accounting and include the financial statements of the RSE and of the RSE Scotland Foundation which is under its control. As the objectives of this entity are narrower than those of the RSE, they have been treated as restricted funds.

### Critical accounting estimates and areas of judgement

Estimates, assumptions and judgement are necessarily part of the preparation of the financial statements. The most significant estimates and assumptions contained in these accounts are management's estimate of the defined benefit pension obligation of £6.927m and assets of £8.696m, which are based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses (as analysed in Note 21).

## 2. Funds

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

*The classifications made are as follows:*

### General Fund

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

## Notes to the Financial Statements (*continued*)

### 2. Funds (*continued*)

#### Designated and unrestricted funds

Capital Asset Reserve Fund – representing the book cost of the buildings at 22–24 George Street and 26 George Street, Edinburgh.

Building Fund – a fund to provide support for non-routine maintenance and development of the buildings in George Street.

Revaluation Fund – to recognise the changes in values of previously revalued assets that are still owned.

Pension Reserve – originally created to provide for any significant liability that may arise on eventual exit from the defined benefit pension schemes, USS and Lothian Pension Fund.

BP Research Fund – a fund to support research and innovation in Scotland, arising from the transfer of assets from the BP Research Fellowship Trust.

Young Academy Fund – a fund to provide support for the delivery of the YAS objectives.

Development Fund – to support the delivery of the RSE Strategic Framework over the next five years.

#### Restricted funds

Income funds received from donors for a stated purpose for expenditure on specifically identified projects.

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

Lessells Trust – to fund scholarships abroad for engineers.

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

Prizes Fund – to fund various prizes.

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

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

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

CASS Fund – to fund academic/ industrial liaison.

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

Edinburgh Drug Absorption Foundation Fund – to fund a series of conferences

James Clerk Maxwell Fund – balance of the funds received to facilitate the commissioning and maintenance of the statue of James Clerk Maxwell in George Street, Edinburgh.

Patrick Meares Fund – a legacy received to fund Fellows' grants: to be applied one third in support of visiting lecturers and two thirds in support for meetings.

Lillian and Herbert Smith Fund – a bequest from R H Smith to be used to support biomedical research.

The Research Awards Funds – to fund research within Scotland's Higher Education sector.

The Enterprise Fellowship Awards Fund – to fund the translation of academic research into business opportunities.

RSE Scotland Foundation – established by the RSE in 1996 as a separate, but connected, charity. Its charitable purpose is to advance the education of the public in Scotland in science, engineering and technology.

## Notes to the Financial Statements *(continued)*

### 3. Accounting Policies

#### Income

##### Donations and Legacies

Subscription income for the subscription year to October is recognised proportionally to the period to which it relates. Amounts relating to the period from 1 April to 31 October are shown as deferred income.

Revenue or capital grants from Government and other sources are recognised when the RSE becomes entitled to the funds, the amount can be measured reliably, and it is probable that the income will be received.

Donations of a recurring nature from other charitable foundations and one-off gifts included in other income are taken to revenue when the RSE is entitled to the funds.

Legacy income is recognised when the Charity has legal entitlement to the income, there is sufficient evidence to provide necessary probability that it will be received, and the value can be measured with sufficient reliability. If the entitlement condition is not met, income is deferred.

##### Investment Income

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

##### Income for charitable activities

Income for activities is accounted for in line with the requirements of the Charities SORP when the Charity has control over the rights to the economic benefit of the income, it is considered probable that the income will be received by the Charity and the monetary value of the income can be reliably measured.

Income for research fellowships is accounted for in the period in which the RSE becomes entitled to the resources.

Income received for specific projects and received in advance of the commencement of the project, is deferred. If the project were not to proceed as planned, the RSE would not be entitled to retain the funds. For performance-related grants, where terms or conditions have not been, or may not be, met, the income is deferred and included in the balance sheet as deferred income.

#### Expenditure

##### Expenditure and Support Costs

All expenditure is included on an accruals basis, having regard to any obligations created by multi-year grant commitments.

Directly attributable expenditure is allocated to the relevant activity. Overhead and support costs are allocated to activities on the basis of direct staff costs in each area of activity.

Governance costs incurred in connection with the management of RSE assets, organisational administration and compliance with constitutional and statutory requirements are included in support costs and allocated to activities.

##### Cost of raising funds

The cost of raising funds includes expenditure incurred in supporting the Fellowship and incurred on fundraising and development initiatives, together with fees paid to investment managers.

## Notes to the Financial Statements *(continued)*

### 3. Accounting Policies *(continued)*

#### Grants payable

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

#### Operating Leases

Rental costs under operating leases are charged on a straight- line basis over the lease period.

#### Tangible Fixed Assets, depreciation and repairs

The RSE's principal assets are its buildings in George Street, Edinburgh. It is the policy of the RSE Council to maintain the buildings to a high standard. Any permanent diminutions in value are reflected in the statement of financial activities. Minor equipment up to £500 is expensed in the year of purchase. Costs of repairs and maintenance are expensed.

Tangible fixed assets are stated at cost less accumulated depreciation. When an element of a tangible fixed asset item has a different useful life, it is accounted for as a separate tangible fixed asset.

Depreciation is charged to the Statement of Financial activities on straight line basis over the estimated useful life of each asset.

The estimated useful lives are follows:

Buildings & Leasehold improvements	–	50 years
Fixtures & Fittings	–	10-20 years
Computers & equipment	–	3-4 years

#### Investment Property

The RSE has ownership of buildings, for which part of the property is rented out to third parties. In accordance with FRS 102, the rented element of the property has been valued by Ryden LLP on a market value basis and, as such, the rented element of the owned property has been recognised as an investment property. These assets are not depreciated.

#### Heritage Assets

The historical records of the RSE from its formation in 1783, including papers and minute books, are placed on deposit with the National Library of Scotland, where they are catalogued and accessible to the public on request.

Portraits, furniture, publications and other artefacts held in the George Street premises have been acquired in the ordinary course of business over the years prior to 2009 and have not been capitalised. These items may have intrinsic historical value, but they are not held principally for their contribution to knowledge and culture nor directly in furtherance of the charitable objectives of RSE. Reliable estimates of cost or value are not available on a basis that would justify the costs of establishing them.

The category of heritage assets shown in fixed assets comprises portraits acquired since that time at cost, and donated assets at valuations carried out on acquisition. These assets are not depreciated.

#### Intangible Assets

This relates to the payments for the software development of a Customer Relations Management package. This asset is being amortised over its useful economic life of eight years. Amortisation of intangible assets is included in support costs and allocated accordingly.

## Notes to the Financial Statements *(continued)*

### 3. Accounting Policies *(continued)*

#### Investments

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

#### Financial Instruments

The RSE only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Financial assets and liabilities are recognised when a contractual right or obligation arises and are stated gross, unless there is a legally enforceable right to set off the recognised amounts, which is intended to be exercised.

#### Debtors

Trade and other debtors receivable within one year are measured at the transaction price receivable unless there is an impairment. Provision for impairment is made when there is evidence that the amounts due will not be collected in accordance with the related contract.

Prepayments are valued at the amount prepaid. Accrued income is measured at the amount recoverable.

#### Creditors

Trade and other creditors are measured at the transaction price payable. Provisions are recognised when the RSE has a present obligation as a result of a past event that will probably result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation.

#### Pensions

During the year the RSE participated in two defined benefit pension schemes (the Universities Superannuation Scheme and the Lothian Pension Fund), both of which are externally managed. During the year RSE exited from the Universities Superannuation Scheme (USS). The cost of exiting the scheme was charged as an operating expense against a designated pension reserve fund. The reported deficit under FRS 102 as at 31 March 2022 was written back as an actuarial gain.

The cost of providing pensions as calculated in accordance with FRS102 is allocated over employees' working lives with the RSE and is included in staff costs with actuarial gains and losses arising from experience adjustments and changes in assumptions recognised in the Statement of Financial Activities. Pension fund assets arising from valuations under FRS 102 are recognised only to the extent that the asset is recoverable in the foreseeable future.

From 1 April 2017, the membership of the Lothian Pension Fund was closed to new entrants and a defined contribution scheme opened for new staff. In the event that the RSE withdrew completely from the Lothian Pension Fund scheme there could be an exit liability.

## Notes to the Financial Statements (*continued*)

### Foreign Exchange

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date, while transactions arising during the year are translated at the spot rate prevailing when the transaction arises.

Exchange gains or losses arising in the year are recognised in the statement of financial activities.

### 4. Donations and Legacies

	GROUP 2023 £	GROUP 2022 £	RSE 2023 £	RSE 2022 £
<b>Contributions from RSE Fellows and YAS</b>				
Admission fees - fellows	22,500	24,000	22,500	24,000
Annual Subscriptions & donations - Fellows	238,964	236,419	238,964	236,419
Young Academy Scotland	16,200	9,270	16,200	9,270
Income tax recoverable under Gift Aid	-	6,121	-	6,121
	<b>277,664</b>	<b>275,810</b>	<b>277,664</b>	<b>275,810</b>
<b>Other Donations</b>				
Other Income	2,085	775	2,085	774
Legacies - unrestricted	1,000	-	1,000	-
<b>Total unrestricted income</b>	<b>280,749</b>	<b>276,585</b>	<b>280,749</b>	<b>276,584</b>
Lessells Trust	11,459	9,024	11,459	9,024
<b>Total restricted income</b>	<b>11,459</b>	<b>9,024</b>	<b>11,459</b>	<b>9,024</b>
<b>Total Donations &amp; Legacies</b>	<b>292,208</b>	<b>285,609</b>	<b>292,208</b>	<b>285,609</b>

In addition to the donations set out above, the RSE receives donations made specifically in support of activities which are included in activities income (See Note 27).

Notes to the Financial Statements (continued)

5. Grants & other income in support of Charitable Activities

	GROUP 2023 £	GROUP 2022 £	RSE 2023 £	RSE 2022 £
Scottish Government Grant - personal research awards	-	1,933,243	-	2,080,076
Scottish Government Grant - Personal Research Awards	<b>819,730</b>	-	<b>819,730</b>	-
Scottish Government Grant - Saphire	<b>156,500</b>	59,800	<b>156,500</b>	59,800
Scottish Government Grant - Activities grant	<b>1,079,942</b>	699,701	<b>1,079,942</b>	699,701
Scottish Government Grant - COVID-19 impact research Grant	-	56,301	-	56,301
Scottish Government Grant - engagement & expertise	<b>865,455</b>	2,048,678	<b>865,455</b>	2,048,678
Scottish Government Grant - international activities	-	371,122	-	371,122
<b>Total Scottish Government</b>	<b>2,921,627</b>	5,168,845	<b>2,921,627</b>	5,315,678
Scottish Enterprise - Enterprise Fellowships	-	-	<b>27,993</b>	-
BBSRC Enterprise Fellowships	<b>37,773</b>	278,631	<b>37,773</b>	287,632
STFC Enterprise Fellowships	<b>63,274</b>	216,623	<b>63,274</b>	216,623
IBioIC Enterprise Fellowships	<b>4,014</b>	(8,498)	<b>4,014</b>	72,322
Charitable Trusts	<b>45,241</b>	237,323	<b>45,241</b>	281,471
Public Engagement activities	-	56,860	-	59,860
Journal publications	<b>96,409</b>	102,719	-	-
<b>Total restricted income</b>	<b>3,168,338</b>	6,052,503	<b>3,099,922</b>	6,233,586
Policy and advice income	<b>31,371</b>	17,900	<b>31,371</b>	17,900
Public engagement Activities	<b>33,135</b>	17,135	<b>33,135</b>	17,135
Journal publications	<b>1,396</b>	1,064	<b>1,396</b>	103,783
Sundry income	<b>31,898</b>	54,051	<b>31,898</b>	36,178
<b>Total unrestricted income</b>	<b>97,800</b>	90,150	<b>97,800</b>	174,996
<b>Total Incoming Resources from Charitable Activities</b>	<b>3,266,138</b>	6,142,653	<b>3,197,722</b>	6,408,582

Further information relating to grant, donations and receipts and their application is set out in note 27.



## Notes to the Financial Statements (continued)

### 6. Expenditure

GROUP	Note	Direct costs £	Support costs (Note 10) £	Total 2023 £	Direct costs £	Support costs (Note 10) £	Total 2022 £
<b>Costs of Generating Funds</b>							
Fundraising		4,412	122,009	126,421	3,072	102,496	105,568
Membership activities		16,757	186,727	203,484	3,485	164,308	167,793
Building management		13,896	109,775	123,671	15,274	98,327	113,601
Investment fees		117,550	-	117,550	130,155	-	130,155
<b>Total costs of generating funds</b>		<b>152,615</b>	<b>418,511</b>	<b>571,126</b>	151,986	365,131	517,118
<b>Charitable Activities</b>							
Research and prizes	7,8	1,593,089	406,572	1,999,661	3,490,141	474,413	3,964,554
Enterprise and innovation	7,9	102,225	260,976	363,201	670,508	222,179	892,687
Policy		37,926	457,910	495,836	31,977	440,579	472,557
International		25,180	151,843	177,023	12,415	141,562	153,977
Public Engagement		145,211	1,266,882	1,412,093	2,112,990	579,161	692,151
Conferencing Letting		-	218,719	218,719	-	220,928	220,928
Development		5,480	-	5,480	42,292	5,567	47,860
Young Academy of Scotland		36,708	180,985	217,693	21,015	151,906	172,921
<b>Total cost of charitable activities</b>		<b>1,945,819</b>	<b>2,943,887</b>	<b>4,889,706</b>	4,381,339	2,236,296	6,617,634
<b>Total Expenditure – Group</b>		<b>2,098,434</b>	<b>3,362,398</b>	<b>5,460,832</b>	4,533,325	2,601,427	7,134,752

RSE	Note	Direct costs £	Support costs (Note 10) £	Total 2023 £	Direct costs £	Support costs (Note 10) £	Total 2022 £
<b>Costs of Generating Funds</b>							
Fundraising		631	122,009	122,640	2,400	102,496	104,896
Membership activities		16,756	186,727	203,483	3,485	164,308	167,793
Investment fees		71,508	-	71,508	79,177	-	79,177
<b>Total costs of generating funds</b>		<b>88,895</b>	<b>308,736</b>	<b>397,631</b>	85,062	266,804	351,866
<b>Charitable Activities</b>							
Research and prizes	7,8	1,503,730	358,578	1,862,308	3,401,203	470,332	3,871,535
Enterprise and innovation	7,9	102,225	260,976	363,201	670,508	222,179	892,687
Policy		37,926	457,910	495,836	31,978	440,579	472,557
International		25,180	151,843	177,023	12,415	141,562	153,977
Public Engagement		145,211	1,266,882	1,412,093	112,990	622,652	735,642
Development		5,480	-	5,480	42,293	5,567	47,860
Young Academy of Scotland		36,708	180,986	217,694	21,014	151,906	172,920
<b>Total cost of charitable activities</b>		<b>1,856,460</b>	<b>2,677,175</b>	<b>4,533,635</b>	4,292,401	2,054,777	6,347,178
<b>Total Expenditure - RSE</b>		<b>1,945,355</b>	<b>2,985,911</b>	<b>4,931,266</b>	4,377,463	2,321,581	6,699,044

Support costs as set out in note 10 have been allocated to activities in proportion to the employment costs in each area of the charity.

Notes to the Financial Statements (*continued*)

7. Grants Payable

	Note	GROUP 2023 £	GROUP 2022 £	RSE 2023 £	RSE 2022 £
Promotion of research	8	<b>1,999,661</b>	3,964,554	<b>1,862,308</b>	3,871,535
Enterprise and Innovation	9	<b>363,201</b>	892,687	<b>363,201</b>	892,687
		<b>2,362,862</b>	4,857,241	<b>2,225,509</b>	4,764,222

8. Research and Prizes

	GROUP 2023 £	GROUP 2022 £	RSE 2023 £	RSE 2022 £
<b>Promotion of Research</b>				
Scottish Government –				
RSE New Research Awards	<b>1,265,911</b>	1,389,327	<b>1,265,911</b>	1,389,327
Scottish Government - COP26	-	(10,046)	-	(10,046)
Scottish Government COVID	-	56,301	-	56,301
Scottish Government Sapphire	<b>144,987</b>	50,000	<b>144,987</b>	50,000
Scottish Government Saltire	-	1,743,455	-	1,743,455
Arts & Humanities Grants	<b>1,081</b>	(419)	<b>1,081</b>	(419)
Joint projects	<b>45,837</b>	49,562	<b>45,837</b>	49,562
Scotland - Germany Hydrogen project	-	97,747	-	97,747
CRF Post graduate Studentships	<b>89,359</b>	88,938	-	-
Fullbright scholarship	<b>12,100</b>	-	<b>12,100</b>	-
Piazz Smyth Bequest	-	4,800	-	4,800
Henry Dryere Scholarship	<b>18,522</b>	16,950	<b>18,522</b>	16,950
Prizes & Grant	<b>2,127</b>	2,450	<b>2,127</b>	2,450
Other direct costs	<b>13,165</b>	1,076	<b>13,165</b>	1,076
	<b>1,593,089</b>	3,490,141	<b>1,503,730</b>	3,401,203
Support	<b>406,572</b>	474,413	<b>358,578</b>	470,332
	<b>1,999,661</b>	3,964,554	<b>1,862,308</b>	3,871,535

An analysis of institutions' and individuals' awards made under this expenditure heading is included in the Society's *Research Awards records*, obtainable from the address on the last page. All awards are made to individuals.

**Notes to the Financial Statements (continued)**

**9. Enterprise and Innovation**

	GROUP 2023 £	GROUP 2022 £	RSE 2023 £	RSE 2022 £
STFC Fellowships	55,363	182,333	55,363	182,333
RSE Enterprise Fellowships	24,239	195,763	24,239	195,763
BBSRC Fellowships	23,133	179,761	23,133	179,761
iBioIC Fellowships	402	69,927	402	69,927
BP Enterprise Fellowships	(912)	42,724	(912)	42,724
	<b>102,225</b>	<b>670,508</b>	<b>102,225</b>	<b>670,508</b>
Support Costs	260,976	222,179	260,976	222,179
<b>TOTAL</b>	<b>363,201</b>	<b>892,687</b>	<b>363,201</b>	<b>892,687</b>

**10. Support Costs**

GROUP	Note	2023			2022		
		TOTAL £	Support £	Governance £	TOTAL £	Support £	Governance £
Staff costs (including secondments)	11	2,471,936	2,426,181	45,755	1,751,013	1,709,212	41,802
Staff training, agency & recruitment costs		71,397	71,397	-	103,606	103,606	-
Other staff costs		14,918	14,918	-	34,535	34,535	-
Non-cash pension cost adjustments		26,000	26,000	-	141,000	141,000	-
		<b>2,584,251</b>	<b>2,538,496</b>	<b>45,755</b>	<b>2,030,155</b>	<b>1,988,353</b>	<b>41,802</b>
<b>Other Costs</b>							
Establishment expenses		272,298	264,129	8,169	151,487	146,942	4,545
Computer and equipment costs		153,270	144,074	9,196	127,405	119,760	7,645
Communications, stationery and printing costs		26,114	24,547	1,567	23,292	21,895	1,397
Travel and subsistence, hospitality		10,385	1,593	8,792	2,203	138	2,065
Publicity		69	65	4	1,538	1,446	92
Miscellaneous		4,319	4,319	-	4,435	4,435	-
Professional fees and subscriptions		64,163	-	64,163	61,351	-	61,351
Audit fee		35,215	-	35,215	32,668	-	32,668
Depreciation		212,314	199,575	12,739	166,893	156,880	10,013
		<b>778,147</b>	<b>638,302</b>	<b>139,845</b>	<b>571,272</b>	<b>451,496</b>	<b>119,776</b>
<b>Total Support Costs</b>		<b>3,362,398</b>	<b>3,176,798</b>	<b>185,600</b>	<b>2,601,427</b>	<b>2,439,849</b>	<b>161,578</b>

**Notes to the Financial Statements (continued)**

**10. Support Costs (continued)**

RSE	Note	2023			2022		
		TOTAL £	Support £	Governance £	TOTAL £	Support £	Governance £
Staff costs (including secondments)	11	<b>2,253,232</b>	<b>2,210,353</b>	<b>42,879</b>	1,527,835	1,489,126	38,709
Staff Training, agency & recruitment costs		<b>71,397</b>	<b>71,397</b>	-	103,606	103,606	-
Other staff costs		<b>14,918</b>	<b>14,918</b>	-	34,535	34,535	-
Non-cash pension cost adjustments		<b>26,000</b>	<b>26,000</b>	-	141,000	141,000	-
		<b>2,365,547</b>	<b>2,322,668</b>	<b>42,879</b>	1,806,976	1,768,267	38,709
<b>Other Costs</b>							
Establishment expenses		<b>294,191</b>	<b>284,060</b>	<b>10,131</b>	238,306	231,157	7,149
Computer and equipment costs		<b>102,625</b>	<b>96,468</b>	<b>6,157</b>	83,336	78,336	5,000
Communications, stationery and printing costs		<b>7,574</b>	<b>7,119</b>	<b>455</b>	4,574	4,300	274
Travel and subsistence, hospitality		<b>10,385</b>	<b>1,594</b>	<b>8,791</b>	2,172	107	2,065
Publicity		<b>69</b>	<b>64</b>	<b>5</b>	1,538	1,446	92
Miscellaneous		<b>4,303</b>	<b>4,303</b>	-	4,434	4,434	-
Professional fees and subscriptions		<b>54,663</b>	-	<b>54,663</b>	61,351	-	61,351
Audit fee		<b>26,940</b>	-	<b>26,940</b>	25,186	-	25,186
Depreciation		<b>119,614</b>	<b>112,437</b>	<b>7,177</b>	93,708	88,086	5,622
		<b>620,364</b>	<b>506,045</b>	<b>114,319</b>	514,605	407,866	106,739
<b>Total Central Costs</b>		<b>2,985,911</b>	<b>2,828,713</b>	<b>157,198</b>	2,321,581	2,176,133	145,448

Support costs as set out in note 10 have been allocated to activities in proportion to the employment costs in each area of activity as set out in note 6.

Notes to the Financial Statements (*continued*)

11. Employees

GROUP 2023	Total Payroll £	Support costs £	Funded by Foundation £	Funded by RSE £
Wages and salaries	1,462,667	1,462,667	158,017	1,304,650
Social security costs	156,286	156,286	16,409	139,877
Other pension costs	852,983	852,983	44,278	808,705
	<b>2,471,936</b>	<b>2,471,936</b>	<b>218,704</b>	<b>2,253,232</b>

2022	Total Payroll £	Support costs £	Funded by Foundation £	Funded by RSE £
Wages and salaries	1,376,352	1,376,352	162,822	1,213,530
Social security costs	133,782	133,782	15,316	118,466
Other pension costs	240,879	240,879	45,040	195,839
	<b>1,751,013</b>	<b>1,751,013</b>	<b>223,178</b>	<b>1,527,835</b>

The average number of employees of the RSE, including those employed under joint contracts with the RSE Scotland Foundation was 39 (2022:44). One member of staff earned over £60,000 per year being in the band £80,000 to £90,000 (2022: two members of staff earned over £60,000 per year (one in the band £70,000 to £80,000 and one in the band £90,000 to £100,000)). The total remuneration of the key management personnel (in 2022-23, from 1 April to 30 Sept 2022 Chief Executive, Director of Programmes, Director of Finance, Director of Corporate Services and from 1 October to 31 March 2023 Chief Executive, Director of Finance & Corporate Services, Head of Programmes and Head of Communications, in 2021-22 the Chief Executive, the Director of Finance, the Director of HR & Corporate Services, and the Director of Programmes) was £366,062, including pension contributions of £36,079 (2022: £333,898, including pension contributions of £26,201).

Notes to the Financial Statements (continued)

12(a). Tangible Fixed Assets

GROUP	22-26 George Street Purchase Cost £	Investment Property Within 22-26 George Street Market Value £	Leasehold Improvements £	Fixtures & fittings	Computers & Equipment £	Total £
<b>Cost or valuation</b>						
At 1 April 2022	<b>2,180,741</b>	<b>2,000,000</b>	<b>2,136,070</b>	<b>328,460</b>	<b>230,539</b>	<b>6,875,810</b>
Additions	-	-	-	63,278	18,265	81,543
Disposals	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
<b>At 31 March 2023</b>	<b>2,180,741</b>	<b>2,000,000</b>	<b>2,136,070</b>	<b>391,738</b>	<b>248,804</b>	<b>6,957,353</b>
<b>Depreciation</b>						
At 1 April 2022	<b>1,003,141</b>	-	<b>1,016,320</b>	<b>137,738</b>	<b>204,086</b>	<b>2,361,285</b>
Disposals	-	-	-	-	-	-
Charge for the year	43,615	-	44,473	32,286	17,260	137,634
<b>At 31 March 2023</b>	<b>1,046,756</b>	-	<b>1,060,793</b>	<b>170,024</b>	<b>221,346</b>	<b>2,498,919</b>
<b>Net Book Value</b>						
At 31 March 2023	<b>1,133,985</b>	<b>2,000,000</b>	<b>1,075,277</b>	<b>221,714</b>	<b>27,458</b>	<b>4,458,434</b>
At 31 March 2022	<b>1,177,600</b>	<b>2,000,000</b>	<b>1,119,750</b>	<b>190,722</b>	<b>26,453</b>	<b>4,514,525</b>

Notes to the Financial Statements (*continued*)

**12(a). Tangible Fixed Assets (*continued*)**

RSE	22-26 George Street Purchase Cost £	Investment Property Within 22-26 George Street Market Value £	Fixtures & fittings £	Computers & Equipment £	Total £
<b>Cost or valuation</b>					
At 1 April 2022	2,180,741	2,000,000	41,228	55,457	4,277,426
Additions	-	-	1,041	4,585	5,626
Disposals	-	-	-	-	-
Transfer	-	-	-	-	-
Revaluation	-	-	-	-	-
<b>At 31 March 2023</b>	<b>2,180,741</b>	<b>2,000,000</b>	<b>42,269</b>	<b>60,042</b>	<b>4,283,052</b>
<b>Depreciation</b>					
At 1 April 2022	1,003,141	-	39,181	54,500	1,096,822
Disposals	-	-	-	-	-
Charge for the year	43,614	-	788	532	44,934
Transfer	-	-	-	-	-
<b>At 31 March 2023</b>	<b>1,046,755</b>	<b>-</b>	<b>39,969</b>	<b>55,032</b>	<b>1,141,756</b>
<b>Net Book Value</b>					
<b>At 31 March 2023</b>	<b>1,133,986</b>	<b>2,000,000</b>	<b>2,300</b>	<b>5,010</b>	<b>3,141,296</b>
At 31 March 2022	1,177,601	2,000,000	2,047	956	3,180,604

The RSE has ownership of buildings, for which part of the property is rented out to third parties. In accordance with FRS102, the rented element of the property has been valued as at 31 March 2023 by Rydens LLP on a market value basis and as such the rented element of the owned property has been recognised as an investment property.

**Notes to the Financial Statements (continued)**

**12(b). Heritage Fixed Assets**

	GROUP £	RSE £
Before 2018	46,920	46,920
2019	-	-
2020	-	-
2021	-	-
2022	-	-
<b>Total</b>	<b>46,920</b>	<b>46,920</b>

Heritage assets include historical records of the RSE, portraits, furniture and other artefacts.

**12(c). Intangible Assets**

	GROUP £	RSE £
<b>Cost</b>		
At 1 April 2022	404,900	404,900
Additions	75,474	75,474
Disposals	-	-
Transfer	-	-
Revaluation	-	-
<b>At 31 March 2023</b>	<b>480,374</b>	<b>480,374</b>
<b>Depreciation</b>		
At 1 April 2022	66,696	66,696
Disposals	-	-
Charge for the year	74,680	74,680
Transfer	-	-
<b>At 31 March 2023</b>	<b>141,376</b>	<b>141,376</b>
<b>Net Book Value</b>		
<b>As at 31 March 2023</b>	<b>338,998</b>	<b>338,998</b>
As at 31 March 2022	338,204	338,204

The intangible asset relates to the payments for the software development of a customer relations management package.



Notes to the Financial Statements (*continued*)

**13. Fixed Assets Investments**

	Value at 1 April 2022	Investments Made at Cost	Proceeds on Sale of Investments	Realised Gain/(Loss)	Unrealised Gain/(Loss)	Fair Value at 31 March 2023
	£	£	£	£	£	£
Managed Funds	7,577,784	867,906	(980,977)	164,770	(418,342)	7,211,141
Fixed Interest	1,684,105	1,193,613	(399,709)	122,080	(364,954)	2,235,135
UK Equities	6,837,617	245,788	(1,006,727)	45,542	(543,616)	5,578,604
Cash Deposits	166,438	(2,307,307)	2,314,468	-	-	173,599
<b>RSE</b>	<b>16,265,944</b>	<b>-</b>	<b>(72,945)</b>	<b>332,392</b>	<b>(1,326,912)</b>	<b>15,198,479</b>
Managed Funds	4,847,808	240,556	(666,075)	103,695	(310,753)	4,215,231
Fixed Interest	1,187,148	836,675	(223,326)	4,855	(169,677)	1,635,675
UK Equities	4,333,715	423,813	(677,456)	23,500	(299,121)	3,804,451
Cash Deposits	90,998	(1,501,044)	1,519,956	-	-	109,910
RSESF Caledonian Research Fund	10,459,669	-	(46,901)	132,050	(779,551)	9,765,267
<b>GROUP</b>	<b>26,725,613</b>	<b>-</b>	<b>(119,846)</b>	<b>464,442</b>	<b>(2,106,463)</b>	<b>24,963,746</b>

The gain on sale of investments measured against their historical cost was £757,161 (2022: *gain* £900,968). The historical cost of investments was £24,097,901 (2022: £23,195,313). (RSE £14,726,007; 2022: £14,200,344). There were no investments comprising more than 5% of the market value of the portfolio. All investments are held within the UK. The investments are the only financial assets held at fair value.

**14. Fixed Assets - Loan Receivable**

	2023	2022
	£	£
RSE		
Due after one year	-	1,142,208

The loan made by the RSE to the RSE Scotland Foundation was repaid on 1 April 2022.

**15. Current Assets - Debtors**

	GROUP 2023	GROUP 2022	RSE 2023	RSE 2022
	£	£	£	£
General Debtors	10,387	259,806	23,268	128,011
Loan Receivable due within one year	-	-	-	46,808
RSE Scotland Foundation Current Account	-	-	24,440	-
Prepayments and accrued income	40,869	29,845	26,538	22,114
Income tax recoverable	6,121	6,121	6,121	6,121
	<b>57,377</b>	<b>295,772</b>	<b>80,367</b>	<b>203,054</b>

**Notes to the Financial Statements (continued)**

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

	GROUP 2023 £	GROUP 2022 £	RSE 2023 £	RSE 2022 £
General creditors	<b>164,193</b>	220,512	<b>178,838</b>	163,415
Research awards payable	<b>4,792,469</b>	4,405,064	<b>4,792,469</b>	4,405,064
Accruals	<b>818,090</b>	502,391	<b>762,632</b>	480,345
VAT Payable	<b>30,176</b>	14,167	-	-
Deferred Income	<b>288,313</b>	200,311	<b>288,313</b>	200,311
Event income deferred	<b>3,693</b>	13,067	-	10,000
Advance receipts - Journals	<b>71,442</b>	49,708	-	-
Advance receipts - Rent	<b>24,437</b>	38,603	-	-
RSE Scotland Foundation Current Account	-	-	-	1,185,699
	<b>6,192,813</b>	5,443,823	<b>6,022,252</b>	6,444,834

Deferred income analysis	At 1 April 2022 £	Received in Year £	Recognised in Year £	At 31 March 2023 £
Scottish Government	58,346	2,947,900	(2,862,888)	<b>143,358</b>
SAHA Income	10,000	37,750	(45,250)	<b>2,500</b>
Fellows Subscription Income	128,615	143,927	(130,587)	<b>141,955</b>
Young Academy Subscription Income	3,350	2,850	(5,700)	<b>500</b>
	200,311	3,132,427	(3,044,425)	<b>288,313</b>

**17. General Fund**

	GROUP £	RSE £
At 1 April 2022	1,640,336	1,640,336
Net Movement in funds for the year from statement of financial activities	331,089	331,089
At 31 March 2023	<b>1,971,425</b>	<b>1,971,425</b>

Notes to the Financial Statements (*continued*)

18. Unrestricted Funds

	At 1 April 2022	Investment income	Other income	Expenditure	Gains/ (losses)	Transfers	Net Movement in Year	At 31 March 2023
	£	£	£	£	£	£	£	£
<b>GROUP &amp; RSE</b>								
Capital Asset Reserve	2,698,564	-	-	(88,089)	-	-	(88,089)	2,610,475
Development Fund	3,042,543	95,606	-	(103,300)	(176,357)	-	(184,051)	2,858,492
Building Fund	3,013,474	94,693	-	(12,559)	(174,672)	-	(92,538)	2,920,936
Pension Reserve Fund	1,477,315	46,422	-	(610,513)	(85,631)	(827,593)	(1,477,315)	-
BP Research Fund	3,989,231	125,354	-	(15,714)	(231,230)	-	(121,590)	3,867,641
Young Academy Fund	32,972	-	-	-	-	-	-	32,972
Investment Property Revaluation Reserve (Note 12a)	1,658,141	-	-	-	-	-	-	1,658,141
<b>Designated Funds</b>								
<b>Total</b>	<b>15,912,240</b>	<b>362,075</b>	<b>-</b>	<b>(830,175)</b>	<b>(667,890)</b>	<b>(827,593)</b>	<b>(1,963,583)</b>	<b>13,948,657</b>
FRS102 pension reserve	(642,000)	-	-	(26,000)	668,000	-	642,000	-
<b>General Funds</b>	<b>1,640,336</b>	<b>51,545</b>	<b>378,549</b>	<b>(831,520)</b>	<b>(95,078)</b>	<b>827,593</b>	<b>331,089</b>	<b>1,971,425</b>
<b>Unrestricted Funds</b>								
<b>Total</b>	<b>16,910,576</b>	<b>413,620</b>	<b>378,549</b>	<b>(1,687,695)</b>	<b>(94,968)</b>	<b>-</b>	<b>(990,494)</b>	<b>15,920,082</b>

**Notes to the Financial Statements (continued)**

**19. Restricted Funds**

	At 1 April 2022 £	Investment income £	Other income £	Expenditure £	Gains/ (losses) £	Transfers £	Net Movement in Year £	At 31 March 2023 £
<b>GROUP &amp; RSE</b>								
Robert Cormack Bequest	120,155	3,776	-	(1,162)	(6,965)	-	(4,351)	115,804
Lessells Trust	820,959	25,797	11,459	(7,943)	(47,585)	-	(18,272)	802,687
Auber Bequest	762,852	23,971	-	(7,380)	(44,217)	-	(27,626)	735,226
Prizes Fund	103,141	3,241	-	(998)	(5,978)	-	(3,735)	99,406
Fleck Bequest Fund	170,391	5,354	-	(1,648)	(9,877)	-	(6,171)	164,220
Piazzì Smyth Legacy Fund	18,112	569	-	(175)	(1,050)	-	(656)	17,456
Sillitto Fund	50,286	1,580	-	(487)	(2,915)	-	(1,822)	48,464
Other	50,617	1,590	-	(490)	(2,934)	-	(1,834)	48,783
Edinburgh Drug Absorption Foundation	79,712	-	-	-	-	-	-	79,712
James Clerk Maxwell Fund	30,533	-	-	-	-	-	-	30,533
Patrick Meares Fund	61,897	-	-	-	-	-	-	61,897
Lillian & Herbert Smith Funds	1,898,269	59,650	-	(18,366)	(110,031)	-	(68,747)	1,829,522
Research Awards Fund	210,340	-	-	(105,000)	-	-	(105,000)	105,340
Enterprise Fellowship Awards Fund	71,101	-	-	-	-	-	-	71,101
Restricted Income Fund	-	-	3,099,921	(3,099,921)	-	-	-	-
<b>RSE</b>	<b>4,448,365</b>	<b>125,528</b>	<b>3,111,380</b>	<b>(3,243,570)</b>	<b>(231,552)</b>	<b>-</b>	<b>(238,214)</b>	<b>4,210,151</b>
<b>RSE Scotland Foundation</b>	<b>11,786,814</b>	<b>338,747</b>	<b>328,978</b>	<b>(529,567)</b>	<b>(647,501)</b>	<b>-</b>	<b>(509,343)</b>	<b>11,277,471</b>
<b>GROUP</b>	<b>16,235,179</b>	<b>464,275</b>	<b>3,440,358</b>	<b>(3,773,137)</b>	<b>(879,053)</b>	<b>-</b>	<b>(747,557)</b>	<b>15,487,622</b>

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

“Other” comprises the Retailing Seminar Fund and The CASS Fund (See note 2). The Research Awards Fund is to fund research within Scotland’s Higher Education sector. The Enterprise Fellowship Awards Fund is to fund the translation of academic research into business opportunities. The Restricted Income Fund represents restricted income received and expended in the year. The University of Glasgow is entitled to 10% of additional amounts received by the RSE from the Lessells Trust.

RSE Scotland Foundation funds are treated as restricted in the consolidated accounts and comprise the Caledonian Research Fund (CRF) of £10,602,368 (2022: £11,079,017) and the balance of the Foundation General Fund of £675,103 (2022: £707,797).

**Notes to the Financial Statements (continued)**

**20. Analysis of Assets Between Funds**

GROUP	General £	Designated Funds £	Restricted Funds £	2023 £	2022 £
Funds balance at 31 March 2023 are represented by:					
Fixed assets	-	3,527,214	1,317,138	<b>4,844,352</b>	4,899,649
Investments	1,234,593	9,753,735	13,975,418	<b>24,963,746</b>	26,725,613
Current assets	55,927	-	1,450	<b>57,377</b>	295,772
Cash	1,910,688	667,708	5,156,646	<b>7,735,042</b>	7,310,544
Current Liabilities	(1,229,783)	-	(4,963,030)	<b>(6,192,813)</b>	(5,443,823)
	<b>1,971,425</b>	<b>13,948,657</b>	<b>15,487,622</b>	<b>31,407,704</b>	33,787,755
FRS102 Pension reserve	-	-	-	-	(642,000)
	<b>1,971,425</b>	<b>13,948,657</b>	<b>15,487,622</b>	<b>31,407,704</b>	<b>33,145,755</b>

RSE	General £	Designated Funds £	Restricted Funds £	2023 £	2022 £
Funds balance at 31 March 2023 are represented by:					
Fixed assets	-	3,527,214	-	<b>3,527,214</b>	3,565,728
Investments	1,234,593	9,753,735	4,210,151	<b>15,198,479</b>	16,265,943
Loan to RSE Scotland Foundation	-	-	-	-	1,142,209
Current assets	55,927	-	-	<b>55,927</b>	203,054
RSE Scotland Foundation Current Account	24,440	-	-	<b>24,440</b>	-
Cash	1,886,248	667,708	4,792,469	<b>7,346,425</b>	7,268,841
Current Liabilities	(1,229,783)	-	(4,792,469)	<b>(6,022,252)</b>	(6,444,834)
	<b>1,971,425</b>	<b>13,948,657</b>	<b>4,210,151</b>	<b>20,130,233</b>	22,000,941
FRS102 Pension reserve	-	-	-	-	(642,000)
	<b>1,971,425</b>	<b>13,948,657</b>	<b>4,210,151</b>	<b>20,130,233</b>	<b>21,358,941</b>

**Notes to the Financial Statements (continued)**

**21. Pension Costs**

**(a) Universities Superannuation Scheme (USS)**

During the year the RSE participated in USS but exited its membership prior to the year end. The resulting cessation liability of £407,000 has been charged as an operating expense.

**(b) Lothian Pension Fund**

The RSE also participates in the Lothian Pension Fund, a defined benefit pension scheme established under Local Government Pension Fund Regulations. This scheme has determined that it is possible to ascertain the share of assets and liabilities relating to the individual admitted bodies. The assets of the scheme are held in a separate trustee-administered fund. The fund is valued every three years by a professionally qualified actuary using the projected unit method, the rates of contributions payable being determined by the trustee on the advice of the actuaries. In the intervening years the actuaries review the progress of the scheme.

As at the latest valuation date of 31 March 2020, the market value of the scheme's assets was £7,479 million and the value of past service liabilities was £7,071 million. The value of the assets represented 106% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The contribution rate payable by the RSE in 2022-23 was 37.6% (2022: 33.6%).

The actuary has confirmed that it is appropriate to take the pension charge to be equal to the actual contribution paid during the year, amounting to £164,074 (2022: £172,938).

The RSE pension fund liability arising from the Lothian Pension Fund at 31 March and the movements of its component parts comprise:

Notes to the Financial Statements *(continued)*

21. Pension Costs *(continued)*

(b) Lothian Pension Fund *(continued)*

Lothian Pension Fund asset/(liability)	2023			2022		
	Assets £'000	Obligations £'000	Net (liability)/ asset £'000	Assets £'000	Obligations £'000	Net (liability)/ asset £'000
Fair value of plan assets	8,329	-	8,329	7,538	-	7,538
Present value of liabilities	-	8,157	(8,157)	-	8,539	(8,539)
Opening Position as at 31 March	8,329	8,157	172	7,538	8,539	(1,001)
<b>Service cost</b>						
Current service cost	-	194	(194)	-	259	(259)
<b>Net interest</b>						
Interest income on plan assets	229	-	229	155	-	155
Interest cost on defined benefit obligation	-	225	(225)	-	177	(177)
Total net interest	229	225	4	155	177	(22)
Total defined benefit cost recognised in Profit or (Loss)	229	419	(190)	155	436	(281)
<b>Cashflows</b>						
Plan participants' contributions	28	28	-	32	32	-
Employer contributions	164	-	164	173	-	173
Benefits Paid	(176)	(176)	-	(113)	(113)	-
Expected closing position	8,574	8,428	146	7,785	8,894	(1,109)
<b>Remeasurements</b>						
Changes in demographic assumptions	-	(49)	49	-	(48)	48
Changes in financial assumptions	-	(3,549)	3,549	-	(708)	708
Other experience	-	424	(424)	-	19	(19)
Return on assets excluding amount included in net interest	(1,104)	-	(1,104)	544	-	544
Adjustment for amounts not recognised in balance sheet	(2,216)	-	(2,216)	-	-	-
	(3,320)	(3,174)	(146)	544	(737)	1,281
Fair value of plan assets	5,254	-	5,254	8,329	-	8,329
Present value of funded liabilities	-	5,254	(5,254)	-	8,157	(8,157)
Closing position as at 31 March	5,254	5,254	-	8,329	8,157	172

Actual return on plan assets was -£875,000 (+£699,000).

## Notes to the Financial Statements (continued)

### 21. Pension Costs (continued)

#### (b) Lothian Pension Fund (continued)

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

	2023	2022
Inflation/pension increase rate	2.95%	3.15%
Salary increase rate	3.45%	3.65%
Discount rate	4.75%	2.75%

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on the Fund's Vita Curves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a. for both males and females.

The major categories of LPF Scheme assets as a percentage of total plan assets:

	2023	2022
Equities	37%	35%
Bonds	54%	57%
Property	4%	3%
Cash	5%	5%
	100%	100%

#### (c) Summary of Asset/(Liability) Position

	2023		Impact of asset ceiling £'000	Net (liability)/asset £000	Net movement in year £'000	2022		Net (liability)/asset £'000
	Assets £'000	Obligations £'000				Assets £'000	Obligations £'000	
USS Pension Fund	-	-	-	-	814	1,432	2,246	(814)
Lothian Pension Fund	7,470	5,254	(2,216)	-	(172)	8,329	8,157	172
Closing Position as at 31 March	7,470	5,254	(2,216)	-	642	9,761	10,403	(642)

The net movement in the year of £642k is included in the Statement of Financial Activities as follows: Actuarial gain on defined benefit scheme of £668k less £26k included within operating expenditure.

#### (d) Total Pension Charge for the Year

	31 March 2023	31 March 2022
Total pension charge for the year, before the FRS102 pension movements	169,831	190,165



## Notes to the Financial Statements (*continued*)

### 22. Transactions with Related Parties

#### Council Members

Members of Council do not receive any payments for their services to the Group. They are reimbursed for expenditure on travel and subsistence costs actually and necessarily incurred in carrying out their duties as Councillors and Officers. The aggregate of such reimbursements, during the year was £1,491 (2022: £321) to four (2002: four) members of Council.

### 23. Connected Charities

#### RSE Scotland Foundation

The RSE Scotland Foundation is a charitable trust, recognised in Scotland as Scottish Charity Number SC024636. It was created in March 1996, with the objective of advancing the education of the public in Scotland in science engineering and technology and in so doing, to conserve the scientific and cultural heritage of Scotland. The President, General Secretary, Treasurer, Curator and a Vice-President of the RSE are *ex officio* Trustees of the Foundation, which draws on the resources of the RSE in carrying out its objectives. The Foundation also has five nominated Trustees appointed by the RSE Council. The Foundation became publisher of the RSE's journals under a Publications Right License effective from 1 January 1997.

On 1 July 1997, the RSE granted to the Foundation a 50-year lease over 26 George Street, carrying an obligation to refurbish the building within a three-year period. The Council of the RSE agreed to make a loan of up to £2.3 million available to the Foundation in support of the refurbishment. The loan was repaid in full on 1 April 2022.

The Foundation plays a leading role in the RSE's public outreach activities and manages the premises in Edinburgh. It also manages the programme of research activities funded by the Caledonian Research Fund.

The summary results for the year and net assets in RSE Scotland Foundation were:	Income £	Other Expenditure £	Operating Surplus £	Net Assets £
RSE Scotland Foundation	956,353	(774,702)	181,651	11,277,471
Intragroup transactions recognised in the RSE comprise:	Income £	Expenditure £	Creditors £	Loan Account £
RSE Scotland Foundation	288,629	-	(24,440)	-

**Notes to the Financial Statements (continued)**

**24. Financial Commitments**

**(a) Operating Leases**

Financial commitment in respect of operating leases  
for printing and copying equipment:

	2023	2022
	£	£
Due within one year	<b>6,025</b>	11,824
Due in year two to year five	<b>8,649</b>	4,795
	<b>14,674</b>	16,619

In the year £9,508 was charged in respect of these operating leases.

**(b) Financial Commitments - Capital**

The Society had no financial commitments as at 31 March 2023.

**25. Contingent Liabilities**

Current RSE pension policy, as determined by the Council, is to manage RSE's risks in respect of defined benefit pension schemes, the last remaining being the Lothian Pension Fund, as soon as practicable.

**26. Analysis of Net Cash Funds**

	At 31 March 2023	Cash flows	At 31 March 2022
	£	£	£
Cash at Bank	<b>7,735,041</b>	424,498	7,310,544

**27. Supplementary Information: Grants, Donations and Receipts**

The RSE gratefully acknowledges all those who make donations in support of activities. During the year ended 31 March 2023 the RSE received a donation of £10,000 from the James Weir Foundation in support of the Curious summer knowledge festival.

Notes to the Financial Statements (*continued*)

**28. Group Statement of Financial Activities**

(INCORPORATING THE INCOME & EXPENDITURE  
ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2022

	Note	Unrestricted £	Restricted £	2022 Total £	2021 Total £
<b>Income</b>					
Donations & Legacies	4	276,585	9,024	<b>285,609</b>	267,576
Charitable activities	5	90,150	6,052,503	<b>6,142,653</b>	3,739,732
Rental income		-	272,058	<b>272,058</b>	190,987
Investment income		375,897	429,258	<b>805,155</b>	765,644
<b>Total income</b>		<b>742,632</b>	<b>6,762,843</b>	<b>7,505,475</b>	<b>4,963,939</b>
<b>Expenditure</b>					
Raising funds	6	(249,356)	(267,762)	<b>(517,158)</b>	(614,688)
Charitable activities	6	(324,081)	(6,293,553)	<b>(6,617,634)</b>	(4,992,047)
<b>Total expenditure</b>		<b>(573,737)</b>	<b>(6,561,315)</b>	<b>(7,134,752)</b>	<b>(5,606,735)</b>
Net operating surplus/(deficit)		169,195	201,528	<b>370,723</b>	(642,797)
<b>Gains / (losses) on Investment Assets</b>					
Realised gains	13	194,939	217,791	<b>412,370</b>	440,716
Unrealised gains/(losses) on Investments	13	299,517	334,792	<b>634,309</b>	4,100,315
Unrealised losses on Investment Property	12(a)	(500,000)	-	<b>(500,000)</b>	(660,000)
<b>Net income / (expenditure)</b>		<b>163,651</b>	<b>754,111</b>	<b>917,762</b>	<b>3,238,234</b>
Transfers between funds	18,19	-	-	-	-
<b>Other recognised gains / (losses)</b>					
Actuarial gains/(losses) on defined benefit pension funds	21	1,703,000	-	<b>1,703,000</b>	(1,338,000)
<b>Net movement in funds</b>		<b>1,866,551</b>	<b>754,111</b>	<b>2,620,762</b>	<b>1,900,234</b>
<b>Reconciliation of funds:</b>					
Balance brought forward at 1 April 2021	18,19,	15,043,925	15,481,068	<b>30,524,993</b>	28,624,759
<b>Balance carried forward at 31 March 2022</b>	18,19	<b>16,910,576</b>	<b>16,235,179</b>	<b>33,145,755</b>	<b>30,524,993</b>

**Notes to the Financial Statements (continued)**

**29. RSE Statement of Financial Activities**

(INCORPORATING THE INCOME & EXPENDITURE  
ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2022

	Note	Unrestricted £	Restricted £	2022 Total £	2021 Total £
<b>Income</b>					
Donations & Legacies	4	276,584	9,024	<b>285,608</b>	267,576
Charitable activities	5	174,997	6,233,585	<b>6,408,582</b>	3,998,095
Investment income		423,458	114,094	<b>537,552</b>	522,592
<b>Total income</b>		<b>875,039</b>	<b>6,356,703</b>	<b>7,231,742</b>	4,788,263
<b>Expenditure</b>					
Raising funds	6	(333,290)	(18,576)	<b>(351,866)</b>	(377,947)
Charitable activities	6	(372,554)	(5,974,624)	<b>(6,347,178)</b>	(4,733,132)
<b>Total expenditure</b>		<b>(705,844)</b>	<b>(5,993,200)</b>	<b>(6,699,044)</b>	(5,111,079)
Net operating surplus/ (deficit)		169,195	363,503	<b>532,698</b>	(322,816)
<b>Gains / (losses) on Investment Assets</b>					
Realised gains	13	194,939	59,753	<b>254,692</b>	259,185
Unrealised gains on Investments	13	299,517	91,810	<b>391,327</b>	2,501,600
Unrealised losses on investment property	12(a)	(500,000)	-	<b>(500,000)</b>	(660,000)
<b>Net income</b>		<b>163,651</b>	<b>515,066</b>	<b>678,717</b>	1,777,969
Transfers between funds	18,19	-	-	-	-
<b>Other recognised gains / (losses)</b>					
Actuarial gains/(losses) on defined benefit pension funds	21	1,703,000	-	<b>1,703,000</b>	(1,338,000)
<b>Net movement in funds</b>		<b>1,866,651</b>	<b>515,066</b>	<b>2,381,717</b>	439,969
<b>Reconciliation of funds:</b>					
Balance brought forward at 1 April 2021	18,19	15,043,925	3,933,299	18,977,224	18,537,255
<b>Balance carried forward at 31 March 2022</b>	18,19	<b>16,910,576</b>	<b>4,448,365</b>	<b>21,358,941</b>	18,977,224

# Legal and Administrative Information

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## Auditors

Henderson Loggie LLP  
Ground Floor  
11-15 Thistle Street  
Edinburgh  
EH2 1DF

## Bankers

Bank of Scotland plc  
The Mound  
Edinburgh  
EH1 1YZ

## Solicitors

Shepherd &  
Wedderburn LLP  
1 Exchange Crescent  
Conference Square  
Edinburgh  
EH3 8UL

## Stockbrokers & Investment Advisers

Rathbones  
50 George Square  
Glasgow  
G2 1EH

Brooks MacDonald (formerly Cornelian Asset Managers Limited)  
Hobart House  
80 Hanover Street  
Edinburgh  
EH2 1EL

## Registration Particulars

The Royal Society of Edinburgh is registered in Scotland as Scottish Charity No. SC000470 at registered office  
22-26 George Street, Edinburgh, EH2 2PQ.

