

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES**

FINANCIAL STATEMENTS

31 MARCH 2022

Charity No. 210639



ROYAL UNITED SERVICES INSTITUTE FOR DEFENCE AND SECURITY STUDIES

ANNUAL REPORT OF TRUSTEES

The trustees are pleased to present their report and the audited financial statements for the year ended 31 March 2022.

OBJECTIVES AND ACTIVITIES

The charity's purpose is the promotion and advancement of Naval and Military Science and Literature. The Royal United Services Institute for Defence and Security Studies ("RUSI" or "The Institute") produces evidence-based research and convenes events on defence, security and international affairs to help build a safer UK and a more secure, equitable and stable world. RUSI scholars debate and discuss critical issues, anticipate future trends and promote practical solutions for complex policy challenges. Through its convening power and membership, RUSI brings together a diverse range of actors from the public and private sectors, as well as individual members, to contribute to the public benefit by addressing national and global concerns.

The main activities undertaken by the Institute in pursuit of these purposes are:

- the research programme, which promotes in-depth study of defence, security and international affairs, making an independent contribution to thinking and practice;
- the programme of lectures, conferences and seminars, which provide a forum for discussion of defence, security and international affairs, and which brings together participants from the armed forces, the civil services, the private sector, academia, civil society, the public, and the media;
- the *Journal* and other publications, which help to inform opinion and extend knowledge to a wider public.

The trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit, 'Charities and Public Benefit'. The Institute's charitable purpose is encapsulated in its objectives above and in the Royal Charter. The trustees ensure that this is carried out for the public benefit by delivering services that are valued by RUSI members, RUSI stakeholders and the public through the Institute's research programmes, events, publications, and communications. RUSI acts independently of the UK and other governments, political parties, and other major institutions and funders, although it will seek to be knowledgeable of, and take into account, their views.

ACHIEVEMENTS AND PERFORMANCE

Over the past year, we have witnessed some of the most significant geopolitical changes in decades. The US withdrawal from Afghanistan and the Russian invasion of Ukraine have fundamentally challenged many assumptions that have underpinned the defence and security policies of the UK and its allies.

This rapidly evolving landscape makes our mission more important than ever – to be a world-leading independent forum for informing and improving policy and public debate on defence, security and international affairs. Unprecedented demand for RUSI's insight means that our influence and impact have never been higher.

Between April 2021 and March 2022, we have been cited in more than 50,000 news and comment pieces in international media and our experts have been regularly featured in the most influential news and information outlets across the globe.

We have grown our social media following substantially, including a 20% annual increase in Twitter. Our redeveloped website has attracted more than two million users (+ 90%) and more than four million unique page views (+70%). This increase can be directly linked to interest in our commentary and insight relating to Ukraine, with around half of the web traffic for the year coming in the five weeks between Russia's invasion and 31 March. We have also increased the number of Commentary pieces to meet this demand.

We continue to directly engage with and influence legislators, governments and multi-national organisations.

In the UK, RUSI experts presented to Parliamentary Committees and All-Party Parliamentary Groups, and our recommendations can be seen in the government's National Cyber and Defence Industrial Strategy. Our report for the Home Office on tackling financial crime related to the illegal wildlife trade was recognised by the Head of the National Wildlife Crime Unit as a big step towards getting 'the illegal wildlife trade viewed for the serious and significant crime type that it is'.

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Internationally, our experts have led engagements as diverse as presenting to NATO on air and missile defence; contributing to US Congressional reports on Russia and Ukraine; running roundtable discussions for the G7 on cyber security and economic resilience; and providing a suite of global actions to address the security risks and humanitarian challenges posed by foreign terrorist fighters in Syria.

Our influence is the result of the deep expertise and the relationships that we hold. In early 2022, two of our land warfare experts spent the weeks preceding the Russian invasion in Ukraine. Their engagements with combatants, reporters and diplomats prior to the invasion ultimately led to several influential commentary pieces and the publication of 'Operation Z'. One of our most read papers, it generated news coverage worldwide and even informed the *Guardian's* questioning of the prime minister during interviews.

We believe one of the most important roles we serve is to promote debate and provide a platform for considering new ideas. Our convening power remains strong. From former prime ministers Tony Blair and Tony Abbott to the Commander of the Indo-Pacific Command Admiral Aquilino and the Chief of the Defence Staff Sir Tony Radakin, our speakers and events continue to set the agenda and influence thinking.

However, the coronavirus pandemic has limited our ability to hold in-person events in 2021–22, and appears to have fundamentally altered how delegates wish to participate in events in the long term. Building on the lessons we learned in the previous year, we have continued to host online and hybrid events.

Online access allowed us to welcome more than 15,000 attendees to RUSI events in the past year, including over 1,000 to one event on Ukraine. Attendees from 174 different countries reflect our truly global reach. For the first time, we have had more visits to our website from a single country other than the UK, with the number of visits from users based in the US (582,000) narrowly exceeding visits from UK users (574,000).

At its core, RUSI is a membership organisation, and it is only through membership that all our events as well as the full range of our analysis and publications can be accessed. Despite the challenges imposed by the pandemic, we have made further improvements to our processes and service levels, widening our range of online events, improving our member communications and extending our outreach activities. The result of these improvements is a widening membership base – growing individual memberships by 11% and organisational membership by 23% in the 12-month reporting period.

Our work continues to win awards and plaudits. In February, as well as being shortlisted in the Democracy and Law category, we were recognised with the Foreign Affairs Award in Prospect Magazine's 20th Annual Think Tank Awards. The award commended RUSI for our study tracking the UK's Integrated Review on Security, Defence and Foreign Policy. At the time, this analysis informed the policymaking process in the run up to the Integrated Review and was acknowledged by Foreign Secretary Dominic Raab in the House of Commons in September 2020. We led the subsequent national conversation on the UK's nuclear weapons programme with briefings to Parliament and the media.

The achievements described in this summary are the result of the hard work of everyone employed by and associated with RUSI – and that is a growing family. At the end of March 2022, we had 111 employees in the UK, including 70 employees focused directly on research, up from 78 and 48 the year before. This growth, especially in the proportion of our employees dedicated to research, reflects increased demand for our expertise and leaves us even better placed to fulfil research briefs in the coming years.

To fulfil our mission and help build a safer UK and a more secure, equitable and stable world, we must remain in a strong financial position. 2021–22 has been an incredible year in that regard. We have reached our initial goal to secure £10 million for the redevelopment of our 61 Whitehall home, to which we will return in 2023. Crucially, more than 70% of this £10 million has now been received, putting the project on the strongest of footings. In the

next financial year, a second phase of fundraising will seek an additional £3.5 million to truly cement RUSI's place as a world-leading independent forum for defence, security and international affairs.

As the results that follow show, 2021–22 was a very good year for the Institute across a wide range of activities.

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Our Research

RUSI is organised around nine research groups, each made up of multidisciplinary specialists. As well as our in-house analysts and experts, we have an extensive network of associates and consultants. Across the groups and RUSI International, here are some of the areas where our impact and influence have been most notable in 2021–22.

CFCS

Our Centre for Financial Crime and Security Studies (CFCS) is a leading authority on the intersection of finance and security.

Throughout 2021–22 we have provided insight and created public understanding on sanctions and economic crime. Our researchers are trusted experts, frequently sought out by outlets such as the **BBC**, **Financial Times**, **Guardian** and **Times**. This has never been truer than after Russia's invasion of Ukraine. Our experts have been regularly called upon by media and policymakers to help understand and shape the economic response to the conflict.

Beyond this, policymakers on both sides of the Atlantic have engaged with CFCS on a wide range of topics:

- We provided oral evidence to the UK Treasury Select Committee on economic crime; to the House of Lords Economic Affairs Committee on central bank digital currencies; to the UK Foreign Affairs Committee on Russia-related sanctions; and to the UN Security Council on terrorist financing threats.
- We established the Taskforce on a Transatlantic Response to Illicit Finance (TARIF) in June 2021 to identify ways in which the US and UK can lead in the global fight on illicit finance. We have held policy briefings with government officials from both sides of the Atlantic, including President Biden's Summit for Democracy team.
- We advised two UK parliamentary committees following the appointment, as Specialist Advisors, of two of our researchers. Kathryn Westmore is supporting the House of Lords Fraud Act Committee and Tom Keatinge is working on illicit finance with the Foreign Affairs Committee. These roles are ongoing.

Notable recognition for our team's work came from Regulation Asia. Our training workshops delivered to participants from across government and industry on five continents received their 2021 Excellence Award for Compliance Training Provider of the Year.

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Cyber

Our Cyber research group analyses UK and international strategic responses to cyber challenges.

We seek to understand, identify and interpret the impact of these challenges on governments, companies and citizens, and we are strengthening our focus on this area as part of our wider strategic plan. Our ability to clearly communicate complex and technical information relating to cyber and technology to non-technical audiences is core to our vision of informing and improving policy and public debate in this area.

The strength of our network and the impact of our researchers are both clear to see. In 2021–22, we:

- Contributed to UK government positioning and policy. Our work on international cyber capacity building has helped government decide which regions and interventions to focus on in the next three years and beyond. Similarly, the UK's National Cyber Strategy 2022 has centred on a whole-of-society approach to cyber, one of the key recommendations we submitted in our '[Five Principles for Future UK Cyber Strategy](#)' paper.
- Shaped international thinking through the G7. We spoke at the G7 extraordinary summit on ransomware, setting out a range of policy options from our previous research for the G7 to consider. We also ran a series of events to discuss advanced technology and economic resilience. This included a roundtable with the Cabinet Office and Lord Mark Sedwill, Chair of the G7 Panel on Economic Resilience, ahead of the 2021 G7 summit.
- Convened senior officials from the Five Eyes community. Highlighting the importance of diversity in addressing the challenges and opportunities of the global cyber race, we hosted a Five Eyes event on '[Responsible Cyber Power](#)'.

Defence, Industries and Society

Our Defence, Industries and Society outputs are dedicated to addressing the defence management agenda, focusing on acquisition, supply chain management and the place of defence in society.

Led by Trevor Taylor, the influence of the thought leadership produced by the Defence, Industries and Society group can be seen in the Ministry of Defence's 2021 Industrial Strategy. This advances many of the arguments RUSI has put forward in recent years.

Our ongoing influence in this area can be seen in Trevor's appointments to the Policy Advisory Board of MAKE UK (Defence) and as an advisor to the Armament Industry European Research Group in Paris. Trevor also continues to serve as an active Editorial Board member of the Defense Acquisition Review published by the US National Defense University.

International Security Studies

Our International Security Studies (ISS) research group maps and analyses the impact on international security of geopolitical cooperation, competition and conflict in the most strategically important regions of the world. The group focuses on the Indo-Pacific, Sub-Saharan Africa, the Middle East and North Africa, Latin America, Europe and Eurasia.

Since 2017, ISS has maintained a unique [UK–Russia expert security dialogue](#). This has provided a channel to explore ways to de-escalate confrontation and to examine how arms control, confidence-building mechanisms and discussions on strategic stability could reduce risks in the bilateral security relationship. In February 2022, a RUSI delegation travelled to Moscow to set out to high-level Russian interlocutors the enormous costs and risks associated with an attack on Ukraine and potential alternatives. Unfortunately, the delegation was met by a Russian leadership that was not open to a peaceful resolution of the conflict and determined instead to pursue a military course.

In October 2021, we launched the [European Security in Transformation](#) programme. Intended to analyse the geopolitical developments transforming the contemporary European security environment and their impact on the UK, the first [report](#) from the programme is a study into ad-hoc European military cooperation outside European borders.

The past year has also seen the conclusion of our [Transatlantic Dialogue on China](#), a study aimed at increasing understanding in the US and Europe of perceptions of and responses to a rising China. The Dialogue has produced

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policy sector-specific publications, including a report on the '[global commons](#)' (shared domains like space and international waters), as well as [guest commentaries](#) and [podcasts](#).

We also led a study into the [future of stabilisation operations](#), looking particularly at what can be learned from Nigeria, Somalia and Ukraine. Through workshops with stakeholders from across Europe and the US, the project has made a series of recommendations to help policymakers avoid past failings.

Military Sciences

Our Military Sciences group provides thought leadership on the use of military force in the 21st century, from strategic concepts to technical platforms. Our team includes experts in all domains: from air and land to sea, space and cyber.

The group's work furthers a contemporary understanding of conflict to shape defence policies. We do this by drawing on the widest possible network of connections and the deepest understanding of historical evidence bases.

Over 2021–22, demand for our expertise in military science has never been greater. Our researchers have been ever-present in international media, informing the public discourse on major developments like the Russian invasion of Ukraine.

From our flagship Land Warfare Conference to workshops, roundtables and publications, our Military Sciences group has brought together military, academia and industry practitioners throughout the last year to shape thinking on issues at the forefront of strategy and defence. Our connections with military staff colleges help shape professional military education on every continent.

Significant outputs from the team's work over the past 12 months include:

- [The Red Team Project](#) – a ground-breaking, in-depth analysis of the militaries of the UK's major competitors and adversaries.
- [Greening Defence](#) – a response to the UK Ministry of Defence's Climate Change and Sustainability Strategic Approach, looking at how the defence sector can tackle climate change and sustainability.
- [Operation Z](#) – informed by an on-the-ground presence in Ukraine in the weeks preceding the war, this engagement with combatants, reporters and diplomats examines how Russian policy and courses of action are being reshaped by the challenges encountered in Ukraine.

We are also shaping the UK's understanding of space. Through engagement with policymakers (inside and outside defence), industry and opinion formers, our work is redefining the understanding of what the domain enables. It includes the successful fortnightly 'War in Space' podcast series.

Open Source Intelligence Analysis

Our Open Source Intelligence Analysis (OSIA) research group carries out cutting-edge open source and geospatial intelligence and analytics on a range of topics related to national security and defence. From North Korea's overseas procurement and proliferation networks to Russia's ongoing military activities, we seek to leverage new technologies and techniques to generate actionable and insightful intelligence on contemporary security issues.

Our work on North Korea, known as Project Sandstone, is the most publicly visible output from OSIA. In the past 12 months the team has continued to contribute to the disruption of North Korea's illicit activities. We are currently working on a major investigation linked to North Korea's oil procurement operations, and our research was cited extensively by the UN Panel of Experts on North Korea in their [annual report](#) detailing sanctions evasion activity. This work has also been used by the *New York Times* in an [award-winning](#) visual investigation into the topic.

Our research has been cited in the UK's first national risk assessment of proliferation financing, and OSIA team members have been called upon to present to a range of major actors in national and international defence and security, including: the G7+, the Pentagon, the FBI and US State Department, and the UK's Ministry of Defence and Foreign Affairs Select Committee.

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Organised Crime and Policing

Our Organised Crime and Policing research group provides research, analysis, consultancy and evaluation services for governments, law enforcement agencies, international institutions and the private sector on a wide range of organised crime and policing issues that impact the UK and other countries.

In 2021–22 we have undertaken activity as diverse as:

- Conducting research on the impacts of Covid-19 on human trafficking in Sudan, as part of a group led by Nottingham University's Rights Lab. The work led to a report and launch event centred on the voices of victims of this crime.
- Providing key inputs to the Financial Action Task Force report 'Money Laundering from Environmental Crime', which called for increased risk awareness of illicit financial flows associated with environmental crime, including in countries without domestic resources to tackle the issue.
- Giving evidence to the House of Lords Home Affairs Select Committee on international law enforcement cooperation post-Brexit.

Proliferation and Nuclear Policy

Our Proliferation and Nuclear Policy (PNP) team provides detailed analysis and research on issues related to contemporary weapons of mass destruction.

In the past year, the team's influence can be seen most clearly in our hosting of the 2022 UK Project on Nuclear Issues Annual Conference. This featured contributions from some of the most important global voices on the topic, including Ambassador Bonnie Jenkins, the US Under-Secretary General for Arms Control and International Security, and Samantha Job CMG, MVO, Director for Defence and International Security.

The project has recently gone through a transformational rebrand and has enhanced its collaborations with universities and organisations across the country. In particular, the UK National Nuclear Laboratory has joined the project's Board of Advisors.

We have published papers on North Korea's chemical weapons capability and continued our research and analysis on the Iranian nuclear programme and the role it plays in the regional security perceptions of Gulf Cooperation Council states. The PNP team has also provided ongoing commentary and analysis on UK nuclear weapons policy and contributed to the understanding of the nuclear dimension of the Russian invasion of Ukraine.

RUSI International

Our Leadership Centre is a part of the Institute devoted to delivering executive education programmes for diplomats and senior military officials. Delivered by RUSI International, all studies provide qualification certificates, with full academic accreditation also available.

While the highly interactive nature of these courses meant they were severely curtailed by the pandemic, we were able to restart in-person training during 2021–22, and the flagship training we provide to Qatari diplomats will resume in 2022–23.

Terrorism and Conflict

Our Terrorism and Conflict research group analyses the complex challenges of violent extremism, terrorism and conflict, helping policymakers in the UK, Europe and around the world respond to these challenges.

Over the past 12 months, we have continued to shape the way states combat the risks posed by violent extremism:

- We have delivered training on Preventing and Countering Violent Extremism (P/CVE), designed for the EU, to more than 800 people in the Africa, Asia and the Middle East – building vital expertise in this field.
- We have secured funding, in collaboration with Coventry University, to create a framework to assess the effectiveness of measures to meet the forthcoming Protect Duty – intended to shield publicly accessible locations from terrorist attacks.
- We have produced an action plan which will serve to guide Kenyan police prevention work and encourage non-coercive strategies to counter violent extremism, in line with national policy.

Professionals and policymakers rely on our expertise. Our Prevention Project, which analysed the effectiveness of global P/CVE interventions, has been briefed to multiple organisations in the past year, including: the Home Office;

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the Foreign, Commonwealth and Development Office; Counter Terrorism Policing Headquarters; the Metropolitan Police; and Washington DC Homeland Security.

We have also contributed to public understanding of terrorism and conflict, particularly relating to the collapse of the previous Afghan government and the restoration of Taliban rule, providing thought leadership and analysis that has been run by major global news outlets.

Our Wider Activity

The work of our research groups is supported and complemented by teams focussed on communications, events, fundraising, membership and publications. Dedicated to maximising the success of the Institute, they have been integral to the impact we have had over the past year, especially in addressing the extraordinary interest in the Ukrainian conflict.

Our People

In 2021-22 we had an average of 102 employees in the UK, up from 93 a year earlier. This growth, especially in the proportion of our employees dedicated to research, reflects growing demand for our expertise and leaves us even better placed to fulfil research briefs in the coming years.

We need to continue to attract exceptional talent to RUSI and to help all our existing employees realise their potential. To do this and to enhance the impact, effectiveness and relevance of our work, we have developed a new Diversity, Equality and Inclusivity Strategy. An employee-owned strategy, developed with direct input from more than a third of our workers, it aims to improve our consideration of diversity, equality and inclusivity in every aspect of our activity.

The Ukrainian Conflict

From mid-February 2022, as it became clear that Russia was intending to invade Ukraine, there was a step change in the demand for our expertise and insight. This required considerable effort from our operational employees to meet this need, and their dedication and collaboration delivered exceptional results.

We have sought to meet the unprecedented interest through our flagship web commentaries. From the end of February, our 34 commentaries on the conflict (plus three *RUSI Defence Systems* articles and a *Newsbrief*) received more than 1.3 million views. Our best-performing article was viewed more than 400,000 times. We are continuing to average more than 30,000 readers each week and are now typically publishing seven commentaries a week, more than double the three a week typical at the start of 2021.

Our Twitter following grew rapidly – and without paid promotion – from around 85,000 in February to over 100,000 by the end of March, generating more than 2.4 million impressions of our posts in March.

Our experts featured in more than 50,000 media reports in 2021–22, an almost 200% increase on the year before. Around 35,000 of these mentions related to the Ukrainian conflict and a further 5,000 to the fall of the Afghan government in August 2021.

A number of the events we hosted exploring developments in the Ukraine conflict attracted more than 1,000 virtual attendees – doubling previous high-water marks for attendance.

Our Global Reach

As well as the partnerships our research groups hold across the world, our operational activities are also increasing our presence outside the UK. Our events continue to attract global interest. Last year, delegates from 174 different countries attended events organised by RUSI.

Our presence in the media is increasingly international, too. US-based media are the single largest source of coverage of RUSI and our researchers, with around 37% of our mentions originating from the US. This does, however, include many of the major sources of news syndication. Approximately 10% of our mentions are from UK titles, with the balance from other countries around the world.

Our redeveloped website is continuing to set new records for visits and, increasingly, these visits are coming from outside the UK. In 2021–22, 72.1% of our users were from outside the UK, compared to 62.9% a year earlier.

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Additionally, the last year is the first time that the UK has not been the country from which the most visitors originated. 27.5% of our users are US-based, versus 27.1% situated in the UK.

Innovations in Publishing

Our redeveloped website is one example of the innovations we are deploying to deepen engagement with our audiences.

Our electronic publications have adopted a new data visualisation tool allowing readers to select and visualise the data that interests them. In addition, a new 'scrollytelling' tool has been used to complement selected publications. This tool allows a close integration between the written word and graphics and has been especially valuable in communicating rich stories to our diverse audiences.

We have partnered with [Project Syndicate](#) to offer a selection of its content to RUSI members as part of our *Newsbrief* – an offering exclusive to members. This partnership will directly benefit our members who are now gaining expert insights on an even broader range of topics and regions.

Growing Membership

The services we offer our members and the networks they are part of are a major way we fulfil our purpose to encourage debate on the critical issues in national and international defence and security.

Almost 2,000 individuals are now members of RUSI, and 2021–22 generated an 11% increase in individual membership – up from 1,783 in April 2021 to 1,985 a year later. We also saw a 23% increase in the number of organisation members, from 158 to 195. This increase is an important source of revenue for our operations and remains a key focus for us.

Securing Our Future

Our long-term future is tied to the successful redevelopment of our home at 61 Whitehall. 2021–22 saw us reach our initial Phase One goal to secure £10 million for this purpose. Three generous donations from Max Kelly, The Bacon Foundation and The Drake Foundation were received over the year.

Crucially, over 70% of the pledged Phase One donations have already been received, giving our Trustees the confidence to proceed with the redevelopment project. 2022–23 will see the implementation of Phase Two to raise a further £3.5 million.

While the focus of the fundraising has been the capital appeal for RUSI's building, additional funds have also been secured to support research initiatives.

Since its launch, our fundraising appeal has been led by Sir Mick Davis. With the successful completion of Phase One, Sir Mick has decided to step down. This report puts on record our thanks to Sir Mick and also to RUSI's Chair and Vice-Chair, as well as Charles Hansard, Paddy Nicoll and Paddy Walker, for their hard work and commitment to our success.

FINANCIAL REVIEW

Financial Position

Total gross income of the Institute increased to £15,367,602 up 54% on the previous 12 months, £11,856,338 of which (2021 restated: £7,422,573) is in unrestricted funds. The principal source of funding is research activity, which accounts for 70% of total gross income. Other important sources of funding are membership subscriptions, donations, conferences and events, and publications. Costs remain under tight control, and charitable expenditure is 97% of total expenditure. The Institute has net income for the year of £3,519,592 (2021 restated: £1,351,017), of which £389,770 is in unrestricted funds and £3,129,822 is in restricted funds. The Institute's freehold property at 61 Whitehall was revalued again, resulting in a revaluation deficit of £4,540,000, due to the refurbishment project. Overall, there was a net decrease in funds of £1,020,408 (2021 restated: £1,058,983).

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The Institute owns the freehold of its headquarters building at 61 Whitehall. The freehold of the building has been valued at £5,800,000, resulting in a cumulative revaluation of £1,007,562 (after an in-year loss of £4,540,000) which forms a major part of the revaluation reserve.

The balance sheet shows net current assets of £6,744,519 (2021 restated: £5,002,442); the figure for current liabilities on the balance sheet includes subscriptions in advance of £248,152, which will be recognised as income in 2022-23. Net assets at year-end have decreased from £13,213,354 (2021 restated) to £12,192,945.

Incorporated in these results is the financial performance of the Institute's subsidiary RUSI Trading Ltd. The turnover of RUSI Trading Ltd is £244,939 (2021: £35,074) and the net profit for the year is £94,988 (2021: £9,002).

These results also include those relating to the Royal United Services Institute (Nairobi) Limited, a company controlled by the Institute, incorporated in Kenya, and limited by guarantee. Royal United Services Institute (Nairobi) Limited undertakes local research work on behalf of the Institute, on an exclusive basis, and does not have any additional trading activities. During the year, the Institute remitted funds totalling £518,593 (2021: £385,892) for this purpose. The expenses incurred in relation to the research projects undertaken by Royal United Services Institute (Nairobi) Limited are included within the consolidated statement of financial activities. At 31 March 2022, Royal United Services Institute (Nairobi) Limited retained cash at bank and in hand of £1,431 (2021: £51,486).

The results also include those of RUSI Europe, an international not-for-profit organisation ("AISBL") based in Brussels. RUSI Europe studies, promotes, debates and reports on issues relating to international defence and security in Europe and abroad. Research projects undertaken in RUSI Europe during the year generated net income of £160,496 (2021: £218,166). These results are included within the consolidated statement of financial activities. At 31 March 2022 RUSI Europe retained cash at bank and in hand of £739,141 (2021: £844,447).

Reserves

The Institute's total funds at 31 March 2022 stand at £12,192,945, of which £5,525,581 (2021 restated: £4,010,911) is restricted and not available for the general purposes of the charity. Of unrestricted funds, £1,007,562 (2021 : £5,547,562) is invested in the RUSI building and its heritage assets; the general fund stands at £5,659,802 (2021 restated: £3,654,881).

RUSI defines its free reserves as the general fund. Four years ago, the trustees set a target for the Institute to aim to maintain, in normal circumstances, unrestricted reserves sufficient to cover future operating expenditure for at least six months. At 31 March 2022, the unrestricted reserves of £5,659,083 represented between 6 and 7 months of budgeted expenditure for the year ending 31 March 2023.

Risks

The trustees retain overall responsibility for risk management and, through the Audit & Risk Committee, the Director-General, and senior management, identify, evaluate and manage the risks faced by the Institute. A register of risks is maintained which includes a description of the risks and uncertainties, together with the controls in place and actions required to manage those risks, and this list is reviewed and refreshed regularly throughout the year.

Three principal risks believed to be facing the Institute at the current time are as follows:

- The data security and IT systems of the Institute are compromised in some way leading to a loss of data and possible breach of the Data Protection Act 1998 and GDPR.

Plan/strategy to manage this risk: *The Institute recognises that it is a likely target for cyber criminals, takes cyber security very seriously and constantly strives for improvement. Over the last few years a series of measures, including regular training for the Institute's staff and increased monitoring of its systems, have been put in place, and RUSI has held the Cyber Essentials Plus accreditation since 2017. Contact is maintained with the NCSC (National Cyber Security Centre). The Cyber Security Committee, a subcommittee of the Council of Trustees, provides governance over cyber security risk at the Institute and the risk-management of cyber security issues.*

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Nevertheless, the Institute and its staff continue to be vigilant and aware that a cyber-attack is always a possibility.

- The Institute's greatest resource is the talent of its staff, and therefore the Institute acknowledges that there is always a risk from the loss of key personnel and/or management.

Plan/strategy to manage this risk: *The Institute manages this by ensuring that staff are remunerated competitively, and also keeping open good communications channels with staff at all levels, not only during the annual appraisal process, but throughout the year, for example through the Staff Committee and staff surveys. There have been several recent initiatives not only on staff well-being and mental health, but also on improving diversity and inclusion.*

- The Institute is concerned about rising interest rates and inflation, along with the prospect of an economic recession. In particular, rising interest rates could make the servicing of RUSI's mortgage debt more expensive; inflation will put pressure on costs, including staff costs, and recession may reduce the scope of funders to commission research, and may deter others from giving us donations or other financial support.

Plan/strategy to manage this risk: *The Institute continues to monitor the situation as it develops and is pleased that it now holds a significant free reserve which provides some security against the uncertainty of deteriorating external conditions. At the same time, the Institute continues to watch closely its income pipeline, to hold down costs wherever it can, and to diversify its income streams as much as possible.*

Plans for Future Periods

The Institute has a three year rolling strategic plan that is reviewed annually. The plan reinforces RUSI's core values and purposes, as set out above, whilst setting objectives for the three year period (2021-2024) which can be summarised as follows:

- Our research will give the highest priority to activities that contribute to thought leadership, through evidence-based research, convening and networking with policy-shapers, and communications so as to maximise our impact on national and international policy.
- We will encourage even more cross-RUSI activities and integrated research design, including with our overseas offices.
- We will increase net research income over the next three years, and increase the long term (1+ years per grant) proportion of this funding.
- We will significantly increase our income from membership, both individual and corporate.
- We will create and curate communities of interest on various themes and geographies, recognising that many members want very different things, and use these communities to boost membership income.
- We will improve diversity and inclusion inside RUSI, in our hiring practices and in our day-to-day activities, and also externally, with our research partners, our membership and at our events.
- We will build on the lessons drawn from the lockdown period to harness new technologies allowing us to increase the impact of our activities, interact better with our membership and embrace more digital and data-driven working methods, while not losing sight of problems of data sharing, ethics, and cyber security.
- We will complete the capital campaign to cover all the costs of the refurbishment, and then launch a second phase of the campaign to repay the loan for the freehold purchase. Once this is achieved, we will plan a campaign to celebrate our Bicentenary in 2031, and likely establish an endowment fund.
- Following on from the pandemic,, RUSI will review its lessons for our working practices, including the possibility of more flexible arrangements for the use of the refurbished office space in 61 Whitehall.
- In order to safeguard the Institute against unforeseen shocks, and to protect staff, our ambition is to reach, and then maintain, the goal of 6 months of operating spending as unrestricted reserves. This will ensure an adequate buffer against future adverse market conditions.

ROYAL UNITED SERVICES INSTITUTE FOR DEFENCE AND SECURITY STUDIES

ANNUAL REPORT OF TRUSTEES

The trustees' perspective of the future direction of the Institute is influenced by the financial difficulties and uncertainties faced by the Institute at several critical times in RUSI's long history. However, the acquisition of the freehold of 61 Whitehall in 2015 transformed the Institute's balance sheet and, for the first time, set the Institute on a secure financial footing. In addition, the continued growth and strong performance of the research business in recent years has allowed the Institute to establish an unrestricted reserve. Finally, the success of the fundraising campaign for the redevelopment of 61 Whitehall provides the opportunity for RUSI to eliminate the need for rented office space and thus significantly reduce costs, as well as providing additional financial security. The trustees intend to build on these encouraging advances, and to develop the Institute to its full potential, whilst remaining prudent in the management of financial risk.

STRUCTURE, GOVERNANCE AND MANAGEMENT

RUSI is a UK registered charity and the governing document is a Royal Charter dated 22 February 1860.

RUSI recognises that good governance in a charity is fundamental to its success. RUSI and its trustees are continually working towards achieving the highest standards of governance, by reference to the principles and recommended practice of the Charity Governance Code (December 2020).

The Council of Trustees is accountable to the membership of the Institute, and all its members are elected at the Annual General Meeting or at a Special General Meeting. The Council of Trustees is responsible for appointing a Nominating Committee to provide advice on its nominations and co-options for the position of Chair, Vice-Chair and elected members. The Council meets at least four times a year. Once elected, the Institute has an induction, training and education programme in place for trustees. The term of office for trustees (other than the Chair and Vice-Chair) is four years; for the Chair and Vice-Chair it is five years.

The Council of Trustees bears the legal responsibility for the oversight of the Institute and its finances as defined in UK Law and the Institute's Charter of Incorporation and Bye-Laws and resolutions. The trustees advise the Director-General on matters relevant to the management of the business of the Institute, and are responsible for the appointment of the Director-General and Chief Finance Officer. One of the Institute's four Standing Committees is the Audit and Risk Committee (formerly the Finance and Performance Committee) which reviews finances, performance, risk management, audit and reporting of the Institute and its subsidiaries.

The Director-General is the Chief Executive of the Institute and Secretary to the Council of Trustees. He or she is responsible for the day-to-day activities and current business of the Institute, including the management of the staff, to whom the Director-General may delegate duties. The trustees, acting on the advice of the Remuneration Committee, set the remuneration and benefits of the Director-General and Deputy Director-General.

The Institute's Advisory Board provides advice to the Director-General on the development of the Institute's programmes and agenda, including fundraising for the long-term benefit of the Institute. Members of the Advisory Board may be called upon from time-to-time to contribute in other ways, relevant to their expertise and experience.

RUSI Trading Limited is the wholly owned trading subsidiary of the charity. Its results are consolidated within the group financial statements (see note 9 for further details).

The following organisations are also controlled by RUSI:

RUSI (US) Foundation, a US 501 (c) (3) tax-exempt charity with its own board of trustees,

Royal United Services Institute (Nairobi) Limited, a company incorporated in Kenya and limited by guarantee.

RUSI Europe, an AISBL established in Belgium.

ROYAL UNITED SERVICES INSTITUTE FOR DEFENCE AND SECURITY STUDIES

ANNUAL REPORT OF TRUSTEES

REFERENCE AND ADMINISTRATIVE DETAILS

The charity registration number is 210639.

The principal address of the charity is:

Whitehall
London
SW1A 2ET

The Patron

Her Majesty The Queen

The President

His Royal Highness The Duke of Kent KG, GCMG, GCVO, ADC

Senior Vice Presidents

The Rt Hon the Lord Hague of Richmond FRSL
General (Ret'd) David Petraeus
His Grace the Duke of Wellington OBE DL

Trustees

The Rt Hon Douglas Alexander
Ms Divyata Ashiya (appointed 18 July 2022)
Ambassador Sylvie-Agnès Bermann
Mr John Dowdy
Mr Laurence Geller CBE
Ms Jan Hall OBE
General the Lord Houghton of Richmond GCB CBE
Admiral Sir Philip Jones GCB DL
Her Honour Judge Levitt QC (retired 11 October 2021)
The Rt. Hon. Sir David Lidington KCB CBE – **Chairman**
Mr Rageh Omaar
Ms Suzanne Raine
The Lord Ricketts GCMG GCVO – **Vice Chairman**
The Rt. Hon. Amber Rudd
The Rt. Hon. Jack Straw
His Grace the Duke of Wellington OBE DL
Sir Alexander Younger KCMG

The Advisory Board

The Rt Hon the Lord Arbuthnot of Edrom
Ms Jane Attwood
Mr Rory Bremner FKC
The Rt Hon Lord Campbell of Pittenweem CH CBE QC
Mr Chris DiBona
Dr Comfort Ero
Lt Gen (Ret'd) Sir Robert Fry KCB CBE
Ms Mina Gerwin
Mr David Giampaolo
Mr Shashank Joshi
Mr Matthew Kirk
Dame Mariot Leslie
Dame Sarah MacIntosh DCMG
Dr Greg Mills
Mr Harper Reed
Mr Michael Ridley
Mr Oliver Waghorn
Dr Rhodri Williams
Ms Caroline Wyatt

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
ANNUAL REPORT OF TRUSTEES**

Senior Management

Dr Karin von Hippel – **Director-General**
Mrs Deborah Pourkarimi – **Chief Finance Officer and Chief Operating Officer**
Professor Malcolm Chalmers – **Deputy Director-General**
Dr Jonathan Eyal – **Associate Director, Strategic Research Partnerships**

Principal Advisers:

Auditors

PKF Littlejohn LLP
15 Westferry Circus
London
E14 4HD

Bankers

HSBC Bank PLC
69 Pall Mall
London
SW1Y 5EY

Signed on behalf of the Council of Trustees



Sir David Lidington KCB CBE
Chairman

19 October 2022

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
STATEMENT OF RESPONSIBILITIES OF THE TRUSTEES**

The trustees are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Law applicable to charities in England and Wales requires the trustees of the charity, to prepare financial statements for each financial period which give a true and fair view of the charity's financial activities during the period and of its incoming resources and application of resources for the period. In preparing financial statements giving a true and fair view, the trustees should follow best practice and:

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

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the charity and which enable them to ascertain the financial position of the charity and to ensure that the financial statements comply with applicable law and the charity's Royal Charter. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for ensuring that the Report of the trustees and other information included is prepared in accordance with charity law in the United Kingdom.

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES**

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE ROYAL UNITED SERVICES INSTITUTE FOR DEFENCE AND SECURITY STUDIES

Opinion

We have audited the financial statements of the Royal United Services Institute for Defence and Security Studies (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charity Balance Sheets, the Consolidated 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 of the parent charity's affairs as at 31 March 2022 and of the group's incoming resources and application of resources, including its income and expenditure, 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 Charities Act 2011.

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 other 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, may cast significant doubt on the group's or parent charity'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.

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 of Trustees. Our opinion on the group and parent charity 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.

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES**

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 and Reports) Regulations 2008 require 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
- sufficient accounting records have not been kept; or
- the parent charity 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 trustees' responsibilities statement, the trustees are responsible for the preparation of the group and parent charity financial statements and for being satisfied that they 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 group and parent charity financial statements, the trustees are responsible for assessing the group's 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's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Act and the relevant regulations made or having effect thereunder.

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.

Irregularities, including fraud, 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:

- We obtained an understanding of the charity and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, sector research and application of cumulative audit knowledge and experience.
- We determined the principal laws and regulations relevant to the charity in this regard to be those arising from the Charities Act 2011, Financial Reporting Standard 102, and relevant employee legislation.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the charity with those laws and regulations. These procedures included, but were not limited to enquiries of management, review of minutes and review of legal and regulatory correspondence.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there was potential for management bias in the valuation of the property at 61 Whitehall. For the year

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES**

to 31 March 2022, we reviewed the desktop exercise undertaken by the Trustees to ascertain the fair value at that point in time, tested the accuracy and completeness of inputs to their calculation, and challenged the assumptions applied in the valuation for example by agreement to third party metrics.


- We also identified potential for management bias in the judgements made around recoverability of debtors. We addressed this through examination of post year end cash received, review of correspondence with debtors and discussion of recoverability with management.
- We also identified potential for management bias in the depreciation rate applied to tangible fixed assets, and we addressed this by considering the useful economic life applied for the types of asset held, and re-performing the calculation to ensure it had been performed accurately in line with the stated method.
- We also identified potential for management bias in the allocation of support costs against charitable activity categories. We addressed this through reviewing the method used for reasonableness, and re-performing the calculation to ensure it had been performed accurately in line with the stated method.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity'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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.


PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

Date: *19 October 2022*

PKF Littlejohn LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2022**

		Unrestricted Funds 2022	Restricted Funds 2022	Year to 31 March 2022	Restated Year to 31 March 2021
	Note	£	£	£	£
Income					
Donations, grants and gifts		363,659	2,600,394	2,964,053	1,692,634
Charitable activities		11,501,567	910,870	12,412,437	8,296,187
Other trading activities		(9,361)	-	(9,361)	(1,734)
Income from investments		472	-	472	2,043
Total income and endowments	2	11,856,337	3,511,264	15,367,601	9,989,130
Expenditure					
Raising funds		308,299	-	308,299	349,420
Charitable activities		11,158,269	381,442	11,539,711	8,288,693
Total expenditure	3	11,466,568	381,442	11,848,010	8,638,113
Net income/(expenditure)	3	389,769	3,129,822	3,519,591	1,351,017
Transfers between funds		1,615,152	(1,615,152)	-	-
Other recognised gains					
Revaluation of freehold land and buildings		(4,540,000)	-	(4,540,000)	(2,410,000)
Net movement in funds		(2,535,079)	1,514,670	(1,020,409)	(1,058,983)
Balances at 1 April 2021		9,202,443	4,010,911	13,213,354	14,272,337
Balances at 31 March 2022		6,667,364	5,525,581	12,192,945	13,213,354

Of the consolidated income and expenditure, £12,412,437 (2021 restated: £8,296,187) of income and £9,879,383 (2021 restated: £8,288,693) of expenditure relates to the charity.

All of the income and expenditure is derived from continuing activities. There are no other recognised gains or losses other than those stated above.

The accompanying notes on pages 23 to 35 form an integral part of these financial statements.

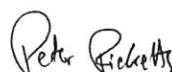
**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2022**

		31 March 2022	Restated 31 March 2021
	Note	£	£
TANGIBLE FIXED ASSETS	5a	9,196,700	12,177,679
HERITAGE ASSETS	5b	1,356,255	1,345,705
		<u>10,552,955</u>	<u>13,523,384</u>
CURRENT ASSETS			
Debtors	6	8,240,940	9,567,231
Cash at Bank		7,101,754	4,135,976
		<u>15,342,694</u>	<u>13,703,207</u>
CREDITORS:			
Amounts falling due within one year			
Creditors	7	8,431,062	8,484,719
Bank loan		167,113	216,046
		<u>8,598,175</u>	<u>8,700,765</u>
NET CURRENT ASSETS		<u>6,744,519</u>	<u>5,002,442</u>
TOTAL ASSETS less current liabilities		<u>17,297,474</u>	<u>18,525,826</u>
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	8	5,104,529	5,312,472
NET ASSETS		<u>12,192,945</u>	<u>13,213,354</u>
FUNDS EMPLOYED			
Unrestricted fund – General fund		5,659,802	3,654,881
Unrestricted fund – Revaluation reserve		1,007,562	5,547,562
Restricted funds	13	5,525,581	4,010,911
		<u>12,192,945</u>	<u>13,213,354</u>

The financial statements were approved and authorised for issue by the trustees on 19 October 2022.



Sir David Lidington KCB CBE
Chairman



The Lord Ricketts GCMC GCVO
Vice-Chairman

The accompanying notes on pages 23 to 35 form an integral part of these financial statements.

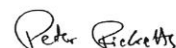
**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
CHARITY BALANCE SHEET
AS AT 31 MARCH 2022**

		31 March 2022	Restated 31 March 2021
	Note	£	£
TANGIBLE FIXED ASSETS	5a	9,166,942	12,140,874
HERITAGE ASSETS	5b	1,356,255	1,345,705
INVESTMENT IN SUBSIDIARY	9	100	100
		<hr/>	<hr/>
		10,523,297	13,486,679
CURRENT ASSETS			
Debtors	6	4,036,409	5,150,793
Cash at Bank		6,252,324	3,289,466
		<hr/>	<hr/>
		10,288,733	8,440,259
		<hr/>	<hr/>
CREDITORS:			
Amounts falling due within one year			
Creditors	7	3,502,309	3,185,065
Bank loan		167,113	216,046
		<hr/>	<hr/>
		3,669,422	3,401,111
		<hr/>	<hr/>
NET CURRENT ASSETS		6,619,311	5,039,148
		<hr/>	<hr/>
TOTAL ASSETS less current liabilities		17,142,608	18,525,827
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	8	5,104,529	5,312,473
		<hr/>	<hr/>
NET ASSETS		12,038,079	13,213,354
		<hr/>	<hr/>
FUNDS EMPLOYED			
Unrestricted fund – General fund		5,504,936	3,654,881
Unrestricted fund – Revaluation reserve		1,007,562	5,547,562
Restricted funds	13	5,525,581	4,010,911
		<hr/>	<hr/>
		12,038,079	13,213,354
		<hr/>	<hr/>

The financial statements were approved and authorised for issue by the trustees on 19 October 2022



Sir David Lidington KCB CBE
Chairman



The Lord Ricketts GCMC GCVO
Vice-Chairman

The accompanying notes on pages 23 to 35 form an integral part of these financial statements.

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2022**

	Year to 31 March 2022 £	Restated Year to 31 March 2021 £
Cash flows from operating activities:		
<i>Net cash provided by operating activities</i>	5,011,933	1,526,909
Cash flows from investing activities:		
Interest from investments	472	2,043
Purchase of property, plant and equipment	(1,779,200)	(839,691)
Purchase of heritage assets	(10,550)	-
<i>Net cash used in investing activities</i>	(1,789,278)	(837,648)
Cash flows from financing activities:		
Repayments of borrowing	(256,877)	(226,736)
Cash inflows from new borrowing	-	-
<i>Net cash used in financing activities</i>	(256,877)	(226,736)
<i>Change in cash and cash equivalents in the reporting period</i>	2,965,778	462,525
Cash and cash equivalents at the beginning of the reporting period	4,135,976	3,673,451
Cash and cash equivalents at the end of the reporting period	7,101,754	4,135,976
Reconciliation of net income/(expenditure) to net cash flow from operating activities		
Net income for the reporting period (as per The Statement of Financial Activities)	3,519,592	1,351,017
Adjustments for:		
Depreciation charges	220,179	142,647
Dividends, interest and rent from investments	(472)	(2,043)
Decrease/(increase) in debtors	1,326,291	(4,215,071)
(Decrease)/increase in creditors	(53,657)	4,250,359
<i>Net cash provided by operating activities</i>	5,011,933	1,526,909
Analysis of cash and cash equivalents		
Cash in hand	7,101,754	4,135,976
<i>Total cash and cash equivalents</i>	7,101,754	4,135,976

The accompanying notes on pages 23 to 35 form an integral part of these financial statements.

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

1 ACCOUNTING POLICIES

The financial statements of the charity, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), and the Charities Act 2011.

In preparing the separate financial statements of the parent charity, advantage has been taken of the following disclosure exemptions available in FRS102:

- no cash flow statement is presented for the charity; and
- no disclosure has been given for the aggregate remuneration of the key management personnel of the parent charity as their remuneration is included in the totals for the group as a whole.

The consolidated financial statements include the accounts of Royal United Services Institute for Defence and Security Studies, and its subsidiary undertakings, RUSI Trading Limited, Royal United Services Institute (Nairobi) Limited, RUSI (US) Foundation and RUSI Europe AISBL. The results of the subsidiaries are included on a line-by-line basis.

a) Going concern

After reviewing the charity's forecasts and projections and its reserves, the trustees have concluded that the charity has adequate resources to continue in operation for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

b) Recognition of income

All incoming resources are taken to income when there is entitlement to funds, the receipt is probable, and the amount can be measured reliably. The proportion of subscriptions relating to periods subsequent to the balance sheet date are carried forward and included as subscriptions in advance under current liabilities.

Income relating to conferences, events and facilities hire is recognised at the date of the event. Income relating to research contracts is recognised over the duration of the contract term.

c) Expenditure

Expenditure is included on an accruals basis. The total resources expended have been categorised by activity and where costs are incurred in relation to more than one activity, these have been apportioned on the basis of staff time costs (see note 3). Governance costs are those costs which relate to the governance costs of the charity as opposed to those costs associated with raising funds or charitable activity. These costs include external audit, legal advice for trustees and costs associated with constitutional and statutory, and strategic requirements.

d) Operating leases

Amounts payable under operating leases are charged to the Statement of Financial Activities evenly to the date of the next rent review. The benefit of any incentive to sign an operating lease is spread on a straight-line basis over the term of the lease.

e) Tangible fixed assets

Tangible fixed assets costing more than £300 are capitalised. Depreciation on fixed assets is provided on cost in equal annual instalments over their estimated useful lives at the following rates per annum:

Freehold land and buildings	Nil
Furniture and fittings	15%
Office equipment	33%
Leasehold improvements	over the term of the lease
Assets under construction	Nil until brought into use

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

The freehold land and buildings are the Institute's historic Grade II* Listed headquarters building in the Whitehall Conservation Area. They are revalued on a regular basis by obtaining an external valuation at least every five years, subject only to obtaining advice as to the possibility of any material movements between individual valuations.

No depreciation is charged on freehold land and buildings on the basis that it is immaterial. The charity adopts a revaluation model, whereby the property is revalued on a regular basis by obtaining an external valuation, and any depreciation would be written back on the upwards revaluation. The Trustees consider there to be no depreciation on the building element of the property.

f) Fund accounting

Unrestricted funds, being general funds, comprise those monies which may be used towards meeting the charitable objectives of the Institute at the discretion of the Trustees. Restricted funds are monies for which the funder has imposed conditions or restrictions as to their use.

g) Heritage assets

RUSI holds a collection of heritage assets of artistic and historical merit. These include books held in the library as well as paintings and silverware. The paintings and silverware were subject to a professional valuation in March 2018 and the library books were subject to a professional valuation in May 2016, in both cases by external valuers.

The cost of obtaining an annual valuation outweighs the value of any resultant benefit. These values have been reflected in the accounts, as permitted by the Charities SORP (FRS 102). The trustees consider the realisable value, or the value in use, is not less than the carrying value in the financial statements and therefore no depreciation has been charged.

h) Foreign currency

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at net incoming resources.

i) Retirement Benefits

The Institute operates a defined contribution Group Personal Pension Plan. Employer contributions are charged to the Statement of Financial Activities as they become payable in accordance with the rules of the scheme.

j) Trade debtors

Debtors are recognised at recoverable amount including any provision for doubtful debts.

k) Creditors and provisions

Creditors and provisions are recognised where the group has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

l) Judgements in applying accounting policies and key sources of estimation uncertainty

A key judgement made in the preparation of the financial statements relates to the recognition of income from research activity and related accrued or deferred income balances. The key judgement applied is in relation to assessment of the stage of completion of individual projects.

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m) Donated goods, facilities and services

Donated goods, facilities and services provided to the Institute are recognised at fair value, unless it is impractical to measure this reliably. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities.

2 ANALYSIS OF INCOME

	Unrestricted Funds 2022 £	Restricted Funds 2022 £	Year to 31 March 2022 £	Restated Year to 31 March 2021 £
Donations, grants and gifts	363,659	2,600,394	2,964,053	1,692,634
Income from charitable activities				
Conferences and events	258,629	-	258,629	76,518
Research	9,887,090	910,870	10,797,960	6,909,096
Subscriptions	1,195,047	-	1,195,047	1,114,666
Publications	160,801	-	160,801	195,907
Income from trading activities				
Facilities / Room hire	(9,361)	-	(9,361)	(1,734)
Bank deposit interest received	472	-	472	2,043
Total income	11,856,337	3,511,264	15,367,601	9,989,130

In the year ended 31 March 2021, restricted funds income was £2,566,557 split into £1,691,995 in the form of donations and £874,562 in the form of research.

3 ANALYSIS OF EXPENDITURE

Total costs of activities comprise:

	Staff Costs £	Direct Costs £	Allocated Costs £	Year to 31 March 2022 £	Year to 31 March 2021 £
Facilities /room Hire	-	-	28,796	28,796	80,634
Fundraising	183,015	-	96,488	279,503	268,786
Total costs of raising funds	183,015	-	125,284	308,299	349,420
Conferences and Events	223,506	160,205	131,950	515,661	392,532
Research	3,338,808	3,646,302	1,362,506	8,347,616	5,979,604
Publications	402,887	115,204	152,397	670,488	487,457
Membership	276,673	-	131,277	407,950	364,111
Other support to members	1,186,077	-	308,520	1,494,597	974,961
Governance costs	70,944	-	32,455	103,399	90,028
Total cost of charitable activities	5,498,895	3,921,711	2,119,105	11,539,711	8,288,693
	5,681,910	3,921,711	2,244,389	11,848,010	8,638,113

Staff costs above include recruitment and other staff benefit costs of £39,628 (2021: £17,612) which are not included in the separate analysis of staff costs below. These have been allocated directly to activities based on the time spent in each area of activity. Fundraising includes the costs of generating voluntary income and general promotional costs to raise the profile of the Institute.

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Allocated costs comprise:

				Year to 31 March 2022	Year to 31 March 2021
	Establishment	Finance and Admin	Other	<u>Total</u>	<u>Total</u>
	£	£	£	£	£
Facilities /room Hire	10,944	17,376	477	28,797	21,510
Fundraising	36,671	58,222	1,595	96,488	72,056
Conferences and Events	50,149	79,620	2,181	131,950	98,536
Research	517,834	822,148	22,524	1,362,506	263,007
Publications	57,920	91,958	2,519	152,397	113,793
Membership	49,893	79,214	2,170	131,277	98,032
Other support to members	117,256	186,163	5,100	308,519	230,379
Governance costs	12,335	19,583	537	32,455	24,239
	<u>853,002</u>	<u>1,354,284</u>	<u>37,103</u>	<u>2,244,389</u>	<u>921,552</u>

Allocated costs, which do not include staff costs, have been calculated based on the estimated activity with regard to the staff time costs attributable to each area.

	Group and Charity Year to 31 March 2022 £	Group and Charity Year to 31 March 2021 £
Total expenditure includes:		
Salaries and wages	4,635,229	4,145,427
Pension costs - defined contributions scheme	269,195	231,937
National insurance	410,935	423,304
Holiday pay reserve	148,108	70,574
	<u>5,463,467</u>	<u>4,871,242</u>

Group and Charity Year to 31 March <u>2022</u>	Group and Charity Year to 31 March <u>2021</u>
No	No

The following key management personnel received a total of £584,897 (2021: £551,840) in remuneration and benefits:

The remuneration and benefits received by the Director General were as follows:

Group and Charity Year to 31 March <u>2022</u> £	Group and Charity Year to 31 March <u>2021</u> £
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Auditor's remuneration for:	Audit fees	17,520	15,600
	(Over)/under accrual in previous year		-
Depreciation		220,179	142,647
Operating lease rentals – plant and machinery		25,453	24,865
– land and buildings		536,012	363,458

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Governance costs comprise:

Staff costs	70,944	65,789
Establishment costs	12,335	12,307
Administration costs	16,046	8,997
Finance costs	3,538	2,063
Other costs	536	872
	<u>103,399</u>	<u>90,028</u>

No remuneration was paid to the trustees in the current or preceding periods. In the current period no trustee has been reimbursed expenses in connection with services provided to the Charity (2021: No trustee was reimbursed expenses).

4 TAXATION

The Institute is registered under the Charities Act 2011 and accordingly it is not liable for corporation tax on its income, including capital gains, arising from charitable activities.

5a. TANGIBLE FIXED ASSETS – Group and Charity

	Freehold land & buildings £	Assets under Construction £	Other Tangible Fixed Assets £	Total £
Cost or value				
At 1 April 2021	10,340,000	1,305,499	1,619,131	13,264,630
Additions	-	1,615,152	164,048	1,779,200
Revaluation	(4,540,000)	-	-	(4,540,000)
At 31 March 2022	<u>5,800,000</u>	<u>2,920,651</u>	<u>1,783,179</u>	<u>10,503,830</u>
Accumulated depreciation				
At 1 April 2021	-	-	1,086,951	1,086,951
Charge for the year	-	-	220,179	220,179
At 31 March 2022	<u>-</u>	<u>-</u>	<u>1,307,130</u>	<u>1,307,130</u>
Net book amount				
At 31 March 2022	<u>5,800,000</u>	<u>2,920,651</u>	<u>476,049</u>	<u>9,196,700</u>
At 31 March 2021	<u>10,340,000</u>	<u>1,305,499</u>	<u>532,180</u>	<u>12,177,679</u>

All the fixed assets of the Institute are held for charitable purposes.

The net book amount of £476,049 (2021: £532,180) in relation to other tangible fixed assets comprises leasehold improvements of £256,526 (2021: £338,157); office equipment of £217,266 (2021: £188,347); and furniture and fittings of £2,257 (2021: £5,676).

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A full valuation of freehold land and buildings was undertaken by Avison Young, a firm of chartered surveyors, as at 31 March 2022, and this gave a valuation of the freehold land and buildings of £5.8m. The freehold land and buildings are currently under redevelopment and the building is in the hands of contractors. The reduction in value is a reflection of an adjustment to the Gross Development Value (£14.7m) for outstanding construction costs at 31 March, 2022. Avison Young have estimated the value of the freehold land and buildings on completion of the works as £14.7m.

5b. HERITAGE ASSETS—Group and Charity

	Paintings Silverware, Furniture Marble £	Library Books £	Total £
<u>Cost or value</u>			
At 1 April 2021	897,560	448,145	1,345,705
Additions	10,550	-	10,550
<u>Net Book Amount</u>			
At 31 March 2022	<u>908,110</u>	<u>448,145</u>	<u>1,356,255</u>
At 31 March 2021	<u>897,560</u>	<u>448,145</u>	<u>1,345,705</u>

1. Paintings and silverware were subject to an external professional valuation in March 2018 by Bonhams Valuers and Auctioneers and were valued at £718,640 on an open market basis taking account of expected selling costs. Library books were subject to an external professional valuation in May 2016 by Bernard Quaritch Limited (who are antiquarian booksellers) and were valued at £447,000 on an open market basis taking account of expected selling costs. The historical cost of Paintings, Silverware and Library Books is not available.

2. The Siborne model of the Waterloo Campaign was valued by Bonhams Valuers and Auctioneers in May 2012 at £350,000. The model is currently on display at the National Army Museum ("NAM"), and is owned jointly (on a 50/50 basis) between RUSI and NAM.

Five year summary of heritage asset transactions

	2022	2021	2020	2019	2018
<i>Additions</i>					
Purchases	10,550	-	-	-	227
Donations	-	-	3,360	3,360	-
<i>Disposals</i>					
Carrying value	-	-	-	175,000	-
Sales proceeds	-	-	-	-	-

6 DEBTORS

	Group Year to 31 March <u>2022</u> £	Charity Year to 31 March <u>2022</u> £	Restated Group Year to 31 March <u>2021</u> £	Restated Charity Year to 31 March <u>2021</u> £
Trade debtors	5,573,048	1,343,741	7,266,989	3,607,862
Sundry debtors and prepayments	2,667,892	2,380,769	2,300,242	1,542,931
Amounts owed by group undertaking	-	311,899	-	-
	<u>8,240,940</u>	<u>4,036,409</u>	<u>9,567,231</u>	<u>5,150,793</u>

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7 CREDITORS

	Group Year to 31 March 2022 £	Charity Year to 31 March 2022 £	Restated Group Year to 31 March 2021 £	Restated Charity Year to 31 March 2021 £
Trade creditors	622,859	387,661	1,023,310	567,460
Sundry creditors and accruals	1,747,207	1,368,991	1,480,196	1,638,646
Deferred income	6,060,996	1,252,083	5,981,213	718,010
Amount owed to group undertaking	-	493,574	-	260,949
	8,431,062	3,502,309	8,484,719	3,185,065

**Analysis of movement in deferred income
Group and charity**

	Restated Balance at 1 April 2021 £	Income released in year £	Income deferred in year £	Balance at 31 March 2022 £
Deferred research income	5,456,541	(2,428,745)	2,785,048	5,812,844
Subscriptions in advance	524,672	(524,672)	248,152	248,152
	5,981,213	(2,953,417)	3,033,200	6,060,996

**8 AMOUNTS FALLING DUE AFTER
MORE THAN ONE YEAR**

	Group Year to 31 March 2022 £	Charity Year to 31 March 2022 £	Group Year to 31 March 2021 £	Charity Year to 31 March 2021 £
Loans	5,104,529	5,104,529	5,312,473	5,312,473

Loans are repayable as follows:-

	Group Year to 31 March 2022 £	Charity Year to 31 March 2022 £	Group Year to 31 March 2021 £	Charity Year to 31 March 2021 £
Within one year	167,113	167,113	216,046	216,046
Between two and five years	5,104,529	5,104,529	5,312,473	5,312,473
	5,271,642	5,271,642	5,528,519	5,528,519

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Loans consist of the following advances:

1. A £5.8 million loan for the purpose of assisting with the purchase of the freehold interest in 61 Whitehall. The term of the loan is 10 years from 27 March 2015 and the interest rate is 2.5% per annum over the Bank of England base rate. However, from 27 March 2018, for a period of 60 months, the interest rate has been fixed at 3.75% during which period there will be 60 capital-and-interest repayments of £28,505.24. The loan is secured by a first legal charge over the freehold property at 61 Whitehall.
2. £230,000 repayable on 29 November 2022 and bearing interest at a fixed rate of 3.38% for the entire duration of the loan. The group is making repayments of £4,107.87 per month. The amount outstanding at 31 March 2022 was £36,534.63 all of which was due within one year.

9 INVESTMENT IN SUBSIDIARY

RUSI Trading Limited (company number 3147032) was incorporated on 16 January 1996 with an authorised share capital of 1,000 shares of £1 each. The issued and fully paid-up capital is £100. RUSI Trading Limited is wholly owned by the Institute and its principal activity in the year was the provision of function and conference activities.

RUSI Trading Limited's profit and loss account for the year ended 31 March 2022 was as follows:

	Year to 31 March 2022 £	Year to 31 March 2021 £
Turnover	244,939	35,074
Expenses	149,951	26,072
Profit for the year before gift aid	94,988	9,002
Qualifying charitable donation to RUSI	(94,988)	(9,002)
Profit for the year	-	-

The profit in the year to 31 March 2022 was £94,988 (2021: £9,002) and this amount was paid under deed of covenant to the Royal United Services Institute for Defence and Security Studies.

At 31 March 2022 RUSI Trading Limited had assets of £229,933, liabilities of £134,845 and funds of £100.

10 RELATED PARTIES

The Institute controls, through the ability to appoint the majority of trustees, a US Not For Profit organisation **RUSI (US) Foundation**, which has a tax status of 501 (C) 3. This is used as a conduit between US Foundations and the Institute in the UK.

The Institute also controls **Royal United Services Institute (Nairobi) Limited**, a company incorporated in Kenya and limited by guarantee. Royal United Services Institute (Nairobi) Limited undertakes local research work on behalf of the Institute, on an exclusive basis, and does not have any additional activities. During the year, the Institute remitted funds totalling £518,593.04 (2021: £385,892) for this purpose. The expenses incurred in relation to the research projects undertaken by Royal United Services Institute (Nairobi) Limited are included within the consolidated statement of financial activities. At 31 March 2022 Royal United Services Institute (Nairobi) Limited retained cash at bank and in hand of £1,431 (2021: £51,486).

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During 2018/19 the Institute established **RUSI Europe**, an international not-for-profit organisation ("AISBL") based in Brussels. RUSI Europe is controlled by the Institute through the ability to appoint the Board of Directors. At 31 March 2022, RUSI Europe retained cash at bank and in hand of £739,141 (2021: £844,447).

11 LEASE OBLIGATIONS

The Institute had total future commitments under non-cancellable operating leases in respect of land and buildings, and equipment, as follows:

	Land & Buildings	Equipment	Year to 31 March <u>2022</u>	Year to 31 March <u>2021</u>
	£	£	£	£
Due within one year	390,000	24,853	414,853	421,077
Due after one year and within five years	698,750	58,497	757,247	1,169,679
Due in more than five years	-	737	737	-
	<u>1,088,750</u>	<u>84,087</u>	<u>1,172,837</u>	<u>1,590,756</u>

12 CAPITAL COMMITMENTS

In November 2021, RUSI entered into a standard building contract with Coniston Limited to have refurbishment, alteration and extension work carried out at 61 Whitehall. The contract sum is £7,796,714. As at the 31 March, 2022, RUSI has paid £1,148,340 to Coniston under this contract, leaving an outstanding balance of £6,648,374.

13 ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted <u>funds</u> £	Restricted <u>funds</u> £	Total <u>funds</u> £
Fund balances at 31 March 2022 are represented by:			
Tangible fixed assets	8,292,345	2,260,610	10,552,955
Current assets	12,077,723	3,264,971	15,342,694
Current liabilities	(8,598,175)	-	(8,598,175)
Long term liabilities	(5,104,529)	-	(5,104,529)
Total net assets	<u>6,667,364</u>	<u>5,525,581</u>	<u>12,192,945</u>
	Unrestricted <u>funds</u> £	Restricted <u>funds</u> £	Total <u>funds</u> £
Restated Fund balances at 31 March 2021 are represented by:			
Tangible fixed assets	12,877,926	645,458	13,523,384
Current assets	10,337,754	3,365,453	13,703,207
Current liabilities	(8,700,765)	-	(8,700,765)
Long term liabilities	(5,312,472)	-	(5,312,472)
Total net assets	<u>9,202,443</u>	<u>4,010,911</u>	<u>13,213,354</u>

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14 RESTRICTED FUNDS

	Balance 1 April 2021 £	Income £	Expenditure £	Balance 31 March 2022 £
The Thales Charitable Trust	7,538	-	-	7,538
The 1831 Fund	26,772	-	-	26,772
Google, Inc	100,844	-	-	100,844
61 Whitehall Fund	2,691,807	2,600,394	1,615,152	3,677,049
Research grants and donations fund	1,183,950	910,870	381,442	1,713,378
	<u>4,010,911</u>	<u>3,511,264</u>	<u>1,996,594</u>	
5,525,581				
	=====	=====	=====	=====
Restated	Balance 1 April 2020 £	Income £	Expenditure £	Balance 31 March 2021 £
The Thales Charitable Trust	7,538	-	-	7,538
The 1831 Fund	26,772	-	-	26,772
Google, Inc	100,844	-	-	100,844
61 Whitehall Fund	1,645,270	1,691,995	645,458	2,691,807
Research grants and donations fund	1,243,483	874,562	934,095	1,183,950
	<u>3,023,907</u>	<u>2,566,557</u>	<u>1,579,553</u>	<u>4,010,911</u>
	=====	=====	=====	=====

Purpose and use of restricted funds:

The Thales Charitable Trust – to support youth and education programmes at the Institute.

The 1831 Fund – for investment in research and in the Institute’s historic headquarters at 61 Whitehall.

Google, Inc – to support fitting out a fully equipped audio-visual studio at 61 Whitehall.

61 Whitehall Fund – for the redevelopment of the Institute’s building at 61 Whitehall.

Research grants and donations fund – to provide funding for a number of specific ongoing research projects currently being undertaken by the Institute.

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15 PRIOR YEAR FIGURES

Prior year Statement of Financial Activities for the year ended 31 March 2021.

	Restated Unrestricted Funds <u>2021</u> £	Restated Restricted Funds <u>2021</u> £	Restated Year to 31 March <u>2021</u> £
Income			
Donations, grants and gifts	639	1,691,995	1,692,634
Charitable activities	7,421,625	874,562	8,296,187
Other trading activities	(1,734)	-	(1,734)
Income from investments	2,043	-	2,043
	<hr/>	<hr/>	<hr/>
Total income and endowments	7,422,573	2,566,557	9,989,130
	<hr/>	<hr/>	<hr/>
Expenditure			
Raising funds	349,420	-	349,420
Charitable activities	7,354,598	934,095	8,288,693
	<hr/>	<hr/>	<hr/>
Total expenditure	7,704,018	934,095	8,638,113
	<hr/>	<hr/>	<hr/>
Net income/(expenditure)	(281,445)	1,632,462	1,351,017
Transfers between funds	645,458	(645,458)	-
Other recognised gains			
Revaluation of heritage assets	(2,410,000)	-	(2,410,000)
	<hr/>	<hr/>	<hr/>
Net movement in funds	(2,045,988)	987,004	(1,058,983)
Balances at 1 April 2020	11,248,430	3,023,907	14,272,337
	<hr/>	<hr/>	<hr/>
Balances at 31 March 2021	9,202,442	4,010,911	13,213,354
	<hr/>	<hr/>	<hr/>

16 PRIOR YEAR ADJUSTMENTS

The comparative figures have been restated to reflect errors arising from the calculation of the amounts that needed to be accrued and deferred for projects, particularly those that were transferred from RUSI to RUSI Europe. The impact of this was offset by additional costs being provided for within the RUSI financial statements through the intercompany accounts which were already absorbed by RUSI Europe and RUSI (Nairobi) Ltd respectively.

These restatements are summarised in the following table:

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Group:

	As previously stated at 31 March 2021	Accrued income overstated	Deferred income overstated	Over-accrued expenditure	As restated at 31 March 2021	Net impact on Surplus/Reserves
	£	£	£	£	£	£
SOFA						
Income	(11,130,492)	1,581,585	(440,223)	-	(9,989,130)	
Expenditure	9,393,083	-	-	(754,970)	8,638,113	
Net income	(1,737,409)	1,581,585	(440,223)	(754,970)	(1,351,017)	(386,392)
Balance Sheet						
Debtors	11,148,816	(1,581,585)	-	-	9,567,231	
Creditors	(15,208,430)	-	440,223	754,970	(14,013,237)	
Net assets/Reserves	13,599,746	(1,581,585)	440,223	754,970	13,213,354	(386,392)

Charity:

	As previously stated at 31 March 2021	Accrued income overstated	Deferred income overstated	Over-accrued expenditure	As restated at 31 March 2021	Net impact on Surplus/Reserves
	£	£	£	£	£	£
SOFA						
Income	(11,183,711)	1,581,585	(440,223)	-	(10,042,349)	
Expenditure	9,200,578	-	-	(754,970)	8,445,608	
Net income	(1,742,028)	1,581,585	(440,223)	(754,970)	(1,355,636)	(386,392)
Balance Sheet						
Debtors	6,732,377	(1,581,585)	-	-	5,150,792	
Creditors	(4,380,257)	-	440,223	754,970	(3,185,064)	
Net assets/Reserves	13,599,746	(1,581,585)	440,223	754,970	13,213,354	(386,392)

