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



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

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2026

Charity No. 210639

**ROYAL UNITED SERVICES INSTITUTE FOR
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The trustees are pleased to present their report and the audited financial statements for the year ended 31 March 2026.

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 provides 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

A fuller description of RUSI's achievements during 2025-26 is provided in the online Activity Summary, hosted on RUSI's website. The overview below is intended to provide the very top-level context of RUSI's activities in the twelve months being reported on and our wider strategy in order to inform the financial results contained in this report.

Research and Publications

RUSI's research is relied on by politicians and policy makers both in the UK and around the globe and our in-house Publications team work closely with our researchers and external authors to ensure RUSI's publications meet the highest standards of academic rigour and editorial quality control. Over the course of 2025-26 we published more than 500 pieces of content in total, reflecting the full range of RUSI's research, alongside daily commentaries. This is more than double our output of around a decade ago. We also regularly provide briefings and private publications to senior government officials.

RUSI's focus is increasingly on 'cross-cutting' themes that encompass the work of multiple research groups, specifically:

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- Geopolitics and Global Security
- Military and Strategic Advantage
- Economic and Financial Security
- Cyber, Technology and Future Conflict
- Energy Resilience and Resource Security

During the year, we have evolved our approach to publishing our research, reducing complexity and streamlining processes.

The introduction of a 'gate', requiring users to sign in to our website to read our research publications in full, has been undertaken to help protect our intellectual property from misappropriation by AI and to enable us to understand in more detail who is engaging with our work. Looking forward, we are also investigating how we can harness AI for efficiency without compromising on quality and rigour.

The work of our research groups has delivered significant impact over the year in review including:

- Our research on technology and war has influenced NATO and Ukrainian thinking on how to counter Russian air attacks, as well as its surveillance and advances on the battlefield.
- Our recommendation that a moratorium be placed on political donations made in cryptocurrencies was adopted by the Joint Committee on the National Security Strategy, the Rycroft Review, and the government via a Prime Ministerial statement in Parliament.
- Our paper on environmental crime was published by the South African G20 Presidency and led directly to the successful adoption of the G20 Cape Town Ministerial Declaration on Crimes that Affect the Environment.
- Our analysis and convening of wider stakeholders has been instrumental in the development of the UK's National Cyber Action Plan.

Events

Central to RUSI's mission is our ability to provide a forum for debate.

Through a combination of more than one hundred events, comprising annual lectures, set piece conferences, stand-alone speeches and briefings for members, we have brought together major figures from across the worlds of defence, security and geopolitics.

In addition to recurring moments, such as the Chief of the Defence Staff's annual lecture in December, one-off highlights in the past year have included:

- The Foreign Minister of Hungary discussing European security challenges
- The UK's Attorney General and Leader of the Opposition providing contrasting views on the European Convention on Human Rights
- A conversation with Baroness May, former UK Prime Minister, on the intersection of finance and security
- Former Prime Minister of Ukraine, Arseniy Yatsenyuk, speaking on prospects for peace with Russia
- And former US Deputy National Security Advisor, Anne Neuberger, discussing how states can achieve strategic advantage in and through cyberspace.

We were also honoured to welcome our Patron, His Majesty King Charles III, to RUSI for the first time at the end of 2025.

Amplifying our Expertise

Recognising our duty to inform public debate, we share our research, highlights from our events and the expertise our researchers bring to bear with as wide an audience as possible.

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The RUSI website is the main gateway to our work. In 2025-26 over 1.6m active web users generated more than 7.8m pageviews. Our social media presence remains substantial, with around 150,000 followers on X and more than 50,000 on LinkedIn, where our account continues to experience growth.

One of the notable successes of the past twelve months has been the continued growth in downloads of our podcasts, especially the Global Security Briefing, which regularly achieves more than 10,000 downloads per episode and often features in the top five 'government' podcasts for UK Apple listeners.

RUSI's experts and work featured in more than 30,000 news articles in the twelve months being reported on.

Membership

RUSI was founded as – and remains – a membership organisation. Our membership programme enables the Institute to engage a diverse community of individuals and organisations with a shared interest in defence, security and geopolitics.

RUSI's membership base continued to grow during the year. At the end of March 2026, the Institute had 2,301 individual members and 226 organisational members, compared with 2,076 and 212 respectively at the end of the previous year – growth of 11% and 7% respectively.

This growth, across both categories, demonstrates the value members place on access to RUSI's research, expert analysis and programme of member activities.

Leadership Centre

Through our Leadership Centre, we are helping governments from across the world prepare their people for the challenges of leading and governing in an increasingly challenging global environment. In the 12 months we are reporting on, we delivered courses and bespoke education programmes for government departments from countries in Europe, the Middle East and Asia.

61 Whitehall

We are maximising the use of our historic Whitehall home. As well as being both the space in which our researchers and staff work and the home of many of our events, it also plays host to many external bookings, providing another income stream for RUSI and important support for the Institute's research, convening activities and wider charitable mission.

Our Fundraising

RUSI's Development Office is responsible for philanthropic fundraising to support the work of the Institute and to help develop future sustainable sources of income. Following on from the success of the campaign to support our redevelopment of 61 Whitehall, and now under the direction of our new director of development, Kat Farram, work is well underway on a new campaign 'Towards a More Secure Future' to raise unrestricted funds to support the Institute's work.

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Our People

RUSI's workforce remained stable over the year, with 118 employees at the year end - identical to the end of 2024-2025. This stability in overall numbers is complemented by a low vacancy rate and continued recruitment into key roles.

Critically, in the past year we have appointed new Directors responsible for our research overall, our proliferation and nuclear policy research team and three central services positions covering fundraising, business development and human resources. Together, these hires will significantly strengthen our ability to deliver on our long-term strategy.

Overall, the organisation has made steady progress in strengthening engagement, leadership, and internal capability. The focus for the coming year will be on further developing career pathways, enhancing transparency, and continuing to build an inclusive, high-performing culture.

His Grace, The Duke of Wellington, took on the role of Chairman in October 2025 and this is the first reporting cycle under his leadership.

All of RUSI was greatly saddened by the death of Sir Alex Younger in June this year. Sir Alex joined the Institute as a Trustee in 2020 and brought the weight of decades of service on the front line of intelligence to bear in his support of the Institute.

The remainder of this document looks at RUSI's finances in greater detail.

FINANCIAL REVIEW

Overview

2025-26 was a very successful year for the Institute in terms of underlying profitability. For the first time since 2021-22 there was a net surplus at Net Income level before taking into account philanthropic donations.

A large downward revaluation of the property at 61 Whitehall (see explanation below) meant that the Net Movement on Funds was negative for the year at -£2,871,225 (2025: positive movement of £712,872) but this non-cash adjustment should not detract from the strong operating performance, and Net Assets were still strong at 31 March 2026 at £14,075,191 (2025: £16,946,416).

The key driver of the improved operating result was a sharp reduction in expenditure.

Income & Expenditure

Total Gross Income of the Institute was £16,227,554, down by 2% on the previous 12 months, £9,168,431 of which was in unrestricted funds (2025: £12,462,354). The principal source of funding is research activity, which accounted for 76% of total gross income. This rose slightly (up from 74%) in the year due principally to the improved results from the Cyber, International Security and Military Sciences teams. Other sources of funding are donations, membership subscriptions, conferences and events, and publications. Donations can vary considerably year on year. In 2025-26 donations, grants and gifts of £1,159,127 were lower than the previous year by £470,305. Nevertheless, the remaining sources of income showed a positive trend with growth of £121,600 over the prior year mainly due to increases in revenue derived from publications and the leadership courses.

Although Gross Income was more or less at the same level as the previous year, operating costs were significantly reduced. Total Expenditure fell to £15,148,779 (2025: £16,561,198). The main reasons for the reduction in expenditure year-on-year were:

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- Salary savings as a result of some key senior vacancies during the year
- Much lower recruitment costs (unusually high in the prior year due to the recruitment of a new Director General and CFO) and staff training costs (with the absence of an HR Director for much of the year)
- No loss on exchange in 2025-26 unlike 2024-25
- The creation of the provision for historic VAT which partly affected the result for 2024-25.

Charitable expenditure represented 95% of total expenditure for 2025-26.

The significant cost savings in the year meant that the Institute generated a net income of £1,078,775 (2025: £55,344), of which -£3,098,867 was in unrestricted funds and £4,177,642 was in restricted funds. This result is before the loss on revaluation highlighted above.

Balance Sheet

The Institute owns the freehold of its headquarters building at 61 Whitehall. The value of the freehold of the building was valued at £21,700,000 following the redevelopment work that was completed in July 2023. The valuation was adjusted upwards to £22,500,000 at March 2025 based on the annual indexation in the value of the property type. At the end of 2025-26 a full revaluation exercise was performed. The new surveyors used a different basis for their assessment of Net Internal Area. This, and the weaker market generally at the time of the exercise, resulted in a significant downward revaluation of the property to £18,550,000. Nevertheless, this remains comfortably above the levels required to support current financing.

The balance sheet shows net current assets of £2,471,450 (2025: £1,671,943) including a cash balance of £5,306,594 (2025: £5,078,495). The figure for current liabilities on the balance sheet includes subscriptions received in advance of £870,853 (2025: £1,021,716) which will be recognised as income in 2026-27. A provision of £1,800,000 for historic VAT was included at 31 March 2025. This has been retained at the end of the current year as discussions with HMRC are yet to be finalised. Net assets at year-end have decreased from £16,946,416 at 31 March 2025 to £14,075,191 at 31 March 2026 due to the downward revaluation of the building referred to above.

The Institute has long-term borrowings of £8,659,430 (2025: £9,041,414) and total borrowings of £8,990,467 (2025: £9,269,528). These borrowings consist of a mortgage used to purchase the freehold of 61 Whitehall, and a development loan to help fund the redevelopment of the building.

Subsidiary Undertakings

Incorporated in these results is the financial performance of the Institute's subsidiary RUSI Trading Ltd. The turnover of RUSI Trading Ltd was £949,935 (2025: £830,025) and the profit for the year was £221,282 (2025 restated: £80,308).

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 £256,621 (2025: £238,490) for this purpose. The expenses incurred in relation to the research projects undertaken by the Royal United Services Institute (Nairobi) Limited are included within the consolidated statement of financial activities. At 31 March 2026, Royal United Services Institute (Nairobi) Limited retained cash at bank and in hand of £58,035 (2025: £64,784).

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 a net surplus in the consolidated accounts of £188,121 (2025: net loss of £125,027). These results are included within the consolidated statement of financial activities. At 31 March 2026 RUSI Europe retained cash at bank and in hand of £335,389 (2025: £295,511).

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Reserves

The Institute's total funds at 31 March 2026 stand at £14,075,191 (2025: £16,946,416) of which £5,038,012 (2025: £3,599,405) is restricted and not available for the general purposes of the charity. The general fund stands at £4,638,768 (2025: £4,998,600) and the revaluation reserve at £4,398,411 (2025: £8,348,411).

RUSI defines its free reserves as the general fund. Six 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 2026 the unrestricted reserves (General Fund) of £4,638,768 represented 4.9 months of budgeted expenditure for the subsequent year (2025: 5.4 months).

Risks

The trustees retain overall responsibility for risk management and, through the Audit and 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 during the year.

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

- **Cybersecurity**

The risk that data security and IT systems of the Institute are compromised leading to a loss of data and reputation as well as possible breaches of data-protection legislation.

***Approach to managing this risk:** The Institute recognises that it is a likely target of malicious actors, including state-backed actors. As such it takes cyber security very seriously and constantly strives for improvement. Regular training for the Institute's staff and monitoring of its systems have been in place for a number of years, 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 the management of cyber security risk at the Institute.

Nevertheless, the Institute and its staff continue to be vigilant and aware that a cyber-attack is always a possibility. Staff are regularly tested and challenged through mock phishing attacks and other exercises.

- **People**

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.

***Approach to managing this risk:** The Institute manages this risk by ensuring that staff are remunerated competitively, and there are open and regular communications channels with staff at all levels, not only during the annual appraisal process, but throughout the year. The Staff Committee, an anonymous staff questions form, and staff surveys all provide avenues for staff to raise any issues or suggestions. The new HR Director is leading a comprehensive review of staff benefits for the coming calendar year.*

- **Financial Resilience**

Approximately three quarters of the Institute's income comes from research projects. There is a risk of over-dependency on research funding which itself is susceptible to changes in political direction and funding priorities.

***Approach to managing this risk:** The Institute closely monitors its income pipeline and manages costs accordingly. There is a focus on diversifying its income streams as much as possible, as well as the launch of a new fundraising campaign. The Institute has improved its balance sheet over recent years and now holds a significant free reserve which provides some security against the uncertainty of deteriorating external conditions.*

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Plans for Future Periods

The strategic plan, referenced in the 2024-25 report and intended to direct our activity towards 2031, is now being implemented. At the top level, RUSI is focused on maximising our strengths; our people, the quality of our research, our brand and our locations in London and Brussels.

We intend that more of our research responds to five cross-cutting themes that cover topics that are broader than any one of research groups can tackle alone. These themes are:

- Geopolitics and Global Security
- Military and Strategic Advantage
- Economic and Financial Security
- Cyber, Tech and Future Conflict
- Energy, Climate and Resource Security

The strategy also envisages shifting the balance over time between research and non-research revenue generation from roughly 70:30 to closer to 60:40. This will be driven by a focus on four areas; our membership, the use of our building, our leadership centre programmes and our philanthropic fundraising.

We will also continue to target maintaining six months of operating spending as unrestricted reserves.

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 Nominations 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 Byelaws 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 other members of the senior management team.

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

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financial statements (see note 10 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.

REFERENCE AND ADMINISTRATIVE DETAILS

The charity registration number is 210639.

Principal Address

61 Whitehall
London
SW1A 2ET

The Patron

His Majesty The King

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 H. Petraeus

His Grace the Duke of Wellington OBE DL

Trustees

Ms Divyata Ashiya

General Sir Nick Carter GCB CBE DSO

Mr Laurence Geller CBE

Ms Jan Hall OBE

Admiral Sir Philip Jones GCB DL

The Rt. Hon. Sir David Lidington KCB CBE (resigned as Chairman and as a Trustee on 8 October 2025)

Mr Rageh Omaar (resigned 8 October 2025)

Ms Suzanne Raine

The Lord Ricketts GCMG GCVO – Vice-Chairman

The Rt. Hon. Amber Rudd

The Rt. Hon. Jack Straw

Ms Sharon Thorne

His Grace the Duke of Wellington OBE DL (appointed Chair on 8 October 2025)

Sir Alexander Younger KCMG (died 2 June 2026)

The Advisory Board

The Rt. Hon. the Lord Arbuthnot of Edrom

Mr Rory Bremner FKC

The Rt Hon Lord Campbell of Pittenweem CH CBE QC (died 26 September 2025)

Mr Chris DiBona

Dr Comfort Ero

Mr David Giampaolo

Mr Reade Griffith

Mr Shashank Joshi

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The Advisory Board (continued)

Mr Matthew Kirk
Dame Mariot Leslie
Dr Greg Mills
Mr Harper Reed
Ms Ritula Shah
Mr Oliver Waghorn
Ms Caroline Wyatt

Senior Management

Ms Rachel Ellehuus – Director-General
Professor Malcolm Chalmers – Deputy Director-General (resigned 1 August 2025)
Mr Neil Tomkins – Chief Finance Officer
Dr Jonathan Eyal – Associate Director, Strategic Research Partnerships
Ms Rosalind Roberts – Director of Research (appointed 6 January 2026)

Principal Advisers

Auditors

Price Bailey LLP
24 Old Bond Street
London W1S 4AP

Bankers

HSBC Bank PLC
69 Pall Mall
London SW1Y 5EY

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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 state of affairs of the group and parent charity and of its incoming resources and application of resources, including the income and expenditure, for the period.

In preparing the financial statements the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- observe the methods and principles in the Charities Statement of Recommended Practice (SORP);
- 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.

Signed on behalf of the Council of Trustees



His Grace the Duke of Wellington OBE DL

Chairman

28 September 2026

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INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE ROYAL UNITED SERVICES INSTITUTE FOR
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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 2026 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 2026 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.

We have nothing to report in this regard.

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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 144 of the Charities Act 2011 and report in accordance with the Act and 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 gained an understanding of the legal and regulatory framework applicable to the charitable company and the sector in which it operates and considered the risk of the charitable company not complying with the relevant laws and regulations including fraud; in particular those that could have a material impact on the financial statements. This included those regulations directly related to the financial statements, including financial reporting and tax legislation. In relation to the operations of the charitable company this included compliance with the Charities Act 2011 and relevant SORP.

The risks were discussed with the audit team and we remained alert to any indications of non-compliance throughout the audit.

We carried out specific procedures to address the risks identified. These included the following:

- Review of legal fees incurred;
- Reviewing minutes of Trustee Board meetings;
- Agreeing the financial statement disclosures to underlying supporting documentation;
- Enquiring of management, including those charged with governance;
- Reviewing key accounting policies and estimates

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INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES**

To address the risk of management override of controls, we carried out testing of journal entries and other adjustments for appropriateness. We also assessed management bias in relation to the accounting policies adopted and in determining significant accounting estimates

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.

Price Bailey LLP

Price Bailey LLP
Statutory Auditor
24 Old Bond Street
London
W1S 4AP
Date: 2 October 2026

Price Bailey 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 2026**

		Unrestricted Funds 2026 £	Restricted Funds 2026 £	Year to 31-Mar 2026 £	Year to 31-Mar 2025 £
	<u>Note</u>				
Income					
Donations, grants and gifts		586,703	572,424	1,159,127	1,629,432
Charitable activities		7,598,077	6,486,699	14,084,776	14,151,732
Other trading activities		920,832	-	920,832	830,039
Income from investments		62,819	-	62,819	5,339
Total income and endowments	2	9,168,431	7,059,123	16,227,554	16,616,542
Expenditure					
Raising funds		720,622	-	720,622	1,016,729
Charitable activities		11,546,676	2,881,481	14,428,157	15,544,469
Total expenditure	3	12,267,298	2,881,481	15,148,779	16,561,198
Net income/(loss)		(3,098,867)	4,177,642	1,078,775	55,344
Transfers between funds	14	2,739,035	(2,739,035)	-	-
Other recognised gains/(losses)					
Revaluation of freehold land and buildings	5	(3,950,000)	-	(3,950,000)	657,528
Net movement in funds		(4,309,832)	1,438,607	(2,871,225)	712,872
Balances at 31 March 2025		13,347,011	3,599,405	16,946,416	16,233,544
Balances at 31 March 2026	13	9,037,179	5,038,012	14,075,191	16,946,416

Of the consolidated income and expenditure, **£15,391,754** (2025 restated: £13,885,472) of income and **£13,931,022** (2025 restated: £13,991,945) of expenditure relate 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 19 to 32 form an integral part of these financial statements.

**ROYAL UNITED SERVICES INSTITUTE FOR
DEFENCE AND SECURITY STUDIES
CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2026**

		31 March <u>2026</u>	31 March <u>2025</u>
	Note	£	£
Tangible Fixed Assets	5a	18,884,785	22,937,501
Heritage Assets	5b	1,378,386	1,378,386
		20,263,171	24,315,887
Current Assets			
Debtors	6	4,798,264	4,675,869
Cash At Bank		5,306,594	5,078,495
		10,104,858	9,754,364
Creditors			
Amounts Falling Due Within One Year			
Creditors	7	5,502,371	6,054,307
Bank Loan	8	331,037	228,114
Provisions	9	1,800,000	1,800,000
		7,633,408	8,082,421
Net Current Assets		2,471,450	1,671,943
Total Assets Less Current Liabilities		22,734,621	25,987,830
Amounts Falling Due After More Than One Year	8	8,659,430	9,041,414
Net Assets		14,075,191	16,946,416
Funds Employed			
Unrestricted Fund - General Fund		4,638,768	4,998,600
Unrestricted Fund - Revaluation Reserve		4,398,411	8,348,411
Restricted Funds	14	5,038,012	3,599,405
Net Assets	13	14,075,191	16,946,416

The financial statements were approved and authorised for issue by the trustees on 28 September 2026.



His Grace the Duke of Wellington OBE DL
Chairman



The Lord Ricketts GCMG GCVO
Vice-Chairman

The accompanying notes on pages 19 to 32 form an integral part of these financial statements.

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

**CHARITY BALANCE SHEET
AS AT 31 MARCH 2026**

		31 March <u>2026</u>	31 March <u>2025</u>
	Note	£	£
Tangible Fixed Assets	5a	18,874,038	22,921,418
Heritage Assets	5b	1,378,386	1,378,386
Investment in Subsidiary	10	100	100
		<u>20,252,524</u>	<u>24,299,904</u>
Current Assets			
Debtors	6	4,702,193	3,929,456
Cash At Bank		<u>4,349,582</u>	<u>4,057,416</u>
		<u>9,051,775</u>	<u>7,986,872</u>
Creditors			
Amounts Falling Due Within One Year			
Creditors	7	5,135,494	5,349,642
Bank Loan	8	331,037	228,114
Provision for VAT	9	<u>1,800,000</u>	<u>1,800,000</u>
		<u>7,266,531</u>	<u>7,377,756</u>
Net Current Assets		<u>1,785,244</u>	<u>609,116</u>
Total Assets Less Current Liabilities		<u>22,037,768</u>	<u>24,909,020</u>
Amounts Falling Due After More Than One Year	8	<u>8,659,430</u>	<u>9,041,414</u>
Net Assets		<u><u>13,378,338</u></u>	<u><u>15,867,606</u></u>
Funds Employed			
Unrestricted Fund - General Fund		3,941,915	3,919,790
Unrestricted Fund - Revaluation Reserve		4,398,411	8,348,411
Restricted Funds	14	<u>5,038,012</u>	<u>3,599,405</u>
Net Assets	13	<u><u>13,378,338</u></u>	<u><u>15,867,606</u></u>

The financial statements were approved and authorised for issue by the trustees on 28 September 2026



His Grace the Duke of Wellington OBE DL
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The Lord Ricketts GCMG GCVO
Vice-Chairman

The accompanying notes on pages 19 to 32 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 2026**

	Year to 31 March <u>2026</u> £	Year to 31 March <u>2025</u> £
Cash flows from operating activities:		
Net cash generated by operating activities	<u>508,818</u>	<u>3,592,266</u>
Cash flows from investing activities:		
Interest from investments	62,819	5,339
Purchase of property, plant and equipment	(64,477)	(158,471)
Purchase of heritage assets	-	(14,573)
Cash flows from financing activities:		
Repayments of borrowing	(279,061)	(310,998)
<i>Net cash from financing activities</i>	<u>(279,061)</u>	<u>(310,998)</u>
<i>Change in cash and cash equivalents in the reporting period</i>	228,099	3,113,563
Cash and cash equivalents at the beginning of the reporting period	<u>5,078,495</u>	<u>1,964,932</u>
<i>Cash and cash equivalents at the end of the reporting period</i>	<u><u>5,306,594</u></u>	<u><u>5,078,495</u></u>
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)	1,078,775	55,344
Adjustments for:		
Depreciation charges	167,193	188,967
Dividends, interest and rent from investments	(62,819)	(5,339)
(Increase)/decrease in debtors	(122,395)	4,833,161
(Decrease) in creditors	(551,936)	(1,479,867)
<i>Net cash generated by operating activities</i>	<u><u>508,818</u></u>	<u><u>3,592,266</u></u>
Analysis of cash and cash equivalents		
Cash at bank	<u>5,306,594</u>	<u>5,078,495</u>
<i>Total cash and cash equivalents</i>	<u><u>5,306,594</u></u>	<u><u>5,078,495</u></u>

Analysis of changes in net debt

	1 April 2025 £	Cashflows £	31 March 2026 £
Cash at bank	5,078,495	228,099	5,306,594
Bank Loans	(9,269,528)	279,061	(8,990,467)
Net Debt	<u>(4,191,033)</u>	<u>507,160</u>	<u>(3,683,873)</u>

The accompanying notes on pages 19 to 32 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 2026**

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 the total remuneration of all such personnel is included in the figures for the group as a whole.

The consolidated financial statements include the accounts of Royal United Services Institute for Defence and Security Studies, its subsidiary undertaking, RUSI Trading Limited, and other related organisations controlled through the ability to appoint directors or trustees, 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. Consistent accounting policies and reporting periods exist across the group.

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 or based on specific deliverables as determined by the terms of each contract.

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 £2,500 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

The freehold land and buildings are the Institute's historic Grade II* Listed headquarters building in the Whitehall

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 MARCH 2026**

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.

Freehold land and buildings are stated at fair value. Formal independent valuations are obtained at least every five years and the Trustees perform annual reviews of fair value using market evidence and consideration of impairment indicators to ensure that carrying values remain materially consistent with fair value at the reporting date. As the assets are maintained at fair value and residual values are considered to be at least equal to their carrying amounts, no depreciation is charged. Properties are reviewed annually for indicators of impairment and any impairment losses are recognised in the Statement of Financial Activities as necessary.

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.

The revaluation reserve represents the accumulated adjustments to the value of the building at 61 Whitehall over time. At the balance sheet date it stands at £4,398,411 (2025: £8,348,411).

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 prevailing at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate prevailing 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

The preparation of the financial statements requires the Trustees to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenditure. Actual results may differ from these estimates. A key judgement made in the preparation of the financial statements relates to the recognition of income from research activities and the related accrued and deferred income balances. The principal judgement concerns the assessment of the stage of completion of individual projects at the reporting date and the extent to which performance conditions attached to funding agreements have been satisfied.

Judgement is also used in respect of the valuation of material property assets. The charity adopts a fair value model and the Trustees review the carrying value of properties annually using available market evidence,

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES**
**NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 MARCH 2026**

information on comparable transactions, impairment indicators and other relevant valuation data. Formal independent professional valuations are obtained at least every five years. The principal assumptions applied include prevailing market conditions, comparable property values, location-specific factors, asset condition and the highest and best use of the property. Changes in these assumptions could have a material impact on the values recognised in the financial statements.

The Trustees also exercise judgement in assessing whether there are indicators of impairment affecting the charity's tangible fixed assets and in determining whether any impairment provision is required at the reporting date.

In addition, estimates are made in determining the recoverability of debtors. The Trustees review outstanding balances at each reporting date and assess the likelihood of collection based on the age of the debt, historical collection experience, known disputes, the financial position of counterparties and subsequent receipts. Where recovery is considered uncertain, an appropriate provision for expected credit losses or bad debts is recognised. The level of any provision is therefore dependent upon management's assessment of the recoverability of outstanding balances at the reporting date.

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 the fair value reliably. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities.

2 ANALYSIS OF INCOME

	Unrestricted Funds 2026 £	Restricted Funds 2026 £	Year to 31 March 2026 £	Year to 31 March 2025 £
Donations, grants and gifts	586,703	572,424	1,159,127	1,629,432
Other Trading activities	920,832	-	920,832	830,039
Income from charitable activities				
Conferences and events	36,547	-	36,547	85,754
Research	5,799,978	6,486,699	12,286,677	12,326,960
Subscriptions	1,536,227	-	1,536,227	1,576,353
Publications	225,325	-	225,325	162,665
Income from Investments				
Bank deposit interest received	62,819	-	62,819	5,339
Total income	9,168,431	7,059,123	16,227,554	16,616,542

In the year ended 31 March 2025, restricted funds income was £4,154,188 split into £645,967 in the form of donations and £3,508,221 in the form of research.

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES**
NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 MARCH 2026

3 ANALYSIS OF EXPENDITURE

Total costs of activities comprise:

	Staff Costs	Direct Costs	Allocated Costs	Year to 31 March 2026	Year to 31 March 2025
	£	£	£	£	£
Other Trading activities	278,286	57,769	77,821	413,876	460,887
Fundraising	137,528	16,214	153,004	306,746	609,842
Total costs of raising funds	415,814	73,983	230,825	720,622	1,016,729
Conferences and Events	122,471	301,651	4,400	428,522	256,788
Research	4,744,408	4,615,130	1,476,076	10,835,614	12,011,115
Publications	622,751	75,027	27,121	724,899	692,066
Membership	218,357	121,626	175,144	515,127	583,676
Other support to members	1,710,323	-	29,516	1,739,839	1,869,239
Governance costs	101,959	72,431	9,766	184,156	131,585
Total cost of charitable activities	7,520,269	5,185,865	1,722,023	14,428,157	15,544,469
	7,936,083	5,259,848	1,952,848	15,148,779	16,561,198

Allocated costs comprise:

	Establishment	Finance and Admin	Othe	Year to 31 March 2026	Year to 31 March 2025
	£	£	£	£	£
Other Trading activities	13,159	51,353	13,309	77,821	120,562
Fundraising	25,873	100,964	26,167	153,004	249,588
Conferences and Events	744	2,903	753	4,400	13,841
Research	249,602	974,029	252,445	1,476,076	1,976,220
Publications	4,586	17,897	4,638	27,121	26,255
Membership	29,617	115,573	29,954	175,144	241,021
Other support to members	4,991	19,477	5,048	29,516	41,088
Governance costs	1,651	6,445	1,670	9,766	13,410
	330,223	1,288,641	333,984	1,952,848	2,681,985

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 function.

	Group and Charity Year to 31 March 2026	Group and Charity Year to 31 March 2025
	£	£
Total expenditure includes:		
Salaries and wages	6,302,326	6,556,365
Pension costs - defined contributions scheme	531,300	535,760
National Insurance	910,606	803,355
Holiday pay reserve	38,216	-
	7,782,448	7,895,480

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES**
NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 MARCH 2026

	Group and Charity Year to 31 March <u>2026</u>	Group and Charity Year to 31 March <u>2025</u>
	No	No
The average number of staff employed during the year was:	106	113
Employees remuneration between £60,000 and £69,999	14	7
Employees remuneration between £70,000 and £79,999	6	7
Employees remuneration between £80,000 and £89,999	3	2
Employees remuneration between £90,000 and £99,999	2	5
Employees remuneration between £100,000 and £109,999	1	1
Employees remuneration between £110,000 and £119,999	3	3
Employees remuneration between £120,000 and £129,999	1	0
Employees remuneration between £130,000 and £139,999	0	1
Employees remuneration between £150,000 and £159,999	0	1
Employees remuneration between £160,000 and £179,999	0	1
Employees remuneration between £210,000 and £219,999	1	0

The following key management personnel received a total of £583,483 (2025: £707,432) in remuneration and benefits:

Malcolm Chalmers (resigned 1 August 2025)
Rachel Ellehuus (appointed 6 January 2025)
Jonathan Eyal
Karin von Hippel (resigned 6 January 2025)
André Meyer (resigned 11 February 2025)
Rosalind Roberts (appointed 6 January 2026)
Neil Tomkins (appointed 11 February 2025)

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

Karin von Hippel nil (2025: £167,167)
Rachel Ellehuus £227,900 (2025: £54,522)

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES**
NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 MARCH 2026

		Group and Charity Year to 31 March	Group and Charity Year to 31 March
		<u>2026</u>	<u>2025</u>
		£	£
Net income for the year is stated after charging:			
Auditor's remuneration for:	Audit Fees	59,871	54,202
	Other	2,960	-
	Under/(over) accrual in prior years	9,600	(44,045)
Depreciation		167,193	188,967
Operating lease rentals	Plant and machinery	30,387	27,814

		Group and Charity Year to 31 March	Group and Charity Year to 31 March
		<u>2026</u>	<u>2025</u>
		£	£
Governance costs comprise:			
Staff costs		101,959	84,216
Establishment costs		1,651	1,712
Administration costs		574	3,469
Finance costs		78,302	39,884
Other costs		1,670	2,304
		<u>184,156</u>	<u>131,585</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 (2025: Nil).

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.

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES**
NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 MARCH 2026

5a. TANGIBLE FIXED ASSETS – Group

	Freehold land & Buildings £	Other Tangible Fixed Assets £	Total £
Cost or value			
At 1 April 2025	22,500,000	1,181,881	23,681,881
Additions	-	64,477	64,477
Revaluation	(3,950,000)	-	(3,950,000)
At 31 March 2026	18,550,000	1,246,358	19,796,358
Accumulated depreciation			
At 1 April 2025	-	744,380	744,380
Charge for the year	-	167,193	167,193
At 31 March 2026	-	911,573	911,573
Net book value			
At 31 March 2026	18,550,000	334,785	18,884,785
At 31 March 2025	22,500,000	437,501	22,937,501

The net book value of £334,785 (2025: £437,501) in relation to other tangible fixed assets comprises leasehold improvements of £2,330 (2025: £3,476) and office equipment and fittings of £332,455 (2025: £434,025).

TANGIBLE FIXED ASSETS – Charity

	Freehold land & Buildings £	Other Tangible Fixed Assets £	Total £
Cost or value			
At 1 April 2025	22,500,000	1,133,687	23,633,687
Additions	-	62,377	62,377
Revaluation	(3,950,000)	-	(3,950,000)
At 31 March 2026	18,550,000	1,196,064	19,746,064
Accumulated depreciation			
At 1 April 2025	-	712,269	712,269
Charge for the year	-	159,757	159,757
At 31 March 2026	-	872,026	872,026
Net book value			
At 31 March 2026	18,550,000	324,038	18,874,038
At 31 March 2025	22,500,000	421,418	22,921,418

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

A valuation of freehold land and buildings was undertaken by Allsop LLP, a firm of chartered surveyors, as at 31 March 2026. This gave a valuation of the freehold land and buildings of £18.55m. This valuation has resulted in a £3.95m reduction from the valuation included last year and has been written back against the Revaluation reserve.

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES**
NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 MARCH 2026

5b. HERITAGE ASSETS—Group and Charity

	Paintings, Silverware, Furniture, Marble £	Library £	Total £
Cost or Value and Net Book Amount			
At 1 April 2025 & 31 March 2026	<u>930,241</u>	<u>448,145</u>	<u>1,378,386</u>

There were no additions, disposals, revaluations or depreciation/impairment of heritage assets during the year.

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.

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

	<u>2026</u> £	<u>2025</u> £	<u>2024</u> £	<u>2023</u> £	<u>2022</u> £
Additions					
Purchases	-	14,573	7,558	-	10,550

There were no donations, disposals or impairment of heritage assets over the five-year period.

6 DEBTORS

	Group 31 March <u>2026</u> £	Charity 31 March <u>2026</u> £	Group 31 March <u>2025</u> £	Charity 31 March <u>2025</u> £
Trade debtors	2,023,233	1,952,457	2,318,992	1,972,627
Sundry debtors and prepayments	2,775,031	2,483,447	2,356,877	1,477,123
Amounts owed by group undertaking	-	266,289	-	479,706
	<u>4,798,264</u>	<u>4,702,193</u>	<u>4,675,869</u>	<u>3,929,456</u>

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7 CREDITORS

	Group	Charity	Group	Charity
	31 March	31 March	31 March	31 March
	<u>2026</u>	<u>2026</u>	<u>2025</u>	<u>2025</u>
	£	£	£	£
Trade creditors	518,368	575,164	538,094	436,286
Sundry creditors and accruals	1,874,674	1,764,246	1,413,697	1,227,277
Deferred income	3,109,329	2,796,084	4,102,516	3,492,074
Amount owed to group undertaking	-	-	-	194,005
	<u>5,502,371</u>	<u>5,135,494</u>	<u>6,054,307</u>	<u>5,349,642</u>

Analysis of movement in deferred income

Group

	Balance at 01 April 2025	Income Released in Year	Income Deferred in Year	Exchange Difference	Balance at 31 March 2026
	£	£	£	£	£
Deferred research income	3,080,800	(2,996,079)	2,154,678	(923)	2,238,476
Subscriptions in advance	1,021,716	(1,021,716)	870,853		870,853
	<u>4,102,516</u>	<u>(4,017,795)</u>	<u>3,025,531</u>	<u>(923)</u>	<u>3,109,329</u>

8 AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 31 March <u>2026</u>	Charity 31 March <u>2026</u>	Group 31 March <u>2025</u>	Charity 31 March <u>2025</u>
	£	£	£	£
Loans	<u>8,659,430</u>	<u>8,659,430</u>	<u>9,041,414</u>	<u>9,041,414</u>
Loans are repayable as follows:-				
Within one year	331,037	331,037	228,114	228,114
Between one and two years	348,796	348,796	237,211	237,211
Between two and five years	8,310,634	8,310,634	8,804,203	8,804,203
	<u>8,990,467</u>	<u>8,990,467</u>	<u>9,269,528</u>	<u>9,269,528</u>

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Loans consist of the following advances:

1. A £5.8 million loan was drawn for the purpose of assisting with the purchase of the freehold interest in 61 Whitehall. The term of the loan was 10 years from 27 March 2015 with the interest rate being 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 was fixed at 3.75%. With the expiration of the fixed rate arrangement, this facility was replaced by a new agreement dated 23 May 2023 in the sum of £5.1 million. The term of the loan is 5 years from 23 May 2023 with the interest rate being 1.75% above the Bank of England base rate. However, from 23 May 2023 for a period of 24 months, the interest rate was fixed at 6.29%. The loan has now reverted to the variable rate arrangement with effect from May 2025. The loan is secured by a first legal charge over the freehold property at 61 Whitehall. As at 31 March 2026 the outstanding balance on this loan was **£4,750,205** (2025: £4,896,345).
2. The group drew down £1,826,830 on 21 February 2023 from a £4.5million term loan facility, to assist in funding the redevelopment work at 61 Whitehall. Further drawdowns of £2,000,000 on 16 June 2023 and £673,170 on 31 July 2023 were undertaken to fully utilise the facility. The loan was scheduled to be repayable in full after 1 year and 3 months of the date of the drawdown and the interest rate to be paid on this facility was 2.75% per annum above the Bank of England base rate. This facility was replaced by a new agreement dated 23 January 2024 for £4.5 million. The term of the loan is 5 years from 23 January 2024 with the interest rate being 1.75% over the Bank of England base rate. The loan is secured by a legal charge over the freehold property at 61 Whitehall. As at 31 March 2026 the outstanding balance on this loan was **£4,240,262** (2025: £4,373,183).

9 PROVISIONS

	Group 31 March <u>2026</u> £	Charity 31 March <u>2026</u> £	Group 31 March <u>2025</u> £	Charity 31 March <u>2025</u> £
Provision for VAT	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,800,000</u>

During the course of 2024/25 it was discovered that some aspects of VAT had been incorrectly treated in prior years. The incorrect treatment related partly to certain aspects of membership income that should have had VAT applied, but the main element was VAT reclaimed on costs that were reclaimed in full but should have only been partially reclaimed. Such costs were both items of expenditure and capital costs, the latter of which were significant during the time in question due the refurbishment of 61 Whitehall.

A provision of £1,800,000 was created at 31 March 2025 to cover the historic liabilities and interest. Given that the majority of the provision related to 2023/24 and before, a prior year adjustment was made.

As at the date of approval of these financial statements, discussions with HMRC are ongoing. Following a reassessment of the underlying exposures and consideration of information obtained through those discussions, the Trustees concluded that no adjustment to the provision is required and it continues to represent their best estimate of the obligation at the reporting date. The Trustees anticipate that the matter will be concluded within the next 12 months.

The movements on the provision were as follows:

	Group <u>2026</u> £	Year to <u>2025</u> £
Provision for VAT at 1 April	1,800,000	1,603,004
Finance Expenditure	-	168,061
Membership Income	-	28,935
Provision for VAT at 31 March	<u>1,800,000</u>	<u>1,800,000</u>

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10 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 2026 was as follows:

	31 March <u>2026</u>	31 March <u>2025</u> Restated
	£	£
Turnover	949,935	830,025
Expenses	(728,653)	(749,717)
Profit for the year before gift aid	<u>221,282</u>	<u>80,308</u>
Qualifying charitable donation to RUSI	(221,282)	(80,308)
Profit /(Loss) for the year	<u>-</u>	<u>-</u>

The profit in the year to 31 March 2026 was **£221,282** (2025 restated: £80,308). At 31 March 2026 RUSI Trading Limited had assets of £546,317, liabilities of £546,217 and share capital of £100.

11 RELATED PARTIES

The Institute controls, through the ability to appoint the majority of trustees, a US Not For Profit organization, **RUSI (US) Foundation**, which has a tax status of 501 (C) 3. This is used as a conduit between US Foundation 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 **£256,621** (2025: £238,490) 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 2026 Royal United Services Institute (Nairobi) Limited retained cash at bank and in hand of **£58,035** (2025: £64,784).

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 2026, RUSI Europe retained cash at bank and in hand of **£335,389** (2025: £295,511).

In August 2023 the Institute received a pledge for £1m from the International Churchill Society (ICS). At the time that the pledge was made Laurence Geller, a Trustee of RUSI, was also member of the ICS board. £506k of this has been paid and recognized to date with the remaining amounts due up to December 2033.

During the year the Institute received aggregate donations of £100,000 from trusts connected with the Duke of Wellington (2025: £25,000). These donations were given without conditions. His Grace the Duke of Wellington is a trustee and senior vice president of the Institute.

There are no other related party transactions (2025: none).

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12 LEASE OBLIGATIONS

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

	31 March 2026	31 March 2025
	£	£
Due within one year	7,273	24,853
Due after one year and within five years	11,600	7,138
	<u>18,873</u>	<u>31,991</u>

13 ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Fund balances at 31 March 2026 are represented by:			
Tangible fixed assets	20,263,171	-	20,263,171
Current assets	4,289,990	5,814,868	10,104,858
Current liabilities	(6,856,552)	(776,856)	(7,633,408)
Long term liabilities	(8,659,430)	-	(8,659,430)
Total net assets	<u>9,037,179</u>	<u>5,038,012</u>	<u>14,075,191</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Fund balances at 31 March 2025 are represented by:			
Tangible fixed assets	24,315,887	-	24,315,887
Current assets	5,264,144	4,490,220	9,754,364
Current liabilities	(7,191,606)	(890,815)	(8,082,421)
Long term liabilities	(9,041,414)	-	(9,041,414)
Total net assets	<u>13,347,011</u>	<u>3,599,405</u>	<u>16,946,416</u>

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14 RESTRICTED FUNDS

	1 April 2025	Income	Expenditure	Transfers	31 March 2026
	£	£	£	£	£
The Thales Charitable Trust	7,538	-	-	-	7,538
61 Whitehall Fund	500,000	572,424	-	(572,424)	500,000
Research grants and donations	2,394,618	3,329,806	(1,587,891)	(1,537,445)	2,599,088
FCDO grants	634,983	3,156,893	(1,287,624)	(629,166)	1,875,086
Reade Griffith	62,266	-	(5,966)	-	56,300
	<u>3,599,405</u>	<u>7,059,123</u>	<u>(2,881,481)</u>	<u>(2,739,035)</u>	<u>5,038,012</u>

	1 April 2024	Income	Expenditure	Transfers	31 March 2025
	£	£	£	£	£
The Thales Charitable Trust	7,538	-	-	-	7,538
Wellington military history award medals	250	-	-	(250)	-
61 Whitehall Fund	500,000	645,967	-	(645,967)	500,000
Research grants and donations	1,817,870	3,508,221	(1,385,395)	(911,095)	3,029,601
Reade Griffith	62,266	-	-	-	62,266
	<u>2,387,924</u>	<u>4,154,188</u>	<u>(1,385,395)</u>	<u>(1,557,312)</u>	<u>3,599,405</u>

Purpose and use of restricted funds

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

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.

FCDO grants – funding provided by the FCDO for various projects worldwide.

Transfers comprise a combination of capital expenditure costs in respect of the redevelopment of 61 Whitehall, salary costs which are all initially designated as unrestricted expenditure and following on from the completion of projects any balance which is not deemed to be refundable back to the funder.

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15 PRIOR YEAR FIGURES

Prior year Statement of Financial Activities for the year ended 31 March 2025:

		Unrestricted Funds	Restricted Funds	Year to
		<u>2025</u>	<u>2025</u>	<u>31-Mar</u>
		£	£	£
	<u>Note</u>			
Income				
Donations, grants and gifts		983,465	645,967	1,629,432
Charitable activities		10,643,511	3,508,221	14,151,732
Other trading activities		830,039	-	830,039
Income from investments		5,339	-	5,339
Total income and endowments	2	12,462,354	4,154,188	16,616,542
Expenditure				
Raising funds		1,016,729	-	1,016,729
Charitable activities		14,159,074	1,385,395	15,544,469
Total expenditure	3	15,175,803	1,385,395	16,561,198
Net income/(loss)		(2,713,449)	2,768,793	55,344
Transfers between funds	14	1,557,312	(1,557,312)	-
Other recognised gains/(losses)				
Revaluation of freehold land and buildings	5	657,528	-	657,528
Net movement in funds		(498,609)	1,211,481	712,872
Balances at 31 March 2024		13,845,620	2,387,924	16,233,544
Balances at 31 March 2025	13	13,347,011	3,599,405	16,946,416