

THE BRITISH ACADEMY

ANNUAL REPORT

YEAR ENDED 31 MARCH 2005

THE BRITISH ACADEMY
(Registered Charity Number 233176)
ANNUAL REPORT
YEAR ENDED 31 MARCH 2005

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THE BRITISH ACADEMY STATUTORY INFORMATION

Registered Office:	The British Academy 10, Carlton House Terrace London SW1Y 5AH
Registered Charity Number:	233176
Registered Auditors:	PKF (UK) LLP Farringdon Place 20 Farringdon Road London EC1M 3AP
Bank:	The Royal Bank of Scotland plc Western Branch 60 Conduit Street London W1R 9FD
Solicitors:	MacFarlanes 10 Norwich Street London EC4A 1BD
Property Advisors:	Churston Heard 7 Hanover Square London W1S 1HQ
Investment Fund Manager:	Barclays Global Investors Limited Murray House 1 Royal Mint Court London EC3N 4HH

**THE BRITISH ACADEMY
COUNCIL'S REPORT
YEAR ENDED 31 MARCH 2005**

Officers and Council Members:

<i>President</i>	Lord Runciman *	
<i>Vice-Presidents</i> (Bye-law 14)	Professor W.E. Davies * Professor D.I.D. Gallie *	
<i>Vice-Presidents</i> (ex-officio)	Professor R.J.P. Kain * Professor C.N.J. Mann * Dr D.J. McKitterick * Professor R.J. Bennett * Revd Professor J.S. Morrill *	<i>Treasurer</i> <i>Foreign Secretary</i> <i>Publications Secretary</i> <i>Chairman of Research Committee</i> <i>Chairman of Communications and Activities Committee</i>
<i>Ordinary Members</i>	Professor R.D. Ashton Professor G.G. Corbett Professor W.E. Davies Professor J.M. Dunn Professor M.G. Fulford Professor D.I.D. Gallie Professor C.R. Harlow Dame Olwen Hufton Professor A. Kuper Professor I. Markova Professor J.A. Moss Professor T.J. Samson Lord Sutherland Dr D.J. Thompson Professor K.F. Wallis	
<i>Secretary</i>	Mr P.W.H. Brown *	

* Member of the Management Advisory Committee

Audit Committee (established February 2005):

<i>Chairman</i>	Professor R.C. Floud
<i>Ordinary Members</i>	Professor R.D. Ashton Mr John Fielden Mr Richard Garrick Sir Peter North

THE BRITISH ACADEMY COUNCIL'S REPORT YEAR ENDED 31 MARCH 2005

Introduction

The British Academy, established by Royal Charter in 1902, is the United Kingdom's National Academy for the Promotion of the Humanities and the Social Sciences. It is a working Academy that represents these academic disciplines nationally and internationally; it organises wide-ranging programmes to sustain and disseminate advanced research; and it acts as a grant-giving agency.

The British Academy is a self-governing body of Fellows, elected in recognition of their distinction as scholars in a branch of the humanities and social sciences. It is an independent learned society, the counterpart to the Royal Society which exists to serve the physical and biological sciences.

With the help of a Government grant-in-aid the Academy also acts as a grant-giving body, sponsoring its own research projects and facilitating the work of others, principally through supporting research appointments and making small research grants.

The mission of the British Academy in promoting, sustaining and representing advanced research is fulfilled through pursuit of the following strategic objectives and the activities of the Academy that closely follow from its strategic objectives:

1. to provide leadership in representing the interests of research and learning nationally and internationally:
The Academy represents the interests of the humanities and social sciences both in reaction to requests made to it, and pro-actively where important issues arise that require its views to be expressed, for example, to Government and other public bodies; it undertakes independent research-related policy studies; through its meetings it organises discussions of topics of the moment.
2. to give recognition to academic excellence as a vital component of a healthy society and to promote and support the highest standards of research:
The Academy, by means of elections to its Fellowship and through various awards and prizes, seeks to identify and to celebrate the most outstanding researchers and research achievements.
3. to enable outstanding researchers to reach their full potential and to develop their research careers:
The Academy provides opportunities for outstanding young researchers to develop their training and careers through post-doctoral fellowships; it provides opportunities for independent research to be pursued by advanced researchers through readerships and professorships; and it provides small grants to promote researchers at all post-doctoral levels.
4. to support and encourage new research:
The Academy sponsors research, and awards many grants to individuals and to projects to enable the most outstanding researchers in the UK to develop their research.
5. to communicate and disseminate new knowledge:
The Academy maintains a large-scale publishing programme; and organises a wide variety of lectures and meetings for the academic research community, other learned societies, and the general public.
6. to promote the understanding and exchange of knowledge nationally, internationally and across cultures:
Through its membership of national and international organisations, and through links with partner research bodies in the UK, the EU and overseas, the Academy promotes collaboration and interchange, enhancing the opportunities for researchers in the UK to work with colleagues in the UK and overseas.
7. to enhance appreciation of the contributions of the humanities and social sciences to the cultural, social and economic well-being of the nation:
The Academy is concerned not only to articulate the value of the humanities and social sciences in enriching the quality of life, but also to draw due attention to the benefits that the subjects bring to 'the knowledge economy' and economic prosperity.

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The Academy's funds derive from both public and private sources. By far the largest proportion comes in the form of a grant-in-aid from the Department for Education and Skills (DfES), which in 2004-05 amounted to £13.650m. The Academy remains as ever extremely grateful to the Department for these grants and for its continuing support for research and scholarship in the humanities and social sciences. From 1 April 2005 responsibility for the Academy's grant-in-aid passed from the DfES to the Office of Science and Technology, within the Department of Trade and Industry (DTI), and future allocations will come from the Science Budget.

The Academy continues to promote and finance a wide range of scholarly research projects and activities, nationally and internationally, intended to complement the programmes of the Arts and Humanities Research Council and the Economic and Social Research Council.

Highlights of 2004-05

Thirty-five scholars were elected to *Ordinary Fellowship*, and three to *Senior Fellowship*; ten were elected to *Corresponding Fellowship* and two elections were made to *Honorary Fellowship*.

During the course of the financial year, the **Grants Committee** considered 2,134 applications and made 1,640 awards. A total of £4.51m was allocated to support research and conferences, both in the UK and abroad (£3.342m payable from financial year 04-05). The *Small Research Grants* scheme was relaunched with a more flexible remit to incorporate elements previously supported under the separate schemes (now discontinued) for Joint Activities and Networks. The upper limit has been raised from £5,000 to £7,500, with a wider range of activity allowed. The revised scheme seems to be particularly popular with social scientists, with their percentage share of applications and awards rising from an average of 33% over the last 5 years to 43% in the first two competitions under the new scheme. In all, some 818 applications were considered, and 628 Small Research Grants awarded.

The *Larger Research Grants* scheme (grants up to £20,000) attracted a high-quality field of applications, and the Academy was able to support 50 new projects this year, including *Music in English Renaissance drama*, *The role of conceptual structure in word recognition*, *Resolving international crises of legitimacy* and *The Correspondence of Charles Darwin*. In addition, support was maintained for 34 ongoing projects.

The necessity for scholars, particularly at the outset of their careers, to present their work and extend their networks with colleagues at international conferences is ever more apparent, and the Academy has deliberately set the budget for *Overseas Conference Grants* at a level to maintain high success rates in this scheme (c. 80% in 04-05) to enable the majority of good proposals to be supported. Nearly 900 applications were considered this year, and 724 scholars were given individual travel grants, with another 60 scholars supported through block grants. The *British Conference Grants* scheme, intended to bring distinguished international figures to participate in conferences in the UK, remained highly competitive, and some 229 conferences were assisted in this way during the course of the year. Finally, the British Academy has confirmed support for two new *Worldwide Congresses*, the 13th International Congress of Greek and Latin Epigraphy (2007) and the 9th Conference of the International Society for Utilitarian Studies (2006), as well as maintaining support for another five Congresses that will be held in the UK between 2005 and 2006.

Monitoring and evaluation: During the year, 1763 grant reports have been assessed, and found satisfactory. In line with the new policy, the Academy's sanctions procedure has been implemented on three occasions, bringing about the near-immediate delivery of two overdue reports, and the full refund of one grant. The Academy requires the submission of published work resulting from the research funded, and 230 articles have been received, and 154 books placed in the Library, along with three CD-ROMs.

The Academy supported 41 **Research Readers** during the year 2004-05, including 13 new appointments from the autumn of 2004; and maintained support for the three current **Research Professors**. Given the ongoing concern over migration and asylum issues, it was timely that a Research Readership was begun by Professor A. Williams of Exeter University which promises to make a major contribution to the theoretical understanding of international migration and human capital, as well as to the policy agenda. The **Postdoctoral Fellowship** scheme was expanded and 37 new appointments were made from the autumn of 2004, though the Academy's flexibility with regard to starting dates, commensurate with the scheme's objective of career development, meant that five new Fellows did not start their awards during this financial year. New research begun this year promises insights into the usual wide range of topics, including the nature of violent political extremism in Weimar Germany, the dynamics of shop-floor management and labour relations in privatised enterprises in

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former socialist countries, the history of the idea of civil society, youth justice policy and attitudes towards physical disabilities, through a study of socio-cultural understanding of what constitutes completeness as a human being in South India. A total of 126 Postdoctoral Fellows were supported over the course of the year. Finishing PDFs were appointed to a wide range of academic posts, including permanent lectureships at Warwick, Sheffield, St Andrews and Wales, Aberystwyth. Continuing the usual trend, most obtained employment at institutions other than that at which they held their Fellowships. Altogether Research Post award-holders were based in over 50 different institutions, including, for the first time, Anglia Polytechnic University and the Edinburgh College of Art (Heriot-Watt University).

The Academy gave funding to 34 ongoing **Academy Research Projects**, including the four projects which were added to the programme as a result of an open competition held in the autumn of 2003. These were *Conflict and Priority in Early Modern Astronomy*, the *Correspondence of Bernardin de St Pierre*, the *Hearth Tax Project* and the *Location Register/WATCH Project*. Support was also maintained for the **Centenary Research Project**, *From Lucy to Language: The Archaeology of the Social Brain*. In common with many similar bodies around the world, the British Academy provides an annual subscription to support the editorial work of two major **International Projects**, the *Lexicon Iconographicum Mythologiae Classicae* based in Basel, Switzerland; and the *Thesaurus Linguae Latinae* based in Munich, Germany.

The Research Committee has oversight of the Academy's programme of **Research-related Policy Studies** on issues of concern to the humanities and social sciences. It does not undertake the studies itself, rather it appoints working groups to oversee the studies. Each year, the Committee aims to undertake one major study as well as one or two lesser studies and it invites the Academy's Sections to identify topics for future investigation.

A highlight in 2004-05 was the publication of the report, "*That full complement of riches*": *the contributions of the arts, humanities and social sciences to the nation's wealth*, arising from a review established to promote and highlight the contributions made by these disciplines to the UK's economic, social, cultural and intellectual well-being. The report was launched at the British Academy on 1 July 2004 where the speakers included Lord Sainsbury (Parliamentary Under-Secretary of State, Science and Innovation), Sir Brian Follett (Chairman of the AHRB now the AHRC), and Frances Cairncross (Chairman of the ESRC).

The British Academy received over a hundred **Foreign Visitors** in 2004-05 under the terms of its thirty-eight Agreements, Memoranda of Understanding or special grant schemes with partner organisations in thirty-one countries; and it made awards to more than fifty UK scholars for research visits abroad. Thirty-four new or ongoing joint projects were supported with fourteen partner organisations, and eleven awards were made under the British Academy/Association of Commonwealth Universities joint projects scheme in 2004.

Although the Joint Activities and Networks schemes were terminated as separate grant programmes after 2003-04, continuing support for ongoing collaborative research projects and small-scale international networks of scholars was offered to 36 Joint Activities and 38 Networks in 2004-05. Thirty-six scholars were invited to visit the UK under the **Visiting Fellowship/Professorship** scheme. Three awards were made under a new **Sixth Framework** pump-priming award scheme to enable UK scholars to develop proposals with European colleagues for European Union funding.

A new Agreement supporting collaborative research was developed with the Japan Society for the Promotion of Science, replacing a long-standing Agreement which focused on support for individual research visits. Similarly, negotiations were initiated with the Sichuan Academy of Social Sciences and the Shandong Academy of Social Sciences with the aim of supporting collaborative research projects between UK and Chinese scholars. After twenty years of much-valued cooperation, the K C Wong Education Foundation of Hong Kong, which had provided funding for the Academy to run a Fellowships programme for Chinese scholars, decided to bring its support to a close. The Academy is seeking alternative funding to maintain a programme which had been of great benefit both to Chinese scholars and their UK contacts. In the meantime it remains grateful to the Sino-British Fellowship Trust, which has provided funds to support collaborative research between the UK and China since 1989.

As part of its strategy to develop relations with parts of the world with which it had previously had only limited links, the Academy established two Working Groups in 2004, one for Africa, and one for Latin America and the Caribbean, to advise on whether there was the potential to develop appropriate links with countries and institutions in these continents. Both Working Groups recommended that, despite the Academy's relatively

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limited resources, there was the potential for enhancing links with both regions, and it was therefore agreed to set up two Area Panels, comprising members from within and outside the Academy's Fellowship, to develop concrete proposals for new initiatives.

The Academy also set up a European Union Working Party, to coordinate the Academy's links with the European Commission, to respond to consultations on European issues and to develop an Academy view on, for example, the question of a European Research Council and the Seventh Framework Programme. In addition, the Academy became a partner in a consortium of European academies, ministries and research councils, led by the Royal Netherlands Academy of Arts and Sciences, which bid for ERA-NET funding for a project to coordinate research between Europe and China – CO-REACH. The bid was successful, and the five-year project will be launched in May 2005.

The Academy is affiliated to a number of international organisations and groupings, and maintained its active involvement in their affairs. The Foreign Secretary, Professor Nicholas Mann, serves on the **ALLEA** (All European Academies) Steering Committee. The Academy is also a member of the **European Science Foundation**, taking a particular interest in the work of its Standing Committees for the Humanities and the Social Sciences, the **Union Académique Internationale**, and the **International Human Rights Network of Academies**.

The Academy, through the **Board for Academy-Sponsored Institutes and Societies (BASIS)**, continued to support eleven institutions which conduct research overseas, of which six maintain premises abroad. The institutions, which are located in the Mediterranean region, the Near and Middle East, South and South-East Asia and East Africa, constitute a valuable scholarly presence alongside British diplomatic and cultural representation in the regions where they operate. They provide opportunities for British scholars to undertake original research and fieldwork in areas of major scholarly interest overseas; the means of publishing and disseminating the results of that work; and, in some cases, an academic base offering a range of scholarly and logistical support services, including accommodation, library, and archive facilities. The institutions also maintain an active programme of lectures, conferences and other activities, both in the UK and overseas. BASIS also maintained its support for the Council for British Archaeology in the UK.

Notable events and developments during the year included the following: a meeting of representatives of the BASIS-sponsored Mediterranean institutions, held in the British School at Athens, to draw up a framework for collaborative research; the celebration, with lectures and a publication, of 30 years' work in the Fitch Laboratory for archaeological science in Athens; the completion of renovation of the British School at Rome's premises and the full re-opening of the library and archive; the launch of an ambitious project by the Council for British Research in the Levant on 'Water, Life and Civilisation', which teams archaeology with a number of social science subjects; a conference in London organised by the Academy and the British School of Archaeology in Iraq on 'Steady States: institutional stability in the face of political change - the evidence from pre-modern Western Asia'; and archaeological excavations at Euesperides in Libya.

In 2002-03 the Academy directed additional funding towards targeted initiatives aimed at: introducing competitive bidding for project funding by institutions, widening the disciplinary scope of existing institutions, and supporting research in other geographical regions. The scheme was open both to BASIS-sponsored institutions and other groups, associations and societies, for projects ranging from one to three years. In the final round of the scheme in 2004-05 six awards were made, including the final year's support to the Committee for Central and Asia for research work in that region; the British Institute in East Africa for a programme on 'Landscape and Environmental Change in Semi-Arid Landscapes', which resulted in a conference, in co-operation with the Academy, on 'Trees, Rain and Politics in Africa, the dynamics and politics of climatic and environmental change'; and the British Institute at Ankara for its Black Sea Initiative, which aims to support and promote inter-disciplinary study in the Black Sea region and to initiate more interaction between British academics and scholars from the countries neighbouring the Black Sea. During the year the Institute sponsored a conference in Istanbul, attended by over 100 scholars.

A varied programme of events was organised under the auspices of the **Communications and Activities Committee**. Seventeen lectures were delivered, most of them in long-established Academy series, to be published in due course in the *Proceedings of the British Academy*. They included the Eighth Annual British Academy Lecture by Professor Mervyn King, FBA, Governor of the Bank of England, entitled "What Fates Impose, Facing up to Uncertainty"; the Raleigh Lecture in History by Mr Alexander Murray, FBA on "The Inquisition and The Renaissance"; and the inaugural British Academy Law Lecture by Judge Edwin Cameron

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from the South African Supreme Court of Appeal on "Patents and Public Health, Principles, Politics and Paradox", delivered at the University of Edinburgh. The 2004 Schweich Lectures on Biblical Archaeology, a series of three lectures were delivered on three successive days by Professor Lawrence Stager from Harvard University. Most lectures were delivered in the Academy's premises, and a number were repeated elsewhere in other academic centres.

Within the programme of academic symposia, there were eight meetings held over the course of the year covering a wide range of topics within the humanities and social sciences, on 'Pre-historic Rock Carvings of North and West Europe', 'Imaginative Minds', 'The History of British Sociology in the Twentieth Century', 'Cultures of Commemoration: War Memorials Ancient and Modern to cite a few examples.

The Academy also convened a varied programme of events intended to appeal to a wider public audience. Our evening panel discussions and conversations covered "Picasso: Genius or Showman?", "Hutton: The Wider Issues", "Margaret Atwood: In conversation with Dame Gillian Beer" and "Roman Mythology: was there any?", and "Identity Politics". In March 2005, as part of efforts to appeal to a public audience outside London and the South-East, Queen's University, Belfast hosted a British Academy evening debate entitled "A Question of Culture? Europe and Islam". It is hoped that similar collaborations with other regional universities will be possible in the future.

The Academy also organised two all-day public conferences: "Imperialism Ancient and Modern" compared ancient and modern forms of imperialism while a Saturday conference - "Marxist Historiography: Alive, Dead or Moribund?" examined prospects for the Marxist intellectual tradition.

Since 2001 the Academy has celebrated excellence in scholarly writing which also appeals to a more general readership. Diarmaid MacCulloch, was awarded the 2004 British Academy Book Prize for *Reformation: Europe's House Divided 1490-1700* (Allen Lane, Penguin Press).

Publications: 18 new titles were published. These included four volumes of *Proceedings of the British Academy*, one British Academy Occasional Paper, one British Academy Centenary Monograph, two British Academy Postdoctoral Fellowship Monographs, and nine volumes arising from Academy Research Projects. A particular highlight was the publication of *Hutton and Butler: Lifting the Lid on the Workings of Power*, edited by W G Runciman, which made a significant contribution to the political debates that followed the Hutton and Butler reports. Also of note was *Keynes and his Critics: Treasury Responses to the Keynesian Revolution, 1925-1946*, edited by G C Peden, which provided the other half of one of the great economic debates of the 20th century; and Tim Ayers produced a magnificent two-volume set on *The Medieval Stained Glass of Wells Cathedral*, one of the most substantial collections of medieval glass in England. Two titles were reissued in paperback editions, and there were a further five reprintings.

The Academy continued to expand its **Website**, which plays an increasingly important role in communicating information about the Academy and promoting its activities. It also provides links to the websites of a wide range of other scholarly bodies. PORTAL, the guide to electronic research resources worldwide, continued to expand and develop. The website: www.britac.ac.uk includes the Academy's *Review* which reflects in its range of articles the Academy's wide spread of interests.

Constitution

The British Academy is a registered charity and is incorporated by Royal Charter. A supplemental charter was granted toward the end of 2002, redefining the objects of the Academy in contemporary language as "the promotion of the study of the humanities and social sciences". Governance of the Academy is vested in the Council and in the Fellows assembled in General Meeting.

Format of Accounts

These accounts continue to be presented in accordance with the Statement of Recommended Practice (SORP) for Higher Education Institutions.

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Income and Expenditure: Public Funds

Income

The grant-in-aid for 2004-05 provided by the DfES represented an increase of £0.32 m or 2.4 per cent over that for 2003-04. Total income, including that from sales of publications but excluding the interest received on public funds held at the bank, which is repaid to the DfES, was £14.526 m. Other income includes returned grants, amounts received from other organisations occupying office space in the Academy's building and from the letting of public meeting rooms, primarily to organisations associated with higher education and charities or learned societies involved in promoting the humanities and social sciences. Other income in total increased by 26.4 per cent; other income from rent and hire of rooms increased by 19.2 per cent (including a contribution of c £61,000 to the cost of the external redecoration).

Expenditure

Total expenditure from public funds, again excluding interest payments, was £14.397 m, an increase of 0.45 per cent over the previous year. The income and expenditure account shows a surplus of £0.13 m (0.9 per cent of total income), taking the accumulated surplus carried forward to £0.62m (see funds policy, page 9).

The main features of the expenditure in 2004-05 may be considered under two heads: (a) support for learning and research in the humanities and social sciences and (b) premises and administration.

(a) Support for learning and research accounted for £11.7 m, or 80.8 per cent of expenditure. There were three principal strands of expenditure: research programmes – research and conference grants, research posts and research projects (notably *The Oxford Dictionary of National Biography*), which amounted to £7.2m; international and institutional programmes – the Academy's own overseas exchanges and activities, and support for Academy-sponsored Schools, Institutes and Societies and the Council for British Archaeology, which totalled £4.2 m; and lectures, symposia and other activities contributing to greater public understanding of the humanities and social sciences, which totalled £0.27 m.

(b) The Academy's premises and administration, including direct staffing support for all of the above programmes accounted for expenditure of £2.48 m or 17.2 per cent of total expenditure, and there was in addition a charge for depreciation of £0.58 m. For 2003-04 the expenditure was £2.250 m or 15.6 per cent, with an additional charge of £0.89 m for depreciation.

Staff costs amounted to £1.249 m or 49.2 per cent of the total expenditure for administration and premises including depreciation, down from 49.7 per cent last year. This represents a staff cost increase of 7.3 per cent when compared with the previous year, primarily the result of contractual pay increases and a slight increase in the establishment (weighted average increase of 0.5 full time equivalent staff).

Other operating expenses of £1.232 m represent a net increase of 13.4 per cent when compared with the previous year. The increase results primarily from the cost of the external redecoration that takes place every four years. The amount paid in 2004-05 was £188,000, £90,000 of that was reserved in a designated fund and £8,000 (the balance due) accrued at year end, so the net expenditure is £106,000. Other operating income includes a c £61,000 contribution to the cost of the external redecoration from the other occupiers of the building. Thus the net charge in 2004-05 is £45,000. The increase in other operating expenses also reflects higher room hire activity and includes the cost of conference and catering related services needed to support the activities of the British Academy and to generate income from the hire of public rooms. Also included in other operating expenses is the cost of some central overheads and services provided for other occupants of the building for which the Academy is reimbursed (see Other Income above).

The expenditure for premises, administration, and programme support, including depreciation, is 17.7 per cent of 'grants from public bodies' plus 'other income.' The same figure for 2003-04 was 16.8 per cent, an increase of 0.9 per cent in 2004-05.

Income and Expenditure: Private Funds

Income from private sources in 2004-05 amounted to £0.80 m, compared to £1.29 m in 2003-04, a decrease of 38.3 per cent (a one off contribution to the Medieval Latin Dictionary was received in 2003-04). Expenditure including depreciation amounted to £0.83 m, an increase of £0.08 m, or 10.1 per cent. A deficit of £0.03 m has been carried forward.

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Income from the Academy's various funds for the provision of lectures, prizes and awards amounted to £0.27m.

The Academy Development Fund (ADF) increased in value from £1.846 m to £2.10 m during the course of the year, reflecting the retention of income and improving market conditions.

Investment Policy

The Academy's primary aim is to achieve growth of capital and/or income, applying a proportion of its funds in equity and/or equity related investments balanced by an element of lower risk, stable investments such as fixed-interest gilts. Performance is assessed over the longer term. A period of five years is considered appropriate. The bulk of the private funds (£6.15 m at 31 March 2005) have been invested in three tracker funds managed by Barclays Global Investors Limited. The BGI portfolio is required to generate income of at least £150,000 per annum. There are additional funds invested in money market accounts which generate additional investment income.

Funds Policy

Private funds

Private funds mainly comprise specific endowment funds and restricted funds which are not available for general use. Details of these funds are given in notes 17 to 19.

Academy Development Fund

Any donations received, unless otherwise specified, are added to the Academy Development Fund, established in 1991, of which a significant proportion was donated by Fellows themselves. The ADF is the only fund whose income the Academy is free to devote to whatever object it deems fit. All the other private funds must be directed to specific ends. Council decided at the outset, and has continued to allow the Fund to accumulate. Its intention in creating it was to enable the Academy to take new initiatives at its unfettered discretion. Proposals for the use of the fund are reviewed annually.

Public funds

The balance in the general fund is £618,430 at 31 March. Of this amount, £85,135 is tied up in fixed assets. The balance of £533,295 represents funds available for general use, of which £344,500 has been included in future commitments. In addition, there is a designated fund of £25,000 for building related repairs and a Publications Fund of £231,162 for publications work in progress.

Auditors

On 23 May 2005, the Academy's auditors, PKF, transferred their business to PKF (UK) LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. Accordingly PKF resigned as auditors and the Council appointed PKF (UK) LLP as their successor.

A resolution for the reappointment of PKF (UK) LLP will be proposed at the annual meeting for the ensuing year.

2005

R J P KAIN
Honorary Treasurer

THE BRITISH ACADEMY

STATEMENT ON CORPORATE GOVERNANCE

The following statement is provided to enable the readers of the Annual Report and Accounts of the British Academy to obtain a better understanding of the governance and legal structure of the Academy.

The British Academy endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) and with the Guidance on Codes of Practice for Board Members of Public Bodies, issued by the Cabinet Office (Office of Public Service).

The British Academy is an independent corporation whose legal status derives from a Royal Charter originally granted in 1902. Its objectives, powers and framework of governance are set out in the Charter and its supporting Bye-laws, as approved by the Privy Council.

The Charter states that "The Government of the Academy shall be vested in the Council and in the Fellows assembled in General Meeting."

The Council is the executive governing body responsible for the finance, property, investments and general business of the Academy, and for setting the general strategic direction of the institution. It is composed of five Honorary Officers, elected annually at the General Meeting of Fellows, and fifteen Ordinary Members of whom five are elected each year at the AGM to serve for a three-year term. None of the Officers or Members of Council receives any payment apart from the reimbursement of expenses for the work which they do for the Academy.

The Treasurer is the Honorary Officer principally responsible for the Academy's financial affairs. The principal Executive Officer of the Academy is the Secretary who is responsible, in conjunction with the Treasurer, for conducting and managing the Academy's business in accordance with the policies and procedures from time to time prescribed by the Council. Under the terms of the formal Financial Memorandum between the Academy and the Department for Education and Skills, the Secretary is the designated Accounting Officer for the Government grant-in-aid, and in that capacity can be summoned to appear before the Public Accounts Committee at the House of Commons.

The Council meets at least five times in each academic year. It is assisted by the Management Advisory Committee which provides a forum for discussion of all matters to do with the strategy, direction, organisation and financial management of the Academy. It also has more formal, specific, responsibilities relating to management of the Academy's affairs: to advise the Treasurer and the Secretary on the conduct and management of the Academy's administrative and financial business, and to report on them to Council.

The Council has identified and reviewed the major risks to which the Academy is exposed, and is satisfied that systems are in place to mitigate them.

The Academy's principal activities are grouped in four Programmes for which there are specialist committees: (i) Fellowship Programmes, which the disciplinary Sections of the Academy and two Groups, the one for the humanities, and the other for the social sciences, supervise and shape; (ii) Research Programmes, co-ordinated by the Research Committee with separate components for research grants, research projects and research posts; (iii) International Programmes, which are shared between the International Policy Committee and the Board for Academy-Sponsored Institutes and Societies; and (iv) Publications and Activities Programmes which are controlled by the Publications Committee and the Communications and Activities Committee.

An Audit Committee was established in February 2005 made up of three Fellows and two external members, with agreed terms of reference.

R J P KAIN
Honorary Treasurer

P W H BROWN
Secretary

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STATEMENT OF COUNCIL'S RESPONSIBILITIES

Council is responsible, through the Secretary, for the administration and management of the affairs of the Academy and is required to present audited financial statements for each financial year.

Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Academy and enable it to ensure that the financial statements are prepared in accordance with the Statement of Recommended Practice on Accounting in Higher Education and Further Education Institutions and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Department for Education and Skills and the Council of the Academy, Council is required, through the Secretary as Accounting Officer, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Academy and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, Council has ensured that:

- suitable accounting policies have been selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- financial statements are prepared on the going concern basis.

Council has taken steps to:

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

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

Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT TO THE FELLOWS OF THE BRITISH ACADEMY

We have audited the financial statements of The British Academy for the year ended 31 March 2005 which comprise the Income and Expenditure Accounts, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Fellows, as a body, in accordance with Regulation 6 of the Charities (Accounts and Reports) Regulations 1995. Our audit work has been undertaken so that we might state to the Fellows 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 Fellows as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Council and auditors

The Council's responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Council's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards. We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act.

We report our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the financial statements are not consistent with the Council's Report, if the Academy has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Council's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Academy's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- (i) the financial statements give a true and fair view of the state of affairs of the British Academy as at 31 March 2005 and of its income and expenditure for the year then ended and have been properly prepared in accordance with the Statement of Recommended Practice on Accounting in Higher Education and Further Education Institutions and Charities Act 1993.
- (ii) income from the Department for Education and Skills grants and income for specific purposes and from other restricted funds administered by the Academy have been applied for the purposes for which they were received.
- (iii) income has been applied in accordance with the Financial Memorandum dated 23 December 1996 with the Department for Education and Skills.

THE BRITISH ACADEMY
INCOME AND EXPENDITURE ACCOUNTS
YEAR ENDED 31 MARCH 2005

	<u>Notes</u>	<u>Private</u> <u>Funds</u> £	<u>2005</u> <u>Public</u> <u>Funds</u> £	<u>Private</u> <u>Funds</u> £	<u>2004</u> <u>Public</u> <u>Funds</u> £
INCOME					
Grants from public bodies	3	-	13,671,870	-	13,355,776
Other income	4	209,039	663,706	199,300	525,064
Endowment income and interest receivable	5	241,410	-	358,006	-
Donations and contributions	18	344,917	-	735,649	-
Publications fund	19	2,000	190,714	-	210,024
Interest on public funds to be surrendered	6	-	44,354	-	46,559
		<hr/>	<hr/>	<hr/>	<hr/>
Total Income		797,366	14,570,644	1,292,955	14,137,423
		<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURE					
Grants and awards	9	668,167	11,673,508	595,468	11,834,200
Staff costs	7	-	1,248,539	-	1,163,918
Depreciation	10	100,463	58,145	100,463	89,103
Other operating expenses	8	60,890	1,231,892	57,608	1,086,189
Publications fund	19	-	184,439	-	158,491
Interest on public funds surrendered	6	-	44,354	-	46,559
		<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditure		829,520	14,440,877	753,539	14,378,460
		<hr/>	<hr/>	<hr/>	<hr/>
(Deficit)/surplus for the year		(32,154)	129,767	539,416	(241,037)
TRANSFER FROM/(TO)					
Designated fund	15	-	65,000	-	(20,000)
Specific endowments	17	(31,399)	-	(156,016)	-
Funds administered	18	65,553	-	(383,400)	-
Publications fund	19	(2,000)	(6,275)	-	(51,533)
		<hr/>	<hr/>	<hr/>	<hr/>
		-	188,492	-	(312,570)
Balance brought forward at 1 April 2004		-	429,938	-	742,508
		<hr/>	<hr/>	<hr/>	<hr/>
Balance carried forward at 31 March 2005		-	618,430	-	429,938
		<hr/>	<hr/>	<hr/>	<hr/>

All amounts derive from continuing activities.

**THE BRITISH ACADEMY
BALANCE SHEET
31 MARCH 2005**

		<u>2005</u>			<u>2004</u>		
	<u>Notes</u>	<u>Private Funds</u> £	<u>Public Funds</u> £	<u>Total</u> £	<u>Private Funds</u> £	<u>Public Funds</u> £	<u>Total</u> £
FIXED ASSETS							
Tangible assets	10	1,242,075	85,135	1,327,210	1,342,538	121,577	1,464,115
ENDOWMENT ASSET INVESTMENTS							
	11	6,508,491	-	6,508,491	5,616,965	-	5,616,965
CURRENT ASSETS							
Debtors	12	26,991	121,897	148,888	49,121	1,062,461	1,111,582
Cash at bank and in hand	13	1,310,138	1,002,957	2,313,095	1,656,142	-	1,656,142
		1,337,129	1,124,854	2,461,983	1,705,263	1,062,461	2,767,724
CREDITORS							
Amounts falling due within one year ¹⁴		(192,254)	(335,397)	(527,651)	(63,156)	(439,213)	(502,369)
NET CURRENT ASSETS							
		1,144,875	789,457	1,934,332	1,642,107	623,248	2,265,355
NET ASSETS							
		8,895,441	874,592	9,770,033	8,601,610	744,825	9,346,435
Represented by:							
DESIGNATED FUNDS	15	-	25,000	25,000	-	90,000	90,000
DEFERRED CAPITAL GRANTS AND DONATIONS	16	1,342,627	-	1,342,627	1,435,684	-	1,435,684
SPECIFIC ENDOWMENTS	17	7,093,002	-	7,093,002	6,531,003	-	6,531,003
FUNDS ADMINISTERED	18	453,108	-	453,108	630,219	-	630,219
GENERAL FUNDS		-	618,430	618,430	-	429,938	429,938
PUBLICATIONS FUND	19	6,704	231,162	237,866	4,704	224,887	229,591
TOTAL FUNDS							
		8,895,441	874,592	9,770,033	8,601,610	744,825	9,346,435

The Financial Statements on pages 13 to 27 were approved on

2005 and signed by:

R J P KAIN
Honorary Treasurer

P W H BROWN
Secretary

THE BRITISH ACADEMY
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 MARCH 2005

		<u>2005</u>		<u>2004</u>	
	<u>Notes</u>	<u>Private Funds</u> £	<u>Public Funds</u> £	<u>Private Funds</u> £	<u>Public Funds</u> £
Surplus/(deficit) for the year		-	129,767	-	(241,037)
Increase in market value of Endowment Asset Investments	11	367,449	-	285,287	-
Gain on realisation of Endowment Asset Investments	17	54,050	-	110,368	-
TOTAL GAINS/(LOSSES) SINCE LAST ANNUAL REPORT		421,499	129,767	395,655	(241,037)

**THE BRITISH ACADEMY
CASH FLOW STATEMENT
YEAR ENDED 31 MARCH 2005**

	<u>2005</u>		<u>2004</u>	
	<u>Private Funds</u> £	<u>Public Funds</u> £	<u>Private Funds</u> £	<u>Public Funds</u> £
Reconciliation of Operating Surplus to Net Cash Inflow/(Outflow) from Operating Activities				
Operating surplus/(deficit) for the year	(32,154)	129,767	539,416	(241,037)
Investment income	(241,410)	-	(317,485)	-
Depreciation charges	100,463	58,145	100,463	89,103
Decrease/(Increase) in debtors	22,130	940,564	(40,466)	42,433
Increase/(decrease) in creditors	129,098	(3)	62,676	174,849
Decrease in deferred income	(93,057)	-	(98,885)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	(114,930)	1,128,473	245,719	65,348
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Cash Flow Statement				
Net cash (outflow)/inflow from Operating Activities	(114,930)	1,128,473	245,719	65,348
Returns on investments	251,659	-	317,485	-
Capital expenditure and financial investment	(482,733)	(21,703)	(4,163)	(45,345)
	<hr/>	<hr/>	<hr/>	<hr/>
	(346,004)	1,106,770	559,041	20,003
Management of liquid resources	165,209	-	(500,000)	-
	<hr/>	<hr/>	<hr/>	<hr/>
(Decrease)/ Increase in cash	(180,795)	1,106,770	59,041	20,003
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Reconciliation of Net Cash (Outflow)/ Inflow to Movement in Net Funds				
(Decrease)/increase in cash for the year	(180,795)	1,106,770	59,041	20,003
(Decrease)/increase in liquid resources	(165,209)	-	500,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
Change in cash and liquid resources	(346,004)	1,106,770	559,041	20,003
Cash and liquid resources at 1 April 2004	1,656,142	(103,813)	1,097,101	(123,816)
	<hr/>	<hr/>	<hr/>	<hr/>
Cash and liquid resources at 31 March 2005	1,310,138	1,002,957	1,656,142	(103,813)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**THE BRITISH ACADEMY
CASH FLOW STATEMENT
YEAR ENDED 31 MARCH 2005
(Continued)**

	<u>Private Funds</u> £	<u>2005</u> <u>Public Funds</u> £	<u>Private Funds</u> £	<u>2004</u> <u>Public Funds</u> £
Notes to Cash Flow Statement				
Note (i) Gross Cash Flows				
Returns on Investments				
Investment income	251,659	-	317,485	-
Capital Expenditure and Financial Investment				
Payments to acquire tangible fixed assets	-	(21,703)	-	(45,345)
Payments to acquire investments	(4,350,703)	-	(2,513,796)	-
Receipts from sales of investments	3,919,851	-	2,467,277	-
(Increase)/decrease in cash held at brokers	(51,881)	-	42,356	-
	<u>(482,733)</u>	<u>(21,703)</u>	<u>(4,163)</u>	<u>(45,345)</u>
Management of liquid resources				
(Decrease)/Increase in short term deposits	(165,209)	-	500,000	-
	<u>(165,209)</u>	<u>-</u>	<u>500,000</u>	<u>-</u>
Note (ii) Analysis of Change in Net Funds				
Private Funds		At 1 April 2004 £	Cash flows £	At 31 March 2005 £
Cash in hand, at bank		351,142	(180,795)	170,347
Liquid resources		1,305,000	(165,209)	1,139,791
		<u>1,656,142</u>	<u>(346,004)</u>	<u>1,310,138</u>
Public Funds				
Bank overdraft		(103,813)	1,106,770	1,002,957

THE BRITISH ACADEMY

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2005

1 ACCOUNTING CONVENTION

The financial statements have been prepared under the historical cost convention, as modified by the inclusion of Endowment Asset Investments at market value, and in accordance with both the Statement of Recommended Practice: Accounting in Higher Education and Further Education Institutions and applicable Accounting Standards.

2 ACCOUNTING POLICIES

The principal accounting policies consistently applied in the preparation of the financial statements are as follows:

- (a) **Grants**
Grants receivable are included in the financial statements in the year in which they are due.

Grants payable are included in the financial statements in the year in which they are allocated.
- (b) **Donations**
Donations other than for capital expenditure (See 2 (c)), are included in income in the year in which they are received.
- (c) **Tangible assets**
Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset over its expected useful life, as follows:
- | | | |
|-------------------------|---|----------------------------|
| Furniture and equipment | - | over 5 years |
| Leasehold improvements | - | over the life of the lease |
- Items which are fully depreciated are treated as disposals.

Where a fixed asset is acquired with the aid of specific grants and donations it is capitalised and depreciated over its estimated useful life. The related grant or donation is treated as a deferred capital grant or donation and released to income over the estimated useful life of the fixed asset.
- (d) **Endowment Asset Investments and Investment Income**
Endowment Asset Investments are included in the financial statements at market value.

Gains/losses on disposal of investments and revaluation of investments are allocated to the Capital Accounts of the funds to which the investments relate in accordance with their percentage share of the investments as disclosed in note 1.

Investment income is included in the Financial Statements in the year in which it is receivable.
- (e) **Funds administered**
Funds administered represent the unexpired balances of amounts donated to the Academy from which payments can be made to award holders. Such funds have no permanent endowment which create income.
- (f) **Operating leases**
Rental costs under operating leases are charged to the income and expenditure account, as the charges are incurred, over the lease periods.
- (g) **Stocks of publications**
Costs of publications are written off in the income and expenditure account when incurred. Stocks of books gifted to the Academy for its library are not valued within the accounts.

At 31 March 2005 the estimated value of stocks of publications not included in the balance sheet was £71,534 (2004 : £78,454), being the lower of cost and net realisable value.

**THE BRITISH ACADEMY
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2005**

2 ACCOUNTING POLICIES (Continued)

(h) Pensions

The Academy participates in a defined benefit scheme. Pension costs are assessed in accordance with the advice of an actuary based on the most recent actuarial valuation of the scheme and are accounted for on the basis of charging the cost of providing pensions over the period during which the Academy benefits from the employees' services.

(i) Liquid Resources

Liquid Resources are represented by fixed term bid deposits, Tracker deposits and National Savings Bonds.

3 GRANTS FROM PUBLIC BODIES

	<u>2005</u>		<u>2004</u>	
	<u>Private Funds £</u>	<u>Public Funds £</u>	<u>Private Funds £</u>	<u>Public Funds £</u>
Department for Education and Skills	-	13,650,000	-	13,330,000
Other	-	21,870	-	25,776
	<hr/>	<hr/>	<hr/>	<hr/>
	-	13,671,870	-	13,355,776
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

4 OTHER INCOME

Subscriptions (including income tax recoverable)	72,525	-	67,325	-
Returned grants	-	176,878	-	116,722
Rent and hire of rooms	-	426,254	-	408,342
Donations and contributions - general	40,612	-	29,427	-
Release of deferred capital donations (note 16)	95,902	-	102,548	-
Recharge of external redecoration	-	60,574	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	209,039	663,706	199,300	525,064
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

5 ENDOWMENT INCOME AND INTEREST RECEIVABLE

Income from investments	241,410	-	358,006	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

6 INTEREST ON PUBLIC FUNDS TO BE SURRENDERED

Interest on public funds represents interest received on Special Interest Bearing bank accounts to which monthly receipts of grant from the Department for Education and Skills are credited, pending transfer to current accounts to meet expenditure incurred on a daily basis. Such interest is surrendered to the Department in accordance with the terms of the Academy's Financial Memorandum with the Department.

**THE BRITISH ACADEMY
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2005**

7 STAFF COSTS

	<u>2005</u>		<u>2004</u>	
	<u>Private Funds</u> £	<u>Public Funds</u> £	<u>Private Funds</u> £	<u>Public Funds</u> £
Staff costs:				
Salaries	-	1,066,425	-	1,006,584
Social security costs	-	92,190	-	77,384
Pension costs - SAUL	-	89,924	-	79,950
	<hr/>	<hr/>	<hr/>	<hr/>
	-	1,248,539	-	1,163,918
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The average number of full time equivalent permanent employees (all administrative staff) during the year was 32 (2004: 31).

Remuneration of Higher Paid Staff	<u>2005</u>	<u>2004</u>
£60,000 - £70,000	-	-
£70,000 - £80,000	-	1
£80,000 - £90,000	1	-
	<hr/> <hr/>	<hr/> <hr/>

No members of the Council received any remuneration from the Academy for the year ended 31 March 2005 (2004: £Nil). Council members are reimbursed in respect of travel and other expenses necessarily incurred by them in the furtherance of the Academy's activities. During the year ended 31 March 2005 such reimbursement to 17 Council members (2004: 16) amounting to £8,921 (2004: £8,147).

8 OTHER OPERATING EXPENSES

	<u>2005</u>		<u>2004</u>	
	<u>Private Funds</u> £	<u>Public Funds</u> £	<u>Private Funds</u> £	<u>Public Funds</u> £
Rent and rates	-	501,011	-	538,052
Heating and lighting and water	-	22,693	-	13,927
Repairs and maintenance of premises	-	82,436	-	83,296
Legal and Professional	-	5,456	-	44,317
General expenses	60,890	266,980	57,608	223,601
Auditors remuneration - Audit	-	15,027	-	14,286
- Other services	-	4,000	-	4,406
Travelling expenses	-	39,761	-	47,345
Printing and Postage	-	46,839	-	51,524
Stationery	-	24,609	-	23,218
Computer Software and maintenance	-	26,870	-	42,217
External redecoration	-	196,210	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	60,890	1,231,892	57,608	1,086,189
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**THE BRITISH ACADEMY
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2005**

9 GRANTS AND AWARDS

	<u>Private Funds</u> £	<u>2005</u> Public Funds £	<u>Private Funds</u> £	<u>2004</u> Public Funds £
BASIS institutions	-	3,507,218	-	3,538,168
Research grants	-	2,953,477	-	3,280,176
Research readerships	-	806,800	-	709,632
Postdoctoral fellowships	-	2,512,523	-	2,260,219
Overseas grants	-	663,048	-	789,652
Conference grants	-	786,997	-	728,857
British Academy Symposia	-	103,390	-	81,457
Oxford Dictionary of National Biography	-	175,000	-	338,000
Communications and activities	-	165,055	-	108,039
Lecture fees	-	-	-	-
Grants and prizes:				
Specific endowments	252,249	-	231,283	-
Funds administered	415,918	-	364,185	-
	<u>668,167</u>	<u>11,673,508</u>	<u>595,468</u>	<u>11,834,200</u>

10 TANGIBLE FIXED ASSETS

	<u>Private funds</u> <u>Leasehold</u> <u>Improvements</u> £	<u>Public Funds</u> <u>Furniture</u> <u>and</u> <u>Equipment</u> £
Cost		
At 1 April 2004	2,009,267	445,513
Additions	-	21,703
Disposals (Note 2(c))	-	(176,490)
	<u>2,009,267</u>	<u>290,726</u>
At 31 March 2005	2,009,267	290,726
Depreciation		
At 1 April 2004	666,729	323,936
Charge for the year	100,463	58,145
Eliminated on disposals	-	(176,490)
	<u>767,192</u>	<u>205,591</u>
At 31 March 2005	767,192	205,591
Net book value		
At 31 March 2005	<u>1,242,075</u>	<u>85,135</u>
At 31 March 2004	1,342,538	121,577

The Academy entered into a 50 year lease with the Crown Estate Commissioners in 1998, with rent reviews at 5 yearly intervals. There is a break clause after 20 years, in 2018. The first rent review occurred in January 2003.

**THE BRITISH ACADEMY
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2005**

11 ENDOWMENT ASSET INVESTMENTS

	<u>2005</u>		<u>2004</u>	
	<u>Private Funds</u> £	<u>Public Funds</u> £	<u>Private Funds</u> £	<u>Public Funds</u> £
At 1 April 2004	5,616,770	-	5,199,992	-
Additions	4,350,703	-	2,513,796	-
Disposals	(3,878,507)	-	(2,382,305)	-
Increase in market value	367,449	-	285,287	-
	<hr/>	<hr/>	<hr/>	<hr/>
Bank balances	6,456,415	-	5,616,770	-
	52,076	-	195	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2005	6,508,491	-	5,616,965	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Comprising:				
Commodities	22,668	-	-	-
Fixed interest stocks	1,409,889	-	1,025,312	-
Equities	5,023,858	-	4,591,458	-
Bank balances	52,076	-	195	-
	<hr/>	<hr/>	<hr/>	<hr/>
	6,508,491	-	5,616,965	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Fixed Interest and Equities at cost	5,975,964	-	5,549,930	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

12 DEBTORS

	<u>2005</u>		<u>2004</u>	
	<u>Private Funds</u> £	<u>Public Funds</u> £	<u>Private Funds</u> £	<u>Public Funds</u> £
Amounts falling due within one year:				
Debtors	-	121,897	-	98,777
Prepayments and accrued income	26,991	-	49,121	963,684
	<hr/>	<hr/>	<hr/>	<hr/>
	26,991	121,897	49,121	1,062,461
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

13 CASH AT BANK AND IN HAND

Cash and current accounts	170,347	1,002,957	351,142	-
Deposit accounts	1,109,791	-	1,275,000	-
National Savings Income Bond	30,000	-	30,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,310,138	1,002,957	1,656,142	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**THE BRITISH ACADEMY
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2005**

14 CREDITORS	<u>2005</u>		<u>2004</u>	
	<u>Private Funds</u> £	<u>Public Funds</u> £	<u>Private Funds</u> £	<u>Public Funds</u> £
Amounts falling due within one year:				
Grants and awards (see below)	-	272,121	-	224,372
Bank overdraft	-	-	-	103,813
Other Creditors	62,592	35,776	63,156	97,453
Accruals and deferred income	129,662	27,500	-	13,575
	<hr/>	<hr/>	<hr/>	<hr/>
	192,254	335,397	63,156	439,213
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Grants and Awards included within creditors

Grants and awards allocated, not yet paid comprise:-

Research grants	-	249,651	-	163,009
Overseas grants	-	22,470	-	61,363
	<hr/>	<hr/>	<hr/>	<hr/>
	-	272,121	-	224,372
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

15 DESIGNATED FUNDS

Under the lease with the Crown Estate Commissioners, the Academy is required to redecorate the exterior of the building every four years and sets aside public funds to meet this liability. In addition The Academy has set aside public funds, as a contingency, to cover unforeseen capital repairs related to the building. These amounts are in the designated fund, as follows:

	<u>Repairs and maintenance</u> <u>2005</u> £	<u>External redecorations</u> <u>2005</u> £	<u>Total</u> <u>2005</u> £
Balance at 1 April 2004	-	90,000	90,000
Transferred in year	-	(90,000)	(90,000)
Designated in year	25,000	-	25,000
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2005	25,000	-	25,000
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

16 DEFERRED CAPITAL GRANTS AND DONATIONS

Grants and donations towards the refurbishment of the premises at Carlton House Terrace have been deferred in accordance with accounting policy 2(c) and will be released to income over the life of the asset.

	<u>President's Appeal</u> £	<u>Other</u> £	<u>Total</u> £
Balance at 1 April 2004	183,519	1,252,165	1,435,684
Donations in the year	2,845	-	2,845
Released in the year (note 4)	(12,424)	(83,478)	(95,902)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2005	173,940	1,168,687	1,342,627
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
New donations from private donors in the year:		<u>2005</u> £	<u>2004</u> £
Other donations < £10,000 each		2,845	3,663
		<hr/> <hr/>	<hr/> <hr/>

**THE BRITISH ACADEMY
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2005**

17 SPECIFIC ENDOWMENTS

INCOME AND EXPENDITURE	Balance at 1 April 2004 £	Investment income £	Release of Capital Donations £	Other income £	Total income £	Administration and other costs £	Grants and awards £	Total expenditure £	Balance at Income over expenditure £	Transfers £	31 March 2005 £
Academy Development Fund	512,729	69,737	-	100,535	170,272	(18,278)	(12,025)	(30,303)	139,969	(350,000)	302,698
Capital Donations & Depreciation	(122,024)	-	95,902	2,845	98,747	(100,463)	-	(100,463)	(1,716)	-	(123,740)
	390,705	69,737	95,902	103,380	269,019	(118,741)	(12,025)	(130,766)	138,253	(350,000)	178,958
Other Funds	476,323	147,821	-	9,757	157,578	(38,744)	(240,224)	(278,968)	(121,390)	2,652	357,585
Consolidated investments	867,028	217,558	95,902	113,137	426,597	(157,485)	(252,249)	(409,734)	16,863	(347,348)	536,543
Marc Fitch Fund	25,777	18,404	-	-	18,404	(3,868)	-	(3,868)	14,536	-	40,313
	892,805	235,962	95,902	113,137	445,001	(161,353)	(252,249)	(413,602)	31,399	(347,348)	576,856
CAPITAL											
	Balance at 1 April 2004 £	Unrealised gains on investments £	Realised gains on investments £	Transfers £	Balance at 31 March 2005 £	Income balance 31 March 2005 £	Total Fund 31 March 2005 £				
Academy Development Fund	1,455,711	101,137	14,778	350,000	1,921,626	178,958	2,100,584				
Other Funds	3,827,465	265,918	38,858	106,449	4,238,690	357,585	4,596,275				
Consolidated Investments	5,283,176	367,055	53,636	456,449	6,160,316	536,543	6,696,859				
Marc Fitch Fund	355,022	394	414	-	355,830	40,313	396,143				
	5,638,198	367,449	54,050	456,449	6,516,146	576,856	7,093,002				

Funds have been transferred from the ADF Income Fund to the Capital Fund in accordance with the objective of increasing capital growth and hopefully generating a higher return on investment.

**THE BRITISH ACADEMY
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2005**

17 SPECIFIC ENDOWMENTS (continued)

The following are the individual Funds, which comprise the Consolidated Investments Fund and their respective percentage proportions of that Fund at 31 March 2005 and 2004.

Academy Development Fund 31.37% (2004: 30.02%), Albert Reckitt Archaeological Fund 19.86% (2004: 21.0%), Browning Fund 1.73% (2004: 1.78%), Caton-Thompson Fund 1.73% (2004: 1.80%), Chatterton Lecture Trust Fund 0.80% (2004: 0.82%), Cromer Greek Prize Fund 0.17% (2004: 0.18%), Dawes Hicks Fund 0.17% (2004: 0.20%), Derek Allen Prize Fund 0.27% (2004: 0.28%), Elizabeth Barker Fund 4.39% (2004: 4.63%), English Literature and Language Fund 1.26% (2004: 1.32%), Henrietta Hertz Fund 0.83% (2004: 0.86%), Italian Lecture Fund 0.05% (2004: 0.05%), Kenyon Medal Fund 0.03% (2004: 0.03%), Leopold Schweich Fund 2.56% (2004: 2.56%), Maccabean Lecture Fund 0.08% (2004: 0.08%), Neville Chittick Fund 0.67% (2004: 0.69%), Radcliffe-Brown Fund 0.04% (2004: 0.04%), Raleigh Fund for History 0.37% (2004: 0.40%), Sarah Tryphena Phillips Lecture Fund 0.24% (2004: 0.23%), Serena Medal Fund 0.11% (2004: 0.11%), Sir John Rhys Memorial Fund 0.17% (2004: 0.16%), Stein-Arnold Exploration Fund 2.22% (2004: 2.34%), Thank-Offering to Britain Fund 11.02% (2004: 11.34%), Elie Kedourie Fund 0.72% (2004: 0.77%), 44th International Congress of Americanists Fund 0.86% (2004: 0.92%), Grahame Clark Medal Fund 0.29% (2004: 0.28%), James Reid Moir Fund 0.39% (2004: 0.39%), Neil Ker Memorial Fund 4.38% (2004: 4.43%), Stenton Fund 4.89% (2004: 5.41%), Webster Fund 5.08% (2004: 5.18%), William Hepburn Buckler Memorial Fund 0.27% (2004: 0.28%), Ancient Persia Fund 0.84% (2004: 0.41%), Isaiah Berlin Fund 0.16% (2004: 0.17%), M H Zeitlyn 0.43% (2004: 0.83%) and S T Lee 1.57% (2004: nil).

18 FUNDS ADMINISTERED

	Balance at 1 April 2004 £	Income: Donations and contributions £	Income: Interest £	Expenditure awards £	Income over expenditure (expenditure over income) £	Transfers £	Balance at 31 March 2005 £
Sir E Cassell Education Fund	5,228	5,000	42	(5,000)	42	-	5,270
Lexicon of Greek Personal Names	100,166	18,770	892	(6,000)	13,662	-	113,828
Rose Mary Crawshay Prize	97	780	-	(1,000)	(220)	-	(123)
K C Wong Fellowships	57,787	47,968	209	(79,252)	(31,075)	-	26,712
The Ancient Persia Fund	3,949	-	-	-	-	(3,949)	-
Sino-British Fellowship Trust	(6,600)	20,000	-	(13,400)	6,600	-	-
Wolfson Research Professorship	2,457	-	-	-	-	(2,457)	-
Leverhulme Senior Research Fellowships	(43,927)	243,399	200	(174,104)	69,495	-	25,568
Aurelius Trust	22,406	9,000	189	(7,500)	1,689	-	24,095
S T Lee	104,328	-	824	-	824	(105,152)	-
Francis Bacon Project	433	-	3	-	3	-	436
Medieval Latin Dictionary – Packard	383,895	-	3,089	(129,662)	(126,573)	-	257,322
	<u>630,219</u>	<u>344,917</u>	<u>5,448</u>	<u>(415,918)</u>	<u>(65,553)</u>	<u>(111,558)</u>	<u>453,108</u>

Funds in connection with the ST Lee fund have been transferred from the Funds Administered to the Specific Endowment fund to more appropriately reflect the nature of the funds.

**THE BRITISH ACADEMY
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2005**

19 PUBLICATIONS FUND

	2005		2004	
	Private Funds £	Public Funds £	Private Funds £	Public Funds £
INCOME				
Sales income	2,000	190,714	-	210,024
	<u>2,000</u>	<u>190,714</u>	<u>-</u>	<u>210,024</u>
EXPENDITURE				
Printing costs	-	182,119	-	156,391
Storage and distribution	-	2,320	-	2,100
	<u>-</u>	<u>184,439</u>	<u>-</u>	<u>158,491</u>
Excess of income over expenditure for the year	2,000	6,275	-	51,533
Balance at 1 April 2004	4,704	224,887	4,704	173,354
Balance at 31 March 2005	<u><u>6,704</u></u>	<u><u>231,162</u></u>	<u><u>4,704</u></u>	<u><u>224,887</u></u>

Publishing Commitments

At 31 March 2005 the Academy had commitments in respect of publication costs of £186,148 (2004 : £191,568).

20 PENSION SCHEME

The Academy participates in the Superannuation Arrangements of the University of London ("SAUL"), a pension scheme which provides benefits based on final salary for non-academic employees of the University of London and a number of other Academic Institutions. The assets of the Scheme are held in a separate Trustee-administered fund.

The pension cost charged to the Income and Expenditure Account is calculated by the actuary so as to spread the cost of pensions over the employees' working lives with the Academy. The pension costs are based on the most recent actuarial valuation which was completed with an effective date of 31 March 2002. The Academy has adopted FRS17 for accounting for pension costs. It is not possible to identify the Academy's share of the underlying assets and liabilities of SAUL. Therefore contributions are accounted for as if SAUL were a defined contribution scheme and pensions costs are based on the amounts actually paid.

The actuarial method used was the Projected Unit method. The most significant assumptions for their effect on the pension costs are those relating to the rate of return on the investments of the Scheme and the rate of increase in salaries and pensions. The investment return used was 5% per annum. The rate of earnings increase used was 4.2% per annum (excluding an allowance for promotional increase) and pensions were assumed to increase at the rate of 2.7% per annum in payment. The Scheme is funded using the same assumptions and actuarial method as described above for the expensing of the Scheme.

The pension cost relating to this scheme charged to the income and expenditure account for the year was £89,924 (2004: £79,950).

The actuarial valuation applies to the scheme as a whole and does not identify surpluses or deficits applicable to individual Employers.

THE BRITISH ACADEMY NOTES TO THE ACCOUNTS YEAR ENDED 31 MARCH 2005

20 PENSION SCHEME (Continued)

The actuarial valuation at 31 March 2002 showed that the market value of the scheme's assets was £941 million and the actuarial value of those assets represented 120% of the liability for benefits under the valuation method, for service to the valuation date and based on salaries projected to retirement or earlier exit. In relation to future service liabilities it was assumed that real investment return above prices were 4% per annum and real salary increases above prices of 1.5% per annum. The contribution rate required for future service benefits alone at the date of the valuation was 14.4% of salaries per annum. Employers who have recently joined SAUL ("New Employers") and certain employee groups (as agreed by the Trustee of SAUL), pay 17.4% of salaries per annum until the second actuarial valuation after entry (or some other period as agreed with the Trustee). The past service surplus allows all other Employers to pay contributions at the rate of 10.5% of pensionable salaries per annum. The surplus also supports the continuation of the Employee contribution rate of 5% of salaries per annum. The next formal actuarial valuation is due at 31 March 2005 when the above rates will be reviewed.

21 LEASE COMMITMENTS

The Academy has an annual commitment of £470,000 (2004 : £470,000) under operating leases in respect of land and buildings, which expire in a period greater than five years.

The Academy has a commitment totalling £49,679 in respect of a lease for a photocopier.