

The British Academy



Annual Report
Year ended 31 March 2006

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BRITISH ACADEMY
(Registered Charity Number 233176)
ANNUAL REPORT YEAR ENDED 31 MARCH 2006

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**BRITISH ACADEMY
STATUTORY INFORMATION**

Registered Office	The British Academy 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

BRITISH ACADEMY
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Officers and Council Members

President Baroness O'Neill *

Vice-Presidents
(Bye-law 14) Professor R.D. Ashton *
Professor D.I.D. Gallie *

Vice-Presidents
(ex-officio) Professor R.J.P. Kain * *Treasurer*
Professor C.N.J. Mann * *Foreign Secretary*
Dr D.J. McKitterick * *Publications Secretary*
Professor R.J. Bennett * *Chairman of Research Committee*
Revd Professor J.S. Morrill * *Chairman of Communications and Activities Committee*

Ordinary Members Professor R.D. Ashton
Professor H.G. Beale
Professor S.J.W. Broadie
Professor G.G. Corbett
Professor J.M. Dunn
Professor C.C. Dyer
Professor M.G. Fulford* *Chairman of the Board for AcademySponsored Institutes and Societies*
Professor D.I.D. Gallie
Professor C.R. Harlow
Dame Olwen Hufton
Professor A. Kuper
Professor I. Marková
Professor J.A. Moss
Professor T.M. Puttfarcken
Professor F.M. Young

Secretary Mr P.W.H. Brown *

* Member of the Management Advisory Committee

Audit Committee (established February 2005)

Chairman Professor Sir Roderick Floud

Ordinary Members Mr J. Fielden
Mr R. Garrick
Sir Peter North

(One vacancy)

Key Management

Secretary Mr P.W.H. Brown
Director of Administration Ms M.T. McCafferty

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Introduction

The Council (as Trustees of the British Academy ('Academy')) submit their annual report and accounts for the year ended 31 March 2006. In preparing their report, the Council have complied with the Charities Act 1993, the Accounting and Reporting by Charities: Statement of Recommended Practice (revised 2005) ('SORP'), applicable accounting standards and the Academy's Royal Charter.

Reference and Administrative Information

The Academy is a registered charity, registered with the Charity Commission for England and Wales under number 233176. The Officers and Council Members, the Audit Committee and Senior Executives are listed on page 2. The principal place of business (the registered office) and professional advisors of the charity are listed on page 1.

Structure, Governance and Management

The British Academy, an independent corporation, was established by Royal Charter in 1902 from which it derives its legal status. Its Objects were redefined in a Supplemental Charter granted in its Centenary year as: "the promotion of the study of the humanities and the social sciences". The British Academy is thus the UK's national academy for the humanities and the social sciences, the counterpart of the Royal Society, the UK's national academy of science. 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 Academy is a private, independent, self-governing body, composed of some 800 Ordinary Fellows elected in recognition of their distinction as scholars and researchers in some branch of the humanities or social sciences. Up to 35 scholars are elected to the Ordinary Fellowship each year. In all, including Corresponding (i.e. overseas) and Honorary Fellows, there are approximately 1,100 Fellows of the British Academy.

Under the terms of the founding Charter, "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 chaired by the President and composed of six other Honorary Officers, elected annually at the General Meeting of Fellows, and fifteen Ordinary Members of whom five are elected each year at the same meeting 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 that they do for the Academy. 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.

New members of Council initially receive a range of documents issued by such bodies as the Charity Commission and the Cabinet Office (Office of Public Service) regarding their responsibilities as Charity Trustees and guidance on good practice for board members of public bodies. Subsequently they also attend a meeting with the Academy's Officers to receive presentations concerning the accountability of Trustees, their responsibilities as custodians of public funds, the annual cycle of Council meetings and the regular business to be transacted, and the means of raising issues for the attention of the management and Council. It has been agreed that these induction procedures will be reviewed annually by the Council.

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.

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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 Financial Memorandum between the Academy and the Department of Trade and Industry, 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 Academy has for many years received a grant-in-aid from public funds. From 1 April 2005, responsibility for the Academy's public support was transferred from the Department for Education and Skills (DfES) to the Department of Trade and Industry (DTI). The grant-in-aid now comes from the Science Budget, as allocated by the Office of Science and Technology (OST). The OST is now known as the Office of Science and Innovation.

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 Academy's principal activities are grouped in four Programmes for which there are specialist committees:

- 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;
- Research Programmes, co-ordinated by the Research Committee with separate components for research grants, research projects and research posts;
- International Programmes, which are shared between the International Policy Committee (IPC) and the Board for Academy-Sponsored Institutes and Societies (BASIS); and
- Publications and Activities Programmes, which are controlled by the Publications Committee and the Communications and Activities Committee.

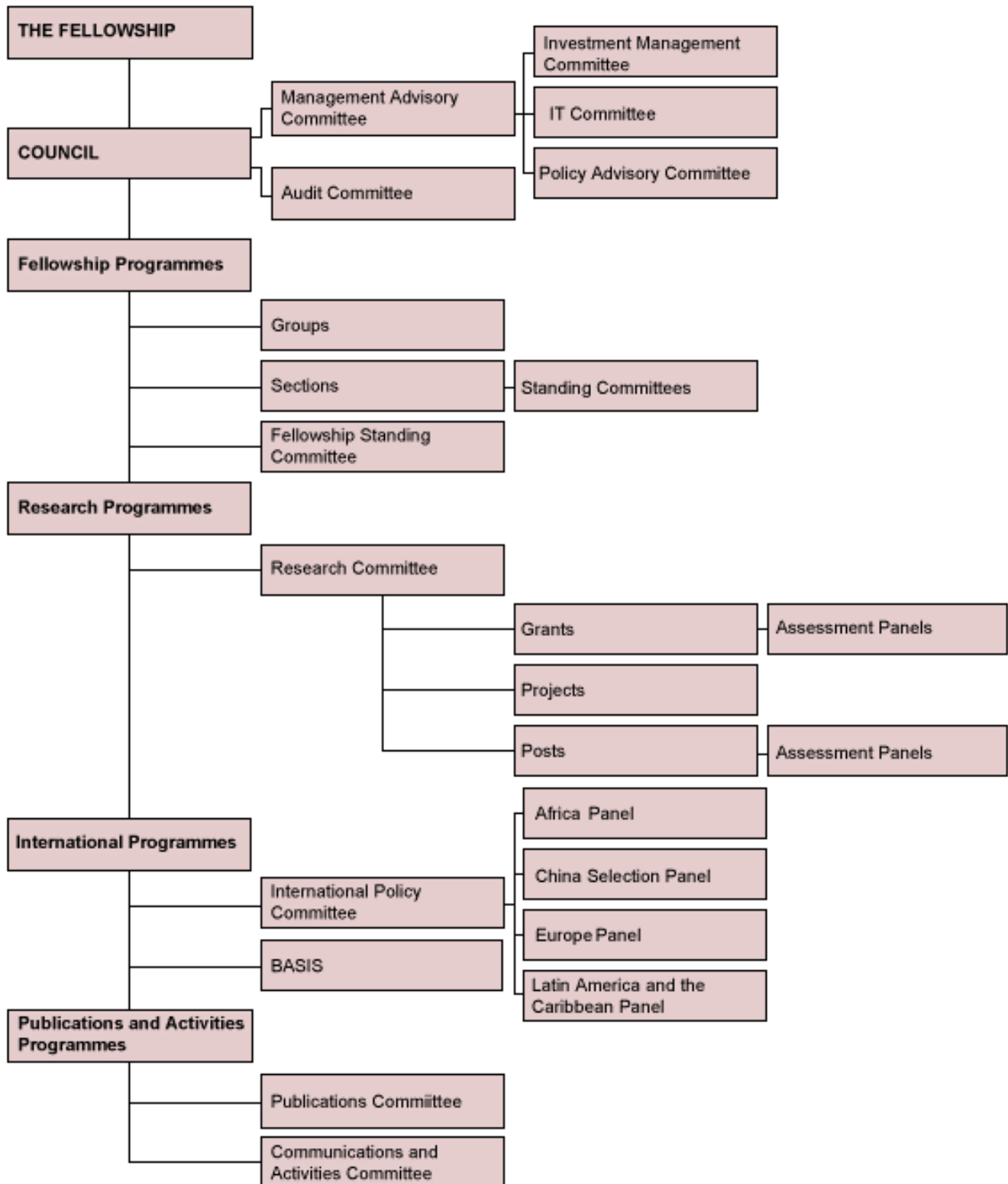
An Audit Committee was established in February 2005 made up of three Fellows and two external members, with agreed terms of reference.

Risk Management

The Council has identified and reviewed the major risks to which the British Academy is exposed and is satisfied that systems are in place to mitigate them. A risk register is monitored by Senior Management and the Audit Committee, and reviewed and formally adopted by the Council annually. The review of risk management is included in the terms of reference of the Audit Committee.

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The structure of the Academy is summarised in the following Organogram:



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Objectives and Activities

The Mission of the British Academy is to serve as the UK's national academy for the humanities and social sciences, promoting, sustaining and representing advanced research.

The Academy combines several functions in fulfilling its Mission:

- (a) as an Academy composed of senior scholars throughout the UK it plays a leadership role in representing the humanities and social sciences nationally and internationally.
- (b) as a learned society, it seeks to sustain the health and promote the development of the various academic disciplines that make-up the humanities and social sciences; and, taking advantage of the wide range of interests of its Fellows, to encourage inter- and multi-disciplinary approaches to scholarship.
- (c) as a grant-giving body, it facilitates the research of individuals and groups of scholars, sustains the work of a number of research institutes and societies at home and abroad, and supports research initiatives of its own.

Strategic Objectives

The Academy's Objectives are:

1. To provide leadership in representing the interests of research and learning nationally and internationally
2. To give recognition to academic excellence and achievement
3. To support research of the highest quality
4. To help outstanding researchers to reach their full potential and thereby develop research capacity in the UK
5. To communicate and disseminate new knowledge and ideas
6. To promote international research links and collaborations, and broaden understanding across cultures
7. To oversee the work of Academy-sponsored institutions at home and abroad and their role in broadening the UK's research base
8. To contribute to public debate, foster knowledge transfer, and enhance appreciation of the contributions of the humanities and social sciences to the nation's intellectual, cultural, social and economic health and prosperity

It promotes these Objectives in the following ways:

To provide leadership in representing the interests of research and learning nationally and internationally

- championing the cause of the humanities and social sciences in higher education in the UK affirming the values of scholarship and learning, of critical and disinterested enquiry, and of excellence and diversity in research to advance knowledge and understanding
- liaising with the academic community to ensure that the Academy is responsive to the needs of its scholarly constituency
- offering independent advice to Government and other bodies, public and private
- representing the UK in international organisations and forums
- bringing influence to bear on national and EU research policy and its implementation
- undertaking and publishing research-related studies
- providing, independently and in partnership with others, a forum for public discussion

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To give recognition to academic excellence and achievement

- electing researchers of distinction in the humanities and social sciences to Ordinary, Senior and Corresponding Fellowship of the Academy
- awarding Medals and Prizes in recognition of outstanding research achievement
- promoting excellence in all the Academy's activities

To support research of the highest quality

- advancing knowledge and understanding in the various disciplines within the humanities and social sciences
- making a distinctive contribution to developing the UK's research base in partnership with other grant agencies
- promoting interdisciplinary research networks, links and collaborations
- maintaining the highest standards of assessment and selection procedures
- monitoring and evaluating the outputs of research programmes

To help outstanding researchers to reach their full potential and thereby develop research capacity in the UK

- offering a range of responsive-mode research programmes to support the needs of individual scholars and groups of scholars in institutions of higher education
- developing research capacity in the UK higher education sector by supporting the most promising researchers by means of fellowships and grants
- enhancing the research profiles of mid-career and senior scholars through programmes offering research appointments
- sustaining UK research activity by providing support through research grant schemes for scholars within and outside higher education institutions at all stages of their careers

To communicate and disseminate new knowledge and ideas

- organising lectures, seminars and conferences for the presentation, exchange and discussion of new research and scholarship
- encouraging inter- and multi-disciplinary approaches to the presentation of knowledge
- maintaining a varied publications programme in a variety of media, including:
 - (a) the flagship *Proceedings of the British Academy* containing the texts of lectures and conference papers
 - (b) scholarly monographs by Academy Postdoctoral Fellows
 - (c) primary-source research tools prepared by Academy Research Projects
- exploring new ways in which to promote the results of Academy-sponsored research

To promote international research links and collaborations, and broaden understanding across cultures

- ensuring that there is a suitable international dimension to the Academy's activities
- representing UK scholarship abroad through participation in appropriate research forums and enterprises
- creating a suitable framework with international partners, especially other academies, to promote scholarly communication, interchange, collaboration and joint activities
- enhancing opportunities for researchers in the UK to work with overseas colleagues
- having regard to the opportunity or need for special initiatives
 - (a) to stimulate UK research capacity and develop expertise in selected priority areas
 - (b) to help build research capability in selected regions and countries

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To oversee the work of Academy-sponsored institutions at home and abroad and their role in broadening the UK's research base

- providing grant-in-aid to the eleven currently-supported British research institutes and societies working overseas
- providing grant-in-aid to the Council for British Archaeology for its work in the UK to promote knowledge, appreciation and care of the historic environment
- maintaining, and where possible extending, the traditional strengths and standing of British scholarship and field research overseas
- providing the means to enable British scholars across a wide range of disciplines in the humanities and social sciences to undertake original research and fieldwork in areas of major scholarly interest overseas
- providing a base, where appropriate and/or necessary, offering a range of academic and logistical support services in those areas, including buildings and residential accommodation, computing services, library, archive and other facilities for British scholars and students
- providing the means for the dissemination of the results of the research and fieldwork
- encouraging related research by other UK institutions, in particular through the establishment of formal or informal collaborative links between them and the Institutes and the Societies
- promoting and facilitating collaboration between British scholars and institutions and scholars and institutions in the 'host' countries

To contribute to public debate, foster knowledge transfer, and enhance appreciation of the contributions of the humanities and social sciences to the nation's intellectual, cultural, social and economic health and prosperity

- increasing appreciation of the sense of perspective and cultural understanding brought about by study of the humanities and social sciences as a vital component of a democratic and pluralistic society
- raising awareness of the role of the humanities and the social sciences in sustaining and developing the UK's knowledge-based society and economy
- contributing insights from a humanities and social science perspective to the national programme on science and society
- organising a varied programme of events for non-specialist audiences, including debates and discussion meetings on current topics of debate
- publishing
 - (a) occasional papers on topical issues
 - (b) an annual review for a general readership giving an account of the Academy's
 - (c) activities and research supported by the Academy
- developing the Academy's website for the benefit of the wider community
 - (a) as a means of communicating information about Academy activities and other research and research-related matters
 - (b) as a gateway to promote access to research resources and information generated by others

Grant Making Policy

The Academy's grant making policy and procedures are set out in its Code of Practice for Consideration of Research Proposals. The Academy issues guidelines on the information to be supplied by applicants, details of the criteria against which applications are assessed, and the process and timescale for the assessment of applications. Applications are judged on their academic merit through a stringent process of peer review by appropriate experts. Recommendations are passed to the relevant awarding committee for the final decision on awards. All applications receive careful scrutiny by assessors, who are normally drawn from subject-specific experts within the Academy's Fellowship. Appeals may not be made against the academic judgement of the Academy's assessors, panels, or committees. An appeal may be made on the sole ground of improper procedure. Assessors are required to declare actual or potential conflicts of interest. Fellows of the Academy who wish to apply for a grant during the period in which they are serving in any capacity as an assessor must abstain from any involvement in the competition to which they are applying. The Code of Practice is reviewed annually.

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Programme Objectives, Achievements and Performance

The Academy aims to achieve its Strategic Objectives by organising its principal activities into four programmes:

- Research Programmes (contributing to Objectives 1, 2, 3, 4 and 6)
- International and Institutional Programmes (contributing to Objectives 1, 6 and 7)
- Publications and Activities Programmes (contributing to Objectives 1, 5 and 8)
- Fellowship Programmes (contributing to Objectives 1 and 2)

Research Programmes

The Research Committee, reporting to Council, is responsible for framing the Academy's research policy and for allocating funds annually between the various programmes to reflect the agreed priorities. It is the monitor and custodian of consistency and transparency in the Academy's grant-giving procedures. It is responsible for drawing up the Code of Practice for the Consideration of Research Proposals, issued to assessors, and for ensuring that appropriate information and guidance are issued to applicants and made publicly accessible. It has codified the Academy's procedures for the administration of its research funding programme, and ensures they conform to the highest standards and best practice within the community. During 2005-06, the Code of Practice was reviewed and updated. The Academy was represented on the Research Councils' Peer Review Benchmarking Panel to review the policies and procedures of the Economic and Social Research Council (ESRC); valuable insights were gained into current issues surrounding peer review and its administration which will feed into the Academy's development of its own procedures over the next year.

The Research Committee is responsible for ensuring that the various research programmes are reviewed annually, and it scrutinises statistics on rates of application and award by the following categories: age, gender, institutional affiliation, national base, ethnic origin, subject area, and discipline. Periodically, it oversees a wider consultation with the research community at large to ensure that the Academy's schemes are meeting their needs in terms of service delivery, and that the programmes are judged to add value within the spectrum of public funding available nationally. The next in its series of consultations has been initiated, and will be implemented during the course of the 2006-07 financial year. Initial results will be available in the autumn of 2006. Where resources permit, the Academy will respond to calls made by the community for adjustments to the scope and operation of its schemes, to take effect from 2007-08. Where the Academy is unable to respond within current resources, the information gathered during the consultation will contribute to the development of the Academy's next funding bid to the Office of Science and Innovation (previously OST).

The Academy supports a remarkably wide and diverse range of subjects and projects across the humanities and the social sciences, thereby deepening knowledge and understanding of different societies and cultures throughout the world, contributing to an inclusive global research culture, providing the scholarly underpinning for policy-related ideas about 'diversity', and building up a developing research capacity and expertise in the UK research base. Through all its grant programmes, the Academy seeks to ensure that equal opportunities exist for all sections of the community, and that special needs are taken into account. The Academy monitors the rates of application and awards against a range of criteria, and annual statistics are available on the website at <http://www.britac.ac.uk/funding/awards/statistics.html>.

Research Grants

There are three award schemes as set out below, subject to a committee which allocates funds between the three, approves and monitors grants, and determines appropriate procedures for grant-giving, the peer review system, and evaluation of outcomes of awards.

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(i) Small Research Grants

The scheme for Small Research Grants (up to £7,500) is intended to complement the schemes for institutionally based project funding provided by the Arts and Humanities Research Council (AHRC) in the humanities and the ESRC in the social sciences. Its purpose is to support small-scale research, and awards are used to sustain individual research projects or to facilitate the work of small networks of scholars. The scheme is commonly used to sponsor feasibility studies, and the relatively small amounts on offer enable the Academy to take risks in supporting innovative research where the outcomes are unpredictable. In 2004 the scope of the scheme was adjusted, after review, to incorporate a wider range of eligible activities. The evidence suggests that the revised scope of the scheme has been welcomed by the academic community, and the volume of applications has followed a markedly upward trend with numbers rising by nearly 40% since the changes were introduced.

When the programme was last assessed through consultation with the academic community, it was found to be valuable, and valued, out of all proportion to the size of grant awarded, in terms of fostering original research. Particular attributes are its wide outreach across a large number of institutions in the UK; the development of research capability in younger scholars; and its aptitude for supporting outstanding individuals in institutions not specially noted for research excellence, as well as scholars in non-HEI research institutions such as museums and galleries, who also contribute to the research capital of the nation.

The Academy deliberately seeks to support as many high quality applications as possible under this scheme, and in 2005-06 the budget was set at a level to enable a success rate comparable with the recent past to be maintained. Given the increased numbers of applications, inevitably the success rate dropped slightly, but the Academy has been able to maintain volume at equivalent levels to last year. Some 922 applications were considered and 617 awards were made. One of the attributes of the Small Research Grants scheme noted above is the development of research capacity in the UK, particularly through fostering the advancement of scholars in the early stages of their career: this year applicants aged under 30 obtained a success rate of 76%, which compares favourably with the overall average of 67%. The range of subjects is as dizzyingly diverse as ever, with projects ranging from *Designed landscapes of the Middle Ages* through *Yoruba print culture in the 1920s* to *The impact of the London bombings on local communities in Leeds and Dewsbury*.

The Small Research Grants scheme is currently exempt from the full economic costing (FEC) regime. Information has been collected since October 2005 on the Full Economic Costs of research carried out under this scheme to model future costs of bringing this programme within the FEC environment. The rates of application are being closely monitored to ascertain whether there are any changes in behaviour that may be attributable to the implementation of FEC. The indications are that, at present, universities continue to see Small Research Grants as a valuable form of support for key research activity, and there is keen competition for these awards. The incremental approach towards full sustainability across HEI research portfolios may lead to changes in behaviour at a later stage.

On the basis of recent trends in application numbers, it is expected that the success rates for Small Research Grants will drop somewhat in 2006-07, but the Academy will seek to ensure that the top-rated proposals continue to be funded. The Small Research Grants scheme is seen as a key priority within the Academy's research funding portfolio. As noted above, this view was fully endorsed by the academic community through the consultation exercise carried out in 1999-2000; the priority to be assigned to the scheme will be re-tested in the survey to be conducted during 2006. Pending the results of that survey, the Academy will aim to assign sufficient funds to this programme in 2007-08 to preserve the success rates of top-rated proposals.

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(ii) Larger Research Grants

This scheme was introduced in 2000-01, following discussions with the then Arts and Humanities Research Board and the ESRC. It complements their provision, and was established following a review of the Academy's schemes conducted in 1999-2000, which revealed a widespread demand for intermediate levels of funding, between the existing small grants and the very much larger project grants now provided by the AHRC and ESRC. The scheme is intended to support self-contained programmes of research, primarily pilot projects and field studies. It is instrumental in expanding research capacity, through offering funding opportunities for scholars at the outset of their research careers. Between 2001 and 2005 four competitions were completed, with 208 awards in total being made. There is demonstrably a need for funding at this level (pre-FEC the upper limit was £20,000), to underpin modestly-costed but significant research activity and thereby make a contribution to the UK research base.

In 2005-06 the budget was set at a figure that would enable the Academy to maintain its support for ongoing projects, and to make around fifty new awards. From a very strong field of applicants the Academy made fifty new awards, and maintained support for another thirty-four ongoing projects. Awards included: *Identities, power and poverty reduction in Uganda*; *The emergence of Netherlandish oil painting in its historical context and in modern historiography* and *The socio-economic consequences of 'in-work' benefit reforms among low-income couples with children*.

From 2006-07, the Larger Research Grants scheme is to be funded on the Full Economic Costing (FEC) model. The purpose of the scheme remains unchanged. Applications for this competition have already been received, and there has been a noticeable drop in the number of proposals submitted. A plausible inference seems to be that potential applicants may have decided to hold back until the initial adjustments in administrative procedures surrounding FEC have become more familiar to university staff.

Pending the results of the consultation exercise, the Academy will aim to sustain success rates in 2007-08 similar to those obtaining in 2006-07, whilst maintaining support for those projects which have ongoing commitments.

(iii) Conference grants

There are three components: *Overseas Conference Grants* provide travel expenses to enable selected scholars to present an academic paper at an approved conference outside the UK. The intentions of the Overseas Conference programme are to ensure appropriate British representation at conferences overseas, and in particular to support younger scholars in disseminating their research and networking with international scholars in the field so as to foster and extend their research interests and capacity. The Academy takes the view that in this individual scheme, which often has a significant impact upon the future research activity of scholars, particularly younger ones, it should seek to be as generous as possible. *British Conference Grants* provide assistance with the expenses of bringing key speakers to conferences held in the UK. The purpose of the scheme is primarily to bring major international figures to British conferences, for mutual intellectual benefit. The supporting of conferences not only helps to generate new questions and issues for scholarly enquiry, but also results in high-quality publications that might not otherwise arise. *Worldwide Congress Grants* offer support for major international congresses where it is the British turn to host the event. Its key attribute is to maintain the prestige of British scholarship in international circles.

The Academy's budget for 2005-06 was set at a level to make around 700 individual Overseas Conference Grants (OCGs); and to support around 200 British Conferences (BCGs). Over 1,080 OCG applications were considered this year, and 799 scholars were given individual travel grants, with another 16 scholars supported through a block grant (a scheme which has since been discontinued). The strength of the competition meant regrettably that success rates dropped, but volume was maintained at slightly above the predicted level. The British Conference Grants scheme remained highly competitive, and some 199 conferences (out of a field of 358 applications) were assisted under this programme during the course of the year. Finally, the British Academy confirmed support for two new Worldwide Congresses, the *9th Congress of the International Society for Ethnology and Folklore* (2008) and the *5th International Congress of Maritime*

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History (2008), as well as maintaining support for another two Congresses that will be held in the UK in 2007 and 2008. Three Congresses supported by the Academy took place in 2006.

The budget allocation for 2006-07 will follow the principle of maintaining but not increasing the volume of awards made in each of the three conference schemes. Pending any views expressed in the consultation exercise (see above), the Academy will aim to maintain but not increase the volume of awards made in each of the three conference schemes in 2007-08.

(iv) Funds Administered and the Academy's Private Funds

In addition to the projects supported with the government grant-in-aid, the Academy funded another 46 research proposals from its private endowments and donations.

(v) Monitoring and evaluation

During the year, 1,385 grant reports have been assessed, and found satisfactory. (Another 79 reports are currently under consideration, and 124 have been received and are being processed.) In line with the policy introduced in 2004, the Academy's sanctions procedure has been implemented on three occasions, bringing about the 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 126 articles have been received, and 247 books placed in the Academy's library.

Research Projects

(i) Academy Research Projects

The Academy maintains a programme of support for designated 'Academy Research Projects', giving them academic recognition and limited financial support. Most of the projects request small-scale funding, up to a ceiling of £5,000 p.a., generally covering travel and other costs associated with servicing the central core activities of the projects (including project committee meetings). In many cases the Academy's limited financial contribution leads to the release of funds from other private and public bodies, both in the UK and internationally.

The Academy's new Projects Committee met for the first time in December 2005 and undertook detailed reviews of eight projects, as well as receiving annual reports on progress with the other Academy Research Projects. Thirty-four projects were funded in total during the year, one of which, the *British Documents on the End of Empire*, reached the conclusion of its research work. The last general volume in the series was *East of Suez and the Commonwealth, 1964-1971*. The others, including two projects to which the Academy gives recognition but no funding (*Catalogue of British Town Maps* and *Romano-British Writing-Tablets*), were all found to be making satisfactory progress. Around a dozen of the ARPs are published by the Academy, and reference to some of their publications can be found under the Publications programme report. Other work published during the year included the latest volume of the *Collected Works of Jeremy Bentham* – Volume 12 of his Correspondence. Many projects now have an active web presence to disseminate information about their work as well as some of the results of that work itself.

In addition to the usual round of annual report and periodic review, discussions are planned for the coming year on the issue of a potential new competition for the addition of a small number of projects (three or four) to the ARP programme, postponed in the light of budgetary pressures from this year; and on the issue of 'Living Databases', to be taken forward initially by means of an interdisciplinary workshop involving representatives of existing and potential new projects.

Funds were released by the Publications Committee to enable projects to achieve significant advance in their dissemination or publication. The Projects Committee invited submissions for the best use of these funds, and received bids from seventeen projects totalling just under £130,000. The £40,000 available was distributed to support eight projects, mainly to assist with the costs of further website development

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or technical assistance. For example, development of the online Beazley Archive will enable contributing museums from around the world to add their own data and images to this outstanding international resource.

(ii) International Research Projects

Support continued to be given to a small number of international projects, fundamental to their discipline, usually taking the form of a British contribution to a central international pool of funds. The *Thesaurus Linguae Latinae* is based in Munich and the *Lexicon Iconographicum Mythologiae Classicae* in Basel, and both have long been supported by the Academy. A formal review of these projects will take place during the coming year, and discussions are also planned with a view to clarifying the eligibility of a number of other international projects whose work is of fundamental importance to British culture and heritage.

(iii) Centenary Research Project

The Academy's support for the Centenary Research Project, *From Lucy to Language: The Archaeology of the Social Brain* was maintained in the light of another very satisfactory annual report. Publications arising from the work of the project are already beginning to appear, including *The Human Story* by Robin Dunbar (published by Faber & Faber), and *The Hominid Individual in Context* edited by Clive Gamble and Martin Porr. An in-depth mid-term review of progress is planned for autumn 2006.

Research Posts

(i) Postdoctoral Fellowships

This scheme is designed to provide career development opportunities to outstanding scholars who have recently obtained their PhD, through offering time to work on and write up research and gain experience of teaching in a suitable university environment.

The 2005 round was the twentieth in the history of the competition, stretching back to 1986, and attracted over 520 applications. The standard was as high as ever and the selectors faced great difficulty in selecting the successful candidates, with a success rate of under 10% overall, fewer than 50% of those identified as the highest priority for support (A+). Thirty-eight received awards (one privately-funded from the Albert Reckitt Fund for Archaeology), and 131 Postdoctoral Fellows (PDFs) were supported in total during the year, including the ongoing British Academy-Royal Society joint appointment in the History of Science held by Dr Richard Noakes at the University of Cambridge.

Thirty-one awards were concluded during the course of the year, and first destinations of those completing included as expected (and usual), a very strong emphasis on continuance in academic life. Eighteen Postdoctoral Fellows of the cohort first appointed to these three-year awards in 2002 already hold permanent lectureships, in institutions including Aberdeen, Queen's University Belfast and Liverpool, where Dr Holger Hock was appointed to a prestigious position not only as Lecturer in British Cultural History, but also as a Vice-Chancellor's 'Future Research Leader'. One former PDF, Dr Angela Poulter, has chosen to transfer the skills she has developed with the Academy's support to industry, and is now working as a heritage consultant for a major engineering firm. The Academy keeps in contact with the developing careers of former award-holders, and currently 87% are actively pursuing academic careers, 73% of them in permanent academic posts.

Much of the research output of the Postdoctoral Fellows is transmitted through the publication of monographs and edited collections, journal articles and essays in collected works. During the past year the Academy has been notified of the publication of twenty-six monographs and edited collections, including Dr Robert Gerwarth's *The Bismarck Myth: Weimar Germany and the Legacy of the Iron Chancellor* (winner of the Fraenkel Prize in Contemporary History, awarded by the Institute of Contemporary History, London and the Wiener Library); 121 journal articles and book chapters; and twenty-six other shorter publications, including encyclopedia entries. Many more are in active preparation for future publication. As well as individual monographs, Academy PDFs are frequently involved in collaborative enterprises. During the past year, for example, Dr Anna Souhami was one of three co-authors, with J Foster and T Newburn,

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of the Home Office Study *Assessing the Impact of the Stephen Lawrence Inquiry*. Regular participation in conferences and workshops is also a feature of the PDFs' dissemination of the results of their research, while the Academy itself held the annual Postdoctoral Fellowship Symposium in April. The scheme is flourishing, and the 2006 round of the competition has already attracted a record number of applications. This will be the first time that the financing of the scheme has come under the full economic costing regime and it will be interesting to see the impact of this on the volume of awards that can be given.

(ii) Research Leave Fellowships

These awards, formerly called Research Readerships, enable established mid-career scholars to have time away from their normal teaching and administrative duties in order to concentrate their research effort on an approved programme of sustained study which will not only be an important contribution to knowledge and understanding, but also help to enhance their future career prospects.

Forty-two awards were supported in total during the past year, including fourteen new appointments (one award offered to begin in the autumn of 2005 was declined), and fifteen awards that were concluded. Publications arising from the work of these research fellows in the past year included twenty-four monographs and edited collections, and 64 journal articles/book chapters, plus nine other shorter pieces. Among the books to appear was Professor Stephen Graham's edited collection of essays on *Cities, War and Terrorism: Towards an Urban Geopolitics*; while, in an unusual example of co-publication between a Research Reader and a Postdoctoral Fellow, Diego Gambetta and Heather Hamill's *Streetwise: How Taxi Drivers Establish their Customers' Trustworthiness* also appeared.

The scheme continues to attract significant numbers of applications, and the success rate remains regrettably low. Fewer than 50% of the top-graded applicants can be supported. The competition for awards to be taken up in 2006 has already been held and the impact of full economic costing has seen a considerable reduction in the number of awards that can be supported. Discussions about ways of increasing the emphasis on career development will be held during the coming year.

(iii) Research Professorships

The last three Academy Research Professors continued to be supported during the past year. Among the publications to appear was Robin Dennell's monograph on *Early Hominin Landscapes in Northern Pakistan: Investigations in the Pabbi Hills*, which was published in the BAR International Series.

(iv) Funds Administered and the Academy's Private Funds

The Leverhulme Trust renewed its generous support for the Senior Research Fellowship scheme, and seven new appointments were taken up during the year. These awards permit established scholars to have a period of one year's research leave in order to bring a major piece of research to completion.

The former Reckitt Travelling Fellowships in Archaeology, which were one-year postdoctoral fellowships providing a specific emphasis on the development of archaeological skills and collaboration through travel abroad, came to an end to be replaced by a single three-year Reckitt Postdoctoral Fellowship.

The income from the Thank-Offering to Britain Fund continued to sustain a Thank-Offering to Britain Fellowship on the same terms as the Leverhulme-sponsored Senior Research Fellowships, while the Marc Fitch Research Readership provides a similar two-year opportunity.

Publications arising from these awards during the past year included eight monographs or edited collections arising from the Senior Research Fellowships scheme and four from Thank-Offering to Britain Fellowships past and present. Among these were Professor Stefan Collini's *Absent Minds: Intellectuals in Britain* and Professor Anne Curry's *Agincourt: A New History*.

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Research-related studies

Through its series of research-related studies, the Academy represents the interests of the humanities and social sciences on issues of importance and particular relevance to these disciplines. These reviews are overseen by the Academy's Research Committee which selects the topics and defines their broad parameters. Working Groups are appointed by the British Academy to undertake the work of a review. Each Working Group then determines for itself how best to conduct its review. Highlights for 2005-06 include: the publication and launch of the report, *E-resources for research in the humanities and social sciences* (May 2005); and an event held in association with the Institute for Advanced Studies in the Humanities at the University of Edinburgh, *A Wealth of Ideas: the value of the humanities in modern society*, which took as its starting point an earlier Academy review, *"That full complement of riches": the contributions of the arts, humanities and social sciences to the nation's wealth*, (March 2006).

In 2005-06, the Research Committee worked to develop the following studies: (1) 'Copyright and research in the humanities and social sciences' – to be published and launched in 2006 (2) 'A review of peer review' – to publish a best practice guide aimed at editors, publishers and academic reviewers; (3) 'E-resources for research in the humanities and social sciences' – a workshop for representatives from the organisations and bodies to which the report's recommendations were addressed, in order to assess the impact of the report and to identify follow-up action and activities (4) 'The promotion of British research overseas', drawing attention to its strengths and achievements, and considering suitable frameworks and priorities for development.

International and Institutional Programmes

BASIS

The Academy, through the Board for Academy-Sponsored Institutes and Societies, continued to support eleven institutions which promote and conduct research overseas, and a twelfth, the Council for British Archaeology, at home:

- The British Institute at Ankara (BIAA)
- The British School at Athens (BSA)
- The British Institute in East Africa (BIEA)
- The British Institute of Persian Studies (BIPS)
- The British School at Rome (BSR)
- The Council for British Research in the Levant (CBRL)

- The British School of Archaeology in Iraq (BSAI)
- The Egypt Exploration Society (EES)
- The Society for Libyan Studies (SLS)
- The Society for South Asian Studies (SSAS)
- The Research Committee of the Association of South East Asian Studies in the UK (ASEASUK)

- The Council for British Archaeology (CBA)

The overseas institutions, of which the first six maintain premises abroad, 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. The Council for British Archaeology works to promote the appreciation and care of the historic environment for the benefit of present and future generations. Full information about all these bodies is to be found on their respective websites.

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BASIS is responsible for soliciting and analysing funding bids from all twelve bodies in three separate components: (a) core/establishment, (b) research, and (c) communications and outreach expenditure. The Academy's Council assigns a block grant to BASIS for components (a) and (c), and the Research Committee for (b); and BASIS then makes individual allocations to the institutions. The allocations for 2005-06 were the first to be made under this new system. During 2005 the arrangements were reviewed and refined, especially those relating to institutions' Strategic Research Plans, and the second round of allocations, for 2006-07, was made in February 2006.

The annual meeting of the BASIS consultative Forum, composed of the eleven members of BASIS and representatives of the institutions, was held in November 2005 in order to develop and share common insights and promote best practice. Among the subjects discussed were policy on unpublished archaeological fieldwork and excavations projects; a meeting of Directors of institutions which produced a framework for future research collaboration entitled 'Reconnecting the Mediterranean'; the funding implications of the creation of the AHRC for the work of the institutions/ research partnerships with British universities/ and the establishment of a consortium of archaeological societies and organisations working together to make available electronic versions of their journals and monographs.

Notable events and developments during the year included: a CBRL research programme (jointly with the University of Reading) to assess changes in the hydrological climate and its impact on human communities in the Middle East and North Africa for the period between 20,000 years ago – the peak of the last Ice Age – and AD 2100; an international conference at the BSR on 'Roma Britannica: Art Patronage and Cultural Exchange in Eighteenth-Century Rome'; an exhibition at the Estorick Collection in London entitled *Responding to Rome. British artists in Rome 1995-2005* which included paintings, photographs, sculptures and videos by thirty-five artists from the BSR; a workshop at the Fitch Laboratory in Athens on 'Ceramic analysis across the Mediterranean', with representatives of six BASIS institutions and five UK universities; a workshop on 'Conserving and Protecting the Cultural Heritage of South Sudan', hosted by the BIEA in Nairobi after the signing in 2005 of a 'comprehensive peace agreement' in Sudan; continuing advice by the BIAA on archaeological publication (with nine monographs planned) following excavations during the construction of the Baku-Tblisi-Ceyhan pipeline in Turkey; conservation work conducted by the EES for the international rescue campaign at the Merowe Dam in Sudan where ancient sites will shortly be flooded; and publication of *The Libyan Desert: natural resources and cultural heritage* by the SLS.

BASIS sustained its established rolling programme of reviews of the institutions, in order to evaluate within a five-year cycle the success of each in serving the needs of the UK's research community in as wide a range of humanities and social science disciplines as possible. In 2005-06 the work of the British School at Athens and of the British Institute at Ankara was reviewed, a process which involved the preliminary gathering of structured documentation, a visit by members of BASIS to the institution in question, the production of a report and subsequent discussions with the senior officers of each institution in London.

Following the Academy's Strategic Review and Forward Look in 2004, it was announced that a new Learned Societies Programme would be launched in 2006. The 'societies' currently supported by BASIS (i.e. those on its list which do not maintain premises overseas) would be eligible to apply for continuing support, but the competition would be open to organisations operating in other parts of the world also. The stated aim was to open up funding opportunities for overseas work, especially field studies, in disciplines across the whole spectrum of the humanities and social sciences, in parts of the world poorly covered by existing arrangements. During the year a Call for Expressions of Interest was issued, as a preliminary exercise, to various area-based organisations in the UK and a wide range of responses was received. The Learned Societies Programme will take account of the information gained and proceed during the course of 2006, with funding becoming available from April 2007.

International Relations

The Academy's international relations strategy is overseen by the International Policy Committee. Particular emphasis is given to the promotion of international research through a framework of agreements with partner academies and other research bodies; the representation of UK scholarship in international organisations and forums; the promotion of international collaborative research capacity in priority areas; and the facilitation of person-to-person links and networks. The Committee is also responsible for Academy policy in relation to the European Union.

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(i) *Agreements*

In 2005-06 the Academy renewed a number of its agreements, and signed three new Memoranda of Understanding (MoU), with the Shandong Academy of Social Sciences in China, the Kosova Academy of Sciences and Arts in Prishtina, and the Uzbekistan Academy of Sciences, bringing the total number of its Agreements and MoU to forty, with partner organisations in thirty countries. A number of these agreements, such as those with the Huntington and Newberry Libraries in the USA, focus entirely on support for individual research visits. Most Academy agreements, however, emphasise support for collaborative research. Stress is laid on the establishment of contacts, the improvement of networking between scholars in different countries and the development of research proposals for which substantive support will subsequently be sought elsewhere. The Agreements complement the Academy's research grants schemes (a very substantial proportion of research grants involve research abroad, or collaboration with foreign colleagues). In particular, they provide helpful introductory channels when scholars first begin to work in a country; and they bring in matching funding.

In 2005-06, the Academy had expected to make some 60 new awards, and actually made 59 awards, for either individual or collaborative research, under the terms of its Agreements and MoU, on subjects ranging from *Ancient Georgian Trade Routes* to *Factors promoting and hindering public private partnerships in public investments in Taiwan*. In addition, it continued to support a range of ongoing joint projects, on topics as diverse as *Aristotle and modern philosophy of science* to *Restorative justice practices in action*.

Europe. Many of the Academy's current Agreements are longstanding arrangements with Academies in central and eastern Europe and the former Soviet Union. In view of the political changes within Europe, the Academy decided to review the scope of its twenty-two Agreements and MoU with European partners. It has now established a Europe Panel, under the chairmanship of Professor John Bell, to conduct the review and consider how relations might be changed and developed. The main work of the Panel will take place during 2006-07, when the Academy plans to hold a round-table meeting with representatives of European partner organisations to discuss the way forward.

China. The Academy's Agreements with China have, since 1980, been jointly funded with the Economic and Social Research Council. In 2005-06 the Academy and the ESRC have been involved in discussions on how the current programmes might be developed. Supplementary funding was made available by the ESRC for three years, and a number of research projects, involving both personal and collaborative research, were supported, on such topics as *China's expansion into Africa: political and economic implications*, *Building an English-Chinese domain-comparable corpus* and *Law, conflict and justice in Eastern Tibet*. The agreements with the Sichuan and Shandong Academies of Social Sciences focus primarily on the support of collaborative research, including the engagement of Chinese scholars outside the network of institutes of the Shandong Academy. It was agreed to support a number of BA-ESRC Visiting Fellowships for Chinese scholars, and the first five awards, for visits to take place during 2006-07, were confirmed in March 2006. In the longer term, it is hoped that new proposals may be integrated with the CO-REACH ERA-NET project (see below).

(ii) *International organisations*

The Academy is a member of four international bodies, where it seeks to contribute to policy development and planning, as well as representing the interests of British scholarship in the humanities and social sciences. The *Union Académique Internationale* is a federation of some forty academies world-wide, and encourages collaboration on long-term scholarly research projects in the fields of the humanities, and, to a lesser extent, the social sciences. The Academy is involved in several of these projects, including, for example, the *Medieval Latin Dictionary*, the *Corpus Inscriptionum Iranicarum* and the *Fontes Historiae Africanae*. The *European Science Foundation*, which has nearly eighty member organisations from some thirty European countries, is concerned with the development of European science through the planning and implementation of pan-European initiatives. The Academy is one of nine UK member organisations. *ALLEA* (*All European Academies*) is made up of more than fifty academies in forty European countries, and is concerned to encourage the exchange of information and experience between members and offer science policy advice. The Academy's Foreign Secretary, Professor Nicholas Mann, has recently been elected to the new post of Vice-President in ALLEA, and will be working to ensure that ALLEA engages

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with significant issues of European science policy as well as representing the views and interests of academies throughout Europe. The *International Human Rights Network of Academies and Scholarly Societies* numbers more than sixty-five academies and scholarly societies among its membership, and seeks to promote and defend the rights of scholars and scientists who have suffered severe repression. In May 2005 the Academy engaged with the Royal Society in the planning and organising of the biennial meeting of the Network in London, and the Academy's President-elect, Baroness O'Neill, delivered a paper on the *Theoretical underpinnings of the Human Rights Concept*.

(iii) Area Panels

In view of the fact that the Academy's formal links with many parts of the world – notably Africa, Latin America, the Middle East and large parts of Asia – are limited, two Area Panels, one for Africa, and one for Latin America and the Caribbean, were established during 2005-06, to advise on the development of relations, and the creation of links, structures and programmes which would promote UK research on the area, and encourage the development of collaborative research in the fields of the humanities and social sciences between UK and local scholars in countries within these continents. The two Panels, composed of a wide range of scholars, were encouraged to develop plans for new activities.

During the year, the Africa Panel undertook an initial review of potential partner bodies, and, as an immediate step to encourage institutional links between the UK and Africa, established a UK-Africa Partnerships scheme, which was designed to encourage collaboration around a research theme of mutual interest, which would be promoted through workshops and research visits, with a training element. The first applications under this programme will be considered during 2006-07. The Panel is also seeking to deepen the knowledge of research and research structures, through contact with a range of potential partner bodies. The degree to which new initiatives might, for example, engage with developments arising from the Commission for Africa is not yet clear, but the Academy is engaging with other bodies, such as the ESRC, the British Council and the Association of Commonwealth Universities, in developing new ideas.

The Latin America and the Caribbean Panel, mindful that UK research interest in the region tends to be spread among discipline-focused departments rather than centred in centres, has established a UK-Latin America/Caribbean Link Programme to encourage collaboration through bi- and multi-lateral seminars to bring scholars together from a range of disciplines and institutions. Again, the first awards under the new programme will be made in 2006-07. The Panel has also considered the question of developing bilateral links (Brazil and Mexico are first priorities) and initial approaches are under way. Contact with Embassy staff in London has enabled the Academy to engage with a wider audience. The direction of future development will depend on the recommendations of the academic community. The Academy will also explore the possibility of collaboration with other bodies to enhance the impact of any schemes developed.

(iv) Visiting Fellowships

The Academy has for many years run a scheme of Visiting Professorships and Fellowships for foreign scholars invited to make short research visits to the UK. During 2005-06, a total of thirty-six Professorships and Fellowships were held under this programme. Scholars from twenty-one countries visited the UK, to work on topics ranging from *Strategies for Tuberculosis Prevention in a De-Colonising World* to *Christian Papyrus from Oxyrhynchus*.

The Academy agreed in 2005 that it would initiate a new scheme in 2006, focusing on early-career academics, and devised in response to advice from UK academics and the British Council that there was a strong need for funding to help younger scholars visit the UK. In partnership with the Area Panels, a number of fellowships were earmarked for young scholars from Africa, and from Latin America/the Caribbean. The aim was therefore both to encourage the development of research capacity in less developed countries, and to promote engagement with UK scholarship and encourage future collaboration. In March 2006 some thirty-five awards were made, for visits to take place during 2006-07.

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(v) *European Union*

The Academy has for some years advocated proper recognition of the contributions that can be made by humanities and social science disciplines, and has argued for suitable provision of funding for them within the Framework Programme structure. It also has urged recognition of their distinctiveness from the natural sciences with respect to the most effective forms of research organisation and the need for appropriate forms of funding to ensure their development. The Academy's input to Framework Programme 6 was apparent in the formulation of the work programmes for the priority area on 'Citizens and Governance', and the Academy continues to represent the views of the UK scholarly community concerned with the humanities and social sciences and to seek to influence the nature and structure of those parts of the Framework Programme where these disciplines are relevant. In 2005-06 the Academy, with the ESRC, organised a conference entitled *Europe: addressing the socio-economic agenda*, to mark the UK Presidency of the European Union. The conference addressed a range of significant themes which have found a place in the proposed Framework Programme 7 priority theme on the humanities and social sciences, and the Academy will seek to influence the development of the detailed work programmes.

(vi) *CO-REACH*

The Academy is a member of CO-REACH, an ERA-NET (European Research Network) Co-ordination Action. CO-REACH is a network of European science and technology policy and funding organisations involved in promoting research co-operation with China. Launched at the EU-China S&T Forum in China in May 2005, the main aim of CO-REACH is to contribute towards building the European Research Area through the co-ordination of national efforts at promoting research co-operation with China, and thus strengthening the international dimensions of the ERA. During the first year of the programme the Academy, with the Royal Society, identified key features of UK research funding programmes with China, as part of a mapping exercise across the members of the CO-REACH consortium, and developed plans to engage other UK funding bodies, including the Research Councils. The Academy also initiated preliminary discussions on the major research themes in the humanities and social sciences of concern to both Europe and China, as part of the process of developing possible themes for research support at a later stage in the programme, and this debate, widened to incorporate European colleagues, will continue in 2006-07. In 2007-08, the Academy will organise, as part of the CO-REACH programme, a scientific meeting to develop a plan of action for launching one or more new joint European programmes of research co-operation with China.

Publications and Activities Programmes

Publications

The Academy's publications programme, which forms a significant part of the Academy's scholarly activities, seeks to disseminate new knowledge and ideas, to contribute to public debate, and to enhance appreciation of the humanities and social sciences. It was expected that twenty-seven new titles would be produced in 2005-06, and this expectation was met.

The publications included six volumes of *Proceedings of the British Academy*. The flagship of the Academy's publications programme, the *Proceedings* publishes scholarly conference proceedings, lectures, and biographies. Two of the volumes discussed Anglo-Scottish relations from 1603 to Devolution and beyond. Individual papers from the *Proceedings* are also available electronically (via www.proc.britac.ac.uk). The *British Academy Postdoctoral Fellowship Monographs* series provides a publishing opportunity for the best scholars of the next generation: two *Monographs* were published, including a history of popular sports and pastimes; another fourteen are in the pipeline. The penultimate volume in the series of *British Academy Centenary Monographs* reflected on *The Organisation of Knowledge in Victorian Britain*. The bulk of the academic publishing programme consisted of volumes arising from Academy Research Projects – in particular editions of historical documents and illustrated catalogues of archaeological artefacts. *An African Family Archive* gave a rare and detailed account of what it meant to individual Africans to be turned almost overnight into colonial subjects in the nineteenth century. *The Poll Taxes of 1377, 1379 and 1381, Part 3* completed the publication of one of the most important sources of information on medieval England. And there was a catalogue of Scottish coins from the period 1526-1603 held in the National Museums of Scotland, Edinburgh. The Publications Committee reviewed five of its series arising from Academy Research Projects, and expressed satisfaction with all of them.

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There were three *British Academy Occasional Papers* (the series of paperback volumes on topics of current interest), including a contribution to the debate on *Joined-Up Government*. And the latest issue of the colourful annual *British Academy Review* contained articles on immigration and ethnic minorities.

Although the publishing programme is financed from the Academy's Public Account, in recent years the Publications Fund has recouped its direct production costs from income. Indeed, uniquely in this year, the Publications Committee made available £40,000 from its funds, to be spent on Academy Research Projects.

It is expected that twenty or more publications will be produced in 2006-07.

Communications and Activities

The Academy convenes a wide variety of events under the remit of the Communications and Activities Committee. There are three main kinds of events in this expanding area. The first ('academic events'), whilst always open to the general public, are primarily designed for specialist audiences of academics and researchers; the second ('public events') are intended for a wider audience, and aim to bring together leading academics and members of the public in lively discussion and debate; and third ('specialist workshops') stimulate debate and exchange between practitioners in academia, business, government, law and the public sector.

The Academy planned to organise fourteen lectures and subsequently sixteen lectures were held. Most of these lectures take place in long-established Academy series, and will be published in due course in the *Proceedings of the British Academy*. The 2005-06 Lectures included the Ninth Annual British Academy Lecture, "Becoming Human: the Archaeological Challenge" delivered by Professor Lord Renfrew, FBA, and the Maccabaeen Lecture in Jurisprudence by Rt. Hon Lord Bingham of Cornhill, FBA on "The Judges: Active or Passive?" delivered at the Cardiff Law School, University of Cardiff.

The programme of academic symposia comprised eight events as planned. They examined such topics as "Understanding the History of Ancient Israel", "Anglo-Saxon/Irish Relations before the Vikings", "Giuseppe Mazzini and the Globalization of Democratic Nationalism 1805-2005" and "Why has it all gone wrong? The past, present and future of British pensions".

The series of regular public events has continued to grow in popularity. The original aim was to hold six evening events in 2005-06 and in the event eight took place. Panel discussions covered such disparate topics as "Identity Politics", "Does the Reformation Still Matter?", "The United States and the Legacy of the Vietnam War 1975-2005", "General Franco: Saviour of Spain or War Criminal?" and "Demystifying the Middle East, West and East". A particularly successful evening discussion on "The Influence of History in Public Life", was held in partnership with the *Oxford National Dictionary of Biography*, with a panel composed of four Fellows of the Academy, the Archbishop of Canterbury (Dr Rowan Williams), Professor Q.R.D. Skinner, Professor P.J. Hennessy and the President. The Academy also sponsored a series of lectures in British universities to mark the tenth anniversary of the ending of *apartheid*.

Six public conferences were held in the course of 2005-06; it had been planned to organise seven such events. The Academy marked three important anniversaries through its public conference programme: "Thirty Years On: The United States and the Legacy of the Vietnam War 1975-2005", marked the 30th anniversary of the American defeat in Vietnam. "Trafalgar 1805-2005" explored the notion of the historical anniversary, the commemoration of the Battle of Trafalgar, Nelson, and their role in national memory since 1805. The Academy also marked the 250th anniversary of Mozart's birth with "Mozart 2006: Classical music and the modern world" which addressed different dimensions of Mozart's continuing presence in the modern world, ranging from the writing of music history through recorded performances to popular culture and the media. Other conferences included "Philosophical Analysis and the Criminal Law" which brought together scholars who apply different kinds of philosophical analysis to the critical examination of the criminal law, while "Democracy, Equality and Justice" reflected upon some of the most pressing issues in contemporary politics and political theory. In a new development, the Academy convened a study day in conjunction with the Herculaneum Society. "Herculaneum: Scholarship, Reception, Prospects" explored the insights given into Roman society by the archaeological evidence at the site. A one day conference,

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organized in conjunction with the ESRC, entitled "Europe: Addressing the Socio-Economic Agenda", marked the UK Presidency of the European Union and was supported by the DTI and the Cabinet Office. The conference brought together an invited audience of scholars, policy makers and politicians.

In a new initiative, the Academy organised three specialist workshops. One highly successful discussion first held in London and subsequently in Belfast on "Europe and Islam: A Question of Culture?" was taken to Bilkent University, Ankara and brought together leading scholars from the UK, Europe and Turkey. Closer to home, "Scholarship and the Freedom of Information Act: Year One" (held in conjunction with National Archives) considered the long-term significance of the reform and the cumulative benefits that could accrue for scholars of the British governing processes. Finally sixteen scholars and specialists came together to discuss the issues surrounding the discovery of five palimpsested leaves of a medieval copy of speeches by the fourth-century orator Hyperides.

In 2005 the Academy's Book Prize for a work both academically excellent and appealing to the general reader was awarded to Professor N.A.M. Rodger, FBA for his book *The Command of the Ocean: A Naval History of Britain, 1649-1815* (Allen Lane, Penguin Press).

Web-based activities

The Academy places great emphasis on the maintenance and development of its website (<http://www.britac.ac.uk>): it not only provides information about the Academy and its activities, but also includes links to a wide range of scholarly bodies nationally and internationally. The website regularly receives more than one million 'hits' per month. The most visited areas are: funding (including the Guide to Awards), PORTAL, publications, institutes, events, news, and the fellowship. The overhaul of the site to ensure that it is accessible to as many users as possible is underway, and will be completed in the first half of the 2006-07 financial year.

PORTAL (<http://www.britac.ac.uk/portal>), the Academy's directory of online resources for researchers in the humanities and social sciences, now contains more than 750 links to high-quality, professional-level websites designed to assist advanced research. 164 new resources were added in 2005-6, and 44 defunct links were removed, giving a net gain of 120. It is intended that the total number of resources listed on PORTAL will increase by at least 125 in 2006-07.

Fellowship Programmes

The Ordinary Fellowship of the British Academy is organised in eighteen Sections by academic discipline and subject. The Sections met as normal twice during the year, in January and March, partly to transact electoral business and partly to consider and comment on reports, principally from the various policy committees, and on aspects of the Academy's activities. Each Section appoints a Standing Committee, typically composed of six members, to prepare business and act for the Section where appropriate. One main item of Section business in 2006 was to consider the Report of the Academy Structures Committee (see below) and consultative papers from Council on implementation of the Report's recommendations.

In addition to the Sections, there are two Groups, the one for the Humanities, the other for the Social Sciences, composed of Section representatives, which normally meet twice a year, in October and April. The Groups perform electoral and other functions, making recommendations to Council regarding elections to the Fellowship and advising on matters to do with the particular interests of humanities and social science scholarship.

The Fellowship Standing Committee exists to consider the claims to election of scholars whose work does not fit easily into the Academy's Section structure. It ordinarily meets once a year, and after consultation and careful scrutiny makes recommendations for election direct to Council.

At the Annual General Meeting of Fellows held on 29 July 2005, thirty-five candidates were elected to Ordinary, three to Senior, ten to Corresponding and one to Honorary Fellowship of the Academy.

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Structures Committee

The Structures Review Committee, chaired by Professor B.E. Supple, FBA, which was appointed to review the composition and organisation of the Fellowship (while retaining intellectual distinction as the sole criterion for election) and to consider the implications for electoral procedures and the general structure of the Academy, presented its final report to Council in May 2005. The report was discussed at an Extraordinary General Meeting of Fellows in November and, in the light of a position paper prepared by Council, at the January and March 2006 Section meetings. While final decisions on implementation remain to be confirmed the outcome is likely to involve, *inter alia*, more rigorous electoral procedures, including the provision of fuller information on candidates in more standardised form, to ensure that the same standards and criteria are applied across the Sections consistently.

Policy Advice

In fulfilment of its Objective "to provide leadership in representing the interests of research and learning nationally and internationally" the Academy established in June 2005 a Policy Advisory Committee (PAC) as a sub-committee of Council, to take the lead in responding on behalf of the Academy to requests for comments on, or contributions to, proposals or consultations from other organisations, public or private. The PAC, composed of the Academy's Officers and the two Group Chairmen, draws upon the expertise within the Fellowship to provide informed and independent advice, statements and reports to key decision-making bodies.

In the period from its establishment to 31 March 2006, the PAC oversaw seven submissions to consultations: the study of the urban environment by the Royal Commission on Environmental Pollution; RCUK's (Research Councils UK) position statement on access to research outputs; the RAE (research assessment exercise) 2008 consultation on assessment panels' draft criteria and working methods; the AHRC's consultation on doctoral research in the arts and humanities; HEFCE's (Higher Education Funding Council for England) draft strategic plan for 2006-11; HEFCE's review of the teaching funding method; and the AHRC's strategy for supporting and sustaining high quality research in the UK's museums, galleries, libraries and archives.

Financial Review

The accounts look quite different from last year's accounts, reflecting the change from compliance with the Further and Higher Education SORP to the new Charities SORP. The 2004-05 accounts have been restated for comparison with the 2005-06 accounts, and all cost allocations have been reviewed. The Statement of Financial Activities shows a planned net deficit (all funds) of £615,000 for the year, effectively spending the surplus of £618,000 brought forward from 2004-05. There is in addition a net gain on investments of £1.343 m, bringing the net movement in funds, a surplus for the year, to £728,000, most of which relates to the Designated Funds, £686,000. Of the Total Funds balance at 31 March 2006, £10.498 m, £159,000 relates to public funds. Of this amount, £79,000 is tied up in fixed assets. The balance, £80,000, represents funds available to be spent on grants and awards.

Investment Policy

The Academy's primary aim is to achieve growth of capital and an annual income set by Council. It achieves this by applying a proportion of its funds in equity and/or equity related investments balanced by an element of lower risk, stable income generating investments such as fixed-interest gilts. Performance is assessed over the longer term. A period of five years is considered appropriate. Council is advised on investment matters by an Investment Management Committee chaired by the Treasurer and with at least one member external to the Academy with professional fund management experience. The bulk of the funds, £7.464 m, (of the total invested, £7.894 m at 31 March 2006) have been invested in three tracker funds managed by Barclays Global Investors Limited (BGI): in the ChariTrak UK Equity Income Fund (48%), the BGI Index Selection Funds (overseas equities funds, 32%) and the GiltTrak Distribution Fund (20%). The BGI portfolio is invested to generate interest and dividend income of at least £150,000 per annum; actual BGI income for the year ending 31 March 2006 was £191,000. The actual performance of the BGI funds in

THE BRITISH ACADEMY COUNCIL'S REPORT YEAR ENDED 31 MARCH 2006

total, a return of 24.8% for the year ending 31 March 2006, is considered satisfactory when compared to the benchmark of 25.0%. In addition to the BGI investments, the Marc Fitch Fund is invested separately, to generate income of c £15,000 per annum; the fund is managed by Lombard Odier and actual income for the year was £15,000. Funds are also invested in bank and money market accounts, to provide some liquidity; this generates additional investment income.

Restricted Funds

The majority of the Academy's income comes from the OST grant-in-aid which was £14.050 m in 2005-06 as compared with £13.650 m from the DfES in 2004-05, an increase of 2.9%. During the year grants of £166,000 (from the DfES) were returned, compared with £177,000 in 2004-05. Incoming funds administered on behalf of other organisations amounted to £348,000, approximately the same as in 2004-05, £345,000. Investment income and donations to these funds increased 35.4% from £181,000 in 2004-05 to £245,000 in 2005-06. There was in addition a small grant from the ESRC, £49,000 in 2005-06 compared with £22,000 in 2004-05, that helps to fund the Academy's China programmes.

The cost of generating funds was £273,000 in 2005-06 compared with £305,000 in 2004-05, a decrease of 10.5% primarily relating to a reduction of the expenditure on the Publications programme funded by the OST grant-in aid (staff costs, depreciation and support costs), from £283,000 in 2004-05 to £263,000 in 2005-06. Total Academy support costs are allocated to all programme activities based on head count. Costs allocated to the Publications programme in 2004-05 were £113,000 compared with £92,000 in 2005-06.

Resources expended on Grants, Awards and Activities amounted to £15.137 m in 2005-06 compared with £13.995 m in 2004-05, an increase of £1.142 m or 8.2%, primarily an increase in research grants and awards related to research posts. There were three principal strands of expenditure: Research Programmes – research and conference grants, research projects and research posts, and policy studies, which amounted to £8.939 m, or 59% of this expenditure and an increase of 12.6% over 2004-05; 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 £ 4.630 m or 30.6% of this expenditure and a decrease of 0.5% compared with 2004-05; and Communications and related activities – lectures, symposia and other events contributing to greater public understanding of the humanities and social sciences, which totalled £594,000 or 3.9% of this expenditure and a decrease of 7.8% compared with 2004-05. Other grants and prizes from the Academy's private funds and funds administered on behalf of other organisations amounted to £873,000, 5.8% of this expenditure, compared with £656,000 in 2004-05, 4.7% of the 2004-05 expenditure. The increase of £217,000, 33%, was primarily the result of grants awarded under the Leverhulme Senior Research Fellowships scheme and the Medieval Latin Dictionary project. The depreciation of leasehold improvements amounted to £100,000 each year, and in 2005-06 that was 0.7% of this expenditure.

Governance costs are those related to external and internal audit, Council and AGM meetings, and, in 2005-06, a considerable investment in changing from compliance with the Further and Higher Education SORP to the new Charities SORP and changes in the Charities regulation generally. This required more staffing resources (time) and a complete translation from the previous accounting format to the new format including the restatement of the 2004-05 accounts. Total governance costs in 2005-06 were £256,000 compared with £227,000 in 2004-05.

Support costs for the restricted funds, excluding governance, amounted to £573,000 in 2005-06, 3.7% of total resources expended on Charitable Activities of £15.392 m compared with £694,000 in 2004-05, which was 4.9% of resources expended of £14.222 m. The decrease was due primarily to the expenditure in 2004-05 of £196,000 for the external redecoration that takes place only every four years.

Staff costs, excluding governance, amounted to £1.068 m in 2005-06, 6.9% of total resources expended on Charitable Activities, compared with £1.022 m in 2004-05, 7.2% of resources expended. The actual increase of £46,000 or 4.5%, was primarily the result of contractual pay awards.

THE BRITISH ACADEMY COUNCIL'S REPORT YEAR ENDED 31 MARCH 2006

General Funds

Income of £472,000 was generated from room hire and office rent and fees, including the reimbursement of related expenses, compared to £426,000 plus a contribution to the external redecoration of £61,000 in 2004-05 (or a total of £487,000). Total expenses in 2005-06 were £462,000 compared with £488,000 in 2004-05; again the decrease related primarily to the external redecoration. There was a surplus of £10,000 in 2005-06 compared with a small loss of £1,000 in 2004-05. The Academy also earned interest of £54,000 on its bank balances bringing the General Fund balance to £64,000 at 31 March 2006.

Designated Funds

The Academy Development Fund (ADF) had incoming resources of £187,000 primarily from investment income of £77,000 and subscriptions of £74,000, and resources expended of £62,000 primarily for administrative costs related to Fellowship activities and the Pictures, Portraits and Decorations programme. Net realised and unrealised gains / losses on investments increased from £116,000 in 2004-05 to £408,000 in 2005-06. To comply with the new Charity SORP, deferred income of £1.342 m from grants and donations collected in prior years for the refurbishment of 10 Carlton House Terrace (CHT), has been reclassified as a restricted fund (Carlton House Terrace Property) from 1 April 2005. Previously annual depreciation of the leasehold improvements £100,000 was charged to the ADF fund over the period of the lease of the building. Depreciation of £100,000 was applied against the Carlton House Property fund in the year and will continue to be until the leasehold property improvements are fully depreciated and the Carlton House Property fund reduced to nil. In prior years, an amount of £95,000 has been credited annually to the ADF fund in respect of this property (to reflect an annual credit of the grant and donations received over the period of the lease and held in deferred income). Under the revised SORP treatment this credit will no longer be made and has not been in the year. To bring the Carlton House Terrace fund in line with the Carlton House Terrace leasehold improvements in line with the Carlton House Terrace fund, a transfer of £104,000 has been made to the ADF fund.

The Academy's Publications Fund had income of £194,000 and direct production costs of £191,000 in 2005-06 compared with £193,000 and £184,000 respectively in 2004-05. In 2005-06 £40,000 was transferred out of the fund and into the Restricted Funds surplus, and allocated to be spent on other programme activities, primarily research projects. The fund balance was £201,000 at 31 March 2006, and is reviewed annually. The Academy's lease with the Crown Estate requires that the external redecoration of the building be carried out every four years, with the next redecoration due in 2008. An amount is 'reserved' each year in the Designated Fund, with £60,000 set aside in 2005-06. The Fund for Building Repairs and Maintenance was increased by £15,000 in 2005-06 to bring it to £40,000. The Fund is a contingency, to cover extraordinary capital repairs; the annual budget for premises is then reduced in order to free up funds for programme activities. A Fund has also been set up to accumulate sufficient funds to finance a major overhaul of the Academy's website within the next five years; £10,000 has been set aside in 2005-06.

In total, investment income for the Designated Funds was £77,000 in 2005-06 compared with £70,000 in 2004-05.

Endowment Funds

Only the Webster Fund is 'endowed' with net income of £56,000 in 2005-06 compared to £20,000 in 2004-05, the difference resulting from an increase in net gains on investments.

Reserves Policy

The Unrestricted Funds (General and Designated Funds) have a combined balance at 31 March 2006 of £3.113 m. The largest Designated Fund, £ 2.738 m, relates to the Academy Development Fund (ADF), established in 1991, which is made up primarily of donations (a significant proportion of which are from the Academy's Fellows), Fellows' subscriptions, and investment income less some operating costs related to the Academy's Fellowship. The Academy is free to devote the income of the ADF to whatever object it deems fit. Council decided at the outset, and has continued to allow the Fund to grow in order to give the Academy some independence from the public sector and other funders. The intention in creating the Fund was to enable the Academy to take new initiatives at its unfettered discretion. Proposals for the use of the Fund are reviewed annually by Council.

THE BRITISH ACADEMY
COUNCIL'S REPORT YEAR ENDED 31 MARCH 2006

Additional reserves have been set aside (1) for the Publications Fund, to cover the direct costs associated with the work in progress for one year, £201,000, so as to make no claim on public/restricted funds for direct production costs, (2) to cover a proportion of the total cost of the 2008 external redecoration project, £60,000, (3) to cover any extraordinary capital repairs related to the building, £40,000, and (4) £10,000 for the website.

The balance in the General Fund, £64,000, will be used to fund additional research grants and posts in 2006-07.

Volunteers

The Academy is critically dependent on the voluntary services of its Fellows who, whether as Officers, Chairmen or members of the Sections, Committees and Sub-committees, or as referees and assessors perform a range of tasks for which they are wholly unremunerated outside of the recovery of their direct expenses. The Academy also consults external academic experts and relies extensively on the services and goodwill of numerous referees and assessors outside its Fellowship and external members of the Investment Management and Audit Committees. All this constitutes an unquantifiable voluntary contribution without which the Academy would be unable to fulfil its objectives.

Auditors

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

R J P KAIN
2006 Honorary Treasurer

THE BRITISH ACADEMY
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 'Accounting and Reporting by Charities (revised 2005) ('SORP') and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Office of Science and Technology 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 Office of Science and Technology are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Office of Science and Technology and any other conditions which the Office of Science and Technology 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.

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 2006 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the trustees (Council of the Academy), as a body, in accordance with Regulation 7 of the Charities Accounts and Report Regulations 2005. Our audit work has been undertaken so that we might state to the trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees' responsibilities for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom accounting standards ('United Kingdom Generally Accepted Accounting Practice') are set out in the statement of trustees' responsibilities.

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. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the trustees' report is not consistent with the financial statements, if the charity 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 trustees' report and consider the implications for our report if we become aware of any apparent misstatements within it.

The relationship between The British Academy and the Office of Science and Technology and the terms upon which the Office of Science and Technology provides funds to The Academy are governed by a Financial Memorandum. Our responsibility includes a requirement to report our opinion on whether the funds provided by the Office of Science and Technology have been applied in accordance with this Financial Memorandum.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations 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 the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Academy's affairs as at 31 March 2006 and of its incoming resources and application of resources in the year then ended; and
- have been properly prepared in accordance with the Charities Act 1993.

In our opinion, in all material aspects the income from the Office of Science and Technology has been applied to the purposes intended by Parliament as set out in the Financial Memorandum and the financial transactions conform to the authorities which govern them.

PKF (UK) LLP
Registered Auditors London, UK
2006

THE BRITISH ACADEMY
STATEMENT OF FINANCIAL ACTIVITIES YEAR ENDED 31 MARCH 2006

	Notes	General Funds £	Designated Funds £	Restricted Funds £	Endowment Funds £	2006 Funds £	(Restated) 2005 Funds £
Incoming Resources							
Incoming resources from generated funds							
Voluntary income – donations			59,438			59,438	40,616
Activities for generating funds	2	471,867	194,097		-	665,964	775,444
Investment income	3	54,365	86,659	185,659	-	326,683	241,410
Incoming resources from charitable activities							
Grants receivable	4	-	-	14,612,651	-	14,612,651	14,193,665
Other incoming resources	5	-	100,679	-	-	100,679	72,525
Total incoming resources		526,232	381,435	14,857,748	-	15,765,415	15,323,660
Resources Expended							
Less cost of generating funds							
Investment management fees	6	-	2,930	10,448	-	13,378	21,624
Other		462,325	249,740	262,489	-	974,554	985,082
Total cost of generating funds		462,325	252,670	272,937	-	987,932	1,006,706
Total incoming resources available for charitable application		63,907	128,765	14,584,811	14,777,483	-	14,316,954
Charitable activities							
Grants and awards	6	-	-	15,136,656	-	15,136,656	13,994,922
Governance costs	7	-	-	255,837	-	255,837	226,873
Total charitable activities		-	-	15,392,493	-	15,392,493	14,221,795
Total resources expended	6	462,325	252,670	15,665,430	-	16,380,425	15,228,501
<i>Net incoming/(outgoing) resources before transfers</i>		63,907	128,765	(807,682)	-	(615,010)	95,159
Net transfers between funds		-	149,101	(149,101)	-	-	-
<i>Net incoming/(outgoing) resources before other recognised gains and losses</i>		63,907	277,866	(956,783)	-	(615,010)	95,159
Other recognised gains and losses							
Net gains on investments		-	407,682	879,210	56,334	1,343,226	421,497
Net movement in funds		63,907	685,548	(77,573)	56,334	728,216	516,656
Fund balances brought forward at 1 April 2005		-	2,363,454	7,141,049	265,531	9,770,034	7,910,751
Reclassification of Carlton House Terrace fund	14	-	-	-	-	-	1,342,627
TOTAL FUNDS CARRIED FORWARD AT 31 MARCH 2006		63,907	3,049,002	7,063,476	321,865	10,498,250	9,770,034

All of the above results are derived from continuing activities. There are no other recognised gains or losses other than stated above.

**THE BRITISH ACADEMY
BALANCE SHEET 31 MARCH 2006**

	Notes	2006 Total £	(Restated) 2005 Total £
FIXED ASSETS			
Tangible assets	10	1,220,606	1,327,210
Investments	11	7,894,265	6,538,491
		<hr/>	<hr/>
		9,114,871	7,865,701
CURRENT ASSETS			
Debtors	12	240,121	148,888
Cash at bank and in hand		1,401,778	2,283,096
		<hr/>	<hr/>
		1,641,899	2,431,984
CREDITORS			
Amounts falling due within one year	13	(258,520)	(527,651)
NET CURRENT ASSETS			
		<hr/>	<hr/>
		1,383,379	1,904,333
Deferred income	14	-	-
NET ASSETS			
		<hr/> <hr/>	<hr/> <hr/>
		10,498,250	9,770,034
Represented by:			
General funds			
Other general funds	15	63,907	-
Designated funds			
Academy development fund	15	2,737,732	2,100,588
Publications		201,270	237,866
Repairs and maintenance		40,000	25,000
External redecoration		60,000	-
Website development		10,000	-
		<hr/>	<hr/>
		3,049,002	2,363,454
Restricted funds			
Other grants	15	158,959	618,430
Carlton House Terrace property		1,141,612	1,342,627
Funds administered		167,321	453,108
Restricted investment funds		5,208,197	4,328,987
Restricted income funds		387,387	397,897
		<hr/>	<hr/>
		7,063,476	7,141,049
Endowment funds			
	15	321,865	265,531
		<hr/>	<hr/>
		10,498,250	9,770,034
		<hr/> <hr/>	<hr/> <hr/>

The Financial Statements on pages 28 to 44 were approved on 2006 and signed by:

Honorary Treasurer

Secretary

THE BRITISH ACADEMY
CASH FLOW STATEMENT YEAR ENDED 31 MARCH 2006

	<u>2006</u> £	<u>2005</u> £
Reconciliation of operating surplus to net cash inflow from operating activities		
Operating (deficit)/surplus for the year	(615,010)	95,159
Investment income	(326,683)	(241,410)
Depreciation charges	156,203	158,608
Decrease in debtors	(91,233)	962,694
Increase in creditors	(269,131)	36,037
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	(1,145,854)	1,011,088
Cash flow statement		
Net cash inflow from operating activities	(1,145,854)	1,011,088
Returns on investments	326,683	241,410
Capital expenditure and financial investment	12,266	(439,851)
	<hr/>	<hr/>
(Decrease)/Increase in cash and liquid resources	(806,905)	812,647
Reconciliation of net cash inflow to movement in net funds		
Change in cash and liquid resources	(806,905)	812,647
Cash and liquid resources at 1 April 2005	2,283,096	1,470,449
	<hr/>	<hr/>
Cash and liquid resources at 31 March 2006	1,476,191	2,283,096
	<hr/>	<hr/>

THE BRITISH ACADEMY
CASH FLOW STATEMENT YEAR ENDED 31 MARCH 2006
(CONTINUED)

		<u>2006</u> £	<u>2005</u> £
Notes to Cash Flow Statement			
Note (i) Gross cash flows			
Returns on investments			
Investment income		326,683	241,410
		<u> </u>	<u> </u>
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(49,599)	(21,703)
Payments to acquire investments		(1,039,217)	(4,350,703)
Receipts from sales of investments		1,101,082	3,932,555
		<u> </u>	<u> </u>
		12,266	(439,851)
		<u> </u>	<u> </u>
Note (ii) Analysis of change in net funds	At 1 April 2005 £	Cash flows £	At 31 March 2006 £
Cash in hand, at bank	2,231,020	(829,242)	1,401,778
Cash held with investment managers	52,076	22,337	74,413
	<u> </u>	<u> </u>	<u> </u>
	2,283,096	(806,905)	1,476,191
	<u> </u>	<u> </u>	<u> </u>

THE BRITISH ACADEMY
NOTES TO THE ACCOUNTS YEAR ENDED 31 MARCH 2006

1. ACCOUNTING POLICIES

a. Basis of Preparation of the Accounts

The annual report, incorporating the financial statements for the year ended 31 March 2006, has been prepared in accordance with the Academy's Royal Charter, and in compliance with the Charities Act 1993, the Statement of Recommended Practice 'Accounting and Reporting by Charities' (revised 2005) ('SORP'), and with applicable accounting standards. Where applicable, comparatives have been restated to comply with the SORP 2005 but these restatements have no effect on the total funds brought forward at the start of the year.

b. Historical Cost Convention

The financial statements have been prepared under the historical cost convention, as modified for the inclusion of investment assets.

c. Incoming Resources

The specific bases for accounting for income are described below. In general terms, income is accounted for on a receivable basis, gross of related expenditure. Income is only recognised where there is evidence of entitlement, where it is virtually certain that income will be received, and there is reasonable certainty of the amount.

- Voluntary income includes donations. Where not received for capital expenditure, these are accounted for in the year in which they are received.
- Activities for generating funds include income receivable from the rent and hire of rooms.
- Investment income is included in the Statement of Financial Activities in the year in which it is receivable.
- Grants receivable are recognised when entitlement to the grant is confirmed, and also include returned grants which are accounted for on receipt. For detail on grants for capital expenditure see "Tangible Fixed Assets" below.
- Other incoming resources consist of subscriptions, including income tax recoverable.

d. Resources Expended

Expenditure is recognised on an accruals basis, gross of any related income. Where costs cannot be directly attributed to particular categories they have been allocated to activities on a headcount basis.

- Costs of generating funds include expenditure directly incurred in generating income from the publications programme, room hire, office rental and investments.
- Grants are charged to the statement of financial activities when a constructive obligation exists notwithstanding that they may be paid in future periods.
- Governance costs include those associated with the management of the Academy's assets and with constitutional and statutory requirements.

THE BRITISH ACADEMY
NOTES TO THE ACCOUNTS YEAR ENDED 31 MARCH 2006

1. ACCOUNTING POLICIES (Continued)

e. Operating Leases

Rental costs under operating leases are charged to the Statement of Financial Activities, as the charges are incurred, over the lease periods.

f. Tangible Fixed 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.

g. Investments

Listed investments are included in the financial statements at market value at the balance sheet date.

Gains/losses on disposal of investments and revaluation of investments are recognised in the year of gain or loss and are allocated to the funds to which the investments relate in accordance with their percentage share of the investments.

h. Stocks of Publications

Costs of publications are written off in the Statement of Financial Activities when incurred. Stocks of books gifted to the Academy for its library are not valued within the accounts.

At 31 March 2006 the estimated value of stocks of publications not included in the balance sheet was £74,019 (2005: £71,534), being the lower of cost and net realisable value.

i. Pensions

The Academy participates in the Superannuation Arrangements of the University of London ("SAUL"), which is a funded defined benefit scheme. The scheme is contracted-out of the Second State Pension. The scheme is valued formally every three years by professionally qualified and independent actuaries using the Projected Unit method. Informal reviews of the scheme's position are carried out between formal valuations.

j. Liquid Resources

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

THE BRITISH ACADEMY
NOTES TO THE ACCOUNTS YEAR ENDED 31 MARCH 2006

1. ACCOUNTING POLICIES (Continued)

k. Funds

General Funds are those which are available for use at the Council's discretion in the furtherance of the Academy's objects.

Designated Funds are unrestricted funds set aside for unrestricted purposes and which would otherwise form part of General Funds. Details of the nature and purpose of each designated fund are set out in note 15.

Restricted Funds are funds that are subject to restrictions imposed by donors and are applied in accordance with these restrictions. Details of the nature and purpose of each restricted fund are set out in note 15.

Endowment funds represent those assets which must be held permanently by the Academy. Income arising from Endowment funds is allocated to the corresponding named individual restricted funds in accordance with their percentage share of the investments and applied for the purposes for which they were originally given.

2. ACTIVITIES FOR GENERATING FUNDS

	<u>2006</u>	<u>2005</u>
	£	£
Rents and hire of rooms	471,867	426,254
Recharge of external redecoration	-	60,574
	<hr/>	<hr/>
	471,867	486,828
Publications	194,097	192,714
Grants and donations released (note 14)	-	95,902
	<hr/>	<hr/>
	665,964	775,444
	<hr/> <hr/>	<hr/> <hr/>

THE BRITISH ACADEMY
NOTES TO THE ACCOUNTS YEAR ENDED 31 MARCH 2006

3. INVESTMENT INCOME	<u>2006</u>	<u>2005</u>
	£	£
Investment income	257,259	235,962
Bank interest	69,424	5,448
	<hr/>	<hr/>
	326,683	241,410
	<hr/>	<hr/>
	<u>2006</u>	
	£	
UK		
Bonds	72,112	
Equities	95,620	
Bank and deposit interest	119,806	
	<hr/>	
	287,538	
Overseas		
Commodities	1,332	
Bonds	454	
Equities	37,359	
	<hr/>	
	326,683	
	<hr/>	
4. GRANTS RECEIVABLE	<u>2006</u>	<u>2005</u>
	£	£
Office of Science and Technology	14,050,000	-
Department for Education and Skills	-	13,650,000
Grants returned awarded in prior years	165,855	176,878
Other grants received	49,213	21,870
	<hr/>	<hr/>
	14,265,068	13,848,748
Grants received for funds administered by the Academy	347,583	344,917
	<hr/>	<hr/>
	14,612,651	14,193,665
	<hr/>	<hr/>
5. OTHER INCOMING RESOURCES	<u>2006</u>	<u>2005</u>
	£	£
Subscriptions	73,980	72,525
ADF - sundry income and recharges	26,699	-
	<hr/>	<hr/>
	100,679	72,525
	<hr/>	<hr/>

THE BRITISH ACADEMY
NOTES TO THE ACCOUNTS YEAR ENDED 31 MARCH 2006

6. TOTAL RESOURCES EXPENDED

	Grants/ Awards/ activities £	Staff costs £	Depreciation £	Other direct costs £	Support costs £	Total 2006 £	2005 Total £
Cost of generating funds							
Investment managers fees	-	-	-	13,378	-	13,378	21,624
Other:							
Rent and hire of room costs	-	68,241	3,166	350,885	40,033	462,325	487,583
Publications	-	164,655	7,241	190,693	91,554	454,143	467,196
Academy development fund	-	-	-	58,086	-	58,086	30,303
Total cost of generating funds	-	232,896	10,407	613,042	131,587	987,932	1,006,706
Charitable activities							
Grants, awards and activities							
Research programmes							
Grants	4,105,443	239,152	11,137	-	140,820	4,496,552	3,752,881
Projects	336,929	28,969	1,171	-	14,801	381,870	519,858
Posts	3,829,130	67,595	2,731	-	34,535	3,933,991	3,528,476
Policy studies	26,124	66,555	2,508	-	31,716	126,903	140,502
International/Institutional							
BASIS	3,587,547	60,546	2,787	-	35,240	3,686,120	3,611,848
IPC	594,717	216,367	9,743	-	123,200	944,027	1,040,632
Communications and activities	204,500	241,260	10,858	-	137,296	593,914	644,120
Grants and prizes							
Restricted funds	238,873	-	-	-	-	238,873	240,224
Funds administered	633,943	-	-	-	-	633,943	415,918
Property depreciation	-	-	100,463	-	-	100,463	100,463
Total grants awards and activities	13,557,206	920,444	141,398	-	517,608	15,136,656	13,994,922
Total charitable activities	13,557,206	1,067,531	145,796	48,743	573,217	15,392,493	14,221,795
Governance costs	-	147,087	4,398	48,743	55,609	255,837	226,873
Total resources expended	13,557,206	1,300,427	156,203	661,785	704,804	16,380,425	15,228,501

THE BRITISH ACADEMY
NOTES TO THE ACCOUNTS YEAR ENDED 31 MARCH 2006

6. TOTAL RESOURCES EXPENDED (Continued)

Grants paid to Institutions

During the year the top 50 grants by value payable to Institutions were as follows:

<u>Institution</u>	<u>£</u>
University of Oxford	1,390,732
University of Cambridge	1,006,098
The British School at Rome	935,000
The British School at Athens	630,000
The Council for British Research in the Levant	435,000
The British Institute of Archaeology at Ankara	400,000
University of Edinburgh	379,207
University College London	328,109
University of Liverpool	304,298
The British Institute in Eastern Africa	290,000
The Council for British Archaeology	290,000
London School of Economics	283,948
University of Leeds	263,723
University of Glasgow	214,002
SOAS	213,970
University of Durham	185,815
University of Birmingham	174,772
University of Sussex	171,573
University of Exeter	170,347
University of Manchester	159,074
University of Sheffield	158,626
University of St Andrews	153,708
University of Nottingham	145,402
University of York	140,967
University of Warwick	129,648
University of Reading	126,486
University of Kent	125,386
University of Southampton	120,701
University of Aberdeen	118,705
University of Newcastle upon Tyne	117,896
University of Leicester	117,710
King's College London	115,153
University of Bristol	109,804
Queen's University Belfast	108,298
University of Essex	105,524
Royal Holloway, University of London	102,976
Cardiff University	101,910
The Society for South Asian Studies	100,000
The Egypt Exploration Society	96,500
The British Institute of Persian Studies	95,000
Lancaster University	91,024
The Society for Libyan Studies	90,000
University of London	86,342
University of Wales, Aberystwyth	86,325
The Committee for South-East Asian Studies	80,000
Loughborough University	78,515
University of East Anglia	76,766
Courtauld Institute of Art	72,892
Queen Mary, University of London	70,291
Brunel University	70,267

THE BRITISH ACADEMY
NOTES TO THE ACCOUNTS YEAR ENDED 31 MARCH 2006

7. GOVERNANCE COSTS	<u>2006</u>	<u>2005</u>
	£	£
External audit	17,507	15,027
Accounting assistance	7,637	4,000
Council and AGM travel	9,334	9,421
Staff costs	147,087	131,610
Support costs	55,609	62,569
Depreciation	4,398	4,246
Conversion to Charity SORP	14,265	-
	<hr/>	<hr/>
	255,837	226,873
	<hr/>	<hr/>

8. STAFF COSTS	<u>2006</u>	<u>2005</u>
	£	£
Staff costs:		
Salaries	1,108,452	1,066,425
Social security costs	5,906	92,190
Pension costs - SAUL	96,069	89,924
	<hr/>	<hr/>
	1,300,427	1,248,539
	<hr/>	<hr/>

The average number of full time equivalent permanent employees (all administrative staff) during the year was 32 (2005: 32).

Remuneration of higher paid staff greater than £60,000 is:

	<u>2006</u>	<u>2005</u>
	£	£
£80,000 - £90,000	1	1
	<hr/>	<hr/>

No members of the Council received any remuneration from the Academy for the year ended 31 March 2006 (2005: £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 2006 such reimbursement to 21 Council members (2005: 17) amounted to £8,834 (2005: £8,921).

9. NET INCOMING/(OUTGOING) RESOURCES IS AFTER CHARGING:

	<u>2006</u>	<u>2005</u>
	£	£
Auditors'		
- remuneration	17,507	15,027
- other services	21,902	4,000
- under accrual in prior year	7,072	-
Investment management fees	13,378	21,624
Operating leases		
- land and buildings	470,000	470,000
- other	215,913	235,825

THE BRITISH ACADEMY
NOTES TO THE ACCOUNTS YEAR ENDED 31 MARCH 2006

10. TANGIBLE FIXED ASSETS

	<u>Leasehold improvements</u> £	<u>Furniture and equipment</u> £	<u>Total</u> £
Cost			
At 1 April 2005	2,009,267	290,726	2,299,993
Additions	-	49,599	49,599
Disposals (Note 2(c))	-	(61,622)	(61,622)
At 31 March 2006	<u>2,009,267</u>	<u>278,703</u>	<u>2,287,970</u>
Depreciation			
At 1 April 2005	767,192	205,591	972,783
Charge for the year	100,463	55,740	156,203
Eliminated on disposals	-	(61,622)	(61,622)
At 31 March 2006	<u>867,655</u>	<u>199,709</u>	<u>1,067,364</u>
Net book value			
At 31 March 2006	<u>1,141,612</u>	<u>8,994</u>	<u>1,220,606</u>
At 31 March 2005	<u>1,242,075</u>	<u>85,135</u>	<u>1,327,210</u>

The fixed assets are used to promote the direct charitable activities of the Academy.

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.

11. INVESTMENTS

			2006 £	2005 £
At 1 April 2005			6,538,491	5,646,770
Additions			1,039,217	4,350,703
Disposal proceeds			(1,101,082)	(3,932,555)
Net gain in market value			1,343,226	421,497
Bank balances			<u>7,819,852</u>	<u>6,486,415</u>
At 31 March 2006			<u>7,894,265</u>	<u>6,538,491</u>
Fixed Interest and Equities at cost			<u>6,281,399</u>	<u>6,058,040</u>
	<u>UK</u> £	<u>Overseas</u> £	<u>Total 2006</u> £	<u>Total 2005</u> £
Comprising:				
Commodities	-	33,524	33,524	22,668
Bonds	1,633,251	9,935	1,643,186	1,439,889
Equities	2,516,407	3,626,735	6,151,652	5,023,858
	<u>4,149,658</u>	<u>3,670,194</u>	<u>7,819,852</u>	<u>6,486,415</u>

No single investment represented greater than 5% of the Academy's portfolio.

THE BRITISH ACADEMY
NOTES TO THE ACCOUNTS YEAR ENDED 31 MARCH 2006

12. DEBTORS	<u>2006</u>	<u>2005</u>
	£	£
Debtors	221,787	121,897
Prepayments and accrued income	18,334	26,991
	<hr/>	<hr/>
	240,121	148,888
	<hr/> <hr/>	<hr/> <hr/>
13. CREDITORS: Amounts falling due within one year	<u>2006</u>	2005
	£	£
Other creditors	15,944	98,368
Grants and awards (see below)	207,823	272,121
Accruals and deferred income	34,753	157,162
	<hr/>	<hr/>
	258,520	527,651
	<hr/> <hr/>	<hr/> <hr/>
Grants and Awards included within creditors		
Grants and awards allocated, not yet paid comprise:-		
Research grants	199,659	249,651
Overseas grants	8,164	22,470
	<hr/>	<hr/>
	207,823	272,121
	<hr/> <hr/>	<hr/> <hr/>

14. DEFERRED INCOME

In prior years grants and donations towards the refurbishment of the premises at Carlton House Terrace have been deferred and released to income over the life of the asset. Due to adoption of the Statement of Recommended Practice for Charities, it is considered that it is more appropriate to treat amounts received in prior years for the refurbishment as a restricted fund to be written off over the life of the asset.

Deferred income

	<u>2006</u>
	£
At 1 April 2005	1,342,627
Transfer to restricted fund at 1 April 2005	(1,342,627)
	<hr/>
At 1 April 2005 restated	-
	<hr/> <hr/>

THE BRITISH ACADEMY
NOTES TO THE ACCOUNTS YEAR ENDED 31 MARCH 2006

15. NET MOVEMENT IN FUNDS

	(Restated) Balance 1 April 2005	Incoming Resources	Resources expended	Transfers	Net realised unrealised gains/losses	Balance 31 March 2006
Unrestricted funds						
General funds	-	526,232	(462,325)	-	-	63,907
<i>Designated funds</i>						
Academy development fund	2,100,588	187,338	(61,977)	104,101	407,682	2,737,732
Publications	237,866	194,097	(190,693)	(40,000)	-	201,270
Repairs and maintenance	25,000	-	-	15,000	-	40,000
Website development	-	-	-	10,000	-	10,000
External redecoration	-	-	-	60,000	-	60,000
Total designated funds	2,363,454	381,435	(252,670)	149,101	407,682	3,049,002
Total unrestricted funds	2,363,454	907,667	(714,995)	149,101	407,682	3,112,909
Restricted funds						
Other grants	618,430	215,068	(629,539)	(45,000)	-	158,959
Office of Science and Technology	-	14,050,000	(14,050,000)	-	-	-
Carlton House Terrace property	1,342,627	3,113	(100,463)	(103,665)	-	1,141,612
	1,961,057	14,268,181	(14,780,002)	(148,665)	-	1,300,571
Funds administered						
Lexicon of Greek Personal Names	113,828	12,725	(7,000)	-	-	119,553
Leverhulme Senior Research Fellowships	25,568	296,427	(321,995)	-	-	-
Medieval Latin Dictionary-Packard	257,322	-	(212,511)	-	-	44,811
Other funds administered	56,390	39,440	(92,437)	(436)	-	2,957
	453,108	348,592	(633,943)	(436)	-	167,321
Restricted investment funds						
Elisabeth Barker	278,304	-	-	-	59,043	337,347
Browning	111,146	-	-	-	23,580	134,726
Caton Thompson	111,700	-	-	-	23,698	135,398
Neil Ker	253,944	-	-	-	53,875	307,819
Leopold Schweich	143,391	-	-	-	30,421	173,812
Stenton	308,762	-	-	-	65,505	374,267
Albert Reckitt	1,285,671	-	-	-	272,761	1,558,432
Stein Arnold	142,622	-	-	-	30,258	172,880
Thank Offering to Britain	685,132	-	-	-	145,354	830,486
S T Lee	102,500	-	-	-	21,746	124,246
Marc Fitch	355,830	-	-	-	36,287	392,117
Other restricted	549,985	-	-	-	116,682	666,667
	4,328,987	-	-	-	879,210	5,208,197
Restricted income funds						
Elisabeth Barker	15,472	12,615	(15,500)	-	-	12,587
Browning	4,544	5,038	(5,200)	-	-	4,382
Caton Thompson	4,073	5,063	(6,201)	-	-	2,935
Neil Ker	39,412	11,511	(9,930)	-	-	40,993
Leopold Schweich	28,193	8,421	(258)	-	-	36,356
Webster	74,731	12,036	(5,178)	-	-	81,589
Stenton	18,920	33,831	(19,160)	-	-	33,591
Albert Reckitt	44,376	69,236	(96,358)	-	-	17,254
Stein Arnold	5,729	6,928	(5,282)	-	-	7,375
Thank Offering to Britain	52,610	31,055	(36,761)	-	-	46,904
S T Lee	2,652	4,099	(184)	-	-	6,567
Marc Fitch	40,313	15,140	(18,759)	-	-	36,694
Other restricted income	66,872	26,002	(32,714)	-	-	60,160
	397,897	240,975	(251,485)	-	-	387,387
Total restricted funds	7,141,049	14,857,748	(15,665,430)	(149,101)	879,210	7,063,476
Endowment fund						
Webster	265,531	-	-	-	56,334	321,865
TOTAL FUNDS	9,770,034	15,765,415	(16,380,425)	-	1,343,226	10,498,250

THE BRITISH ACADEMY
NOTES TO THE ACCOUNTS YEAR ENDED 31 MARCH 2006

15. NET MOVEMENT IN FUNDS (Continued)

Designated Funds

Designated funds have been set aside for the following purposes:

Academy Development Fund	Any donations received, unless otherwise specified, are added to this Fund established in 1991, of which a significant proportion was donated by Fellows themselves. This 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.
Publications	This fund covers the estimated direct costs of work in progress for one year, to take into account the uncertainties of the income stream, and make no call on public funds for direct costs.
Repairs and Maintenance Fund	To cover unforeseen capital repairs relating to the building which will be reviewed annually.
External Redecoration Fund	To set aside sufficient public funds to enable the Academy to comply with its obligation, under the lease with the Crown Estate, to redecorate the exterior of its building every four years.
Web Development Fund	To cover the cost of redesigning the website to be reviewed annually.

Restricted Funds

In addition to its Grant-in-Aid, the Academy also has at its disposable private funds arising from gifts and legacies, from contributions made by the Academy's Fellows, and from grants made by research foundations. These funds are applied for the following restricted purposes. Amounts included in restricted investment funds are the amounts set aside and invested from these contributions to generate income:

Lexicon of Greek Personal Names	Funds a project to provide researchers in all fields of classical studies with a comprehensive and authoritative compilation of ancient Greek personal names.
Leverhulme Senior Research Fellowships	Funds seven awards which allows established scholars to undertake or complete programmes of sustained research for a duration of one year.
Medieval Latin Dictionary – Packard	Funds a project to compile a dictionary recording the usage of Latin during the medieval period in the British Isles and charts the medieval developments of the language.
Other funds administered	These five funds support a few small awards for research, publication and education related to the promotion of the humanities and social sciences.
Elisabeth Barker Fund	To support studies in recent European history, particularly the history of central and eastern Europe.
Browning Fund	To fund original research, or its publication, in the field of British history in the early modern period with particular reference to the Seventeenth Century.
Caton Thompson Fund	For the furtherance of archaeological research, whether in the field or in publication, by scholars selected preferably but not necessarily from the Fellows of the Academy.
Leopold Schweich Fund	Funds lectures, and their publication, on subjects relating to the archaeology, art, history, languages and literature of Ancient Civilization with reference to Biblical Study.

THE BRITISH ACADEMY
NOTES TO THE ACCOUNTS YEAR ENDED 31 MARCH 2006

Stenton Fund	To benefit three undertakings: <i>Syllogue of Coins of the British Isles, the Seldon Society, and the Pipe Roll Society.</i>
Albert Reckitt Fund	Funds a biennial lecture and annual awards for the exploration and excavation of ancient sites and the preservation and exhibition of objects discovered, and the publication of results.
Stein Arnold Fund	Funds research on the antiquities, historical geography, early history or arts in parts of Asia.
Thank Offering to Britain Fund	To fund the equivalent of a Senior Research Fellowship.
Marc Fitch Fund	Funds a fellowship allowing postdoctoral scholars to have three years to work on a major programme of research and gain teaching experience.
S T Lee Fund	This is a new fund to provide for a visiting lectureship on a topic related to the humanities or social sciences.
Other restricted funds	Twenty-three funds: to fund awards for, and lectures on, scholarly research in the humanities and social sciences.

The Carlton House Terrace Fund has been set up in the year as described in note 14.

Endowment Fund

The endowment fund shown represents assets which must be permanently held by the Academy. The original purposes for which the income generating from this fund is to be applied is shown in the restricted table below.

Webster Fund	For entertaining and representation overseas, and the better administration of the Academy.
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16. NET ASSET FUNDS

	Fixed assets £	Investments £	Net current assets £	Total assets £
General	-	-	63,907	63,907
Designated	-	2,329,308	719,694	3,049,002
Restricted	1,220,606	5,243,092	599,778	7,063,476
Endowment	-	321,865	-	321,865
	1,220,606	7,894,265	1,383,379	10,498,250
	1,220,606	7,894,265	1,383,379	10,498,250

THE BRITISH ACADEMY
NOTES TO THE ACCOUNTS YEAR ENDED 31 MARCH 2006

17. PENSION SCHEME

The Academy participates in a centralised defined benefit scheme for all qualified employees with the assets held in separate Trustee-administered funds. The Academy has now 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 pension costs are based on the amounts actually paid (ie cash amounts) in accordance with paragraphs 8 - 12 of FRS17.

The scheme is subject to triennial valuation by professionally qualified and independent actuaries. The last available valuation was carried out as at 31 March 2005 using the projected unit credit method in which the actuarial liability makes allowance for projected earnings. The following assumptions were used to assess the past service funding position and future service liabilities:

Valuation method	Projected unit	
	Past Service	Future Service
Investment return on liabilities		
- before retirement	5.5% p.a.	6.5% p.a.
- after retirement	4.5% p.a.	4.5% p.a.
Salary growth (excluding an allowance for promotional increases)	4.15% p.a.	4.15% p.a.
Pension increases	2.65% p.a.	2.65% p.a.

The actuarial valuation applies to the scheme as a whole and does not identify surpluses or deficits applicable to individual Employers. As a whole, the market value of the scheme's assets was £982 million representing 93% of the liability for benefits after allowing for expected future increases in salaries.

Following the two informal funding reviews at 31 March 2004 and 31 March 2003, the Trustee of SAUL has undertaken a significant consultation exercise with Employers and representatives of Members regarding the level of contributions payable to SAUL.

Following this consultation, the Employers have agreed to contribute 13.0% of Salaries from August 2006 (currently 10.5% of Salaries), an increase of 2.5% of Salaries. Member contributions are also to increase, by 1.0% of Salaries to 6.0% of Salaries with effect from the same date.

Employers who have recently joined SAUL ("New Employers") and certain employee groups (as agreed by the Trustee of SAUL), will pay 19.2% of Salaries per annum from August 2006 until the second actuarial valuation after entry (or some other period as agreed with the Trustee).

A comparison of SAUL's assets and liabilities calculated using assumptions consistent with FRS17 revealed the Scheme to be broadly balanced at the last formal valuation date (31 March 2005).

The next formal actuarial valuation is due at 31 March 2008 when the above rates will be reviewed.

The pension cost relating to this scheme charged to the SOFA for the year was £96,069 (2005: £89,924).

18. LEASE COMMITMENTS

The Academy has an annual commitment of £470,000 (2005: £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 £37,735 in respect of a lease for a photocopier and £178,178 (2005: £186,146) in respect of publishing commitments.

THE BRITISH ACADEMY
INCOME AND EXPENDITURE ACCOUNT YEAR ENDED 31 MARCH 2006

	2006		2005	
	£	£	£	£
Income				
Core grant income				
Office of Science and Technology	14,050,000		-	
Department for Skills and Education	-		3,650,000	
Grants returned in year	165,855		176,878	
Other grants	49,213		21,870	
	14,265,068		13,848,748	
Grants received for funds administered by the Academy		347,583		344,917
Donations		59,438		40,616
Rent and hire of rooms		471,867		486,828
Publications income		194,097		192,714
Grants and donations released from deferred income		-		95,902
Investment income including bank interest receivable		326,683		241,410
Subscriptions		73,980		72,525
Other income		26,699		-
Total income		15,765,415		15,323,660
Expenditure				
Grants, awards and charitable activities		13,557,206		12,341,675
Staff costs		1,300,427		1,248,539
Depreciation		156,203		158,608
Other operating expenses		1,366,589		1,479,679
Total expenditure		16,380,425		15,228,501
Net income before gains on investments		(615,010)		95,159
Realised gains on investments		112,550		367,447
Unrealised gains on investments		1,230,676		54,050
Result for the year		728,216		516,656

This page does not form part of the statutory financial statements.