

THE ROYAL UNITED SERVICES INSTITUTE FOR DEFENCE AND SECURITY STUDIES

England & Wales · Charity number 210639

Details

Other names	THE ROYAL UNITED SERVICES INSTITUTE FOR DEFENCE STUDIES, R U S I
Status	Registered
Legal form	Other
Company number	RC000531
Registered	1962-10-04
Register	View on the Charity Commission register

Contact

Address	Rusi Whitehall London SW1A 2ET
Phone	0207 747 2600
Email	director@rusi.org
Website	www.rusi.org

Activities

Objects: THE PROMOTION AND ADVANCEMENT OF THE SCIENCE AND LITERATURE OF THE THREE SERVICES

Activities: RUSI is the UK's leading independent think tank on international defence and security. Its mission is to be an analytical research-led global forum for informing, influencing and enhancing public debate on a safer and more stable world.

Classification

- **How:** Provides Services, Sponsors Or Undertakes Research, Other Charitable Activities
- **What:** Other Charitable Purposes
- **Who:** The General Public/mankind

Geography

- Belgium
- Kenya
- United States
- City Of Westminster

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£16,616,542	£16,561,198	£16,946,416	113
2024-03-31	£18,715,927	£18,172,618	£17,836,548	125
2023-03-31	£16,800,162	£15,991,716	£8,539,593	127
2022-03-31	£15,367,601	£11,848,010	£12,192,945	115
2021-03-31	£11,130,492	£9,393,083	£13,599,746	93

Trustees

Name	Role	Appointed
The Duke of Wellington Charles Wellesley OBE DL	Chair	2016-12-01
Admiral Sir Philip Andrew Jones GCB DL		2020-07-16
Baroness Poppy Gustafsson CBE		2026-01-09
Divyata Ashiya		2022-07-18
General Sir Nicholas Patrick Carter		2022-10-20
Janice Elizabeth Hall		2020-04-16
Laurence Stephen Geller CBE		2019-07-18
Lord Peter Forbes Ricketts		2019-10-04
Rt Hon Amber Augusta Rudd		2020-12-15
Rt Hon John Whitaker Straw		2020-12-15
Sharon Thorne		2024-10-29
Sir Alexander Younger KCMG		2020-12-15
Suzanne Elizabeth Raine		2019-10-04

Linked charities

- TRENCH GASCOIGNE PRIZE FUND (210639-1)
- BRACKENBURY MEMORIAL FUND (210639-2)
- CHESNEY MEMORIAL FUND (210639-3)
- EARDLEY-WILMOT MEDAL FUND (210639-4)

Accounts

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



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

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2025

Charity No. 210639

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

The trustees are pleased to present their report and the audited financial statements for the year ended 31 March 2025.

OBJECTIVES AND ACTIVITIES

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

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

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

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

ACHIEVEMENTS AND PERFORMANCE

A fuller description of RUSI's achievements over 2024-25 is provided in the online Activity Summary, hosted on RUSI's website. The overview below is intended to provide the very top-level context of RUSI's activities in the twelve months being reported on.

Research and Publications

RUSI's research is relied on by politicians and policy makers around the globe, especially in the UK. Over the course of 2024-25 we issued more than 100 separate publications reflecting the full range of RUSI's research, alongside daily commentaries. We also regularly provide briefings and private publications to senior government officials.

Events

Central to RUSI's mission is our ability to provide a forum for debate on defence and security, and our convening power is second to none. Through a combination of annual lectures, set piece conferences and ad-hoc events, also totalling more than 100 across the year, we bring together major figures from across the worlds of defence, security and geopolitics. These events include set piece conferences, such as our two-day Land Warfare Conference, as well as recurring flagship lectures, such as the Annual Defence Lecture given by the Chief of the Defence Staff.

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Amplifying our Expertise

Recognising our duty to inform public debate, we aim for our researchers and experts to reach as wide an audience as possible. RUSI's staff and work featured in more than 45,000 news articles in the twelve months being reported on.

Our social media following continues to grow; we have around 150,000 followers on X and more than 50,000 on LinkedIn.

Our media and social media presence contribute significantly to brand awareness and help drive traffic to our website. In 2024-25 over 1.9m active users generated more than 8.5m page views.

Membership

RUSI members are the bedrock of the communities and groups we bring together to discuss defence, security and geopolitics. They also support RUSI's wider work, providing £1,576,353 (2024: £1,153,532) in income that helps enable RUSI to continue to operate and deliver on our charitable mission.

At the end of March 2025, 2,076 individuals and 212 organisations held RUSI membership. Organisational membership was broadly static, up from 210 a year previously. However, individual membership has risen notably, increasing from 1,837 at the end of March 2024. This 13% rise can be attributed to an increased efforts to market membership to lapsed and potential new members and a renewed focus on delivering events most closely aligned with member interests.

Leadership Centre

Our Leadership Centre offers bespoke executive education programmes for junior and senior diplomats and civil servants, senior military officials and the private sector, enabling their careers to flourish. It continues to expand in terms of the number and types of programmes offered.

61 Whitehall

Our historic Whitehall building is in near constant use. As well as providing the space for our researchers and staff to undertake their work and collaborate with one another, it hosts hundreds of events each year. The increasing demand to host external meetings, events and conferences provides another growing income stream for RUSI, generating over £300,000 in income in 2024-25.

Our Fundraising

RUSI's Development Office is responsible for philanthropic fundraising to support the work of the Institute and to help develop future sustainable sources of income.

Following the successful completion of the capital appeal for £13.5 million for the re-development of RUSI's 61 Whitehall home, the Development Office has been focused on three key objectives:

- i. Maintaining a close relationship with the donors who gave so generously to the capital appeal.
- ii. Supporting our research groups in identifying potential new sources of philanthropic support for their work.
- iii. Preparing for a potential new appeal in the future. For a new and potentially ambitious appeal to be successful, considerable effort is being put into identifying and building a pipeline of new donors.

The Institute complies with current guidance from the Charities Commission and the Fundraising Regulator where appropriate.

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Our People

RUSI employed 118 people at the end of March 2025 (66 researchers and 52 operational staff). This is a decrease from the 132 staff at the end of March 2024 and broadly a return to staff levels seen at the end of the 2022-23 financial year, when we had 116 employees. This reflects the completion of a number of projects as well as the spin-off of our Open Source Intelligence Analysis Research Group.

There have been significant changes in senior leadership with a new Director General, Rachel Ellehuus, who replaced Karin von Hippel in January 2025 and a new Chief Financial Officer, Neil Tomkins, who joined in February 2025. Subsequent to the reporting year, we have hired a new Head of Human Resources, Sophie Tait, and are currently recruiting for a new Director of Research and new Director of Development.

We would like to thank Karin for her significant contribution to RUSI over many years and the transformation she helped lead. We are delighted to have welcomed Rachel and Neil who are already making a substantive impact and positioning RUSI for greater success.

FINANCIAL REVIEW

Overview

With a decrease in gross income, the Institute managed its expenditure over the course of 2024-25 and ended the year with a small surplus at Net Income level. An upwards valuation on the property at 61 Whitehall combined with the Net Income to generate a positive movement on funds in the year of £712,872 and Net Assets ended at £16,946,416 at 31 March 2025. However, it is important to note that the inclusion of a prior year adjustment to correct historic VAT has meant that the opening balance of funds at 1 April 2024 has been restated at £1,603,004 below the figures reported in last year's financial statements.

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

A provision of £1,800,000 has been created at 31 March 2025 to cover the historic liabilities and interest. Given that the majority of the provision relates to 2023/24 and before, a prior year adjustment has been made. This is outlined in Note 17 in the financial statements.

Income & Expenditure

Total gross income of the Institute decreased to £16,616,542, down by 11% on the previous 12 months, £12,462,354 of which is in unrestricted funds (2024 restated: £13,670,709). The principal source of funding is research activity, which accounts for 74% of total gross income. This fell by £2,169,081 in the year due principally to the end of some long-running funded projects and the Open Source Intelligence Analysis team moving out of house. Other sources of funding are donations, membership subscriptions, conferences and events, and publications. Donations are recognised when payments are received and hence this figure can vary considerably year on year. In 2024-25 donations, grants and gifts of £1,629,432 were lower than the previous year by £708,622. Nevertheless, the remaining sources of income showed a positive trend with growth of £785,218 over the prior year mainly driven by a significant increase in subscriptions and a rise in income from events.

With lower levels of research income, operating costs were also reduced. Underlying expenditure fell to £16,561,198 (2024 restated: £18,451,783) with charitable expenditure representing 94% of total expenditure.

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Overall, the Institute had net income for the year of £55,344 (2024 restated: £257,244), of which -£2,713,449 was in unrestricted funds and £2,768,793 was in restricted funds.

Balance Sheet

The Institute owns the freehold of its headquarters building at 61 Whitehall. The value of the freehold of the building was valued at £21,700,000 following the redevelopment work that was completed in July 2023. The annual assessment of value has resulted in an increase in the valuation to £22,500,000. The revaluation effect meant that the total movement in funds for the year was a healthy increase of £712,872 (2024: increase of £7,948,127).

The balance sheet shows net current assets of £1,671,943 (2024 restated: £1,851,838); the figure for current liabilities on the balance sheet includes subscriptions received in advance of £1,021,716 (2024: £928,535) which will be recognised as income in 2025-26. A provision has been included for VAT both at 31 March 2025 (£1,800,000) and by restating at 31 March 2024 (£1,603,004). Net assets at year-end have increased from £16,233,544 (as restated at 31 March 2024) to £16,946,416 at 31 March 2025 for the reasons outlined above.

The Institute has long-term borrowings of £9,041,414 (2024: £9,292,576) and total borrowings of £9,269,528 (2024: £9,580,526). These borrowings consist of a mortgage used to purchase the freehold of 61 Whitehall, and a development loan to help fund the redevelopment of the building. RUSI holds fundraising pledges that will be redeemed over the next 1 to 5 years which will be used to pay the outstanding development loan.

Subsidiary Undertakings

Incorporated in these results is the financial performance of the Institute's subsidiary RUSI Trading Ltd. The turnover of RUSI Trading Ltd was £830,039 (2024: £499,977) and the profit for the year was £437,060 (2024: £208,840).

These results also include those relating to the Royal United Services Institute (Nairobi) Limited, a company controlled by the Institute, incorporated in Kenya and limited by guarantee. Royal United Services Institute (Nairobi) Limited undertakes local research work on behalf of the Institute, on an exclusive basis, and does not have any additional trading activities. During the year, the Institute remitted funds totalling £238,490 (2024: £343,216) for this purpose. The expenses incurred in relation to the research projects undertaken by the Royal United Services Institute (Nairobi) Limited are included within the consolidated statement of financial activities. At 31 March 2025, Royal United Services Institute (Nairobi) Limited retained cash at bank and in hand of £64,784 (2024: £64,989).

The results also include those of RUSI Europe, an international not-for-profit organisation ("AISBL") based in Brussels. RUSI Europe studies, promotes, debates and reports on issues relating to international defence and security in Europe and abroad. Research projects undertaken in RUSI Europe during the year generated a net loss of £125,027 (2024: net income of £219,444). These results are included within the consolidated statement of financial activities. At 31 March 2025 RUSI Europe retained cash at bank and in hand of £295,511 (2024: £142,536).

Reserves

The Institute's total funds at 31 March 2025 stand at £16,946,416 (2024 restated: £16,233,544) of which £3,599,405 (2024: £2,387,924) is restricted and not available for the general purposes of the charity. The general fund stands at £4,998,600 (2024 restated: £6,154,737) and the revaluation reserve at £8,348,411 (2024 restated: £7,690,883).

RUSI defines its free reserves as the general fund. Five years ago, the trustees set a target for the Institute to aim to maintain, in normal circumstances, unrestricted reserves sufficient to cover future operating expenditure for at least six months. At 31 March 2025 the unrestricted reserves (General Fund) of £4,998,600 represented 5.4 months of budgeted expenditure for the subsequent year (2024 restated: 6.1 months).

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Risks

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

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

- The risk that data security and IT systems of the Institute are compromised in some way leading to a loss of data and reputation as well as possible breaches of the Data Protection Act 1998 and GDPR.

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

The Cyber Security Committee, a subcommittee of the Council of Trustees, provides governance over cyber security risk at the Institute and the risk-management of cyber security issues.

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

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

***Plan/strategy to manage this risk:** The Institute manages this risk by ensuring that staff are remunerated competitively, and there are open and regular communications channels with staff at all levels, not only during the annual appraisal process, but throughout the year. For example, the new Director General has introduced monthly Town Halls and regular email updates from the senior management team to staff, and we retain existing channels such as the Staff Committee, an anonymous staff questions form, and staff surveys. There have been several recent initiatives not only on staff well-being and mental health, but also on improving diversity and inclusion. Staff data and sentiment (via the surveys) are reviewed on a regular basis by Trustees. Improving the Professional Development of staff will be a priority for the coming year.*

- The Institute continues to be concerned about high interest rates and inflation, along with other external economic conditions. In particular, high interest rates make the servicing of RUSI's borrowings more expensive, inflation puts pressure on costs, including staff costs, and poor economic growth may reduce the scope of funders to commission research and deter others from giving us donations or other financial support.

***Plan/strategy to manage this risk:** The Institute continues to monitor the situation as it develops and is pleased that it now holds a significant free reserve which provides some security against the uncertainty of deteriorating external conditions. At the same time, the Institute continues to watch closely its income pipeline, to hold down costs wherever it can, and to diversify its income streams as much as possible. Cashflow forecasts are made and cash is managed to ensure that there are sufficient funds available to support immediate and medium-term operating activities.*

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Plans for Future Periods

With the appointment of a new Director-General and other changes in the senior leadership of the Institute and its Trustees, work is underway to update RUSI's long-term strategic plan. This plan will be in place for the next annual reporting cycle.

While RUSI's overall purpose and objectives as set out at the start of this statement will remain the same, the new plan will take advantage of and invest in our strengths, including our people and the quality of our research, our overall brand, and our locations in London and Brussels.

The unpredictable and volatile strategic environment globally has increased demand for RUSI expertise. We intend to meet this demand by leveraging our existing research teams to conduct more innovative, cross-cutting research in five areas:

- i. International Systems Realignment
- ii. Economic Security and Societal Resilience
- iii. Technological Change on the Battlefield and in the Armed Forces
- iv. Defence Industrial and Supply Chain Solutions
- v. Climate, Energy and Strategic Resilience

The new plan will also take steps to diversify our sources of funding and reduce the percentage of our gross income derived from research funding. We expect this will be accomplished through a combination of the following:

- Significantly increasing our income from membership, both individual and corporate.
- Steadily increasing our income from the Leadership Centre.
- Continuing to increase our income from the hiring out of 61 Whitehall for external events.
- Philanthropic activities centred on a Strategic Appeal fundraising campaign to celebrate our Bicentenary in 2031.
- Exploring a broadening of RUSI's advisory work and/or syndication of our research and data.

As before, to safeguard the Institute and to protect staff against unforeseen shocks, we will continue to target maintaining six months of operating spending as unrestricted reserves.

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STRUCTURE, GOVERNANCE AND MANAGEMENT

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

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

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

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

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

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

RUSI Trading Limited is the wholly owned trading subsidiary of the charity. Its results are consolidated within the group financial statements (see note 10 for further details).

The following organisations are also controlled by RUSI:

RUSI (US) Foundation, a US 501 (c) (3) tax-exempt charity with its own board of trustees,
Royal United Services Institute (Nairobi) Limited, a company incorporated in Kenya and limited by guarantee,
RUSI Europe, an AISBL established in Belgium.

REFERENCE AND ADMINISTRATIVE DETAILS

The charity registration number is 210639.

The principal address of the charity is:

61 Whitehall
London
SW1A 2ET

The Patron

His Majesty The King

The President

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

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Senior Vice Presidents

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

Trustees

Ms Divyata Ashiya
General Sir Nick Carter GCB CBE DSO
Mr Laurence Geller CBE
Ms Jan Hall OBE
Admiral Sir Philip Jones GCB DL
The Rt. Hon. Sir David Lidington KCB CBE – **Chair**
Mr Rageh Omaar
Ms Suzanne Raine
The Lord Ricketts GCMG GCVO – **Vice-Chair**
The Rt. Hon. Amber Rudd
The Rt. Hon. Jack Straw
Ms Sharon Thorne (appointed 21 October 2024)
His Grace the Duke of Wellington OBE DL
Sir Alexander Younger KCMG

The Advisory Board

The Rt. Hon. the Lord Arbuthnot of Edrom
Mr Rory Bremner FKC
The Rt Hon Lord Campbell of Pittenweem CH CBE QC
Mr Chris DiBona
Dr Comfort Ero
Mr David Giampaolo
Mr Reade Griffith
Mr Shashank Joshi
Mr Matthew Kirk
Dame Mariot Leslie
Dr Greg Mills
Mr Harper Reed
Ms Ritula Shah
Mr Oliver Waghorn
Ms Caroline Wyatt

Senior Management

Dr Karin von Hippel – Director-General (resigned 6 January 2025)
Ms Rachel Ellehuus – Director-General (appointed 6 January 2025)
Mr Andre Meyer – Interim Chief Finance Officer and Chief Operating Officer (resigned 11 February 2025)
Mr Neil Tomkins – Chief Finance Officer (appointed 11 February 2025)
Professor Malcolm Chalmers – Deputy Director-General (resigned 1 August 2025)
Dr Jonathan Eyal – Associate Director, Strategic Research Partnerships

Principal Advisers:

Auditors

Price Bailey LLP
24 Old Bond Street
London
W1S 4AP

Bankers

HSBC Bank PLC
69 Pall Mall
London
EC2M 1QS

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

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

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

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

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

Signed on behalf of the Council of Trustees



Sir David Lidington KCB CBE
Chairman

25 September 2025

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

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

Opinion

We have audited the financial statements of the Royal United Services Institute for Defence and Security Studies (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 March 2025 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charity Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 March 2025 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

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INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the group and parent charity financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

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

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

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

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

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

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

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

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

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

This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Price Bailey LLP

Statutory Auditor

24 Old Bond Street, London

W1S 4AP

Date: 30 September 2025

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

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2025**

	Note	Unrestricted Funds 2025 £	Restricted Funds 2025 £	Year to 31-Mar 2025 £	Year to 31-Mar 2024 (Restated)* £
Income					
Donations, grants and gifts		983,465	645,967	1,629,432	2,338,054
Charitable activities		10,643,511	3,508,221	14,151,732	15,870,715
Other trading activities		830,039	-	830,039	499,977
Income from investments		5,339	-	5,339	281
Total income and endowments	2	<u>12,462,354</u>	<u>4,154,188</u>	<u>16,616,542</u>	<u>18,709,027</u>
Expenditure					
Raising funds		1,016,729	-	1,016,729	924,590
Charitable activities		14,159,074	1,385,395	15,544,469	17,527,193
Total expenditure	3	<u>15,175,803</u>	<u>1,385,395</u>	<u>16,561,198</u>	<u>18,451,783</u>
Net income/(loss)	3	<u>(2,713,449)</u>	<u>2,768,793</u>	<u>55,344</u>	<u>257,244</u>
Transfers between funds	15	1,557,312	(1,557,312)	-	-
Other recognised gains/(losses)					
Revaluation of freehold land and buildings	5	657,528	-	657,528	7,690,883
Net movement in funds		<u>(498,609)</u>	<u>1,211,481</u>	<u>712,872</u>	<u>7,948,127</u>
Opening Funds as previously stated		15,448,624	2,387,924	17,836,548	8,539,593
Prior Year Adjustments	17	(1,603,004)	-	(1,603,004)	(254,176)
Adjusted Opening Balances		<u>13,845,620</u>	<u>2,387,924</u>	<u>16,233,544</u>	<u>8,285,417</u>
Balances at 31 March 2025	14	<u><u>13,347,011</u></u>	<u><u>3,599,405</u></u>	<u><u>16,946,416</u></u>	<u><u>16,233,544</u></u>

Of the consolidated income and expenditure, **£14,242,224** (2024 restated: £15,986,726) of income and **£14,348,697** (2024 restated: £18,034,831) of expenditure relate to the charity.

*See note 17 for Prior Year Adjustment detail.

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

The accompanying notes on pages 18 to 32 form an integral part of these financial statements.

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2025**

		31 March 2025		31 March 2024 (Restated)*	
	Note	£	£	£	£
Tangible Fixed Assets	5a		22,937,501		22,310,469
Heritage Assets	5b		1,378,386		1,363,813
			24,315,887		23,674,282
Current Assets					
Debtors	6	4,675,869		9,509,030	
Cash At Bank		5,078,495		1,964,932	
		9,754,364		11,473,962	
Creditors					
Amounts Falling Due Within One Year					
Creditors	7	6,054,307		7,731,170	
Bank Loan	8	228,114		287,950	
Provisions	9	1,800,000		1,603,004	
		8,082,421		9,622,124	
Net Current Assets			1,671,943		1,851,838
Total Assets Less Current Liabilities			25,987,830		25,526,120
Amounts Falling Due After More Than One Year	8		9,041,414		9,292,576
Net Assets			16,946,416		16,233,544
Funds Employed					
Unrestricted Fund - General Fund	14		4,998,600		6,154,737
Unrestricted Fund - Revaluation Reserve			8,348,411		7,690,883
Restricted Funds	15		3,599,405		2,387,924
Net Assets			16,946,416		16,233,544

* See note 17 for Prior Year Adjustment detail.

The financial statements were approved and authorised for issue by the trustees on 22 September 2025.



Sir David Lidington KCB CBE
Chairman



The Lord Ricketts GCMC GCVO
Vice-Chairman

The accompanying notes on pages 18 to 32 form an integral part of these financial statements.

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
CHARITY BALANCE SHEET
AS AT 31 MARCH 2025**

		31 March 2025		31 March 2024 (Restated)*	
	Note	£	£	£	£
Tangible Fixed Assets	5a		22,921,418		22,282,208
Heritage Assets	5b		1,378,386		1,363,813
Investment in Subsidiary	10		100		100
			24,299,904		23,646,121
Current Assets					
Debtors	6	3,929,456		6,648,190	
Cash At Bank		4,057,416		1,424,213	
		7,986,872		8,072,403	
Creditors					
Amounts Falling Due Within One Year					
Creditors	7	5,349,642		5,218,444	
Bank Loan	8	228,114		287,950	
Provision for VAT	9	1,800,000		1,603,004	
		7,377,756		7,109,398	
Net Current Assets			609,116		963,005
Total Assets Less Current Liabilities			24,909,020		24,609,126
Amounts Falling Due After More Than One Year	8		9,041,414		9,292,576
Net Assets			15,867,606		15,316,550
Funds Employed					
Unrestricted Fund - General Fund	14		3,919,790		5,237,743
Unrestricted Fund - Revaluation Reserve			8,348,411		7,690,883
Restricted Funds	15		3,599,405		2,387,924
Net Assets			15,867,606		15,316,550

* See note 17 for Prior Year Adjustment detail.

The financial statements were approved and authorised for issue by the trustees on 22 September 2025

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The accompanying notes on pages 18 to 32 form an integral part of these financial statements.

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2025**

	Year to 31 March <u>2025</u> £	Year to 31 March <u>2024(Restated)*</u> £
Cash flows from operating activities:		
Net cash generated/(absorbed) by operating activities	3,592,266	(547,987)
Cash flows from investing activities:		
Interest from investments	5,339	281
Purchase of property, plant and equipment	(158,471)	(3,356,798)
Purchase of heritage assets	(14,573)	(7,558)
Cash flows from financing activities:		
Repayments of borrowing	(310,998)	(36,679)
Cash inflows from new borrowing	-	2,673,170
<i>Net cash from financing activities</i>	(310,998)	2,636,491
<i>Change in cash and cash equivalents in the reporting period</i>	3,113,563	(1,275,571)
Cash and cash equivalents at the beginning of the reporting period	1,964,932	3,240,503
<i>Cash and cash equivalents at the end of the reporting period</i>	5,078,495	1,964,932
Reconciliation of net income/(expenditure) to net cash flow from operating activities		
Net income for the reporting period (as per The Statement of Financial Activities)	55,344	257,244
Adjustments for:		
Depreciation charges	188,967	243,513
Dividends, interest and rent from investments	(5,339)	(281)
Decrease/(increase) in debtors	4,833,161	(200,391)
(Decrease) in creditors	(1,479,867)	(848,073)
<i>Net cash generated/(absorbed) by operating activities</i>	3,592,266	(547,987)
Analysis of cash and cash equivalents		
Cash in hand	5,078,495	1,964,932
<i>Total cash and cash equivalents</i>	5,078,495	1,964,932

* See note 17 for Prior Year Adjustment detail.

The accompanying notes on pages 18 to 32 form an integral part of these financial statements.

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

1. ACCOUNTING POLICIES

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

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

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

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

a) Going concern

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

b) Recognition of income

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

Income relating to conferences, events and facilities hire is recognised at the date of the event. Income relating to research contracts is recognised over the duration of the contract term or based on specific deliverables as determined by the terms of each contract.

c) Expenditure

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

d) Operating leases

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

e) Tangible fixed assets

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

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

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

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

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

f) Fund accounting

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

The revaluation reserve represents the accumulated adjustments to the value of the building at 61 Whitehall over time. At the balance sheet date it stands at £8,348,411 (2024 restated: £7,690,883).

g) Heritage assets

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

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

h) Foreign currency

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

i) Retirement Benefits

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

j) Trade debtors

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

k) Creditors and provisions

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

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

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

m) Donated goods, facilities and services

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

2 ANALYSIS OF INCOME

	Unrestricted Funds 2025	Restricted Funds 2025	Year to 31 March 2025	Year to 31 March 2024
	£	£	£	£
Donations, grants and gifts	983,465	645,967	1,629,432	2,338,054
Other Trading activities	830,039	-	830,039	499,977
Income from charitable activities				
Conferences and events	85,754	-	85,754	27,671
Research	8,818,739	3,508,221	12,326,960	14,496,041
Subscriptions	1,576,353	-	1,576,353	1,153,532
Publications	162,665	-	162,665	193,471
Income from Investments				
Bank deposit interest received	5,339	-	5,339	281
Total income	12,462,354	4,154,188	16,616,542	18,709,027

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

In the year ended 31 March 2024, restricted funds income was £5,038,318 split into £2,462,145 in the form of donations and £2,576,173 in the form of research.

3 ANALYSIS OF EXPENDITURE

Total costs of activities comprise:

	Staff Costs	Direct Costs	Allocated Costs	Year to 31 March 2025	Year to 31 March 2024 (Restated)
	£	£	£	£	£
Other Trading activities	251,043	35,282	120,562	406,887	240,095
Fundraising	241,486	118,768	249,588	609,842	684,495
Total costs of raising funds	492,529	154,050	370,150	1,016,729	924,590
Conferences and Events	130,544	112,403	13,841	256,788	199,979
Research	5,000,517	5,034,378	1,976,220	12,011,115	13,856,719
Publications	595,254	70,557	26,255	692,066	683,051
Membership	222,163	120,492	241,021	583,676	577,189
Other support to members	1,828,151	-	41,088	1,869,239	2,073,695
Governance costs	84,216	33,959	13,410	131,585	136,560
Total cost of charitable activities	7,860,845	5,371,789	2,311,835	15,544,469	17,527,193
	8,353,374	5,525,839	2,681,985	16,561,198	18,451,783

Allocated costs comprise:

	Establishment	Finance and Admin	Other	Year to 31 March 2025	Year to 31 March 2024 (Restated)
Facilities /room Hire	15,395	84,454	20,713	120,562	99,086
Fundraising	31,870	174,838	42,880	249,588	374,710
Conferences and Events	1,767	9,696	2,378	13,841	4,620
Research	252,347	1,384,349	339,524	1,976,220	2,404,428
Publications	3,353	18,391	4,511	26,255	32,299
Membership	30,776	168,836	41,409	241,021	176,960
Other support to members	5,247	28,782	7,059	41,088	23,488
Governance costs	1,712	9,394	2,304	13,410	7,808
	342,467	1,878,740	460,778	2,681,985	3,123,399

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

	Group and Charity Year to 31 March 2025	Group and Charity Year to 31 March 2024
	£	£
Total expenditure includes:		
Salaries and wages	6,556,365	6,500,849
Pension costs - defined contributions scheme	535,760	553,864
National Insurance	803,355	800,112
Holiday pay reserve	-	176,184
	7,895,480	8,031,009

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

	Group and Charity Year to 31 March 2025	Group and Charity Year to 31 March 2024
The average number of staff employed during the year was:	No	No
	113	125
Employees remuneration between £60,000 and £69,999	7	10
Employees remuneration between £70,000 and £79,999	7	8
Employees remuneration between £80,000 and £89,999	2	6
Employees remuneration between £90,000 and £99,999	5	1
Employees remuneration between £100,000 and £109,999	1	3
Employees remuneration between £110,000 and £119,999	3	0
Employees remuneration between £120,000 and £129,999	0	1
Employees remuneration between £130,000 and £139,999	1	0
Employees remuneration between £150,000 and £159,999	1	0
Employees remuneration between £160,000 and £169,999	0	0
Employees remuneration between £170,000 and £179,999	1	1
Employees remuneration between £180,000 and £189,999	0	1

The following key management personnel received a total of £707,432 (2024: £722,987) in remuneration and benefits:

Malcolm Chalmers
Jonathan Eyal
Rachel Ellehuus
Karin von Hippel
André Meyer
Neil Tomkins

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

Karin von Hippel £167,167 (2024: £230,277)
Rachel Ellehuus £54,522 (2024: NA)

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

		Group and Charity Year to 31 March <u>2025</u>	Group and Charity Year to 31 March <u>2024</u>
		£	£
Net income for the year is stated after charging:			
Auditor's remuneration for :	Audit fees	54,202	43,200
	(over)/under accrual in prior years	(44,045)	8,000
Depreciation		188,967	243,513
Operating lease rentals	-plant and machinery	27,814	19,604
	-land and buildings	-	326,920

		Group and Charity Year to 31 March <u>2025</u>	Group and Charity Year to 31 March <u>2024</u> (Restated)
		£	£
Governance costs comprise:			
Staff costs		84,216	77,682
Establishment costs		1,712	959
Administration costs		3,469	1,746
Finance costs		39,884	54,767
Other costs		2,304	1,406
		<u>131,585</u>	<u>136,560</u>

No remuneration was paid to the trustees in the current or preceding periods. In the current period no trustee has been reimbursed expenses in connection with services provided to the Charity (2024: Nil).

4 TAXATION

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

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

5a. TANGIBLE FIXED ASSETS – Group and Charity

	Freehold land & buildings £	Other Tangible Fixed Assets £	Total £
Cost or value			
At 1 April 2024	21,700,000	1,165,882	22,865,882
Additions	142,472	15,999	158,471
Revaluation	657,528	-	657,528
At 31 March 2025	22,500,000	1,181,881	23,681,881
Accumulated depreciation			
At 1 April 2024	-	555,413	555,413
Charge for the year	-	188,967	188,967
At 31 March 2025	-	744,380	744,380
Net book value			
At 31 March 2025	22,500,000	437,501	22,937,501
At 31 March 2024	21,700,000	610,469	22,310,469

All the fixed assets of the Institute are held for charitable purposes. The net book value of **£437,501** (2024: £610,469) in relation to other tangible fixed assets comprises leasehold improvements of **£3,476** (2024: £9,550) and office equipment and fittings of **£434,025** (2024: £600,919).

A full valuation of freehold land and buildings was undertaken by Savills, a firm of chartered surveyors, as at 31 March 2024, this gave a valuation of the freehold land and buildings of £21.7m. The annual assessment of value as at 31 March 2025 resulted in an increase in the valuation to £22.5m.

5b. HERITAGE ASSETS—Group and Charity

	Paintings Silverware, Furniture Marble £	Library Books £	Total £
Cost or value and Net Book Amount			
At 1 April 2024	915,668	448,145	1,363,813
Additions	14,573	-	14,573
At 31 March 2025	930,241	448,145	1,378,386

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

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

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

Five-year summary of heritage asset transactions

	<u>2025</u>	<u>2024</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
	£	£	£	£	£
Additions					
Purchases	14,573	7,558	10,550	-	-
Donations	-	-	-	-	3,360

6 DEBTORS

	Group Year to 31 March <u>2025</u>	Charity Year to 31 March <u>2025</u>	Group Year to 31 March <u>2024</u>	Charity Year to 31 March <u>2024</u>
	£	£	£	£
Trade debtors	2,318,992	1,972,627	5,499,190	4,771,898
Sundry debtors and prepayments	2,356,877	1,477,123	4,009,840	1,425,108
Amounts owed by group undertaking	-	479,706	-	451,184
	<u>4,675,869</u>	<u>3,929,456</u>	<u>9,509,030</u>	<u>6,648,190</u>

7 CREDITORS

	Group Year to 31 March <u>2025</u>	Charity Year to 31 March <u>2025</u>	Group Year to 31 March <u>2024</u>	Charity Year to 31 March <u>2024</u>
	£	£	£	£
Trade creditors	538,094	436,286	917,310	504,420
Sundry creditors and accruals	1,413,697	1,227,277	1,712,587	880,013
Deferred income	4,102,516	3,492,074	5,101,273	3,736,390
Amount owed to group undertaking	-	194,005	-	97,621
	<u>6,054,307</u>	<u>5,349,642</u>	<u>7,731,170</u>	<u>5,218,444</u>

Analysis of movement in deferred income

Group and charity

	Balance at 1 April 2024 £	Income Released in Year £	Income Deferred in Year £	Exchange Diff £	Balance at 31 March 2025 £
Deferred research income	4,172,738	(2,831,958)	1,740,599	(579)	3,080,800
Subscriptions in advance	928,535	(928,535)	1,021,716	-	1,012,716
	<u>5,101,273</u>	<u>(3,760,493)</u>	<u>2,762,315</u>	<u>(579)</u>	<u>4,102,516</u>

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8 AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	Group Year to 31 March 2025 £	Charity Year to 31 March 2025 £	Group Year to 31 March 2024 £	Charity Year to 31 March 2024 £
Loans	9,041,414	9,041,414	9,292,576	9,292,576
Loans are repayable as follows:-				
	Group Year to 31 March 2025 £	Charity Year to 31 March 2025 £	Group Year to 31 March 2024 £	Charity Year to 31 March 2024 £
Within one year	228,114	228,114	287,950	287,950
Between two and five years	9,041,414	9,041,414	9,292,576	9,292,576
	9,269,528	9,269,528	9,580,526	9,580,526

Loans consist of the following advances:

1. A £5.8 million loan was drawn for the purpose of assisting with the purchase of the freehold interest in 61 Whitehall. The term of the loan was 10 years from 27 March 2015 with the interest rate being 2.5% per annum over the Bank of England base rate. However, from 27 March 2018, for a period of 60 months, the interest rate was fixed at 3.75%. With the expiration of the fixed rate arrangement, this facility was replaced by a new agreement dated 23 May 2023 in the sum of £5.1 million. The term of the loan is 5 years from 23 May 2023 with the interest rate being 1.75% above the Bank of England base rate. However, from 23 May 2023 for a period of 24 months, the interest rate was fixed at 6.29%. The loan has now reverted to the variable rate arrangement with effect from May 2025. The loan is secured by a first legal charge over the freehold property at 61 Whitehall. As at 31 March 2025 the outstanding balance on this loan was **£4,896,345** (2024: £5,062,258).
2. The group drew down £1,826,830 on 21 February 2023 from a £4.5million term loan facility, to assist in funding the redevelopment work at 61 Whitehall. Further drawdowns of £2,000,000 on 16 June 2023 and £673,170 on 31 July 2023 were undertaken to fully utilise the facility. The loan was scheduled to be repayable in full after 1 year and 3 months of the date of the drawdown and the interest rate to be paid on this facility was 2.75% per annum above the Bank of England base rate. This facility was replaced by a new agreement dated 23 January 2024 for £4.5 million. The term of the loan is 5 years from 23 January 2025 with the interest rate being 1.75% over the Bank of England base rate. The loan is secured by a legal charge over the freehold property at 61 Whitehall. As at 31 March 2025 the outstanding balance on this loan was **£4,373,183** (2024: £4,518,268).

9 PROVISIONS

	Group Year to 31 March 2025 £	Charity Year to 31 March 2025 £	Group Year to 31 March 2024 (Restated) £	Charity Year to 31 March 2024 (Restated) £
Provision for VAT	1,800,000	1,800,000	1,603,004	1,603,004

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

A provision of £1,800,000 has been created at 31 March 2025 to cover the historic liabilities and interest. Given that the majority of the provision relates to 2023/24 and before, a prior year adjustment has been made. This is outlined in Note 17 below.

The movements on the provision in 2024/25 were as follows:

	£
Provision for VAT at 31 March 2024	1,603,004
Movement in 2024/25:	
Finance expenditure	168,061
Membership income	28,935
Total for 2024/25	196,996
Provision for VAT at 31 March 2025	<u>1,800,000</u>

10 INVESTMENT IN SUBSIDIARY

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

RUSI Trading Limited's profit and loss account for the year ended 31 March 2025 was as follows:

	Year to 31 March 2025 £	Year to 31 March 2024 £
Turnover	830,039	499,977
Expenses	(392,969)	(291,137)
Profit for the year before gift aid	437,060	208,840
Retained (loss) at 1 April 2023	-	(78,165)
Qualifying charitable donation to RUSI	(437,060)	(130,675)
Profit /(Loss) for the year	<u>-</u>	<u>-</u>

The profit in the year to 31 March 2025 was **£437,060** (2024: £208,840). At 31 March 2025 RUSI Trading Limited had assets of £269,548, liabilities of £269,448 and share capital of £100.

11 RELATED PARTIES

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

**ROYAL UNITED SERVICES INSTITUTE
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The Institute also controls **Royal United Services Institute (Nairobi) Limited**, a company incorporated in Kenya and limited by guarantee. Royal United Services Institute (Nairobi) Limited undertakes local research work on behalf of the Institute, on an exclusive basis, and does not have any additional activities. During the year, the Institute remitted funds totalling **£238,490** (2024: £343,216) for this purpose. The expenses incurred in relation to the research projects undertaken by Royal United Services Institute (Nairobi) Limited are included within the consolidated statement of financial activities. At 31 March 2025 Royal United Services Institute (Nairobi) Limited retained cash at bank and in hand of **£64,784** (2024: £64,989).

During 2018/19 the Institute established **RUSI Europe**, an international not-for-profit organisation (“AISBL”) based in Brussels. RUSI Europe is controlled by the Institute through the ability to appoint the Board of Directors. At 31 March 2025, RUSI Europe retained cash at bank and in hand of **£295,511** (2024: £142,536).

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

In December 2024, the Institute received £25,000 from the Duke and Duchess of Wellington Charitable Trust (2024: £12,500) as part of a wider pledge towards the funding for 61 Whitehall. His Grace the Duke of Wellington is a trustee and senior vice president of the Institute.

There are no other related party transactions (2024: none).

12 LEASE OBLIGATIONS

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

	Land & Buildings £	Equipment £	Year to 31 March 2025 £	Year to 31 March 2024 £
Due within one year	-	24,853	24,853	24,853
Due after one year and within five years	-	7,138	7,138	31,991
Due in more than five years	-	-	-	-
	<u>-</u>	<u>31,991</u>	<u>31,991</u>	<u>56,844</u>

13 CAPITAL COMMITMENTS

In November 2021, RUSI entered into a standard building contract with Coniston Limited to have refurbishment, alteration and extension work carried out at 61 Whitehall. The final contract sum was for £9,498,132. As at 31 March 2025, this had been fully paid (2024: retention balance outstanding of £142,472).

14 ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

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

**ROYAL UNITED SERVICES INSTITUTE
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	Unrestricted <u>Funds</u> Restated £	Restricted <u>Funds</u> £	Total <u>Funds</u> Restated £
Fund balances at 31 March 2024 are represented by:			
Tangible fixed assets	23,674,282	-	23,674,282
Current assets	7,283,878	4,190,084	11,473,962
Current liabilities	(7,819,964)	(1,802,160)	(9,622,124)
Long term liabilities	(9,292,576)	-	(9,292,576)
Total net assets	13,845,620	2,387,924	16,233,544

15 RESTRICTED FUNDS

	Balance 1 April 2024 £	Income £	Expenditure £	Transfers £	Balance 31 March 2025 £
The Thales Charitable Trust	7,538	-	-	-	7,538
Wellington military history award medals	250	-	-	(250)	-
61 Whitehall Fund	500,000	645,967	-	(645,967)	500,000
Research grants and donations	1,817,870	3,508,221	(1,385,395)	(911,095)	3,029,601
Reade Griffith	62,266	-	-	-	62,266
	<u>2,387,924</u>	<u>4,154,188</u>	<u>(1,385,395)</u>	<u>(1,557,312)</u>	<u>3,599,405</u>
	<u>2,387,924</u>	<u>4,154,188</u>	<u>(1,385,395)</u>	<u>(1,557,312)</u>	<u>3,599,405</u>
	Balance 1 April 2023 £	Income £	Expenditure £	Transfers £	Balance 31 March 2024 £
The Thales Charitable Trust	7,538	-	-	-	7,538
Wellington military history award medals	250	-	-	-	250
61 Whitehall Fund	-	2,462,145	-	(1,962,145)	500,000
Research grants and donations	2,730,934	2,494,206	(1,058,613)	(2,348,657)	1,817,870
Reade Griffith	-	81,967	(19,701)	-	62,266
	<u>2,738,722</u>	<u>5,038,318</u>	<u>(1,078,314)</u>	<u>(4,310,802)</u>	<u>2,387,924</u>
	<u>2,738,722</u>	<u>5,038,318</u>	<u>(1,078,314)</u>	<u>(4,310,802)</u>	<u>2,387,924</u>

Purpose and use of restricted funds

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

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

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

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

**ROYAL UNITED SERVICES INSTITUTE
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16 PRIOR YEAR FIGURES

Prior year Statement of Financial Activities for the year ended 31 March 2024:

		Unrestricted Funds 2024 (Restated)	Restricted Funds 2024	Year to 31-Mar 2024 (Restated)
	Note	£	£	£
Income				
Donations, grants and gifts		2,338,054		2,338,054
Charitable activities		10,832,397	5,038,318	15,870,715
Other trading activities		499,977		499,977
Income from investments		281		281
Total income and endowments	2	13,670,709	5,038,318	18,709,027
Expenditure				
Raising funds		924,590		924,590
Charitable activities		16,448,879	1,078,314	17,527,193
Total expenditure	3	17,373,469	1,078,314	18,451,783
Net income/(loss)	3	(3,702,760)	3,960,004	257,244
Transfers between funds		4,310,802	(4,310,802)	-
Other recognised gains/(losses)				
Revaluation of freehold land and buildings		7,690,883	-	7,690,883
Net movement in funds		8,298,925	(350,798)	7,948,127
Balances at 1 April 2023		5,546,695	2,738,722	8,285,417
Balances at 31 March 2024	14	13,845,620	2,387,924	16,233,544

17 PRIOR YEAR ADJUSTMENTS

The comparative figures for the year ended 31 March 2024 have been restated to reflect errors arising from two sources: the incorrect treatment of VAT in previous periods as described in Note 9 above, and the misallocation of items within income and expenditure categories. The latter has no impact on the SOFA and Balance Sheet beyond reclassifications between different categories of income and between charitable and fundraising expenditure.

**ROYAL UNITED SERVICES INSTITUTE
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The adjustments relating to the reallocation of income and cost items are shown below:

NOTE 2 ANALYSIS OF INCOME

	Previously stated at 31 March 2024	Reallocation of income	Year to 31 March 2024 (Restated)	Net Impact on SOFA
	£	£	£	£
Donations, grants and gifts	2,690,096	(352,042)	2,338,054	
Other Trading activities	-	499,977	499,977	
Income from charitable activities:				
Conferences and events	104,682	(77,011)	27,671	
Research	14,535,041	(39,000)	14,496,041	
Subscriptions	1,160,432	-	1,160,432	
Publications	193,471	-	193,471	
Facilities/room hire	31,924	(31,924)	-	
Income from Investments:				
Bank deposit interest received	281	-	281	
Total income	18,715,927	-	18,715,927	-

NOTE 3 ANALYSIS OF EXPENDITURE

Total costs of activities comprise:

	Previously stated at 31 March 2024	Reallocation of costs	Year to 31 March 2024 (Restated)	Net Impact on SOFA
	£	£	£	£
Other Trading activities	28,371	204,536	232,907	
Fundraising	388,581	268,731	657,312	
Total costs of raising funds	416,952	473,267	890,219	473,267
Conferences and Events	1,759,566	(1,559,923)	199,643	
Research	11,386,663	2,243,049	13,629,712	
Publications	1,254,396	(573,688)	680,708	
Membership	656,872	(92,521)	564,351	
Other support to members	2,541,046	(469,055)	2,071,991	
Governance costs	157,123	(21,129)	135,994	
Total cost of charitable activities	17,755,666	(473,267)	17,282,399	(473,267)
	18,172,618	-	18,172,618	-

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However, the adjustments for VAT have a significant impact on the SOFA and Balance Sheet of 2023/24. They are summarised in the following table:

Group:	As previously stated at 31 March 2024 £	Membership Income overstated £	Finance & Research Expenditure understated £	Costs on Capital Items understated £	As Restated at 31 March 2024 £	Net impact on Surplus and Reserves £
<u>SOFA</u>						
Income	18,715,927	(6,900)			18,709,027	
Expenditure	(18,172,618)		(279,165)		(18,451,783)	
Net Income	543,309	(6,900)	(279,165)	-	257,244	
Revaluation of freehold land and buildings	8,753,646			(1,062,763)	7,690,883	
Opening Balance of Funds	8,539,593	(17,337)	(236,839)		8,285,417	
Balance of Funds at 31 March 2024	17,836,548	(24,237)	(516,004)	(1,062,763)	16,233,544	(1,603,004)
<u>Balance Sheet</u>						
Provision for VAT (Note 9)		(24,237)	(516,004)	(1,062,763)	(1,603,004)	
Net Assets/Reserves	17,836,548	(24,237)	(516,004)	(1,062,763)	16,233,544	(1,603,004)
Charity:	As previously stated at 31 March 2024 £	Membership Income overstated £	Finance & Research Expenditure understated £	Costs on Capital Items understated £	As Restated at 31 March 2024 £	Net impact on Surplus and Reserves £
<u>SOFA</u>						
Income	15,993,626	(6,900)			15,986,726	
Expenditure	(17,755,666)		(279,165)		(18,034,831)	
Net Income	(1,762,040)	(6,900)	(279,165)	-	(2,048,105)	(286,065)
<u>Balance Sheet</u>						
Provision for VAT (Note 9)		(24,237)	(516,004)	(1,062,763)	(1,603,004)	(1,603,004)
Net Assets	16,919,554	(24,237)	(516,004)	(1,062,763)	15,316,550	(1,603,004)
General Fund	5,777,984	(24,237)	(516,004)		5,237,743	(540,241)
Revaluation Reserve	8,753,646			(1,062,763)	7,690,883	(1,062,763)
Balance of Funds at 31 March 2024	16,919,554	(24,237)	(516,004)	(1,062,763)	15,316,550	(1,603,004)

As a consequence of the above changes, the allocation of costs analysis in Note 3 has also been adjusted. The adjustments are set out below and have no impact on any other part of these accounts as the figures are effectively subsumed into the overall analysis of expenditure. Allocated costs are not included anywhere else in the accounts for the prior year.

**ROYAL UNITED SERVICES INSTITUTE
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Allocated costs comprise:

	Previously stated at 31 March 2024	Reallocation of costs	VAT	Year to 31 March 2024 (Restated)
	£	£	£	£
Facilities /room Hire	28,371	63,526	7,189	99,086
Fundraising	113,483	234,043	27,184	374,710
Conferences and Events	170,225	(165,940)	335	4,620
Research	1,730,619	499,379	174,430	2,404,428
Publications	198,595	(168,640)	2,344	32,299
Membership	170,225	(6,103)	12,838	176,960
Other support to members	397,191	(375,407)	1,704	23,488
Governance costs	28,371	(21,125)	562	7,808
	<u>2,837,080</u>	<u>59,733</u>	<u>226,586</u>	<u>3,123,399</u>

Accounts

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

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
AUDITED CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2024**

Charity No. 210639



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

The trustees are pleased to present their report and the audited financial statements for the year ended 31 March 2024.

OBJECTIVES AND ACTIVITIES

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

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

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

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

Overview

The 12 months making up the 2023–24 financial year saw further major geopolitical upheaval, most notably with the conflict in the Middle East that has been underway since Hamas' attack on Israel on 7 October 2023. This has meant demand for RUSI's insight and expertise has remained high, as it has been since Russia's full-scale invasion of Ukraine in February 2022.

In meeting this demand, RUSI's influence has remained equally high. Our researchers and experts are helping to shape policy and legislation in the UK and internationally. Our presence in domestic and international media has been constant, and we have published major pieces of research on topics as diverse as Russia's [unconventional warfare tactics](#), the harms posed by ransomware and the implications of a second Trump presidency for UK and European security.

Significantly for the long-term future of the Institute, July 2023 saw the re-opening of our historic home at 61 Whitehall following a three-year, £12.9 million renovation effort. The reopening of the office has brought the majority of our employees together in one place, and our newly refurbished head-quarters has already hosted a number of major speeches and events.

Our Research

Research remains the bedrock on which RUSI and its reputation are founded. In 2023–24 we published more than 50 pieces of research. Each of our nine research groups has made a contribution to helping policymakers, experts and the wider public understand the challenges we face and the options available to address them.

**ROYAL UNITED SERVICES INSTITUTE
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Highlights included:

- Our [Centre for Finance and Security's](#) work relating to [sanctions on Russia](#) and the [national security considerations around digital central bank currencies](#).
- Our [Cyber](#) research group's comprehensive understanding of ransomware and notably, its research into the [experience of victims of ransomware attacks](#).
- Our [International Security](#) team's [six principles for a more dynamic and effective UK–China Strategy](#).
- Our [Military Sciences](#) team's consideration of both how [human-machine teaming](#) can be leveraged and the [proliferation risks posed by autonomous weapons](#), as well as extensive research on the [Ukraine–Russia](#) war.
- The environmental and human security risks of [critical minerals in the transition to clean energy](#), studied by our [Organised Crime and Policing](#) group.
- [Project Anthracite](#), led by our [Proliferation and Nuclear Policy](#) team, examining the extent to which North Korea's chemical industry can support a chemical weapons programme.
- Research into [preventing far-right extremism in the UK's security forces](#), delivered by our [Terrorism and Conflict](#) experts.

This research is critical to the impact and influence RUSI can bring to bear.

Our Impact and Influence

Although RUSI works closely with the UK government and other governments around the world, our independence remains central to our effectiveness. Our policy recommendations are known to be credible and implementable and are directly impacting the formulation of legislation and policy, as can be seen from a host of examples during 2023–24.

Our publication of a paper on [UK-German defence and security cooperation](#) paper in May 2023 helped to crystallise the thinking of the new Labour government on the area. Labour made a commitment to the core recommendations of the paper within six months of forming a government, and defence and security is a pillar of the negotiations that were announced in August 2024.

Our financial crime policy team worked closely with civil society and crossbench parliamentarians to deliver key amendments to the UK's Economic Crime and Corporate Transparency Act. These will help strengthen the UK's defences against illicit finance by preventing abuse of the UK corporate register and holding large companies to account for failing to prevent fraud.

Our research paper 'Cyber Insurance and the Ransomware Challenge' directly informed the development of new [UK National Cyber Security Centre guidance](#) to toughen the insurance sector's approach to ransom payments.

The UK's [Department for Environment and Rural Affairs](#) funded work by our environmental crime specialists that led to Uganda including a full risk assessment of environmental and natural resource crimes, including wildlife crime, in its [National Risk Assessment](#) for Money Laundering and Terrorism Finance for the first time.

Members of the Military Sciences team continue to conduct critical fieldwork in both Ukraine and Israel, and have shaped this into briefings and publications that have been distributed to the Ministry of Defence and wider policy and defence communities across the UK government and internationally.

Our [tracking](#) of Russian civil nuclear exports and the importance of Western dependency on Russian enriched uranium is of great interest to US, UK and other European governments. RUSI's work on this subject has received coverage from media and engagement from industry, and has influenced the formulation of policies by governments around the effective diversification away from Russian supply.

ROYAL UNITED SERVICES INSTITUTE FOR DEFENCE AND SECURITY STUDIES

ANNUAL REPORT OF THE TRUSTEES

The year has seen the completion of the STRIVE Afghanistan project, a €3 million, EU-funded programme dedicated to countering violent extremism. European policymakers were directly targeted as part of this programme, and efforts included briefing the International Contact Group on Afghanistan in September 2023. The expertise produced by the programme provided the EU with greater understanding and different perspectives on issues related to the Taliban, preventing and countering violent extremism and engagement in Afghanistan.

Two members of our Centre for Finance Security were also appointed as Specialist Advisors to Parliamentary Committees in the UK, one supporting the Home Affairs Select Committee and one supporting the Foreign Affairs Select Committee.

Our Convening Power

Our influence is also manifested in our ability to bring together major figures across the worlds of defence, security and geopolitics. Since returning to our 61 Whitehall home, we have played host to leaders from around the world, including UK Ministers and Shadow Ministers, European Presidents and Foreign Ministers, and Deputy Secretaries and Special Envoys from the US.

Our annual lectures go from strength to strength. During the year we hosted Graeme Biggar, Director General of the National Crime Agency, who gave our [Annual Security Lecture](#); Admiral Sir Tony Radakin, Chief of the Defence Staff, who delivered our [Annual Defence Lecture](#); and Air Vice-Marshal Suraya Marshall, who provided the 2023 [Lord Trenchard Memorial Lecture](#).

Our research groups have also brought together major figures to enable discussions on some of the most pressing issues.

Our Centre for Finance and Security hosted an event on the margins of the UK Government's first AI Safety Summit, held in November 2023. Examining the role that AI can play both in enabling fraud and disrupting criminal activity, the then Security Minister Tom Tugendhat gave a keynote speech and took part in a panel discussion.

Our International Security group convened its second [Latin American Security conference](#), bringing together senior policymakers and regional experts.

The Organised Crime and Policing research group partnered with the National Crime Agency to deliver the inaugural [Serious and Organised Crime Conference](#), with the aim of consolidating relationships between the Agency and external academics, researchers and analysts. This flagship event sought to identify key and emerging issues, define research requirements, and explore barriers to and opportunities for enhanced cooperation across sectors.

Our Military Sciences team delivered internationally recognised conferences on Air Power, [Air and Missile Defence](#), Sea Power, Space Power and UN Peacekeeping, as well as our flagship Land Warfare Conference with the British Army, in which senior leaders from the armed forces, government, policy and industry convened to discuss pressing defence issues.

Our Reach

RUSI expertise continues to be a mainstay of UK and international media across a gamut of defence, security and geopolitical stories. In total we featured in more than 50,000 articles over the course of 2023–24. Crucially, around 3,000 of these were in the most influential global titles – news outlets like the UK's *Times* and *Financial Times*, *Reuters* and *Politico*.

Our social media following continues to expand, especially on X (formerly Twitter), where we had more than 136,000 followers at the end of March 2024, and LinkedIn, where we had around 40,000 followers.

Our website attracts significant traffic, especially to read our daily commentaries. Over the 12 months, more than 2 million users generated almost 10 million views. Our commentaries generated almost 3 million of these views.

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In September 2023 we launched a new customer relationship management platform. This has helped us to engage more effectively with both our members and wider audiences around the world by enabling us to promote events and publications based on expressed areas of interest, providing a greater personalised experience.

Our Membership

RUSI has been a membership organisation since our founding, and our members play a crucial role in shaping our culture and our events. During the 2023–24 period we hosted 44 events for our members to attend as part of their subscription offering.

The total number of organisations who are now members of RUSI increased from 201 at the end of March 2023 to 210 at the end of March 2024, a rise of more than 4%. We see growth in organisational membership as critical to RUSI's future and are treating this as a priority in the year ahead.

Against this, total individual membership fell by around 10% from 2,060 a year previously to 1,837 at the end of March 2024. This drop can largely be accounted for by a one-off switch to a new customer relationship management system and a change to how lapsed membership was recorded.

We are also looking to the future with our NextGen initiative. RUSI NextGen aims to build a community of early-career professionals who share an interest in global affairs, security and defence. Through a calendar of events and networking opportunities throughout the year, we are providing a platform and network for young professionals aged between 20 and 30. This is a fast-growing initiative, and more than 1,100 young professionals have now signed up.

Our People

RUSI would be nothing without its people: our researchers, who undertake the work on which our reputation is based, and our wider staff, who make it possible for that research to take place. RUSI's organisational size increased by around 13% over the year. At the end of March 2024 we employed 132 staff, a change from 116 at the end of the previous financial year. This growth was split equally between additional researchers and central services employees who support the Institute's work as a whole.

Our Fundraising

RUSI's Development Office is responsible for philanthropic fundraising to support the work of the Institute and to help develop future sustainable sources of income.

Following the successful completion of the capital appeal for £13.5 million for the re-development of RUSI's 61 Whitehall home, the Development Office has been focused on three key objectives:

- i. Maintaining a close relationship with the donors who gave so generously to the capital appeal.
- ii. Supporting our research groups in identifying potential new sources of philanthropic support for their work.
- iii. Preparing for a potential new capital appeal in the future.

For a new and potentially ambitious appeal to be successful, considerable effort is being put into identifying and building a pipeline of new donors.

The Development Office also arranged a number of events, often based around high-level speakers. These included entrepreneur and AI thinker Jim Balsillie; the Governor of the Bank of England, Andrew Bailey; the UK Ambassador to China, Dame Caroline Wilson; the UK Ambassador to Ukraine, Dame Melinda Simmons; and then Shadow Secretary of State for Defence John Healey. Joint events were organised with the International Churchill Society, including a dinner with then Foreign Secretary James Cleverly. Overseas meetings were held in New York, Washington DC, Athens, Jersey and Munich.

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Training and Education

Alongside our research, RUSI's Leadership Centre offers bespoke executive education programmes for diplomats, senior military officials, and the private sector from around the globe. We have built on and expanded the flagship training we provide, working with more than 70 individuals over the course of the year. Significantly, 2023–24 saw the first graduate from the RUSI International Diplomacy Training course going on to become an Ambassador.

FINANCIAL REVIEW

Financial Position

Total gross income of the Institute increased to **£18,715,927**, up 11% on the previous 12 months, **£13,677,609** of which (2023: £13,506,814) is in unrestricted funds. The principal source of funding is research activity, which accounts for 78% of total gross income. Other sources of funding are donations, membership subscriptions, conferences and events, and publications. Costs remain under tight control, with charitable expenditure representing 98% of total expenditure. The Institute has net income for the year of **£543,309** (2023: £808,446), of which (**£3,416,695**) is in unrestricted funds and **£3,960,004** is in restricted funds. Overall, due to the revaluation of the freehold building of **£8,753,646** (2023: Loss (£4,461,798)) there was a net increase in funds of **£9,296,955** (2023: decrease of £3,653,352).

The Institute owns the freehold of its headquarters building at 61 Whitehall. The freehold of the building has been valued at £21,700,000 at 31 March 2024 and there is a revaluation gain in the year of £8,753,646 which reflects the cost of the building redevelopment which was completed in July 2023.

The balance sheet shows net current assets of **£3,454,842** (2023: £3,593,887); the figure for current liabilities on the balance sheet includes subscriptions received in advance of £928,535, which will be recognised as income in 2024-25. Net assets at year-end have increased from £8,539,593 to £17,836,548.

The Institute has long term borrowings of **£9,292,576** (2022: £6,854,087). These borrowings consist of a mortgage used to purchase the freehold of 61 Whitehall, and a development loan to help fund the redevelopment of the building. RUSI holds fundraising pledges that will be redeemed over the next 1 to 5 years which will be used to redeem the outstanding development loan.

Incorporated in these results is the financial performance of the Institute's subsidiary RUSI Trading Ltd. The turnover of RUSI Trading Ltd was **£499,978** (2023: £221,232) and the profit for the year was **£208,840** (2023: loss £78,165).

These results also include those relating to the Royal United Services Institute (Nairobi) Limited, a company controlled by the Institute, incorporated in Kenya and limited by guarantee. Royal United Services Institute (Nairobi) Limited undertakes local research work on behalf of the Institute, on an exclusive basis, and does not have any additional trading activities. During the year, the Institute remitted funds totalling **£343,216** (2023: £287,750) for this purpose. The expenses incurred in relation to the research projects undertaken by the Royal United Services Institute (Nairobi) Limited are included within the consolidated statement of financial activities. At 31 March 2024, Royal United Services Institute (Nairobi) Limited retained cash at bank and in hand of **£64,989** (2023: £34,157).

The results also include those of RUSI Europe, an international not-for-profit organisation ("AISBL") based in Brussels. RUSI Europe studies, promotes, debates and reports on issues relating to international defence and security in Europe and abroad. Research projects undertaken in RUSI Europe during the year generated net income of **£219,444** (2023: £161,084). These results are included within the consolidated statement of financial activities. At 31 March 2024 RUSI Europe retained cash at bank and in hand of **£142,536** (2023: £320,596).

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Reserves

The Institute's total funds at 31 March 2024 stand at £17,836,548, of which **£2,378,924** (2023: £2,738,722) is restricted and not available for the general purposes of the charity. The general fund stands at **£6,694,978** (2023: £5,800,871) and the revaluation reserve at **£8,753,646** (2023: Nil) RUSI defines its free reserves as the general fund. Five years ago, the trustees set a target for the Institute to aim to maintain, in normal circumstances, unrestricted reserves sufficient to cover future operating expenditure for at least six months. At 31 March 2024, the unrestricted reserves of £6,694,978 represented 6.6 months of budgeted expenditure for the year ending 31 March 2025.

Risks

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

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

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

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

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

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

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

- The Institute continues to be concerned about high interest rates and inflation, along with other external economic conditions. In particular, high interest rates make the servicing of RUSI's borrowings more expensive; inflation puts pressure on costs, including staff costs, and poor economic growth may reduce the scope of funders to commission research and deter others from giving us donations or other financial support.

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

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Plans for Future Periods

The Institute has a three-year rolling strategic plan that is reviewed on a regular basis. This reiterates RUSI's core values and purposes, sets out plans and objectives for the period ahead, and provides the chapeau for the business plans for all RUSI's directors. The reopening of the Institute's headquarters in October 2023 has provided new opportunities for convening events, as well as offering high-quality office accommodation for our staff. In recent years, we have invested in improving our research business development function, and this is now paying dividends in terms of new funding opportunities. Our objectives include the following:

- Our research will give the highest priority to activities that contribute to thought leadership, through evidence-based research, convening and networking with policy-shapers, and communications designed to maximise our impact on national and international policy.
- We will increase net research income over the next three years and increase the average overhead levels we charge to funders so as to fully cover our costs.
- We will significantly increase our income from membership, both individual and corporate.
- We will create and curate communities of interest on various themes and geographies, recognising that many members want very different things, and use these communities to boost membership income.
- We will improve diversity and inclusion inside RUSI, in our hiring practices and in our day-to-day activities, and also externally, with our research partners, our membership and at our events.
- We will harness new technologies allowing us to increase the impact of our activities, interact better with our membership and embrace more digital and data-driven working methods, while not losing sight of problems of data sharing, ethics, and cyber security.
- We will complete the capital campaign to cover all the costs of the refurbishment and then launch a second phase of the campaign to repay the loan for the freehold purchase. Once this is achieved, we will plan a research fundraising campaign to celebrate our Bicentenary in 2031 and likely establish an endowment fund.
- In order to safeguard the Institute against unforeseen shocks, and to protect staff, we will maintain 6 months of operating spending as unrestricted reserves.

The trustees' perspective of the future direction of the Institute is influenced by the financial challenges and uncertainties faced by the Institute at several critical times in RUSI's long history. However, the acquisition of the freehold of 61 Whitehall in 2015 transformed the Institute's balance sheet and, for the first time, set the Institute on a secure financial footing. In addition, the continued growth and strong performance of the research business in recent years has allowed the Institute to build an unrestricted reserve worth some 6 months of operating spending. Finally, the success of the fundraising campaign for the redevelopment of 61 Whitehall enabled RUSI to reduce costs as we no longer needed rented office space, providing additional financial security. The trustees intend to build on these positive and substantive changes that will allow the Institute to reach its full potential, whilst remaining prudent in the management of financial risk.

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STRUCTURE, GOVERNANCE AND MANAGEMENT

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

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

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

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

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

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

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

The following organisations are also controlled by RUSI:

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

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

RUSI Europe, an AISBL established in Belgium.

REFERENCE AND ADMINISTRATIVE DETAILS

The charity registration number is 210639.

The principal address of the charity is:

Whitehall
London
SW1A 2ET

The Patron

His Majesty The King

The President

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

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Senior Vice Presidents

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

Trustees

Ms Divyata Ashiya
General Sir Nick Carter GCB CBE DSO
Mr Laurence Geller CBE
Ms Jan Hall OBE
Admiral Sir Philip Jones GCB DL
The Rt. Hon. Sir David Lidington KCB CBE – **Chair**
Mr Rageh Omaar
Ms Suzanne Raine
The Lord Ricketts GCMG GCVO – **Vice-Chair**
The Rt. Hon. Amber Rudd
The Rt. Hon. Jack Straw
Ms Sharon Thorne (appointed 20 October 2024)
His Grace the Duke of Wellington OBE DL
Sir Alexander Younger KCMG

The Advisory Board

The Rt. Hon. the Lord Arbuthnot of Edrom
Mr Rory Bremner FKC
The Rt Hon Lord Campbell of Pittenweem CH CBE QC
Mr Chris DiBona
Dr Comfort Ero
Mr David Giampaolo
Mr Reade Griffith
Mr Shashank Joshi
Mr Matthew Kirk
Dame Mariot Leslie
Dr Greg Mills
Mr Harper Reed
Ms Ritula Shah
Mr Oliver Waghorn
Ms Caroline Wyatt

Senior Management

Dr Karin von Hippel – **Director-General**
Mrs Deborah Pourkarimi – **Chief Finance Officer and Chief Operating Officer (resigned 23 October 2023)**
Mr Andre Meyer – **Interim Chief Finance Officer and Chief Operating Officer (appointed 23 October 2023)**
Professor Malcolm Chalmers – **Deputy Director-General**
Dr Jonathan Eyal – **Associate Director, Strategic Research Partnerships**

Principal Advisers:

Auditors

Price Bailey LLP
24 Old Bond Street
London
W1S 4AP

Bankers

HSBC Bank PLC
69 Pall Mall
London
EC2M 1QS

Signed on behalf of the Council of Trustees



Sir David Lidington KCB CBE
Chairman

2 December 2024

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

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

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

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

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

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

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

Opinion

We have audited the financial statements of the Royal United Services Institute for Defence and Security Studies (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 March 2024 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charity Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 March 2024 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

**ROYAL UNITED SERVICES INSTITUTE
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INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the group and parent charity financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

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

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

The risks were discussed with the audit team and we remained alert to any indications of non-compliance throughout the audit. We carried out specific procedures to address the risks identified. These included the following:

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

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

To address the risk of management override of controls, we carried out testing of journal entries and other adjustments for appropriateness. We also assessed management bias in relation to the accounting policies adopted and in determining significant accounting estimates. Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

www.frc.org.uk/auditorsresponsibilities<http://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor-s-responsibilities-for>[https://www.frc.org.uk/auditors/audit-assurance/standards-and-guidance/2010-ethical-standards-for-auditors-\(1\)](https://www.frc.org.uk/auditors/audit-assurance/standards-and-guidance/2010-ethical-standards-for-auditors-(1)). This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Price Bailey LLP
Statutory Auditor
24 Old Brond Street
London W1S 4AP

Date: 9 December 2024

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

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2024**

	<u>Note</u>	Unrestricted Funds <u>2024</u> £	Restricted Funds <u>2024</u> £	Year to 31 March <u>2024</u> £	Year to 31 March <u>2023</u> £
Income					
Donations, grants and gifts		227,951	2,462,145	2,690,096	1,565,161
Charitable activities		13,417,453	2,576,173	15,993,626	15,231,536
Other trading activities		31,924	-	31,924	(703)
Income from investments		281	-	281	4,168
		<hr/>	<hr/>	<hr/>	<hr/>
Total income and endowments	2	13,677,609	5,038,318	18,715,927	16,800,162
		<hr/>	<hr/>	<hr/>	<hr/>
Expenditure					
Raising funds		416,952	-	416,952	348,289
Charitable activities		16,677,352	1,078,314	17,755,666	15,643,427
		<hr/>	<hr/>	<hr/>	<hr/>
Total expenditure	3	17,094,304	1,078,314	18,172,618	15,991,716
		<hr/>	<hr/>	<hr/>	<hr/>
Net income	3	(3,416,695)	3,960,004	543,309	808,446
Transfers between funds		4,310,802	(4,310,802)	-	-
Other recognised gains/(losses)					
Revaluation of freehold land and buildings		8,753,646	-	8,753,646	(4,461,798)
		<hr/>	<hr/>	<hr/>	<hr/>
Net movement in funds		9,647,753	(350,798)	9,296,955	(3,653,342)
Balances at 1 April 2023		5,800,871	2,738,722	8,539,593	12,192,945
		<hr/>	<hr/>	<hr/>	<hr/>
Balances at 31 March 2024	13	15,448,624	2,387,924	17,836,548	8,539,593
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Of the consolidated income and expenditure, **£15,993,626** (2023: £15,231,536) of income and **£17,755,666** (2023: £15,643,427) of expenditure relates to the charity.

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

The accompanying notes on pages 18 to 29 form an integral part of these financial statements.

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2024**

	<u>Note</u>	<u>31 March 2024</u>		<u>31 March 2023</u>	
		£	£	£	£
TANGIBLE FIXED ASSETS	5a		22,310,469		10,443,538
HERITAGE ASSETS	5b		1,363,813		1,356,255
			<u>23,674,282</u>		<u>11,799,793</u>
CURRENT ASSETS					
Debtors	6	9,509,030		9,308,639	
Cash at Bank		1,964,932		3,240,503	
			<u>11,473,962</u>		<u>12,549,142</u>
CREDITORS					
Amounts falling due within one year					
Creditors	7	7,731,170		8,865,307	
Bank loan		287,950		89,948	
			<u>8,019,120</u>		<u>8,955,255</u>
NET CURRENT ASSETS			3,454,842		3,593,887
TOTAL ASSETS less current liabilities			<u>27,129,124</u>		<u>15,393,680</u>
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	8		9,292,576		6,854,087
NET ASSETS			<u>17,836,548</u>		<u>8,539,593</u>
FUNDS EMPLOYED					
Unrestricted fund – General fund	13		6,694,978		5,800,871
Unrestricted fund – Revaluation reserve			8,753,646		-
Restricted funds	14		2,387,924		2,738,722
			<u>17,836,548</u>		<u>8,539,593</u>

The financial statements were approved and authorised for issue by the trustees on 2 December 2024.



Sir David Lidington KCB CBE
Chairman



The Lord Ricketts GCMC GCVO
Vice-Chairman

The accompanying notes on pages 18 to 29 form an integral part of these financial statements.

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
CHARITY BALANCE SHEET
AS AT 31 MARCH 2024**

	<u>Note</u>	<u>31 March 2024</u>		<u>31 March 2023</u>	
		£	£	£	£
TANGIBLE FIXED ASSETS	5a		22,282,208		10,415,444
HERITAGE ASSETS	5b		1,363,813		1,356,255
INVESTMENT IN SUBSIDIARY	9		100		100
			<hr/>		<hr/>
			23,646,121		11,771,799
CURRENT ASSETS					
Debtors	6	6,648,190		5,858,080	
Cash at Bank		1,424,213		2,691,819	
			<hr/>		<hr/>
			8,072,403		8,549,899
			<hr/>		<hr/>
CREDITORS					
Amounts falling due within one year					
Creditors	7	5,218,444		5,213,551	
Bank loans		287,950		89,948	
			<hr/>		<hr/>
			5,506,394		5,303,499
			<hr/>		<hr/>
NET CURRENT ASSETS			2,566,009		3,246,400
			<hr/>		<hr/>
TOTAL ASSETS less current liabilities			26,212,130		15,018,199
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	8		9,292,576		6,854,087
NET ASSETS			16,919,554		8,164,112
			<hr/> <hr/>		<hr/> <hr/>
FUNDS EMPLOYED					
Unrestricted fund – General fund	13		5,777,984		5,425,390
Unrestricted fund – Revaluation reserve			8,753,646		-
Restricted funds	14		2,387,924		2,738,722
			<hr/>		<hr/>
			16,919,554		8,164,112
			<hr/> <hr/>		<hr/> <hr/>

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Vice-Chairman

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**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2024**

	Year to 31 March 2024 £	Year to 31 March 2023 £
Cash flows from operating activities:		
<i>Net cash (absorbed)/generated by operating activities</i>	(547,987)	492,560
Cash flows from investing activities:		
Interest from investments	281	4,168
Purchase of property, plant and equipment	(3,364,356)	(6,026,204)
Cash flows from financing activities:		
Repayments of borrowing	(36,679)	(154,437)
Cash inflows from new borrowing	2,673,170	1,826,830
<i>Net cash from financing activities</i>	2,636,491	1,672,393
<i>Change in cash and cash equivalents in the reporting period</i>	(1,275,571)	(3,861,251)
Cash and cash equivalents at the beginning of the reporting period	3,240,503	7,101,754
Cash and cash equivalents at the end of the reporting period	1,964,932	3,240,503
Reconciliation of net income/(expenditure) to net cash flow from operating activities		
Net income for the reporting period (as per The Statement of Financial Activities)	543,309	808,446
Adjustments for:		
Depreciation charges	243,513	321,736
Dividends, interest and rent from investments	(281)	(4,168)
(Increase) in debtors	(200,391)	(1,067,699)
(Decrease)/increase in creditors	(1,134,137)	434,245
<i>Net cash (absorbed)/provided by operating activities</i>	(547,987)	492,560
Analysis of cash and cash equivalents		
Cash in hand	1,964,932	3,240,503
<i>Total cash and cash equivalents</i>	1,964,932	3,240,503

The accompanying notes on pages 18 to 29 form an integral part of these financial statements.

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

1 ACCOUNTING POLICIES

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

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

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

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

a) Going concern

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

b) Recognition of income

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

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

c) Expenditure

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

d) Operating leases

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

e) Tangible fixed assets

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

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

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

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

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

f) Fund accounting

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

g) Heritage assets

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

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

h) Foreign currency

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

i) Retirement Benefits

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

j) Trade debtors

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

k) Creditors and provisions

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

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

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

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

m) Donated goods, facilities and services

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

2 ANALYSIS OF INCOME

	Unrestricted Funds 2024 £	Restricted Funds 2024 £	Year to 31 March 2024 £	Year to 31 March 2023 £
Donations, grants and gifts	227,951	2,462,145	2,690,096	1,565,161
Income from charitable activities				
Conferences and events	104,682	-	104,682	257,783
Research	11,958,868	2,576,173	14,535,041	13,461,727
Subscriptions	1,160,432	-	1,160,432	1,322,174
Publications	193,471	-	193,471	189,852
Facilities / Room hire	31,924	-	31,924	(703)
Bank deposit interest received	281	-	281	4,168
	<hr/>	<hr/>	<hr/>	<hr/>
Total income	13,677,609	5,038,318	18,715,927	16,800,162
	<hr/>	<hr/>	<hr/>	<hr/>

In the year ended 31 March 2023, restricted funds income was £3,293,348 split into £1,545,846 in the form of donations and £1,747,502 in the form of research.

3 ANALYSIS OF EXPENDITURE

Total costs of activities comprise:

	Staff Costs £	Direct Costs £	Allocated Costs £	Year to 31 March 2024 £	Year to 31 March 2023 £
Facilities /room Hire	-	-	28,371	28,371	25,494
Fundraising	235,700	39,398	113,483	388,581	322,795
Total costs of raising funds	<hr/> 235,700	<hr/> 39,398	<hr/> 141,854	<hr/> 416,952	<hr/> 348,289
Conferences and Events	292,766	1,296,575	170,225	1,759,566	1,105,978
Research	4,991,418	4,664,627	1,730,618	11,386,663	10,960,411
Publications	560,384	495,416	198,596	1,254,396	722,163
Membership	336,345	150,302	170,225	656,872	740,939
Other support to members	2,050,207	93,648	397,191	2,541,046	2,001,985
Governance costs	77,682	51,070	28,371	157,123	111,952
Total cost of charitable activities	<hr/> 8,308,802	<hr/> 6,751,638	<hr/> 2,695,226	<hr/> 17,755,666	<hr/> 15,643,428
	<hr/> 8,544,502	<hr/> 6,791,036	<hr/> 2,837,080	<hr/> 18,172,618	<hr/> 15,991,717

Staff costs above include recruitment and other staff benefit costs of **£78,975** (2023: £36,253) which are not included in the separate analysis of staff costs below. These have been allocated directly to activities based on the time spent in each area of activity. Fundraising includes the costs of generating voluntary income and general promotional costs to raise the profile of the Institute.

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

Allocated costs comprise:

	Establishment	Finance and Admin	Other	Year to 31 March 2024 Total	Year to 31 March 2023 Total
	£	£	£	£	£
Facilities /room Hire	9,029	19,131	211	28,371	25,494
Fundraising	36,115	76,523	845	113,483	101,978
Conferences and Events	54,173	114,784	1,268	170,225	152,966
Research	550,761	1,166,969	12,889	1,730,619	1,555,158
Publications	63,202	133,914	1,479	198,595	178,461
Membership	54,173	114,784	1,268	170,225	152,966
Other support to members	126,404	267,829	2,958	397,191	356,921
Governance costs	9,029	19,131	211	28,371	25,494
	<u>902,886</u>	<u>1,913,065</u>	<u>21,129</u>	<u>2,837,080</u>	<u>2,549,438</u>

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

	Group and Charity Year to 31 March 2024 £	Group and Charity Year to 31 March 2023 £
Total expenditure includes:		
Salaries and wages	6,500,849	5,549,189
Pension costs - defined contributions scheme	553,864	354,811
National insurance	800,112	634,469
Holiday pay reserve	176,184	223,392
	<u>8,031,009</u>	<u>6,761,861</u>

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

	Group and Charity Year to 31 March <u>2024</u>	Group and Charity Year to 31 March <u>2023</u>
	No	No
The average number of staff employed during the year was:	125	127
Employees remuneration between £60,000 and £69,999	10	7
Employees remuneration between £70,000 and £79,999	8	6
Employees remuneration between £80,000 and £89,999	6	2
Employees remuneration between £90,000 and £99,999	1	3
Employees remuneration between £100,000 and £109,999	3	1
Employees remuneration between £120,000 and £129,999	1	0
Employees remuneration between £130,000 and £139,999	0	1
Employees remuneration between £150,000 and £159,999	0	1
Employees remuneration between £170,000 and £179,999	1	1
Employees remuneration between £180,000 and £189,999	1	0

The following key management personnel received a total of **£722,987** (2023: £646,288) in remuneration and benefits:

Karin von Hippel
Malcolm Chalmers
Deborah Pourkarimi
Jonathan Eyal
Andre Meyer

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

Karin von Hippel **£230,277** (2023: £209,484)

	Group and Charity Year to 31 March <u>2024</u>	Group and Charity Year to 31 March <u>2023</u>
	£	£
Net income for the year is stated after charging:		
Auditors' remuneration for: Audit fees	43,200	17,520
Under accrual in previous year	8,000	-
Depreciation	243,513	321,736
Operating lease rentals – plant and machinery	19,604	25,717
– land and buildings	326,920	545,337

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

	Group and Charity Year to 31 March 2024 £	Group and Charity Year to 31 March 2023 £
Governance costs comprise:		
Staff costs	77,682	84,328
Establishment costs	9,029	9,278
Administration costs	9,878	1,784
Finance costs	60,323	14,262
Other costs	211	2,300
	157,123	111,952
	157,123	111,952

No remuneration was paid to the trustees in the current or preceding periods. In the current period no trustee has been reimbursed expenses in connection with services provided to the Charity (2023: Nil).

4 TAXATION

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

5a. TANGIBLE FIXED ASSETS – Group and Charity

	Freehold land & buildings £	Assets under Construction £	Other Tangible Fixed Assets £	Total £
Cost or value				
At 1 April 2023	10,000,000	-	2,072,404	12,072,404
Additions		2,946,354	410,444	3,356,798
Transfer	2,946,354	(2,946,354)	-	-
Disposals		-	(1,316,966)	(1,316,966)
Revaluation	8,753,646	-	-	18,753,646
At 31 March 2024	21,700,000	-	1,165,882	22,865,882
Accumulated depreciation				
At 1 April 2023	-	-	1,628,866	1,628,866
Charge for the year	-	-	243,513	243,513
Disposals	-	-	(1,316,966)	(1,316,966)
At 31 March 2024	-	-	555,413	555,413
Net book value				
At 31 March 2024	21,700,000	-	610,469	22,310,469
At 31 March 2023	10,000,000	-	443,538	10,443,538

All the fixed assets of the Institute are held for charitable purposes. The net book value of **£610,469** (2023: £443,538) in relation to other tangible fixed assets comprises leasehold improvements of **£9,550** (2023: £27,747) and office equipment and fittings of **£600,919** (2023: £415,791).

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

A full valuation of freehold land and buildings was undertaken by Savills, a firm of chartered surveyors, as at 31 March 2024, this gave a valuation of the freehold land and buildings of £21.7m. The redevelopment of the building was completed in July 2023 and the business relocated back into the freehold premises.

5b. HERITAGE ASSETS—Group and Charity

	Paintings Silverware, Furniture Marble £	Library Books £	Total £
<u>Cost or value and Net Book Amount</u>			
At 1 April 2023	908,110	448,145	1,356,255
Additions	7,558	-	7,558
At 31 March 2024	915,668	448,145	1,363,813

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

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

Five-year summary of heritage asset transactions

	2024 £	2023 £	2021 £	2020 £	2019 £
Additions					
Purchases	7,558	10,550	-	-	-
Donations	-	-	-	3,360	3,360
Disposals					
Carrying value	-	-	-	-	175,000
Sales proceeds	-	-	-	-	-

6 DEBTORS

	Group Year to 31 March <u>2024</u> £	Charity Year to 31 March <u>2024</u> £	Group Year to 31 March <u>2023</u> £	Charity Year to 31 March <u>2023</u> £
Trade debtors	5,499,190	4,771,898	5,855,751	2,484,313
Sundry debtors and prepayments	4,009,840	1,425,108	3,452,888	3,062,950
Amounts owed by group undertaking	-	451,184	-	310,817
	9,509,030	6,648,190	9,308,639	5,858,080

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

7 CREDITORS

	Group Year to 31 March <u>2024</u> £	Charity Year to 31 March <u>2023</u> £	Group Year to 31 March <u>2023</u> £	Charity Year to 31 March <u>2023</u> £
Trade creditors	917,310	504,420	816,871	571,033
Sundry creditors and accruals	1,712,587	880,013	2,196,917	1,634,635
Deferred income	5,101,273	3,736,390	5,851,519	2,780,403
Amount owed to group undertaking	-	97,621	-	227,480
	<u>7,731,170</u>	<u>5,218,444</u>	<u>8,865,307</u>	<u>5,213,551</u>

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

	Balance at 1 April 2023 £	Income Released in Yr £	Income Deferred in Yr £	Exchange Diff £	Balance at 31 March 2024 £
Deferred research income	5,250,120	(4,773,985)	3,706,372	(9,769)	4,172,738
Subscriptions in advance	601,399	(601,399)	928,535	-	928,535
	<u>5,851,519</u>	<u>(5,375,384)</u>	<u>4,634,907</u>	<u>(9,769)</u>	<u>5,101,273</u>

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

	Group Year to 31 March <u>2024</u> £	Charity Year to 31 March <u>2023</u> £	Group Year to 31 March <u>2023</u> £	Charity Year to 31 March £
Loans	<u>9,292,576</u>	<u>9,292,576</u>	<u>6,854,087</u>	<u>6,854,087</u>

Loans are repayable as follows:-

	Group Year to 31 March <u>2024</u> £	Charity Year to 31 March <u>2024</u> £	Group Year to 31 March <u>2023</u> £	Charity Year to 31 March <u>2023</u> £
Within one year	287,950	287,950	89,948	89,948
Between two and five years	9,292,576	9,292,576	6,854,087	6,854,087
	<u>9,580,526</u>	<u>9,580,526</u>	<u>6,944,035</u>	<u>6,944,035</u>

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

Loans consist of the following advances:

1. A £5.8 million loan was drawn for the purpose of assisting with the purchase of the freehold interest in 61 Whitehall. The term of the loan was 10 years from 27 March 2015 with the interest rate being 2.5% per annum over the Bank of England base rate. However, from 27 March 2018, for a period of 60 months, the interest rate was fixed at 3.75%. With the expiration of the fixed rate arrangement, this facility was replaced by a new agreement dated 23 May 2023 in the sum of £5.1 million. The term of the loan is 5 years from 23 May 2023 with the interest rate being 1.75% above the Bank of England base rate. However, from 23 May 2023 for a period of 24 months, the interest rate is fixed at 6.29%. The loan is secured by a first legal charge over the freehold property at 61 Whitehall. As at 31 March 2024 the outstanding balance on this loan was **£5,062,258** (2023: £5,117,205).
2. The group drew down £1,826,830 on 21 February 2024 from a £4.5million term loan facility, to assist in funding the redevelopment work at 61 Whitehall. Further drawdowns of £2,000,000 on 16 June 2023 and £673,170 on 31 July 2023 were undertaken to fully utilise the facility. The loan was scheduled to be repayable in full after 1 year and 3 months of the date of the drawdown and the interest rate to be paid on this facility was 2.75% per annum above the Bank of England base rate. This facility was replaced by a new agreement dated 23 January 2024 for £4.5 million. The term of the loan is 5 years from 23 January 2024 with the interest rate being 1.75% over the Bank of England base rate. The loan is secured by a legal charge over the freehold property at 61 Whitehall. As at 31 March 2024 the outstanding balance on this loan was **£4,518,268** (2023: £1,826,830).

9 INVESTMENT IN SUBSIDIARY

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

RUSI Trading Limited's profit and loss account for the year ended 31 March 2024 was as follows:

	Year to 31 March 2024 £	Year to 31 March 2023 £
Turnover	499,978	221,232
Expenses	291,138	299,397
Profit /(Loss) for the year before gift aid	208,840	(78,165)
Retained (loss) at 1 April 2023	(78,165)	-
Qualifying charitable donation to RUSI	(130,675)	-
Profit /(Loss) for the year	-	(78,165)

The profit in the year to 31 March 2024 was **£208,840** (2023: loss (£78,165)). The loss for the prior year was retained. At 31 March 2024 RUSI Trading Limited had assets of £427,850, liabilities of £427,750 and share capital of £100.

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10 RELATED PARTIES

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

The Institute also controls **Royal United Services Institute (Nairobi) Limited**, a company incorporated in Kenya and limited by guarantee. Royal United Services Institute (Nairobi) Limited undertakes local research work on behalf of the Institute, on an exclusive basis, and does not have any additional activities. During the year, the Institute remitted funds totalling **£343,216** (2023: £287,750) for this purpose. The expenses incurred in relation to the research projects undertaken by Royal United Services Institute (Nairobi) Limited are included within the consolidated statement of financial activities. At 31 March 2024 Royal United Services Institute (Nairobi) Limited retained cash at bank and in hand of **£64,989** (2023: £34,157).

During 2018/19 the Institute established **RUSI Europe**, an international not-for-profit organisation ("AISBL") based in Brussels. RUSI Europe is controlled by the Institute through the ability to appoint the Board of Directors. At 31 March 2024, RUSI Europe retained cash at bank and in hand of **£142,536** (2023: £320,596).

There are no other related party transactions (2023: none)

11 LEASE OBLIGATIONS

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

	Land & Buildings	Equipment	Year to 31 March <u>2024</u>	Year to 31 March <u>2023</u>
	£	£	£	£
Due within one year	-	24,853	24,853	224,203
Due after one year and within five years	-	31,991	31,991	56,844
Due in more than five years	-	-	-	1,818
	-----	-----	-----	-----
	-	56,844	56,844	282,865
	=====	=====	=====	=====

12 CAPITAL COMMITMENTS

In November 2021, RUSI entered into a standard building contract with Coniston Limited to have refurbishment, alteration and extension work carried out at 61 Whitehall. The final contract sum was for £9,498,132. As at 31 March 2024, RUSI had paid £9,355,650 to Coniston under this contract, leaving an outstanding retention balance of £142,472.

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13 ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	<u>Unrestricted funds</u> £	<u>Restricted funds</u> £	<u>Total funds</u> £
Fund balances at 31 March 2024 are represented by:			
Tangible fixed assets	23,674,282	-	23,674,282
Current assets	7,283,878	4,190,084	11,473,962
Current liabilities	(6,216,960)	(1,802,160)	(8,019,120)
Long term liabilities	(9,292,576)	-	(9,292,576)
Total net assets	<u>15,448,624</u>	<u>2,387,924</u>	<u>17,836,548</u>

	<u>Unrestricted funds</u> £	<u>Restricted funds</u> £	<u>Total funds</u> £
Fund balances at 31 March 2023 are represented by:			
Tangible fixed assets	11,799,793	-	11,799,793
Current assets	8,525,896	4,023,246	12,549,142
Current liabilities	(7,670,731)	(1,284,524)	(8,955,255)
Long term liabilities	(6,854,087)	-	(6,854,087)
Total net assets	<u>5,800,871</u>	<u>2,738,722</u>	<u>8,539,593</u>

14 RESTRICTED FUNDS

	Balance 1 April 2023 £	Income £	Expenditure £	Transfers £	Balance 31 March 2024 £
The Thales Charitable Trust	7,538	-	-	-	7,538
Duke of Wellington	250	-	-	-	250
61 Whitehall Fund	-	2,462,145	-	(1,962,145)	500,000
Research grants and donations	2,730,934	2,494,206	(1,058,613)	(2,348,657)	1,817,870
Reade Griffith	-	81,967	(19,701)	-	62,266
	<u>2,738,722</u>	<u>5,038,318</u>	<u>(1,078,314)</u>	<u>(4,310,802)</u>	<u>2,387,924</u>

	Balance 1 April 2022 £	Income £	Expenditure £	Transfers £	Balance 31 March 2023 £
The Thales Charitable Trust	7,538	-	-	-	7,538
The 1831 Fund	26,772	-	-	(26,772)	-
Duke of Wellington	-	9,500	(9,250)	-	250
Google, Inc	100,844	-	-	(100,844)	-
61 Whitehall Fund	3,677,049	1,536,346	-	(5,213,395)	-
Research grants and donations	1,713,378	1,747,502	(817,046)	87,100	2,730,934
	<u>5,525,581</u>	<u>3,293,348</u>	<u>(826,296)</u>	<u>(5,253,911)</u>	<u>2,738,722</u>

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Purpose and use of restricted funds

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

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

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

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

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

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

15 PRIOR YEAR FIGURES

Prior year Statement of Financial Activities for the year ended 31 March 2023.

	Unrestricted Funds <u>2023</u> £	Restricted Funds <u>2023</u> £	Year to 31 March <u>2023</u> £
Income			
Donations, grants and gifts	19,315	1,545,846	1,565,161
Charitable activities	13,484,034	1,747,502	15,231,536
Other trading activities	(703)	-	(703)
Income from investments	4,168	-	4,168
	-----	-----	-----
Total income and endowments	13,506,814	3,293,348	16,800,162
	-----	-----	-----
Expenditure			
Raising funds	348,289	-	348,289
Charitable activities	14,817,131	826,296	15,643,427
	-----	-----	-----
Total expenditure	15,165,420	826,296	15,991,716
	-----	-----	-----
Net income/(expenditure)	(1,658,606)	2,467,052	808,446
Transfers between funds	5,253,911	(5,253,911)	-
Other recognised gains			
Revaluation of freehold land & buildings	(4,461,798)	-	(4,461,798)
	-----	-----	-----
Net movement in funds	(866,493)	(2,786,589)	(3,653,352)
Balances at 1 April 2022	6,667,364	5,525,581	12,192,945
	-----	-----	-----
Balances at 31 March 2023	5,800,781	2,738,722	8,539,593
	=====	=====	=====

Accounts

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The trustees are pleased to present their report and the audited financial statements for the year ended 31 March 2023.

OBJECTIVES AND ACTIVITIES

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

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

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

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

ACHIEVEMENTS AND PERFORMANCE

Our Research

RUSI's research focuses on urgent, medium and long-term security, defence and geopolitical challenges. In early October 2023, we pivoted to address the surprise attack by Hamas on Israeli civilians. More than a year since Russia's full-scale and illegal invasion of the country, Ukraine remains high on our agenda at RUSI. And we also maintain our longer-term focus on many other critical issues. For all such challenges and debates, our research, events, commentaries and other publications involve most parts of RUSI.

Over the course of the year, we have published thought-provoking research on the key challenges faced by governments, international organisations, and non-governmental actors alike. In the UK, our work is regularly cited in parliamentary debates, questions and committees, and our reach is increasingly expanding overseas as well.

Each of our nine research groups has made a substantive contribution to their field, and they have frequently collaborated with each other to deliver even more impactful work. We also have two new emerging strands of research, one on energy security and the second on emerging disruptive technologies. Most of our staff work from our headquarters in the heart of Whitehall, though we also have two smaller overseas offices in Brussels, Belgium and Nairobi, Kenya.

Our work on the war in Ukraine has reinforced RUSI's reputation as the authoritative source of in-depth analysis about the conflict and its implications for the UK and its allies. This includes analysis of the sanctions on Russia, the importance of financial integrity in Ukraine's reconstruction, the risks to nuclear power stations in Ukraine, Russia's threats of tactical nuclear weapons use, the evolving military campaign, the war's geopolitical spill over and much more. Our reports are widely read and provide a pathway to engaging with RUSI, fulfilling our charitable objective to contribute to the public benefit by addressing national and global concerns.

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One pressing challenge in the military environment is that posed by Artificial Intelligence (AI) and other advanced technologies. In a short space of time, they have made a remarkable impact on current conflicts, weapons systems and planning and their significance will increase markedly in the near future. Across RUSI, our research teams have been exploring these issues – for example, the impact of AI on command and commanders is a topic of increasing importance to NATO and its work on Meaningful Human Control.

Military Sciences

Across all military domains, the conflict in Ukraine poses questions for NATO’s armed forces. Principal among these is how militaries that have been optimised for expeditionary operations against sub-peer adversaries are responding to the need to deter peer adversaries, especially Russia or China. We have examined how the UK’s armed forces might develop new operating concepts to manage such threats. This has included work for the Services on how warfighting capability can be rebuilt, and how the Services can support other levers of national power – such as through the Royal Navy’s role in economic warfare.

Open-Source Intelligence and Analysis

Our newly established Open-Source Intelligence and Analysis (OSIA) team has published innovative intelligence products on Russia’s military supply chains in partnership with several major news agencies. These are being disseminated to stakeholders in government, international media organisations, civil society and private enterprises.

This work has contributed to legislative reforms and changes to targeted financial sanctions packages across a variety of jurisdictions, ultimately constraining the Russian military-industrial complex’s ability to procure technology for its war in Ukraine.

In the past year we also released a documentary with the Financial Times and an associated investigation focused on connections between North Korea and the Chinese triads. Based on several years of work from our OSIA researchers, the documentary has become one of the Financial Times’ most viewed films on YouTube.

International Security Studies

We have conducted extensive work on the spill over from the Ukraine conflict, including the changes it is promoting in the Euro-Atlantic security architecture, Russia’s role as a world actor and the international machinations of many states in Asia, Africa and Latin America as they manage their relations with the major powers.

Our European Security in Transformation programme has created an invaluable tool for journalists and policymakers, launching an interactive map explaining the complex web of multilateral institutions, mini-lateral partnerships and more informal arrangements that make up the UK’s defence and security relationships across the continent. The map also allows users to see where the UK has a physical military presence.

Centre for Financial Crime and Security Studies

Our flagship financial crime project SIFMANet assessed the implementation of sanctions on Russia by EU member states. We have also undertaken intensive engagement with the asset recovery and ‘freeze to seize’ dialogue related to oligarch assets, as well as focusing on the integrity of the funding process for Ukraine’s reconstruction through engagement with the Ukrainian NGO community and investigative journalists.

Meanwhile, on economic crime, we have proposed a national security-based model that draws on the key characteristics of three other national security policing responses – counterterrorism, serious and organised crime and cybercrime – and adapted these to the specific challenges and context of economic crime policing.

Proliferation and Nuclear Policy

Nuclear weapons have been at the forefront of global affairs since Russia’s full-scale invasion of Ukraine. Our Proliferation and Nuclear Policy team has provided detailed analysis on the role of deterrence in global security, as well as delivering headline-grabbing research on the geopolitical role of nuclear energy.

In the last year, we have also launched a new project applying open-source tools to the analysis of North Korea’s chemical weapon capabilities, announced at the five-yearly Chemical Weapons Convention review conference held in the Hague.

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Cyber

Over the past year, our Cyber team's research on ransomware and cyber insurance has made a growing impact. Our researchers were invited to deliver written and oral evidence to the UK Parliament's Joint Committee on National Security Strategy inquiry on ransomware.

Defence, Industries and Society

Our research on the defence industry landscape has included work looking specifically at Northern Ireland. Here, RUSI has positioned itself as an important interlocutor in discussions on defence procurement and the government's Levelling Up agenda. This project has given us considerable insight into challenges in accessing the defence market, paving the way for future work in this increasingly important area.

Organised Crime and Policing

RUSI's Organised Crime and Policing research group covers topics ranging from drug and human trafficking to wildlife trafficking and other environmental crimes. Our research illuminates the complexities of today's criminal landscape and the evolving challenges facing law enforcement both in the UK and internationally, including a threat assessment of cocaine trafficking in the Caribbean for the UK and to UK interests abroad and a first-of-a-kind report on the emerging impacts of climate change on patterns of illegal, unreported and unregulated (IUU) fishing. For the latter, we worked with approximately 30 global experts, focused on nearly 150 trends, resulting in the publication of 'Future IUU Fishing Trends in a Warming World'.

Terrorism and Conflict

Our Terrorism and Conflict group identifies and analyses the conflict, violent extremism and terrorism in the UK, Europe and globally. One notable output has been a multi-year project examining UK foreign policy across Ethiopia, Kenya, Somalia and Sudan. The results of this research have been presented to All-Party Parliamentary Groups and officials from the Foreign, Commonwealth and Development Office and the Ministry of Defence. We have also provided analysis to the Annual Africa Counter-Improvised Explosive Device Steering Committee conference at the Humanitarian Peace Support School in Nairobi.

Business Development

Recognising the importance of maintaining a robust fundraising capacity for research and other activities, we have reorganised and expanded our bid support and business development operations team with the appointment of a Director of Business Development. The team's goals are to ensure that RUSI is well-placed to create, identify and respond to new business opportunities, and to ensure positive relationships with our funders and external partners.

Communications

The invasion of Ukraine has led to a substantial, sustained, increase in our media appearances. Since February 2022, we have been mentioned in approximately 7,500 global news articles per month. This is more than double our pre-Ukraine war average. Significantly, much of this coverage comes through the highest-quality and most influential media outlets. The BBC, the *Financial Times*, *The New York Times* and Reuters all regularly feature RUSI work and seek out our experts for comment.

Our social media following has increased substantially. Our Twitter/X account's following grew by 70%, from 80,000 followers before the invasion to 120,000 at the end of March 2023, indicating a desire for content that helps to inform and make sense of a complex world. This particularly includes our commentaries, which generate some of our highest engagement rates on social media.

More than one million page views of the RUSI website in the last year have related specifically to the Ukrainian conflict. Many pieces are generating tens of thousands of views, and the most popular more than 100,000 views.

Events

At RUSI, we have always prided ourselves on our convening power and our ability to bring diverse audiences together to shape the debates about defence and security that matter most. Our major set-piece annual events, including the Land Warfare Conference in June (in partnership with the British Army), the Annual Security lecture in autumn (with a senior government security official), and the Chief of the Defence Staff lecture every December, all help shape the news agenda.

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Alongside these unique events and speeches, we have hosted, for example, the Shadow Foreign Secretary on Russia's invasion of Ukraine, the Rt Hon William Hague on the impact of UK foreign policy in a fast-changing world, and Belarusian opposition leader Sviatlana Tsikhanouskaya.

In the last year we also organised our inaugural Latin America Security Conference, which examined the continent's shifting geopolitics. This event brought together policymakers, key experts and academics from the Americas and Europe to consider how national and continental challenges are shaping Latin America's security and defence agenda. At the conference, Parliamentary Under-Secretary of State for Americas and Caribbean David Rutley MP made the first public speech on the continent by a UK government minister in over a decade.

As the effects of the Covid-19 pandemic recede further, we have increased the proportion of events that we have staged in-person, while maintaining our global reach through hybrid and online-only offerings. In total, more than 10,000 people attended a RUSI event in the last year. The coming year should mark a step change in events at RUSI, with the return to our 61 Whitehall home after an extensive refurbishment and upgrade of its facilities.

Our Duke of Wellington medal is awarded on an annual basis for the best English-language writing on military history. In 2022, it was awarded to Richard Overy for his book "Blood and Ruins".

Membership

Despite a challenging economic climate, 2022–23 saw a steady growth in RUSI's membership. Total individual memberships rose by 4% and stood at 2,060 as of 31 March 2023, while our corporate membership increased by 6 organisations, now totalling just over 200. Both our individual and corporate members contribute to the Institute's learning, and we are grateful for their participation.

We also launched a new initiative, RUSI NextGen, aimed at building a community of 'early career professionals' with an interest in defence, security and global affairs. This community has grown to over 1,000 members in the first six months since its launch, and we have already hosted several high-profile events.

We are determined to consolidate and build on this growth. In the next financial year, we will extend and improve our member events, and build partnerships with other organisations to bring further opportunities to RUSI members.

We have also launched a new Customer Relationship Management (CRM) system to better serve our members and other users of our website, offering more personal and tailored engagement to those interested in our work.

Human Resources

Our employee base has increased in the past year, with the average number of staff employed during the year standing at 127 for the year ended 31 March 2023 (2022: 115). With eight staff based outside of the UK (six in Brussels and two in Nairobi), the majority of RUSI's people are London-based.

We seek to remain competitive with other similar organisations in terms of our salaries and benefits. This year, we provided a baseline salary increase in line with inflation.

Fundraising

RUSI's Development Office raises philanthropic and other funds that have been used to renovate our historic home, to support the annual work of the Institute and to help develop sustainable sources of income. To date, this activity has been primarily focused on the redevelopment of 61 Whitehall, which has ensured a stable future for the Institute.

Following the success of our Phase One fundraising project during 2020-21 and 2021-22, which covered most of the costs associated with the redevelopment, in 2022-23 we launched Phase Two to fundraise for the remainder. The Phase Two target was £3.5 million, which was met by June 2023, and we have now begun planning Phase Three, which will raise around £6.5 million to support the Institute's research programme and other costs. Phase Two benefited from generous donations and pledges from a number of individuals, including Christen Ager-Hanssen, Nick Clarke, John Gore and Michael W Scherb. No external fundraisers were hired and no complaints were received in connection with our fundraising.

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Training and Education

RUSI's Leadership Centre is devoted to delivering bespoke executive education programmes for diplomats, senior military officials and the private sector from around the globe. With the return to in-person working and removal of Covid-related restrictions, we have built on and expanded the flagship training we provide, working with more than 50 individuals over the course of the year.

Our aim is to build on this success over the next year by increasing the number of courses we run.

FINANCIAL REVIEW

Financial Position

Total gross income of the Institute increased to £16,800,162, up 9% on the previous 12 months, £13,506,814 of which (2022: £11,856,337) is in unrestricted funds. The principal source of funding is research activity, which accounts for 80% of total gross income. Other sources of funding are donations, membership subscriptions, conferences and events, and publications. Costs remain under tight control, with charitable expenditure representing 98% of total expenditure. The Institute has net income for the year of £808,446 (2022: £3,519,591), of which (£1,658,606) is in unrestricted funds and £2,467,052 is in restricted funds. Overall, due to the revaluation loss of the freehold building of £4,461,798 (2022: £4,540,000) there was a net decrease in funds of £3,653,352 (2022: decrease of £1,020,409).

The Institute owns the freehold of its headquarters building at 61 Whitehall. The freehold of the building has been valued at £10,000,000 at 31 March 2023 and there is a revaluation loss in the year of £4,461,798 which reflects the cost of the building redevelopment. The Gross Development Value of the building on completion has been given as £14,250,000 and the works were completed in July 2023.

The balance sheet shows net current assets of £3,593,887 (2022: £6,744,519); the figure for current liabilities on the balance sheet includes subscriptions received in advance of £601,399, which will be recognised as income in 2023-24. Net assets at year-end have decreased from £12,192,945 to £8,539,593.

The Institute has long term borrowings of £6,854,087 (2022: £5,104,529). These borrowings consist of a mortgage used to purchase the freehold of 61 Whitehall, and a development loan to help fund the redevelopment of the building. RUSI holds fundraising pledges that will be redeemed over the next 1 to 5 years which will be used to redeem the outstanding development loan.

Incorporated in these results is the financial performance of the Institute's subsidiary RUSI Trading Ltd. The turnover of RUSI Trading Ltd was £221,232 (2022: £244,939) and the loss for the year was £78,165 (2022: profit £94,988).

These results also include those relating to the Royal United Services Institute (Nairobi) Limited, a company controlled by the Institute, incorporated in Kenya and limited by guarantee. Royal United Services Institute (Nairobi) Limited undertakes local research work on behalf of the Institute, on an exclusive basis, and does not have any additional trading activities. During the year, the Institute remitted funds totalling £287,750 (2022: £518,593) for this purpose. The expenses incurred in relation to the research projects undertaken by the Royal United Services Institute (Nairobi) Limited are included within the consolidated statement of financial activities. At 31 March 2023, Royal United Services Institute (Nairobi) Limited retained cash at bank and in hand of £34,157 (2022: £1,431).

The results also include those of RUSI Europe, an international not-for-profit organisation ("AISBL") based in Brussels. RUSI Europe studies, promotes, debates and reports on issues relating to international defence and security in Europe and abroad. Research projects undertaken in RUSI Europe during the year generated net income of £161,084 (2022: £160,496). These results are included within the consolidated statement of financial activities. At 31 March 2023 RUSI Europe retained cash at bank and in hand of £320,596 (2022: £739,141).

Reserves

The Institute's total funds at 31 March 2023 stand at £8,539,593, of which £2,738,722 (2022: £5,525,581) is restricted and not available for the general purposes of the charity. The general fund stands at £5,800,871 (2022: £5,659,802).

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RUSI defines its free reserves as the general fund. Five years ago, the trustees set a target for the Institute to aim to maintain, in normal circumstances, unrestricted reserves sufficient to cover future operating expenditure for at least six months. At 31 March 2023, the unrestricted reserves of £5,800,871 represented 5.6 months of budgeted expenditure for the year ending 31 March 2024.

Risks

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

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

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

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

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

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

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

- The Institute continues to be concerned about high interest rates and inflation, along with other external economic conditions. In particular, high interest rates make the servicing of RUSI's borrowings more expensive; inflation puts pressure on costs, including staff costs, and poor economic growth may reduce the scope of funders to commission research and deter others from giving us donations or other financial support.

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

Plans for Future Periods

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

- Our research will give the highest priority to activities that contribute to thought leadership, through evidence-based research, convening and networking with policy-shapers, and communications so as to maximise our impact on national and international policy.

ROYAL UNITED SERVICES INSTITUTE FOR DEFENCE AND SECURITY STUDIES

ANNUAL REPORT OF THE TRUSTEES

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

The trustees' perspective of the future direction of the Institute is influenced by the financial difficulties and uncertainties faced by the Institute at several critical times in RUSI's long history. However, the acquisition of the freehold of 61 Whitehall in 2015 transformed the Institute's balance sheet and, for the first time, set the Institute on a secure financial footing. In addition, the continued growth and strong performance of the research business in recent years has allowed the Institute to establish an unrestricted reserve. Finally, the success of the fundraising campaign for the redevelopment of 61 Whitehall has provided the opportunity for RUSI to eliminate the need for rented office space in 2023 and thus significantly reduce costs, as well as providing additional financial security. The trustees intend to build on these encouraging advances, and to develop the Institute to its full potential, whilst remaining prudent in the management of financial risk.

STRUCTURE, GOVERNANCE AND MANAGEMENT

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

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

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

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

The Director-General is the Chief Executive of the Institute and Secretary to the Council of Trustees. He or she is responsible for the day-to-day activities and current business of the Institute, including the management of the

ROYAL UNITED SERVICES INSTITUTE FOR DEFENCE AND SECURITY STUDIES

ANNUAL REPORT OF THE TRUSTEES

staff, to whom the Director-General may delegate duties. The trustees, acting on the advice of the Remuneration Committee, set the remuneration and benefits of the Director-General and Deputy Director-General.

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

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

The following organisations are also controlled by RUSI:

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

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

RUSI Europe, an AISBL established in Belgium.

REFERENCE AND ADMINISTRATIVE DETAILS

The charity registration number is 210639.

The principal address of the charity is:

Whitehall
London
SW1A 2ET

The Patron

Her Late Majesty The Queen

The President

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

Senior Vice Presidents

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

Trustees

The Rt. Hon. Douglas Alexander
Ms Divyata Ashiya
Ambassador Sylvie-Agnès Bermann
General Sir Nick Carter GCB CBE DSO (appointed 20 October 2022)
Mr John Dowdy
Mr Laurence Geller CBE
Ms Jan Hall OBE
Admiral Sir Philip Jones GCB DL
The Rt. Hon. Sir David Lidington KCB CBE – **Chair**
Mr Rageh Omaar
Ms Suzanne Raine
The Lord Ricketts GCMG GCVO – **Vice-Chair**
The Rt. Hon. Amber Rudd
The Rt. Hon. Jack Straw
His Grace the Duke of Wellington OBE DL
Sir Alexander Younger KCMG

The Advisory Board

The Rt. Hon. the Lord Arbuthnot of Edrom
Ms Jane Attwood

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

ANNUAL REPORT OF THE TRUSTEES

Mr Rory Bremner FKC
The Rt Hon Lord Campbell of Pittenweem CH CBE QC

Mr Chris DiBona
Dr Comfort Ero
Ms Mina Gerowin
Mr David Giampaolo
Mr Reade Griffith
Mr Shashank Joshi
Mr Matthew Kirk
Dame Mariot Leslie
Dame Sarah MacIntosh DCMG
Dr Greg Mills
Mr Harper Reed
Ms Ritula Shah
Mr Oliver Waghorn
Ms Caroline Wyatt

Senior Management

Dr Karin von Hippel – **Director-General**
Mr André Meyer – **Interim Chief Finance Officer and Chief Operating Officer**
Professor Malcolm Chalmers – **Deputy Director-General**
Dr Jonathan Eyal – **Associate Director, Strategic Research Partnerships**

Principal Advisers:

Auditors

PKF Littlejohn LLP
15 Westferry Circus
London
E14 4HD

Bankers

HSBC Bank PLC
69 Pall Mall
London
SW1Y 5EY

Signed on behalf of the Council of Trustees



Sir David Lidington KCB CBE
Chairman

13 December 2023

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

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

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

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

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

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

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

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

Opinion

We have audited the financial statements of the Royal United Services Institute for Defence and Security Studies (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charity Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 March 2023 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the group and parent charity financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

to 31 March 2023, we reviewed the desktop exercise undertaken by the Trustees to ascertain the fair value at that point in time, tested the accuracy and completeness of inputs to their calculation, and challenged the assumptions applied in the valuation for example by agreement to third party metrics.

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities<http://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor's-responsibilities-for>[https://www.frc.org.uk/auditors/audit-assurance/standards-and-guidance/2010-ethical-standards-for-auditors-\(1\)](https://www.frc.org.uk/auditors/audit-assurance/standards-and-guidance/2010-ethical-standards-for-auditors-(1)). This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



**PKF Littlejohn LLP
Statutory Auditor**

15 Westferry Circus
Canary Wharf
London E14 4HD

Date: 14 December 2023

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

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2023**

	<u>Note</u>	<u>Unrestricted Funds 2023</u> £	<u>Restricted Funds 2023</u> £	<u>Year to 31 March 2023</u> £	<u>Year to 31 March 2022</u> £
Income					
Donations, grants and gifts		19,315	1,545,846	1,565,161	2,964,053
Charitable activities		13,484,034	1,747,502	15,231,536	12,412,437
Other trading activities		(703)	-	(703)	(9,361)
Income from investments		4,168	-	4,168	472
		<hr/>	<hr/>	<hr/>	<hr/>
Total income and endowments	2	13,506,814	3,293,348	16,800,162	15,367,601
		<hr/>	<hr/>	<hr/>	<hr/>
Expenditure					
Raising funds		348,289	-	348,289	308,299
Charitable activities		14,817,131	826,296	15,643,427	11,539,711
		<hr/>	<hr/>	<hr/>	<hr/>
Total expenditure	3	15,165,420	826,296	15,991,716	11,848,010
		<hr/>	<hr/>	<hr/>	<hr/>
Net income	3	(1,658,606)	2,467,052	808,446	3,519,591
Transfers between funds		5,253,911	(5,253,911)	-	-
Other recognised losses					
Revaluation of freehold land and buildings		(4,461,798)	-	(4,461,798)	(4,540,000)
		<hr/>	<hr/>	<hr/>	<hr/>
Net movement in funds		(866,493)	(2,786,859)	(3,653,352)	(1,020,409)
Balances at 1 April 2022		6,667,364	5,525,581	12,192,945	13,213,354
		<hr/>	<hr/>	<hr/>	<hr/>
Balances at 31 March 2023	13	5,800,871	2,738,722	8,539,593	12,192,945
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Of the consolidated income and expenditure, £15,231,536 (2022: £12,412,437) of income and £15,643,427 (2022: £11,539,711) of expenditure relates to the charity.

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

The accompanying notes on pages 19 to 30 form an integral part of these financial statements.

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2023**

		31 March 2023		31 March 2022	
<u>Note</u>	£	£	£	£	£
TANGIBLE FIXED ASSETS	5a		10,443,538		9,196,700
HERITAGE ASSETS	5b		1,356,255		1,356,255
			11,799,793		10,552,955
 CURRENT ASSETS					
Debtors	6	9,308,639		8,240,940	
Cash at Bank		3,240,503		7,101,754	
		12,549,142		15,342,694	
 CREDITORS:					
Amounts falling due within one year					
Creditors	7	8,865,307		8,431,062	
Bank loan		89,948		167,113	
		8,955,255		8,598,175	
 NET CURRENT ASSETS			3,593,887		6,744,519
 TOTAL ASSETS less current liabilities			15,393,680		17,297,474
 AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	8		6,854,087		5,104,529
 NET ASSETS			8,539,593		12,192,945
 FUNDS EMPLOYED					
Unrestricted fund – General fund	13		5,800,871		5,659,802
Unrestricted fund – Revaluation reserve			-		1,007,562
Restricted funds	14		2,738,722		5,525,581
			8,539,593		12,192,945

The financial statements were approved and authorised for issue by the trustees on 13 December 2023.



Sir David Lidington KCB CBE
Chairman



The Lord Ricketts GCMC GCVO
Vice-Chairman

The accompanying notes on pages 19 to 30 form an integral part of these financial statements.

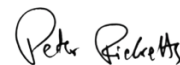
**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
CHARITY BALANCE SHEET
AS AT 31 MARCH 2023**

		31 March 2023		31 March 2022	
Note	£	£	£	£	£
TANGIBLE FIXED ASSETS	5a		10,415,444		9,166,942
HERITAGE ASSETS	5b		1,356,255		1,356,255
INVESTMENT IN SUBSIDIARY	9		100		100
			11,771,799		10,523,297
CURRENT ASSETS					
Debtors	6	5,858,080		4,036,409	
Cash at Bank		2,691,819		6,252,324	
		8,549,899		10,288,733	
CREDITORS:					
Amounts falling due within one year					
Creditors	7	5,213,551		3,502,309	
Bank loan		89,948		167,113	
		5,303,499		3,669,422	
NET CURRENT ASSETS			3,246,400		6,619,311
TOTAL ASSETS less current liabilities			15,018,199		17,142,608
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	8		6,854,087		5,104,529
NET ASSETS			8,164,112		12,038,079
FUNDS EMPLOYED					
Unrestricted fund – General fund	13		5,425,390		5,504,936
Unrestricted fund – Revaluation reserve			-		1,007,562
Restricted funds	14		2,738,722		5,525,581
			8,164,112		12,038,079

The financial statements were approved and authorised for issue by the trustees on 13 December 2023



Sir David Lidington KCB CBE
Chairman



The Lord Ricketts GCMC GCVO
Vice-Chairman

The accompanying notes on pages 19 to 30 form an integral part of these financial statements.

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023**

	Year to 31 March <u>2023</u> £	Year to 31 March <u>2022</u> £
Cash flows from operating activities:		
<i>Net cash generated by operating activities</i>	492,560	5,011,933
Cash flows from investing activities:		
Interest from investments	4,168	472
Purchase of property, plant and equipment	(6,030,372)	(1,779,200)
Purchase of heritage assets	-	(10,550)
<i>Net cash used in investing activities</i>	(6,026,204)	(1,789,278)
Cash flows from financing activities:		
Repayments of borrowing	(154,437)	(256,877)
Cash inflows from new borrowing	1,826,830	-
<i>Net cash from/(used) in financing activities</i>	1,672,393	(256,877)
<i>Change in cash and cash equivalents in the reporting period</i>	(3,861,251)	2,965,778
Cash and cash equivalents at the beginning of the reporting period	7,101,754	4,135,976
Cash and cash equivalents at the end of the reporting period	3,240,503	7,101,754
Reconciliation of net income/(expenditure) to net cash flow from operating activities		
Net income for the reporting period (as per The Statement of Financial Activities)	808,446	3,519,592
Adjustments for:		
Depreciation charges	321,736	220,179
Dividends, interest and rent from investments	(4,168)	(472)
(Increase)/decrease in debtors	(1,067,699)	1,326,291
Increase/(decrease) in creditors	434,245	(53,657)
<i>Net cash provided by operating activities</i>	492,560	5,011,933
Analysis of cash and cash equivalents		
Cash in hand	3,240,503	7,101,754
<i>Total cash and cash equivalents</i>	3,240,503	7,101,754

The accompanying notes on pages 19 to 30 form an integral part of these financial statements.

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

1 ACCOUNTING POLICIES

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

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

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

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

a) Going concern

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

b) Recognition of income

All incoming resources are taken to income when there is entitlement to funds, the receipt is probable, and the amount can be measured reliably. The proportion of subscriptions relating to periods subsequent to the balance sheet date are carried forward and included as subscriptions in advance under current liabilities. Income relating to conferences, events and facilities hire is recognised at the date of the event. Income relating to research contracts is recognised over the duration of the contract term.

c) Expenditure

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

d) Operating leases

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

e) Tangible fixed assets

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

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

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

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

f) Fund accounting

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

g) Heritage assets

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

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

h) Foreign currency

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

i) Retirement Benefits

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

j) Trade debtors

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

k) Creditors and provisions

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

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

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

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m) Donated goods, facilities and services

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

2 ANALYSIS OF INCOME

	Unrestricted Funds 2023	Restricted Funds 2023	Year to 31 March 2023	Year to 31 March 2022
	£	£	£	£
Donations, grants and gifts	19,315	1,545,846	1,565,161	2,964,053
Income from charitable activities				
Conferences and events	257,783	-	257,783	258,629
Research	11,714,225	1,747,502	13,461,727	10,797,960
Subscriptions	1,322,174	-	1,322,174	1,195,047
Publications	189,852	-	189,852	160,801
Facilities / Room hire	(703)	-	(703)	(9,361)
Bank deposit interest received	4,168	-	4,168	472
	<hr/>	<hr/>	<hr/>	<hr/>
Total income	13,506,814	3,293,348	16,800,162	15,367,601
	<hr/>	<hr/>	<hr/>	<hr/>

In the year ended 31 March 2022, restricted funds income was £3,511,264 split into £2,600,394 in the form of donations and £910,870 in the form of research.

3 ANALYSIS OF EXPENDITURE

Total costs of activities comprise:

	Staff Costs	Direct Costs	Allocated Costs	Year to 31 March 2023	Year to 31 March 2022
	£	£	£	£	£
Facilities /room Hire	-	-	25,494	25,494	28,796
Fundraising	201,603	19,215	101,977	322,795	279,503
Total costs of raising funds	<hr/> 201,603	<hr/> 19,215	<hr/> 127,471	<hr/> 348,289	<hr/> 308,299
Conferences and Events	181,287	771,725	152,966	1,105,978	515,661
Research	4,111,612	5,293,642	1,555,158	10,960,412	8,347,616
Publications	438,762	104,940	178,461	722,163	670,488
Membership	317,991	269,981	152,966	740,938	407,950
Other support to members	1,622,538	22,524	356,922	2,001,984	1,494,597
Governance costs	84,328	2,130	25,494	111,952	103,399
Total cost of charitable activities	<hr/> 6,756,518	<hr/> 6,464,942	<hr/> 2,421,967	<hr/> 15,643,427	<hr/> 11,539,710
	<hr/> 6,958,121	<hr/> 6,484,157	<hr/> 2,549,438	<hr/> 15,991,716	<hr/> 11,848,010

Staff costs above include recruitment and other staff benefit costs of £36,253 (2022: £39,628) which are not included in the separate analysis of staff costs below. These have been allocated directly to activities based on the time spent in each area of activity. Fundraising includes the costs of generating voluntary income and general promotional costs to raise the profile of the Institute.

**ROYAL UNITED SERVICES INSTITUTE
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Allocated costs comprise:

	Establishment	Finance and Admin	Other	Year to 31 March 2023 <u>Total</u>	Year to 31 March 2022 <u>Total</u>
	£	£	£	£	£
Facilities /room Hire	9,278	16,046	170	25,494	28,797
Fundraising	37,111	64,186	681	101,978	96,488
Conferences and Events	55,667	96,278	1,022	152,967	131,950
Research	565,943	978,830	10,385	1,555,158	1,362,506
Publications	64,944	112,325	1,191	178,460	152,397
Membership	55,667	96,278	1,022	152,967	131,277
Other support to members	129,888	224,649	2,383	356,920	308,519
Governance costs	9,278	16,046	170	25,494	32,455
	<u>927,776</u>	<u>1,604,638</u>	<u>17,024</u>	<u>2,549,438</u>	<u>2,244,389</u>

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

	Group and Charity Year to 31 March <u>2023</u> £	Group and Charity Year to 31 March <u>2022</u> £
Total expenditure includes:		
Salaries and wages	5,549,189	4,635,229
Pension costs - defined contributions scheme	354,811	269,195
National insurance	634,469	410,935
Holiday pay reserve	223,392	148,108
	<u>6,761,861</u>	<u>5,463,467</u>

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	Group and Charity Year to 31 March 2023 £	Group and Charity Year to 31 March 2022 £
Governance costs comprise:		
Staff costs	84,328	70,944
Establishment costs	9,278	12,335
Administration costs	1,784	16,046
Finance costs	14,262	3,538
Other costs	2,300	536
	111,952	103,399

No remuneration was paid to the trustees in the current or preceding periods. In the current period no trustee has been reimbursed expenses in connection with services provided to the Charity (2022: Nil).

4 TAXATION

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

5a. TANGIBLE FIXED ASSETS – Group and Charity

	Freehold land & buildings £	Assets under Construction £	Other Tangible Fixed Assets £	Total £
Cost or value				
At 1 April 2022	5,800,000	2,920,651	1,783,179	10,503,830
Additions		5,741,147	289,225	6,030,372
Transfer	4,200,000	(4,200,000)	-	-
Revaluation		(4,461,798)	-	(4,461,798)
At 31 March 2023	<u>10,000,000</u>	<u>-</u>	<u>2,072,404</u>	<u>12,072,404</u>
Accumulated depreciation				
At 1 April 2022	-	-	1,307,130	1,307,130
Charge for the year	-	-	321,736	321,736
At 31 March 2023	<u>-</u>	<u>-</u>	<u>1,628,866</u>	<u>1,628,866</u>
Net book value				
At 31 March 2023	<u>10,000,000</u>	<u>-</u>	<u>443,538</u>	<u>10,443,538</u>
At 31 March 2022	<u>5,800,000</u>	<u>2,920,651</u>	<u>476,049</u>	<u>9,196,700</u>

All the fixed assets of the Institute are held for charitable purposes. The net book value of £443,538 (2022: £476,049) in relation to other tangible fixed assets comprises leasehold improvements of £27,747 (2022: £256,526); office equipment of £414,956 (2022: £217,266); and furniture and fittings of £835 (2021: £2,257).

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A full valuation of freehold land and buildings was undertaken by Avison Young, a firm of chartered surveyors, as at 31 March 2023, and this gave a valuation of the freehold land and buildings of £10.0m. At 31 March 2023 the freehold land and buildings were under redevelopment and the building was in the hands of contractors. The valuation of £10.0m is a reflection of an adjustment to the Gross Development Value (£14.25m) for the remaining costs to complete the project, as at 31 March 2023. The redevelopment of the building was completed in July 2023 and the business has relocated back into the freehold premises. Avison Young have estimated the value of the freehold land and buildings on completion of the works as £14.25m.

5b. HERITAGE ASSETS—Group and Charity

	Paintings Silverware, Furniture Marble £	Library Books £	Total £
<u>Cost or value</u>			
At 1 April 2022 and 31 March 2023	908,110	448,145	1,356,255
<u>Net Book Amount</u>			
At 31 March 2022 and 31 March 2023	<u>908,110</u>	<u>448,145</u>	<u>1,356,255</u>

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

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

Five-year summary of heritage asset transactions

	2023 £	2022 £	2021 £	2020 £	2019 £
<i>Additions</i>					
Purchases	-	10,550	-	-	-
Donations	-	-	-	3,360	3,360
<i>Disposals</i>					
Carrying value	-	-	-	-	175,000
Sales proceeds	-	-	-	-	-

6 DEBTORS

	Group Year to 31 March <u>2023</u> £	Charity Year to 31 March <u>2023</u> £	Group Year to 31 March <u>2022</u> £	Charity Year to 31 March <u>2022</u> £
Trade debtors	5,855,751	2,484,313	5,573,048	1,343,741
Sundry debtors and prepayments	3,452,888	3,062,950	2,667,892	2,380,769
Amounts owed by group undertaking	-	310,817	-	311,899
	<u>9,308,639</u>	<u>5,858,080</u>	<u>8,240,940</u>	<u>4,036,409</u>

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7 CREDITORS

	Group Year to 31 March 2023 £	Charity Year to 31 March 2023 £	Group Year to 31 March 2022 £	Charity Year to 31 March 2022 £
Trade creditors	816,871	571,033	622,859	387,661
Sundry creditors and accruals	2,196,917	1,634,635	1,747,207	1,368,991
Deferred income	5,851,519	2,780,403	6,060,996	1,252,083
Amount owed to group undertaking	-	227,480	-	493,574
	<u>8,865,307</u>	<u>5,213,551</u>	<u>8,431,062</u>	<u>3,502,309</u>

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

	Balance at 1 April 2022 £	Income Released In Yr £	Income Deferred In Yr £	Exchange Diff £	Transfers £	Balance at 31 March 2023 £
Deferred research income	5,812,844	(3,763,215)	2,887,937	219,744	92,810	5,250,120
Subscriptions in advance	248,152	(248,152)	601,399			601,399
	<u>6,060,996</u>	<u>(4,011,367)</u>	<u>3,489,336</u>	<u>219,744</u>	<u>92,810</u>	<u>5,851,519</u>

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

	Group Year to 31 March 2023 £	Charity Year to 31 March 2023 £	Group Year to 31 March 2022 £	Charity Year to 31 March 2022 £
Loans	<u>6,854,087</u>	<u>6,854,087</u>	<u>5,104,529</u>	<u>5,104,529</u>

Loans are repayable as follows:-

	Group Year to 31 March 2023 £	Charity Year to 31 March 2023 £	Group Year to 31 March 2022 £	Charity Year to 31 March 2022 £
Within one year	89,948	89,948	167,113	167,113
Between two and five years	6,854,087	6,854,087	5,104,529	5,104,529
	<u>6,944,035</u>	<u>6,944,035</u>	<u>5,271,642</u>	<u>5,271,642</u>

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Loans consist of the following advances:

1. A £5.8 million loan for the purpose of assisting with the purchase of the freehold interest in 61 Whitehall. The term of the loan is 10 years from 27 March 2015 and the interest rate is 2.5% per annum over the Bank of England base rate. However, from 27 March 2018, for a period of 60 months, the interest rate has been fixed at 3.75% during which period there will be 60 capital-and-interest repayments of £28,505.24. The loan is secured by a first legal charge over the freehold property at 61 Whitehall. As at 31 March 2023 the outstanding balance on this loan was £5,117,205 (2022: £5,263,612).
2. The group drew down £1,826,830 on 21 February 2023 from a £4.5m term loan facility, to assist in funding the redevelopment work at 61 Whitehall. The loan is repayable in full after 1 year and 3 months of the date of the drawdown and the interest rate to be paid on this facility is 2.75% per annum above the Bank of England base rate.

9 INVESTMENT IN SUBSIDIARY

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

RUSI Trading Limited's profit and loss account for the year ended 31 March 2023 was as follows:

	Year to 31 March 2023	Year to 31 March <u>2022</u>
	£	£
Turnover	221,232	244,939
Expenses	299,397	149,951
(Loss)/Profit for the year before gift aid	(78,165)	94,988
Qualifying charitable donation to RUSI	-	(94,988)
(Loss)/Profit for the year	<u>(78,165)</u>	<u>-</u>

The loss in the year to 31 March 2023 was £78,165 (2022: profit £94,988). The profit for the prior year was paid under deed of covenant to the Royal United Services Institute for Defence and Security Studies.

At 31 March 2023 RUSI Trading Limited had assets of £199,893, liabilities of £277,958 and share capital of £100.

10 RELATED PARTIES

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

The Institute also controls **Royal United Services Institute (Nairobi) Limited**, a company incorporated in Kenya and limited by guarantee. Royal United Services Institute (Nairobi) Limited undertakes local research work on behalf of the Institute, on an exclusive basis, and does not have any additional activities. During the year, the Institute remitted funds totalling £287,750 (2022: £518,593) for this purpose. The expenses incurred in relation to the research projects undertaken by Royal United Services Institute (Nairobi) Limited are included within the consolidated statement of financial activities. At 31 March 2023 Royal United Services Institute (Nairobi) Limited retained cash at bank and in hand of £34,157 (2022: £1,431).

There were no other related party transactions in the current or previous year.

**ROYAL UNITED SERVICES INSTITUTE
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FOR THE YEAR ENDED 31 MARCH 2023**

During 2018/19 the Institute established **RUSI Europe**, an international not-for-profit organisation (“AISBL”) based in Brussels. RUSI Europe is controlled by the Institute through the ability to appoint the Board of Directors. At 31 March 2023, RUSI Europe retained cash at bank and in hand of £320,596 (2022: £739,141).

11 LEASE OBLIGATIONS

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

	Land & Buildings	Equipment	Year to 31 March 2023	Year to 31 March 2022
	£	£	£	£
Due within one year	195,000	29,203	224,203	414,853
Due after one year and within five years		56,844	56,844	757,247
Due in more than five years	-	1,818	1,818	737
	<u>195,000</u>	<u>87,865</u>	<u>282,865</u>	<u>1,172,837</u>

12 CAPITAL COMMITMENTS

In November 2021, RUSI entered into a standard building contract with Coniston Limited to have refurbishment, alteration and extension work carried out at 61 Whitehall. The contract sum is £9,563,683. As at the 31 March 2023, RUSI has paid £6,192,515 to Coniston under this contract, leaving an outstanding balance of £3,370,768.

13 ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted funds	Restricted funds	Total funds
	£	£	£
Fund balances at 31 March 2023 are represented by:			
Tangible fixed assets	11,799,793	-	11,799,793
Current assets	8,525,896	4,023,246	12,549,142
Current liabilities	(7,670,731)	(1,284,524)	(8,955,255)
Long term liabilities	(6,854,087)	-	(6,854,087)
Total net assets	<u>5,800,871</u>	<u>2,738,722</u>	<u>8,539,593</u>
Fund balances at 31 March 2022 are represented by:			
Tangible fixed assets	8,292,345	2,260,610	10,552,955
Current assets	12,077,723	3,264,971	15,342,694
Current liabilities	(8,598,175)	-	(8,598,175)
Long term liabilities	(5,104,529)	-	(5,104,529)
Total net assets	<u>6,667,364</u>	<u>5,525,581</u>	<u>12,192,945</u>

**ROYAL UNITED SERVICES INSTITUTE
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14 RESTRICTED FUNDS

	Balance 1 April 2022 £	Income £	Expenditure £	Transfers £	Balance 31 March 2023 £
The Thales Charitable Trust	7,538	-	-		7,538
The 1831 Fund	26,772	-	-	(26,772)	-
Duke of Wellington	-	9,500	9,250		250
Google, Inc	100,844	-	-	(100,844)	-
61 Whitehall Fund	3,677,049	1,536,346	-	(5,213,395)	-
Research grants and donations	1,713,378	1,747,502	817,046	87,100	2,730,934
	<u>5,525,581</u>	<u>3,293,348</u>	<u>826,296</u>	<u>(5,253,911)</u>	<u>2,738,722</u>

	Balance 1 April 2021 £	Income £	Expenditure £	Balance 31 March 2022 £
The Thales Charitable Trust	7,538	-	-	7,538
The 1831 Fund	26,772	-	-	26,772
Google, Inc	100,844	-	-	100,844
61 Whitehall Fund	2,691,807	2,600,394	1,615,152	3,677,049
Research grants and donations fund	1,183,950	910,870	381,442	1,713,378
	<u>4,010,911</u>	<u>3,511,264</u>	<u>1,996,594</u>	<u>5,525,581</u>

Purpose and use of restricted funds

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

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

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

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

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

All the transfers out of the restricted fund relate to the redevelopment works undertaken on 61 Whitehall.

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

15 PRIOR YEAR FIGURES

Prior year Statement of Financial Activities for the year ended 31 March 2022.

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

Accounts

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

FINANCIAL STATEMENTS

31 MARCH 2022

Charity No. 210639



ROYAL UNITED SERVICES INSTITUTE FOR DEFENCE AND SECURITY STUDIES

ANNUAL REPORT OF TRUSTEES

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

OBJECTIVES AND ACTIVITIES

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

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

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

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

ACHIEVEMENTS AND PERFORMANCE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Our Research

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

CFCS

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

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

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

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

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

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Cyber

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

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

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

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

Defence, Industries and Society

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

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

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

International Security Studies

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

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

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

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

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

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

Military Sciences

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

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

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

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

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

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

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

Open Source Intelligence Analysis

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

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

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

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Organised Crime and Policing

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

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

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

Proliferation and Nuclear Policy

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

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

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

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

RUSI International

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

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

Terrorism and Conflict

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

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

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

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

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

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

Our Wider Activity

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

Our People

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

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

The Ukrainian Conflict

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

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

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

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

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

Our Global Reach

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

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

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

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

Innovations in Publishing

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

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

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

Growing Membership

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

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

Securing Our Future

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

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

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

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

FINANCIAL REVIEW

Financial Position

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

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

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

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

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

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

Reserves

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

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

Risks

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

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

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

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

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

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

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

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

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

Plans for Future Periods

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

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

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

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

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

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

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

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

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

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

The following organisations are also controlled by RUSI:

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

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

RUSI Europe, an AISBL established in Belgium.

ROYAL UNITED SERVICES INSTITUTE FOR DEFENCE AND SECURITY STUDIES

ANNUAL REPORT OF TRUSTEES

REFERENCE AND ADMINISTRATIVE DETAILS

The charity registration number is 210639.

The principal address of the charity is:

Whitehall
London
SW1A 2ET

The Patron

Her Majesty The Queen

The President

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

Senior Vice Presidents

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

Trustees

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

The Advisory Board

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

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

Senior Management

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

Principal Advisers:

Auditors

PKF Littlejohn LLP
15 Westferry Circus
London
E14 4HD

Bankers

HSBC Bank PLC
69 Pall Mall
London
SW1Y 5EY

Signed on behalf of the Council of Trustees



Sir David Lidington KCB CBE
Chairman

19 October 2022

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

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

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

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

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

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

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

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

Opinion

We have audited the financial statements of the Royal United Services Institute for Defence and Security Studies (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charity Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 March 2022 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the group and parent charity financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

**PKF Littlejohn LLP
Statutory Auditor**

15 Westferry Circus
Canary Wharf
London E14 4HD

Date:

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

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

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

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

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

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

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

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

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



Sir David Lidington KCB CBE
Chairman



The Lord Ricketts GCMC GCVO
Vice-Chairman

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

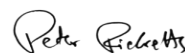
**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
CHARITY BALANCE SHEET
AS AT 31 MARCH 2022**

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

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



Sir David Lidington KCB CBE
Chairman



The Lord Ricketts GCMC GCVO
Vice-Chairman

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

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

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

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

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

1 ACCOUNTING POLICIES

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

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

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

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

a) Going concern

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

b) Recognition of income

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

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

c) Expenditure

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

d) Operating leases

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

e) Tangible fixed assets

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

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

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

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

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

f) Fund accounting

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

g) Heritage assets

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

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

h) Foreign currency

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

i) Retirement Benefits

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

j) Trade debtors

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

k) Creditors and provisions

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

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

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

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

m) Donated goods, facilities and services

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

2 ANALYSIS OF INCOME

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

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

3 ANALYSIS OF EXPENDITURE

Total costs of activities comprise:

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

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

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Allocated costs comprise:

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

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

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

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Governance costs comprise:

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

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

4 TAXATION

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

5a. TANGIBLE FIXED ASSETS – Group and Charity

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

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

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

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

5b. HERITAGE ASSETS—Group and Charity

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

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

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

Five year summary of heritage asset transactions

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

6 DEBTORS

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

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7 CREDITORS	Group Year to 31 March 2022 £	Charity Year to 31 March 2022 £	Restated Group Year to 31 March 2021 £	Restated Charity Year to 31 March 2021 £
Trade creditors	622,859	387,661	1,023,310	567,460
Sundry creditors and accruals	1,747,207	1,368,991	1,480,196	1,638,646
Deferred income	6,060,996	1,252,083	5,981,213	718,010
Amount owed to group undertaking	-	493,574	-	260,949
	<u>8,431,062</u>	<u>3,502,309</u>	<u>8,484,719</u>	<u>3,185,065</u>
Analysis of movement in deferred income Group and charity	Restated Balance at 1 April 2021 £	Income released in year £	Income deferred in year £	Balance at 31 March 2022 £
Deferred research income	5,456,541	(2,428,745)	2,785,048	5,812,844
Subscriptions in advance	524,672	(524,672)	248,152	248,152
	<u>5,981,213</u>	<u>(2,953,417)</u>	<u>3,033,200</u>	<u>6,060,996</u>
8 AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	Group Year to 31 March 2022 £	Charity Year to 31 March 2022 £	Group Year to 31 March 2021 £	Charity Year to 31 March 2021 £
Loans	5,104,529	5,104,529	5,312,473	5,312,473
Loans are repayable as follows:-	Group Year to 31 March 2022 £	Charity Year to 31 March 2022 £	Group Year to 31 March 2021 £	Charity Year to 31 March 2021 £
Within one year	167,113	167,113	216,046	216,046
Between two and five years	5,104,529	5,104,529	5,312,473	5,312,473
	<u>5,271,642</u>	<u>5,271,642</u>	<u>5,528,519</u>	<u>5,528,519</u>

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Loans consist of the following advances:

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

9 INVESTMENT IN SUBSIDIARY

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

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

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

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

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

10 RELATED PARTIES

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

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

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

11 LEASE OBLIGATIONS

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

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

12 CAPITAL COMMITMENTS

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

13 ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

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

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14 RESTRICTED FUNDS

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

Purpose and use of restricted funds:

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

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

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

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

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

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15 PRIOR YEAR FIGURES

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

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

16 PRIOR YEAR ADJUSTMENTS

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

These restatements are summarised in the following table:

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Group:

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

Charity:

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

Accounts

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

FINANCIAL STATEMENTS

31 MARCH 2021

Charity No. 210639



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

The trustees are pleased to present their report and the audited financial statements for the year ended 31 March 2021.

OBJECTIVES AND ACTIVITIES

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

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

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

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

ACHIEVEMENTS AND PERFORMANCE

COVID-19

RUSI has never been more active. The Institute has successfully navigated its way through the COVID-19 pandemic by transitioning to new ways of working and by expanding its reach to audiences around the world. We have offered a virtual events and conference programme to our growing membership and network. As social distancing measures have eased, we have also expanded this to include 'hybrid' conferences, with in-person attendees joining virtual participants. Overall, we experienced an enormous increase in participation for our events, from 4,500 in 2019/20 to 31,000 in 2020/21.

We also increased our research capacity and output, while maintaining our high standards. Our researchers adapted to the new realities of the pandemic by shifting from airline travel to online platforms to interact with international partners.

Research Programme

We completed an active programme of research in the year ended 31 March 2021, making important contributions to the national and international policy agenda. Recently, RUSI played a crucial part in framing and analysing the UK's Integrated Review of Security, Defence, Foreign Policy and Development. Our researchers informed the policymaking process, and analysed its implications for defence, security and international affairs.

Other examples include widely-cited reports on fraud. Our researchers argued that fraud should be considered a national security issue, and warned that the crime was reaching 'epidemic levels'. We also led important research

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on cyber security, with projects that examined the use of Artificial Intelligence in policing and security, as well as the 'globalisation of technology.' For the latter, we subsequently helped shape the national debate on the UK's decision on how far to restrict Huawei involvement in its 5G network.

As a result of these activities, *Prospect* magazine named RUSI as Think Tank of the Year in December 2020. It said that "in a year which has shown how interconnected all our fortunes are, RUSI have shown that rare ability to join the dots". We were commended for "pushing at the frontiers of both technology policy and international relations and finding ways to connect the two".

Overall, the Institute carried out 150 research projects (2020: 140) and gross research income was £8,050,458 (2020: £10,069,252).

Highlights from our research groups

RUSI's **Centre for Financial Crime and Security Studies** is a global authority on the intersection of finance and security.

In 2020/21, in addition to the work cited above, we:

- Presented oral evidence to the UK Parliament on post-Brexit sanctions policy and Government freepoint plans. We also gave evidence to Canada's Cullen Commission on unexplained wealth orders.
- Provided illicit finance policy analysis to HM Government as part of the UK Integrated Review.
- Published guidance papers on counter proliferation finance that were translated into law in numerous countries and territories, most recently in the Philippines and Gibraltar.
- Conducted over 35 virtual trainings that equipped private and public sector actors in identifying proliferation and terrorism financing risks in 60 countries.
- Broadcast two podcast series, reaching audiences in 155 countries: 'The Suspicious Transaction Report', with high-level policy discussions with special guests, and 'Financial Crime Insights', which disseminates our events in audio format.

The **Cyber** research group analyses UK and international strategic responses to cyber challenges. The team works to understand, identify and interpret the impact on governments, companies, and citizens.

In 2020/21, we:

- Helped frame the national conversation on 5G cyber risk management approaches and contributed to the ongoing 5G debate over Huawei in the UK, with extensive media coverage of our research on the Globalisation of Technology.
- Supported the UK Defence Committee's inquiry into the security of 5G with extensively cited expert evidence. We also assisted the Science and Technology Committee's inquiry into 5G market diversification, offering wider lessons for critical and emerging technologies.
- Led engagements with the Cabinet Office's National Security Secretariat to assist the design of the next UK Cyber Strategy and submitted evidence to HM Government detailing RUSI's 'Five principles for Future UK Cyber Strategy'.
- Published an 'Emerging Insights' paper on Ransomware, calling for a new set of policy interventions to reduce the threat, and this report generated significant media interest.
- In collaboration with RUSI's Organised Crime and Policing Research team and Centre for Financial Crime and Security Studies, provided targeted recommendations to inform the UK's response to cyber fraud. This research formed the basis of a debate in the House of Commons and was cited over 249 times across national and international media outlets.

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The **Defence, Industries and Societies** research group focusing on acquisition, supply chain management and the place of defence in society.

In 2020/21, we:

- Published a report examining defence management after the Levene Reforms. The report called for organisational change at the Ministry of Defence to direct an integrated set of military efforts.
- Published a study looking at the risks and opportunities presented by the Tempest programme, a new combat aircraft that is arguably the most ambitious in the Ministry of Defence's portfolio.

The **International Security Studies** research group analyses how emerging geopolitical conflicts, competition and cooperation impact international security.

In 2020/21, we:

- Established the 'International Security in Transformation' initiative, including the creation of a set of programmes focused on regions that will be critical to the future of global security: 'Africa in Perspective', 'Navigating the Indo-Pacific', 'Unpacking MENA' (Middle East and North Africa) and 'Russia in the World.'
- Hosted a major conference on regional fragility and violence in West Africa with leading policymakers, including former President of Nigeria, Goodluck Jonathan.
- Examined global health and security, including pandemics, through our flagship annual UK-Russia Security Dialogue, with policy and epidemiological experts from both countries.
- Initiated the 'Transatlantic Dialogue on China' in partnership with Chatham House, encouraging innovative thinking to reduce tensions in the transatlantic relationship over China.
- Produced a report for the European Parliament on the state of EU-Iran relations and the future of the JCPOA.
- Launched two podcasts: 'Bridging the Oceans', to focus on the key defence and security questions in the Indo-Pacific; and 'The Global Security Briefing,' to offer insights on contemporary regional security developments.
- Gave evidence to the House of Commons Foreign Affairs Select Committee on UK-Iran relations, and the UK's role in strengthening multilateral organisations; and to the House of Lords International Relations and Defence committee on China in the Indo-Pacific.

RUSI's **Military Sciences** research group provides thought leadership on the use of military force in the 21st century, from strategic concepts to technical platforms.

Amongst our activities in 2020/21, we:

- Launched the 'Western Way of War' podcast, which has quickly gained popularity with approximately 80,000 downloads in over 140 countries and is core to the syllabus of fifteen Staff Colleges. The show is rated in the top 2% of all podcasts globally.
- Initiated digital programmes: 'Adversarial Studies,' to enable a better understanding of competitors and challengers in the military space, and 'A Call to Arms', interviews with up-and-coming military leaders.
- Provided thought leadership through regular commentaries and insights covering the UK's Integrated Review, Defence Command Paper, and Defence and Security Industrial Strategy. Our analysis in the exclusive, member-only RUSI Defence Systems publication has also generated significant interest.
- Produced research papers to drive discourse and discussion across military domains
- Pioneered a new RUSI membership programme for military personnel in the UK and globally. Military corporate membership grew from 5 to 13 members, and over 150 serving members of the military joined through this targeted scheme.

RUSI's **Organised Crime and Policing** research group is dedicated to understanding and addressing current and future organised crime and policing challenges, both in the UK and worldwide.

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In 2020/21, we:

- With the University of Northumbria, established the Observatory for Monitoring Data Driven Approaches to Covid-19, which focuses on the legal, ethical, policy and operational challenges around data-driven approaches to the pandemic.
- Partnered with GCHQ to examine the use of artificial intelligence for national security purposes. The final report was informed by a consultative workshop, with academia, government, civil society organisations and privacy campaigning groups.
- Published a report on intellectual property crime, which was the first of its kind to provide recommendations for how the UK government, law enforcement and private-sector stakeholders can reduce the profitability of audio-visual piracy.
- Delivered multi-agency capacity building, an e-learning resource, and tailored financial investigation handbooks to support law-enforcement agencies in Malawi, Mozambique, Zambia, Tanzania, Kenya and Uganda for using financial investigation tools in wildlife crime cases.
- Working with RUSI Europe in Brussels, we advised the 'Cocaine Route Monitoring and Support (CORMS) project,' to help law enforcement tackle illicit trafficking into the European Union.

For over a decade, RUSI's **Proliferation and Nuclear Policy** research group has tackled the full range of nuclear weapons issues, and more recently has also been looking at chemical and biological weapons challenges.

Activities in 2020/21 included:

- Led the national conversation on the UK's nuclear weapons programme in the wake of the Integrated Review. Briefings to Parliament and the media have been widely reported, putting RUSI at the heart of discussion on this critical issue.
- Project Sandstone pioneered open-source investigative techniques and developed new analytic tools and algorithms, including cutting edge imagery analytics, to track North Korea's proliferation networks. This year the project published its most in-depth investigation yet, on multi-million-dollar illicit oil smuggling operations. This was covered extensively by the *New York Times*, which partnered with our project to produce a visual investigation, which now has over two million views.
- The team worked with imagery specialists and industrial experts to develop novel approaches to using open-source information and satellite imagery in assessing North Korea's chemical weapons capability.
- RUSI's Iranian Nuclear Pathways project, delivered in collaboration with the International Security Studies team and Aleph Insights, developed a novel quantitative approach to assessing the state and trajectory of the Iranian nuclear dossier, and worked closely with the UK government to develop and assess policy options.
- The UK Project on Nuclear Issues celebrated its 10th anniversary by expanding its reach globally and making its programme completely accessible online, launched new community initiatives such as the Nuclear Café, and has continued to cultivate cross-sector partnerships and innovation with industry, academia, government and the military.

RUSI's **Terrorism and Conflict** research group analyses the complex challenges of conflict, violent extremism and terrorism in the UK, in Europe and globally.

In 2020/21, we:

- Established the 'Prevention Project', which examines the effectiveness of countering violent extremism programmes around the world. The team published eight papers, looking at mentorship interventions, youth, communications, education, and case studies in Kenya.
- Conducted ongoing research on gender and P/CVE that shaped the European Union's approach to gender policy, especially in EU-funded projects on preventing and countering violent extremism. Also invited to present research to the Global Counterterrorism Forum and contribute to the revamping of their gender mainstreaming toolkit.

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- Delivered 17 briefings to a range of government, private sector and civil society audiences on research into preventing and countering violent extremism (P/CVE).
- The programme, 'Strengthening Resilience against Violent Extremism' (STRIVE II), led by RUSI Nairobi, was independently evaluated in October 2020 and the conclusion was that RUSI has successfully influenced policy and practice relating to combating the radicalisation, recruitment, and growth of violent extremist groups. Research from the project has been directly used within USAID and the Swiss-based International Security Sector Advisory Team (ISSAT).
- Carried out a year-long study analysing the role of media reporting on terrorism. Findings and recommendations have been taken up by leading industry bodies, such as the Independent Press Standards Organisation (IPSO), and policymakers such as Counterterrorist Policing.

The RUSI **Leadership Centre** develops the skills, knowledge and awareness needed for foreign governments and security practitioners operating in today's international security environment.

Although some courses that were due to take place during the year were postponed because of COVID, in 2020/21, the Leadership Centre:

- Organised and successfully realised the first ever virtual versions of the 'Strategic Analysis' course, which imparts analytical tools, such as source identification and risk assessments.
- Ran a virtual 'Strategic Analysis' taster course for the Mathias Corvinus Collegium in Budapest, Hungary.

Lectures, Conferences and Events

Having previously relied on in-person events at our historic location in Whitehall, we successfully transitioned to online-only forums as the COVID-19 pandemic took hold in 2020, and later transitioned to hybrid events. In the process we saw a seven-fold increase in our audience.

In 2020/21, the Institute hosted over 250 events and conferences, compared to 133 in 2019/20. Over 31,000 people registered to attend our events (2019/20: 4,500). Many of our events were open to members of the public.

As social distancing measures were eased in 2021, we offered 'hybrid' events with both in-person audiences and online attendees. We improved the audience experience with major conferences held on dedicated online platforms.

Major speakers included the Assistant Commissioner of Specialist Operations Neil Basu, Head of Counter-Terrorism Policing; General Sir Nicholas Patrick Carter, Chief of the Defence Staff; Commissioner Ian Dyson, City of London Police; Giorgi Gakharia, Prime Minister of Georgia; Senator Maggie Hassan, US Senator for New Hampshire; Fuad Hussein, Deputy Prime Minister and Foreign Minister of Iraq; Goodluck Jonathan, Former President of the Federal Republic of Nigeria; Christina Lamb, Chief Foreign Correspondent, Sunday Times; David Lammy MP, Shadow Secretary of State for Justice; Ryan McCarthy, U.S. Secretary of the Army; Lisa Osofsky, Director of the Serious Fraud Office; Amy Pope, former U.S. Deputy Homeland Security Advisor to President Obama; Sviatlana Tsikhanouskaya, Belarus opposition leader; Ben Wallace MP, Secretary of State for Defence.

Our events and conferences also cover issues that transcend defence and security. Our 'Mapping the Pandemic' series examined COVID-19's impact on security around the world. For Black History Month, we hosted a panel discussion on the contribution of African soldiers during the First World War.

Publications and Outreach

The Institute disseminated its research through its bimonthly periodical, the *RUSI Journal*, *Newsbrief* and the RUSI website, with nearly 300 'Commentary' articles, making rusi.org an important site for daily analysis on the latest developments in defence and security. In 2020/21, RUSI published nearly 60 research papers, reports and briefs, covering a broad range of issues.

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These papers highlight the research at the Institute and its relevance to the security and defence debate in the UK and internationally.

In addition, our research and analysis acts as a bridge between policy, academia and the public, bringing together policymakers, civil society organisations, the private sector, researchers and the wider public to understand better the latest developments and the long-term trends related to defence and security.

RUSI remains a 'go-to' think tank for the media on defence, security and international affairs, and its research is widely cited. Last year, the Institute had nearly 23,000 media mentions compared to nearly 20,000 in 2019/20.

In 2020/21 the website had 1,100,000 users, an increase of 73% from 620,000 users in 2020/21.

Throughout the year we have been redeveloping our website, which was launched in June 2021, with a fresh look, and better navigation and search tools.

The growth in web visitors 2020/21 is largely due to the growth and high quality of content produced by RUSI, complemented by sustained social media and email campaigns. On Twitter, we have 88,000 followers, gaining 13,000 followers since last year. On LinkedIn, we have 14,000 followers, up 4,000 from the previous year.

On YouTube, we attracted over 2,000 additional subscribers with our videos, while live-streamed events attracted over 276,000 views. The Institute is also producing six podcast series, which in total have generated over 130,000 downloads worldwide.

Membership

RUSI maintains a relationship with a large community of individuals and organisations through annual membership subscriptions. RUSI members have access to our wide-ranging analysis and publications, attend member events and, depending on membership level, may also benefit from direct engagement with our research activities and staff. Our membership packages are tailored to suit large and small organisations, companies and governments, as well as individuals at various stages of professional development.

The individual membership packages range from online membership through to Standard, Platinum and RUSI Premium levels, with special rates for students, 'next generation' members, Over 65s, and serving military professionals. For organisations, the Institute offers Standard, Major, Platinum, Chairman's Circle and bespoke corporate membership packages, with concessionary rates for diplomatic and military organisations. At the end of 2020/21, RUSI's individual membership totalled 2,014 (2019/20: 1,712), a growth of 17.6%. The Institute had 158 corporate members (2019/20: 141), growth of 12%.

Despite the extraordinary shifts, challenges and pressures resulting from the global coronavirus pandemic, we made significant improvements to our processes and service levels, introduced a wide range of online events, improved our member communications, and extended our outreach activities.

RUSI Library of Military History

The RUSI Library of Military History, along with the paintings and sculpture collections, historic furniture and decorative art objects, underscores the Institute's heritage and contributes to RUSI's overall mission.

The key task during the past year has been the careful documentation and organisation of the collections for storage while 61 Whitehall is being refurbished. RUSI now has a comprehensive inventory of all its collections as part of its mission to curate its heritage and legacy. This is an important step in improving the knowledge of our collection.

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Fundraising

In September 2018, RUSI commenced a fundraising campaign to secure £10 million for the refurbishment of RUSI's iconic building at 61 Whitehall. The appeal has made significant progress, even during the pandemic, when RUSI had to postpone events and private dinners, with little opportunity for face to face meetings with potential donors.

The most successful vehicle for initiating and developing relationships has been a series of private online events with high level and topical speakers, entitled 'Premier Perspectives'. In addition, the core fundraising team, led by the fundraising director and including several external volunteers, has been working hard to maintain the momentum. Sir David Lidington, RUSI's Chairman, joined the Committee, as did Charles Hansard, Paddy Nicoll and Paddy Walker, who have all been extremely supportive. RUSI continues to be indebted to Sir Mick Davis for his leadership and good counsel.

Earlier this year, we were delighted to announce a significant and generous contribution from David Dangoor CBE. His £2 million donation is the largest single donation in the Institute's history. RUSI is extremely grateful to The Exilarch Foundation and the Dangoor family for their support. Overall, by 31 March, 2021 nearly 70% of the overall appeal had been secured.

RUSI is most grateful to The Exilarch Foundation, The Starr International Foundation, The Law Family Charitable Foundation, The Garfield Weston Foundation, Sir Mick Davis, Mr Laurence Geller, the Hintze Family Charitable Foundation, Google, His Grace the Duke of Wellington, The Rothschild Foundation and many others for their pledges and donations.

Section 162A of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake widespread fundraising from the general public, the legislation defines fundraising as "soliciting or otherwise procuring money or other property for charitable purposes". Such amounts receivable are represented in our accounts as "Donations, grants and gifts" and include legacies.

In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or other third parties. The day-to-day management of all income generation is delegated to the executive team, who are accountable to the trustees. The charity has not entered into any agreement or undertaking to be bound by any regulatory scheme, and hence the charity does not consider it necessary to comply with any voluntary code of practice.

However, RUSI carries out appropriate due diligence on all potential supporters. RUSI has not received any complaints in relation to fundraising activities.

FINANCIAL REVIEW

Financial Position

Total gross income of the Institute is down by £1,864,785 on the previous 12 months, to £11,130,492 of which £8,263,935 (2020: £9,750,484) is in unrestricted funds. The principal source of funding is research activity, which accounts for 72% of total gross income. Other important sources of funding are membership subscriptions, donations, conferences and events, and publications. Costs remain under tight control, and charitable expenditure is 97% of total expenditure. The Institute has net income for the year of £1,737,409 (2020: £3,232,808), of which a deficit of £331,928 is in unrestricted funds and a surplus of £2,069,337 is in restricted funds. The Institute's freehold property at 61 Whitehall was also revalued, resulting in a revaluation deficit of £2,410,000. Overall there was a net downward movement in funds of £672,591 (2020: £2,582,808 increase in funds).

The Institute owns the freehold of its headquarters building at 61 Whitehall. The freehold of the building has been valued at £10,340,000, resulting in a cumulative revaluation of £4,607,977 (after an in-year loss of £2,410,000) which forms a major part of the revaluation reserve.

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The balance sheet shows net current assets of £5,388,835 (2020: £4,579,192); the figure for current liabilities on the balance sheet includes subscriptions in advance of £524,672, which will be recognised as income in 2021/22. Net assets at year-end have decreased from £14,272,337 to £13,599,746.

Incorporated in these results is the financial performance of the Institute's subsidiary RUSI Trading Ltd. The turnover of RUSI Trading Ltd is £35,074 (2020: £579,290) and the net profit for the year is £9,002 (2020: £256,055).

These results also include those relating to the Royal United Services Institute (Nairobi) Limited, a company controlled by the Institute, incorporated in Kenya, and limited by guarantee. Royal United Services Institute (Nairobi) undertakes local research work on behalf of the Institute, on an exclusive basis, and does not have any additional trading activities. During the year, the Institute remitted funds totalling £385,892 (2020: £333,914) for this purpose. The expenses incurred in relation to the research projects undertaken by Royal United Services Institute (Nairobi) are included within the consolidated statement of financial activities. At 31 March 2021, Royal United Services Institute (Nairobi) retained cash at bank and in hand of £51,486 (2020: £41,560).

The results also include those of RUSI Europe, an international not-for-profit organisation ("AISBL") based in Brussels. RUSI Europe studies, promotes, debates and reports on issues relating to international defence and security in Europe and abroad. Research projects undertaken in RUSI Europe during the year generated net income of £218,166 (2020: £229,146). These results are included within the consolidated statement of financial activities. At 31 March 2021 RUSI Europe retained cash at bank and in hand of £844,447 (2020: £1,386,341).

Reserves

The Institute's total funds at 31 March 2021 stand at £13,599,746, of which £4,447,786 (2020: £3,023,907) is restricted and not available for the general purposes of the charity. Of unrestricted funds, £5,547,562 (2020: £7,957,562) is invested in the RUSI building and its heritage assets; the general fund stands at £3,604,398 (2020: £3,290,868).

RUSI defines its free reserves as the general fund. Three years ago, the trustees set a target for the Institute to aim to maintain, in normal circumstances, unrestricted reserves sufficient to cover future operating expenditure for at least six months. At 31 March 2021, the unrestricted reserves of £3,604,398 represented just over 5 months of budgeted expenditure for the year ending 31 March 2022.

Risks

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

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

- The effects of the coronavirus pandemic continue to be felt not just at RUSI, but across the UK economy and worldwide. The Institute will not be immune to the effects of a serious and prolonged economic downturn.

Plan/strategy to manage this risk: *The Institute maintains close contact with its major funders and is constantly monitoring its research income pipeline so that it can receive early warning of any issues and react accordingly. RUSI also has a very diverse list of funders, both geographically and by sector. RUSI has also been able to adapt rapidly to new working arrangements, thanks to the flexibility and talents of its staff, and we have also worked hard to ensure that our offices in Central London provide a safe working environment. As a result, the Institute not only continues to deliver on current projects, but also is well-placed to take advantage of new research opportunities. Finally, if it becomes necessary, RUSI will utilise its general reserves to avert any short term problems that cannot be overcome by other measures.*

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- The data security and IT systems of the Institute are compromised in some way leading to a loss of data and possible breach of the Data Protection Act 1998 and GDPR.
Plan/strategy to manage this risk: The Institute recognises that it is a likely target for cyber criminals, takes cyber security very seriously and constantly strives for improvement. Over the last few years a series of measures, including regular training for the Institute's staff and increased monitoring of its systems, have been put in place, and RUSI has held the Cyber Essentials Plus accreditation since 2017. Nevertheless, the Institute and its staff continue to be vigilant and aware that a cyber-attack is always a possibility. Contact is maintained with the NCSC (National Cyber Security Centre).

- The Institute's greatest resource is the talent of its staff, and therefore we must acknowledge that there is always a risk from the loss of key personnel and/or management.
Plan/strategy to manage this risk: The Institute manages this by ensuring that staff are remunerated competitively, and also keeping open good communications channels with staff at all levels, not only during the annual appraisal process, but throughout the year, for example through the Staff Committee and staff surveys. There have been several recent initiatives not only on staff well-being and mental health, but also on improving diversity and inclusion.

Plans for Future Periods

The Institute has a three year strategic plan that was drawn up in 2020. The plan reinforces RUSI's core values and purposes, as set out above, whilst setting objectives for the three year period (2021-2024) which can be summarised as follows:

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

The trustees' perspective of the future direction of the Institute is influenced by the financial difficulties and uncertainties that have beset the Institute throughout its long history. However, the acquisition of the freehold of 61 Whitehall six years ago transformed the Institute's balance sheet and, for the first time, set the Institute on a secure financial footing. In addition, the continued growth and strong performance of the research business over

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the last five years has allowed the Institute to establish an unrestricted reserve. The trustees intend to build on these encouraging advances, and to develop the Institute to its full potential, whilst remaining prudent in the management of financial risk.

STRUCTURE, GOVERNANCE AND MANAGEMENT

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

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

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

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

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

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

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

The following organisations are also controlled by RUSI:

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

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

RUSI Europe, an AISBL established in Belgium.

REFERENCE AND ADMINISTRATIVE DETAILS

The charity registration number is 210639.

The principal address of the charity is:

Whitehall
London
SW1A 2ET

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The Patron

Her Majesty The Queen

The President

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

Senior Vice Presidents

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

Vice Presidents

Vice Admiral Rory McLean CB OBE

Trustees

The Rt Hon Douglas Alexander
Ambassador Sylvie-Agnès Berman
Sir Roger Bone (retired 16 July 2020)
Mr John Dowdy
Mr Laurence Geller CBE
Mr Nik Gowing
The Rt Hon the Lord Hague of Richmond FRSL (retired 16 July 2020)
Ms Jan Hall OBE
General the Lord Houghton of Richmond GCB CBE ADC
Admiral Sir Philip Jones GCB DL (appointed 16 July 2020)
Ms Alison Levitt QC
The Rt Hon Sir David Lidington KCB CBE – **Chairman**
Mr Rageh Omaar (appointed 15 December 2020)
Ms Suzanne Raine
The Lord Ricketts GCMC GCVO
The Rt Hon Amber Rudd (appointed 15 December 2020)
Sir John Scarlett KCMG OBE – **Vice Chairman**
His Grace the Duke of Wellington OBE DL
The Rt Hon Jack Straw (appointed 15 December 2020)
Sir Alex Younger KCMG (appointed 15 December 2020)

The Advisory Board

The Rt Hon the Lord Arbuthnot of Edrom
Ms Jane Attwood
Mr Rory Bremner FKC
The Rt Hon the Lord Campbell of Pittenweem CH CBE QC
Mr Chris DiBona
Dr Comfort Ero
Lieutenant General (Ret'd) Sir Robert Fry KCB CBE
Ms Mina Gerowin
Mr David Giampaolo
Mr Shashank Joshi
Mr Bob Keen
Mr Matthew Kirk
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Mr Oliver Waghorn
Dr Rhodri Williams
Ms Caroline Wyatt

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Senior Management

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

Principal Advisers:

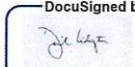
Auditors

PKF Littlejohn LLP
15 Westferry Circus
London
E14 4HD

Bankers

HSBC Bank PLC
69 Pall Mall
London
SW1Y 5EY

Signed on behalf of the Council of Trustees

DocuSigned by:

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Sir David Lidington KCB CBE
Chairman

23 August 2021

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

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

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

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

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

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

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

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

Opinion

We have audited the financial statements of the Royal United Services Institute for Defence and Security Studies (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charity Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 March 2021 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES**

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the group and parent charity financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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to 31 March 2021, we reviewed the desktop exercise undertaken by the Trustees to ascertain the fair value at that point in time, tested the accuracy and completeness of inputs to their calculation, and challenged the assumptions applied in the valuation for example by agreement to third party metrics.

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

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

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



**PKF Littlejohn LLP
Statutory Auditor**

15 Westferry Circus
Canary Wharf
London E14 4HD

Date:

3 September 2021

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

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2021**

	<u>Note</u>	<u>Unrestricted Funds 2021</u> £	<u>Restricted Funds 2021</u> £	<u>Year to 31 March 2021</u> £	<u>Year to 31 March 2020</u> £
Income					
Donations, grants and gifts		639	1,691,995	1,692,634	1,219,441
Charitable activities		8,262,987	1,174,562	9,437,549	11,474,725
Other trading activities		(1,734)	-	(1,734)	294,280
Income from investments		2,043	-	2,043	6,831
Total income and endowments	2	<u>8,263,935</u>	<u>2,866,557</u>	<u>11,130,492</u>	<u>12,995,277</u>
Expenditure					
Raising funds		349,420	-	349,420	517,720
Charitable activities		8,246,443	797,220	9,043,663	9,244,749
Total expenditure	3	<u>8,595,863</u>	<u>797,220</u>	<u>9,393,083</u>	<u>9,762,469</u>
Net income/(expenditure)		<u>(331,928)</u>	<u>2,069,337</u>	<u>1,737,409</u>	<u>3,232,808</u>
Transfers between funds		645,458	(645,458)	-	-
Other recognised gains					
Revaluation of freehold land and buildings		(2,410,000)	-	(2,410,000)	(650,000)
Disposal of heritage assets		-	-	-	-
Net movement in funds		<u>(2,096,470)</u>	<u>1,423,879</u>	<u>(672,591)</u>	<u>2,582,808</u>
Balances at 1 April 2020		<u>11,248,430</u>	<u>3,023,907</u>	<u>14,272,337</u>	<u>11,689,529</u>
Balances at 31 March 2021		<u><u>9,151,960</u></u>	<u><u>4,447,786</u></u>	<u><u>13,599,746</u></u>	<u><u>14,272,337</u></u>

Of the consolidated income and expenditure, £9,437,549 (2020 £11,660,481) of income and £9,043,663 (2020 £9,305,397) of expenditure relates to the charity.

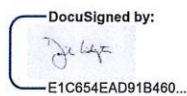
All of the income and expenditure is derived from continuing activities. There are no other recognised gains or losses other than those stated above.

The accompanying notes on pages 22 to 33 form an integral part of these financial statements.

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2021**

	<u>Note</u>	<u>31 March 2021</u>		<u>31 March 2020</u>	
		£	£	£	£
TANGIBLE FIXED ASSETS	5a		12,177,679		13,890,635
HERITAGE ASSETS	5b		1,345,705		1,345,705
			<u>13,523,384</u>		<u>15,236,340</u>
CURRENT ASSETS					
Debtors	6	11,148,816		5,352,160	
Cash at Bank		4,135,976		3,673,451	
			<u>15,284,792</u>		<u>9,025,611</u>
CREDITORS:					
Amounts falling due within one year					
Creditors	7	9,679,911		4,234,359	
Bank loan		216,046		212,060	
			<u>9,895,957</u>		<u>4,446,419</u>
NET CURRENT ASSETS/(LIABILITIES)			<u>5,388,835</u>		<u>4,579,192</u>
TOTAL ASSETS less current liabilities			<u>18,912,219</u>		<u>19,815,532</u>
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	8		5,312,473		5,543,195
NET ASSETS			<u><u>13,599,746</u></u>		<u><u>14,272,337</u></u>
FUNDS EMPLOYED					
Unrestricted fund – General fund			3,604,398		3,290,868
Unrestricted fund – Revaluation reserve			5,547,562		7,957,562
Restricted funds	13		4,447,786		3,023,907
			<u>13,599,746</u>		<u>14,272,337</u>

The financial statements were approved and authorised for issue by the trustees on 23 August 2021.

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Sir David Lidington KCB CBE
Chairman

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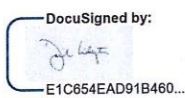
The Lord Ricketts GCMC GCVO
Vice-Chairman

The accompanying notes on pages 22 to 33 form an integral part of these financial statements.

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
CHARITY BALANCE SHEET
AS AT 31 MARCH 2021**

	<u>Note</u>	31 March <u>2021</u>		31 March <u>2020</u>	
		£	£	£	£
TANGIBLE FIXED ASSETS	5a		12,140,874		13,882,998
HERITAGE ASSETS	5b		1,345,705		1,345,705
INVESTMENT IN SUBSIDIARY	9		100		100
			<hr/>		<hr/>
			13,486,679		15,228,803
CURRENT ASSETS					
Debtors	6	6,732,377		5,399,409	
Cash at Bank		3,289,466		2,197,864	
		<hr/>		<hr/>	
		10,021,843		7,597,273	
		<hr/>		<hr/>	
CREDITORS:					
Amounts falling due within one year					
Creditors	7	4,380,257		2,798,484	
Bank loan		216,046		212,060	
		<hr/>		<hr/>	
		4,596,303		3,010,544	
		<hr/>		<hr/>	
NET CURRENT ASSETS/(LIABILITIES)			5,425,540		4,586,729
			<hr/>		<hr/>
TOTAL ASSETS less current liabilities			18,912,219		19,815,532
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	8		5,312,473		5,543,195
			<hr/>		<hr/>
NET ASSETS			13,599,746		14,272,337
			<hr/> <hr/>		<hr/> <hr/>
FUNDS EMPLOYED					
Unrestricted fund – General fund			3,604,398		3,290,868
Unrestricted fund – Revaluation reserve			5,547,562		7,957,562
Restricted funds	13		4,447,786		3,023,907
			<hr/>		<hr/>
			13,599,746		14,272,337
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The financial statements were approved and authorised for issue by the trustees on 23 August 2021

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Vice-Chairman

The accompanying notes on pages 22 to 33 form an integral part of these financial statements.

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021**

	Year to 31 March <u>2021</u> £	Year to 31 March <u>2020</u> £
Cash flows from operating activities:		
<i>Net cash provided by (used in) operating activities</i>	1,526,909	1,100,675
Cash flows from investing activities:		
Interest from investments	2,043	6,831
Purchase of property, plant and equipment	(839,691)	(468,632)
Purchase of heritage assets	-	-
<i>Net cash provided by (used in) investing activities</i>	(837,648)	(461,801)
Cash flows from financing activities:		
Repayments of borrowing	(226,736)	(209,427)
Cash inflows from new borrowing	-	-
<i>Net cash provided by (used in) financing activities</i>	(226,736)	(209,427)
<i>Change in cash and cash equivalents in the reporting period</i>	462,525	429,447
Cash and cash equivalents at the beginning of the reporting period	3,673,451	3,244,004
Cash and cash equivalents at the end of the reporting period	4,135,976	3,673,451
Reconciliation of net income/(expenditure) to net cash flow from operating activities		
Net income/(expenditure) for the reporting period (as per The Statement of Financial Activities)	1,737,409	3,232,808
Adjustments for:		
Depreciation charges	142,647	76,552
Dividends, interest and rent from investments	(2,043)	(6,831)
(Increase)/decrease in debtors	(5,796,656)	(2,481,279)
Increase/(decrease) in creditors	5,445,552	279,425
<i>Net cash provided by (used in) operating activities</i>	1,526,909	1,100,675
Analysis of cash and cash equivalents		
Cash in hand	4,135,976	3,673,451
<i>Total cash and cash equivalents</i>	4,135,976	3,673,451

The accompanying notes on pages 22 to 33 form an integral part of these financial statements.

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

1 ACCOUNTING POLICIES

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

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

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

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

a) Going concern

After reviewing the charity's forecasts and projections and its reserves, the trustees have concluded that the charity has adequate resources to continue in operation for the foreseeable future. In reaching this conclusion, the trustees have assessed the ability of the charity to continue to operate in spite of the challenges presented by COVID-19. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

b) Recognition of income

All incoming resources are taken to income when there is entitlement to funds, the receipt is probable, and the amount can be measured reliably. The proportion of subscriptions relating to periods subsequent to the balance sheet date are carried forward and included as subscriptions in advance under current liabilities. Income relating to conferences, events and facilities hire is recognised at the date of the event. Income relating to research contracts is recognised over the duration of the contract term.

c) Expenditure

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

d) Operating leases

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

e) Tangible fixed assets

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

Freehold land and buildings	Nil
Furniture and fittings	15%
Office equipment	33%
Leasehold improvements	over the term of the lease

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

Assets under construction Nil until brought into use

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

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

f) Fund accounting

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

g) Heritage assets

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

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

h) Foreign currency

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

i) Retirement Benefits

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

j) Trade debtors

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

k) Creditors and provisions

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

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

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

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

m) Donated goods, facilities and services

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

2 ANALYSIS OF INCOME

	Unrestricted Funds <u>2021</u> £	Restricted Funds <u>2021</u> £	Year to 31 March <u>2021</u> £	Year to 31 March <u>2020</u> £
Donations, grants and gifts	639	1,691,995	1,692,634	1,219,441
Income from charitable activities				
Conferences and events	76,518	-	76,518	298,033
Research	6,875,896	1,174,562	8,050,458	10,069,252
Subscriptions	1,114,666	-	1,114,666	973,796
Publications	195,907	-	195,907	133,644
Income from trading activities				
Facilities / Room hire	(1,734)	-	(1,734)	294,280
Bank deposit interest received	2,043	-	2,043	6,831
	<hr/>	<hr/>	<hr/>	<hr/>
Total income	8,263,935	2,866,557	11,130,492	12,995,277

In the year ended 31 March 2020, restricted funds income was £3,244,693 split into £1,183,484 in the form of donations and £2,061,209 in the form of research.

3 ANALYSIS OF EXPENDITURE

Total costs of activities comprise:

	Staff <u>costs</u> £	Direct <u>costs</u> £	Allocated <u>costs</u> £	Year to 31 March <u>2021</u> <u>Total</u> £	Year to 31 March 2020 <u>Total</u> £
Facilities	58,379	745	21,510	80,634	236,163
Fundraising	195,576	1,215	72,056	268,847	281,557
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total cost of raising funds	253,955	1,960	93,566	349,481	517,720
Conferences and events	276,230	17,766	98,536	392,532	615,200
Research	3,053,407	2,663,709	1,017,397	6,734,513	7,081,819
Publications	308,860	64,804	113,793	487,457	427,185
Membership	266,079	-	98,032	364,111	306,670
Other support to members	744,582	-	230,379	974,961	732,552
Governance costs	65,789	-	24,239	90,028	81,323
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Total cost of charitable activities	4,714,947	2,746,279	1,582,376	9,043,602	9,244,749
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	4,968,902	2,748,239	1,675,942	9,393,083	9,762,469

Staff costs above include recruitment and other staff benefit costs of £17,612 (2020: £18,844) which are not included in the separate analysis of staff costs below. These have been allocated directly to activities based on the time spent

**ROYAL UNITED SERVICES INSTITUTE
FOR DEFENCE AND SECURITY STUDIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

in each area of activity. Fundraising includes the costs of generating voluntary income and general promotional costs to raise the profile of the Institute.

Allocated costs comprise:

	<u>Establishment</u> £	<u>Finance and Admin</u> £	<u>Other</u> £	<u>Year to 31 March 2021 Total</u> £	<u>Year to 31 March 2020 Total</u> £
Facilities	10,921	9,815	774	21,510	40,316
Fundraising	36,584	32,879	2,593	72,056	79,144
Conferences and events	50,029	44,962	3,545	98,536	111,969
Research	516,555	464,236	36,606	1,017,397	1,030,633
Publications	57,775	51,924	4,094	113,793	108,445
Membership	49,773	44,732	3,527	98,032	90,342
Other support to members	116,969	105,121	8,289	230,379	211,158
Governance costs	12,307	11,060	872	24,239	25,338
	<u>850,913</u>	<u>764,729</u>	<u>60,300</u>	<u>1,675,942</u>	<u>1,697,345</u>

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

	<u>Group and Charity Year to 31 March 2021</u> £	<u>Group and Charity Year to 31 March 2020</u> £
Total expenditure includes:		
Salaries and wages	4,145,427	3,696,799
Pension costs - defined contributions scheme	231,937	185,373
National insurance	423,304	348,845
Holiday pay reserve	70,574	25,392
	<u>4,871,242</u>	<u>4,256,409</u>

The average number of staff employed during the year was:	93	86
Employees remuneration between £60,000 and £70,000	3	2
Employees remuneration between £70,000 and £80,000	6	3
Employees remuneration between £80,000 and £90,000	2	2
Employees remuneration between £100,000 and £110,000	1	1
Employees remuneration between £130,000 and £140,000	1	1
Employees remuneration between £150,000 and £160,000	1	1

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The following key management personnel received a total of £551,840 (2020: £609,822) in remuneration and benefits:

Karin von Hippel
Malcolm Chalmers
Deborah Pourkarimi
Jonathan Eyal

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

Karin von Hippel £183,279 (2020: £183,301)

	Group and Charity Year to 31 March <u>2021</u> £	Group and Charity Year to 31 March <u>2020</u> £
Net income for the year is stated after charging:		
Auditor's remuneration for: Audit fees	15,600	14,500
(Over)/under accrual in previous year	-	-
Depreciation	142,647	76,552
Operating lease rentals – plant and machinery	24,853	24,865
– land and buildings	363,458	331,837
	<hr/>	<hr/>
Governance costs comprise:		
Staff costs	65,789	55,985
Establishment costs	12,307	12,942
Administration costs	8,997	7,138
Finance costs	2,063	4,627
Other costs	872	631
	<hr/>	<hr/>
	90,028	81,323
	<hr/>	<hr/>

No remuneration was paid to the trustees in the current or preceding periods. In the current period no trustee has been reimbursed expenses in connection with services provided to the Charity (2020: No trustee was reimbursed expenses).

4 TAXATION

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

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5a. TANGIBLE FIXED ASSETS – Group and Charity

	Freehold land & buildings £	Assets under construction £	Other Tangible Fixed Assets £	Total £
Cost or value				
At 1 April 2020	12,750,000	640,503	1,444,436	14,834,939
Additions	-	664,996	174,695	839,691
Revaluation	(2,410,000)	-	-	(2,410,000)
At 31 March 2021	<u>10,340,000</u>	<u>1,305,499</u>	<u>1,619,131</u>	<u>13,264,630</u>
Accumulated depreciation				
At 1 April 2020	-	-	944,304	944,304
Charge for the year	-	-	142,647	142,647
At 31 March 2021	<u>-</u>	<u>-</u>	<u>1,086,951</u>	<u>1,086,951</u>
Net book amount				
At 31 March 2020	<u>12,750,000</u>	<u>640,503</u>	<u>500,132</u>	<u>13,890,635</u>
At 31 March 2021	<u>10,340,000</u>	<u>1,305,499</u>	<u>532,180</u>	<u>12,177,679</u>

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

The net book amount of £532,180 (2020: £500,132) in relation to other tangible fixed assets comprises leasehold improvements of £338,157 (2020: £393,846); office equipment of £188,347 (2020: £96,376); and furniture and fittings of £5,676 (2020: £9,910).

A full valuation of freehold land and buildings was undertaken by Savills, a firm of chartered surveyors, as at 31 March 2019, and this was updated through a desktop valuation as at 31 March 2020 to give an indicative opinion of fair value at £12.75 million. The freehold land and buildings are currently under redevelopment, and have been valued by the trustees at 31 March 2021 at £10.34 million. The reduction in value is a reflection of firstly, a reduction in the Net Internal Area of the building to conform to the current Code of Measuring, secondly an adjustment according to an appropriate index of changes in commercial property values over the last year, and thirdly an adjustment to reflect reinstatement works that would need to be carried to return the building, now in the hands of contractors, to a saleable condition.

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5b. HERITAGE ASSETS—Group and Charity

	Paintings Silverware, Furniture Marble £	Library Books £	Total £
Cost or value			
At 1 April 2020	897,560	448,145	1,345,705
Additions	-	-	-
Disposal	-	-	-
Net Book Amount			
At 31 March 2021	897,560	448,145	1,345,705
At 31 March 2020	897,560	448,145	1,345,705

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

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

Five year summary of heritage asset transactions

	2021	2020	2019	2018	2017
Additions					
Purchases	-	-	-	227	918
Donations	-	3,360	3,360	-	-
Disposals					
Carrying value	-	-	175,000	-	-
Sales proceeds	-	-	-	-	-

6 DEBTORS

	Group Year to 31 March 2021 £	Charity Year to 31 March 2021 £	Group Year to 31 March 2020 £	Charity Year to 31 March 2020 £
Trade debtors	7,266,989	3,607,862	3,177,430	3,137,175
Sundry debtors and prepayments	3,881,827	3,124,515	2,174,730	2,140,505
Amounts owed by group undertaking	-	-	-	121,729
	<u>11,148,816</u>	<u>6,732,377</u>	<u>5,352,160</u>	<u>5,399,409</u>

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7 CREDITORS	Group Year to 31 March <u>2021</u> £	Charity Year to 31 March <u>2021</u> £	Group Year to 31 March <u>2020</u> £	Charity Year to 31 March <u>2020</u> £
Trade creditors	1,023,310	567,460	648,364	621,274
Sundry creditors and accruals	2,235,165	2,645,365	645,147	609,624
Deferred income	6,421,436	1,158,233	2,940,848	1,567,586
Amount owed to group undertaking	-	9,199	-	-
	<u>9,679,911</u>	<u>4,380,257</u>	<u>4,234,359</u>	<u>2,798,484</u>
 Analysis of movement in deferred income Group and charity				
	Balance at 1 April <u>2020</u> £	Income released <u>in year</u> £	Income deferred <u>in year</u> £	Balance at 31 March <u>2021</u> £
Deferred research income	2,378,706	(771,366)	4,289,423	5,896,763
Subscriptions in advance	562,142	(1,121,174)	1,083,704	524,672
	<u>2,940,848</u>	<u>(1,892,540)</u>	<u>5,373,127</u>	<u>6,421,435</u>
 8 AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR				
	Group Year to 31 March <u>2021</u> £	Charity Year to 31 March <u>2021</u> £	Group Year to 31 March <u>2020</u> £	Charity Year to 31 March <u>2020</u> £
Loans	<u>5,312,473</u>	<u>5,312,473</u>	<u>5,543,195</u>	<u>5,543,195</u>
 Loans are repayable as follows:-				
	Group Year to 31 March <u>2021</u> £	Charity Year to 31 March <u>2021</u> £	Group Year to 31 March <u>2020</u> £	Charity Year to 31 March <u>2020</u> £
Within one year	216,046	216,046	212,060	212,060
Between two and five years	5,312,473	5,312,473	625,967	625,967
After five years	-	-	4,917,228	4,917,228
	<u>5,528,519</u>	<u>5,528,519</u>	<u>5,755,255</u>	<u>5,755,255</u>

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Loans consist of the following advances:

1. £200,000 repayable on 14 February 2022 and bearing interest at a fixed rate of 3.09% for the entire duration of the loan. The group is making repayments of £3,594.29 per month. The amount outstanding at 31 March 2021 was £38,046 all of which was due within one year.
2. A £5.8 million loan for the purpose of assisting with the purchase of the freehold interest in 61 Whitehall. The term of the loan is 10 years from 27 March 2015 and the interest rate is 2.5% per annum over the Bank of England base rate. However, from 27 March 2018, for a period of 60 months, the interest rate has been fixed at 3.75% during which period there will be 60 capital-and-interest repayments of £28,505.24. The loan is secured by a first legal charge over the freehold property at 61 Whitehall.
3. £230,000 repayable on 29 November 2022 and bearing interest at a fixed rate of 3.38% for the entire duration of the loan. The group is making repayments of £4,107.87 per month. The amount outstanding at 31 March 2021 was £81,113 of which £46,000 was due within one year.

9 INVESTMENT IN SUBSIDIARY

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

RUSI Trading Limited’s profit and loss account for the year ended 31 March 2021 was as follows:

	Year to 31 March <u>2021</u>	Year to 31 March <u>2020</u>
	£	£
Turnover	35,074	579,290
Expenses	26,072	323,235
Profit for the year before gift aid	9,002	256,055
Qualifying charitable donation to RUSI	(9,002)	(256,055)
Profit for the year	-	-

The profit in the year to 31 March 2021 was £9,002 (2020: £256,055) and this amount was paid under deed of covenant to the Royal United Services Institute for Defence and Security Studies.
At 31 March 2021 RUSI Trading Limited had assets of £131,141, liabilities of £122,039 and funds of £100.

10 RELATED PARTIES

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

The Institute also controls **Royal United Services Institute (Nairobi) Limited**, a company incorporated in Kenya and limited by guarantee. Royal United Services Institute (Nairobi) undertakes local research work on behalf of the Institute, on an exclusive basis, and does not have any additional activities. During the year, the Institute remitted funds totalling £385,892 (2020: £333,914) for this purpose. The expenses incurred in relation to the research projects undertaken by Royal United Services Institute (Nairobi) are included within the consolidated statement of financial activities. At 31 March 2021 Royal United Services Institute (Nairobi) retained cash at bank and in hand of (£51,486) (2020: £41,560).

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During 2018/19 the Institute established RUSI Europe, an international not-for-profit organisation ("AISBL") based in Brussels. RUSI Europe is controlled by the Institute through the ability to appoint the Board of Directors. At 31 March 2021, RUSI Europe retained cash at bank and in hand of £844,447 (2020: £1,386,341).

During the year there was a donation of £139,875 from Mr Laurence Geller, a RUSI trustee. The donation was received without conditions.

11 LEASE OBLIGATIONS

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

	Land & Buildings	Equipment	Year to 31 March <u>2021</u>	Year to 31 March <u>2020</u>
	£	£	£	£
Due within one year	390,000	31,077	421,077	425,645
Due after one year and within five years	1,088,750	80,929	1,169,679	1,584,911
Due in more than five years	-	-	-	5,845
	<u>1,478,750</u>	<u>112,006</u>	<u>1,590,756</u>	<u>2,016,401</u>

12 ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted <u>funds</u>	Restricted <u>funds</u>	Total <u>funds</u>
	£	£	£
Fund balances at 31 March 2021 are represented by:			
Tangible fixed assets	12,877,926	645,458	13,523,384
Current assets	11,482,464	3,802,328	15,284,792
Current liabilities	(9,895,957)	-	(9,895,957)
Long term liabilities	(5,312,473)	-	(5,312,473)
Total net assets	<u>9,151,960</u>	<u>4,447,786</u>	<u>13,599,746</u>
Fund balances at 31 March 2020 are represented by:			
Tangible fixed assets	15,236,340	-	15,236,340
Current assets	6,001,704	3,023,907	9,025,611
Current liabilities	(4,446,419)	-	(4,446,419)
Long term liabilities	(5,543,195)	-	(5,543,195)
Total net assets	<u>11,248,430</u>	<u>3,023,907</u>	<u>14,272,337</u>

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13 RESTRICTED FUNDS

	Balance 1 April 2020 £	Income £	Expenditure £	Balance 31 March 2021 £
The Thales Charitable Trust	7,538	-	-	7,538
The 1831 Fund	26,772	-	-	26,772
Google, Inc	100,844	-	-	100,844
61 Whitehall Fund	1,645,270	1,691,995	645,458	2,691,807
Research grants and donations fund	1,243,483	1,174,562	797,220	1,620,825
	<u>3,023,907</u>	<u>2,866,557</u>	<u>1,442,678</u>	<u>4,447,786</u>

	Balance 1 April 2019 £	Income £	Expenditure £	Balance 31 March 2020 £
The Thales Charitable Trust	7,838	-	300	7,538
The 1831 Fund	26,772	-	-	26,772
The Patron's Fund	2,500	-	2,500	-
Google, Inc	100,844	-	-	100,844
61 Whitehall Fund	461,786	1,183,484	-	1,645,270
Research grants and donations fund	222,508	2,061,209	1,040,234	1,243,483
	<u>822,248</u>	<u>3,244,693</u>	<u>1,043,034</u>	<u>3,023,907</u>

Purpose and use of restricted funds:

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

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

The Patron's Fund – to support a programme of preservation and digitisation of historic documents held by RUSI's Library of Military History.

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

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

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

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14 PRIOR YEAR FIGURES

Prior year Statement of Financial Activities for the year ended 31 March 2020.

	Unrestricted Funds <u>2020</u> £	Restricted Funds <u>2020</u> £	Year to 31 March <u>2020</u> £
Income			
Donations, grants and gifts	35,957	1,183,484	1,219,441
Charitable activities	9,413,516	2,061,209	11,474,725
Other trading activities	294,280	-	294,280
Income from investments	6,831	-	6,831
	<hr/>	<hr/>	<hr/>
Total income and endowments	9,750,584	3,244,693	12,995,277
	<hr/>	<hr/>	<hr/>
Expenditure			
Raising funds	517,720	-	517,720
Charitable activities	8,201,715	1,043,034	9,244,749
	<hr/>	<hr/>	<hr/>
Total expenditure	8,719,435	1,043,034	9,762,469
	<hr/>	<hr/>	<hr/>
Net income/(expenditure)	1,031,149	2,201,659	3,232,808
Other recognised gains			
Revaluation of heritage assets	(650,000)	-	(650,000)
Disposal of heritage assets	-	-	-
	<hr/>	<hr/>	<hr/>
Net movement in funds	381,149	2,201,659	2,582,808
Balances at 1 April 2019	10,867,281	822,248	11,689,529
	<hr/>	<hr/>	<hr/>
Balances at 31 March 2020	11,248,430	3,023,907	14,272,337
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

