

**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 freeport 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](http://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

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

**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  
Damer Mariot Leslie  
Her Excellency Ms Sarah MacIntosh CMG  
Dr Greg Mills  
Mr William Nye LVO  
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:**

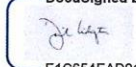
**Auditors**

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

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.



**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 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](http://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**

|  | <b>Note</b> | <b>Unrestricted<br/>Funds<br/>2021<br/>£</b> | <b>Restricted<br/>Funds<br/>2021<br/>£</b> | <b>Year to<br/>31 March<br/>2021<br/>£</b> | <b>Year to<br/>31 March<br/>2020<br/>£</b> |
|--|-------------|--|--|--|--|
| <b>Income</b>                              |             |  |  |  |  |
| 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                                      |
| <b>Total income and endowments</b>         | <b>2</b>    | <b>8,263,935</b>                             | <b>2,866,557</b>                           | <b>11,130,492</b>                          | <b>12,995,277</b>                          |
| <b>Expenditure</b>                         |             |  |  |  |  |
| Raising funds                              |             | 349,420                                      | -  | 349,420                                    | 517,720                                    |
| Charitable activities                      |             | 8,246,443                                    | 797,220                                    | 9,043,663                                  | 9,244,749                                  |
| <b>Total expenditure</b>                   | <b>3</b>    | <b>8,595,863</b>                             | <b>797,220</b>                             | <b>9,393,083</b>                           | <b>9,762,469</b>                           |
| <b>Net income/(expenditure)</b>            |             | <b>(331,928)</b>                             | <b>2,069,337</b>                           | <b>1,737,409</b>                           | <b>3,232,808</b>                           |
| Transfers between funds                    |             | 645,458                                      | (645,458)                                  | -  | -  |
| <b>Other recognised gains</b>              |             |  |  |  |  |
| Revaluation of freehold land and buildings |             | (2,410,000)                                  | -  | (2,410,000)                                | (650,000)                                  |
| Disposal of heritage assets                |             | -  | -  | -  | -  |
| <b>Net movement in funds</b>               |             | <b>(2,096,470)</b>                           | <b>1,423,879</b>                           | <b>(672,591)</b>                           | <b>2,582,808</b>                           |
| Balances at 1 April 2020                   |             | 11,248,430                                   | 3,023,907                                  | 14,272,337                                 | 11,689,529                                 |
| <b>Balances at 31 March 2021</b>           |             | <b>9,151,960</b>                             | <b>4,447,786</b>                           | <b>13,599,746</b>                          | <b>14,272,337</b>                          |

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.

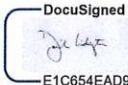
The accompanying notes on pages 22 to 33 form an integral part of these financial statements.



**ROYAL UNITED SERVICES INSTITUTE  
FOR DEFENCE AND SECURITY STUDIES  
CONSOLIDATED BALANCE SHEET  
AS AT 31 MARCH 2021**

|   |      | 31 March<br>2021  | 31 March<br>2020  |
|---|------|-------------------|-------------------|
|   | Note | £                 | £                 |
| <b>TANGIBLE FIXED ASSETS</b>                            | 5a   | 12,177,679        | 13,890,635        |
| <b>HERITAGE ASSETS</b>                                  | 5b   | 1,345,705         | 1,345,705         |
|   |      | <u>13,523,384</u> | <u>15,236,340</u> |
| <b>CURRENT ASSETS</b>                                   |      |                   |                   |
| 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>  |
| <b>CREDITORS:</b>                                       |      |                   |                   |
| <b>Amounts falling due within one year</b>              |      |                   |                   |
| Creditors   | 7    | 9,679,911         | 4,234,359         |
| Bank loan   |      | 216,046           | 212,060           |
|   |      | <u>9,895,957</u>  | <u>4,446,419</u>  |
| <b>NET CURRENT ASSETS/(LIABILITIES)</b>                 |      | <u>5,388,835</u>  | <u>4,579,192</u>  |
| <b>TOTAL ASSETS less current liabilities</b>            |      | <u>18,912,219</u> | <u>19,815,532</u> |
| <b>AMOUNTS FALLING DUE AFTER<br/>MORE THAN ONE YEAR</b> | 8    | 5,312,473         | 5,543,195         |
| <b>NET ASSETS</b>                                       |      | <u>13,599,746</u> | <u>14,272,337</u> |
| <b>FUNDS EMPLOYED</b>                                   |      |                   |                   |
| 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

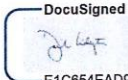
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 The Lord Ricketts GCMC GCVO  
 Vice-Chairman

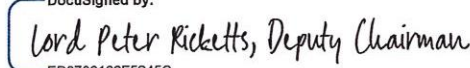
The accompanying notes on pages 22 to 33 form an integral part of these financial statements.

**ROYAL UNITED SERVICES INSTITUTE  
FOR DEFENCE AND SECURITY STUDIES  
CHARITY BALANCE SHEET  
AS AT 31 MARCH 2021**

|   |             | <b>31 March<br/>2021</b> |                   | <b>31 March<br/>2020</b> |                   |
|---|-------------|--------------------------|-------------------|--------------------------|-------------------|
|   | <u>Note</u> | £                        | £                 | £                        | £                 |
| <b>TANGIBLE FIXED ASSETS</b>                            | 5a          |                          | <b>12,140,874</b> |                          | <b>13,882,998</b> |
| <b>HERITAGE ASSETS</b>                                  | 5b          |                          | <b>1,345,705</b>  |                          | <b>1,345,705</b>  |
| <b>INVESTMENT IN SUBSIDIARY</b>                         | 9           |                          | <b>100</b>        |                          | <b>100</b>        |
|   |             |                          | <hr/>             |                          | <hr/>             |
|   |             |                          | <b>13,486,679</b> |                          | <b>15,228,803</b> |
| <b>CURRENT ASSETS</b>                                   |             |                          |                   |                          |                   |
| Debtors   | 6           | <b>6,732,377</b>         |                   | 5,399,409                |                   |
| Cash at Bank  |             | <b>3,289,466</b>         |                   | 2,197,864                |                   |
|   |             | <hr/>                    |                   | <hr/>                    |                   |
|   |             | <b>10,021,843</b>        |                   | <b>7,597,273</b>         |                   |
|   |             | <hr/>                    |                   | <hr/>                    |                   |
| <b>CREDITORS:</b>                                       |             |                          |                   |                          |                   |
| <b>Amounts falling due within one year</b>              |             |                          |                   |                          |                   |
| Creditors   | 7           | <b>4,380,257</b>         |                   | 2,798,484                |                   |
| Bank loan   |             | <b>216,046</b>           |                   | 212,060                  |                   |
|   |             | <hr/>                    |                   | <hr/>                    |                   |
|   |             | <b>4,596,303</b>         |                   | <b>3,010,544</b>         |                   |
|   |             | <hr/>                    |                   | <hr/>                    |                   |
| <b>NET CURRENT ASSETS/(LIABILITIES)</b>                 |             |                          | <b>5,425,540</b>  |                          | <b>4,586,729</b>  |
|   |             |                          | <hr/>             |                          | <hr/>             |
| <b>TOTAL ASSETS less current liabilities</b>            |             |                          | <b>18,912,219</b> |                          | <b>19,815,532</b> |
| <b>AMOUNTS FALLING DUE AFTER<br/>MORE THAN ONE YEAR</b> | 8           |                          | <b>5,312,473</b>  |                          | <b>5,543,195</b>  |
|   |             |                          | <hr/>             |                          | <hr/>             |
| <b>NET ASSETS</b>                                       |             |                          | <b>13,599,746</b> |                          | <b>14,272,337</b> |
|   |             |                          | <hr/>             |                          | <hr/>             |
| <b>FUNDS EMPLOYED</b>                                   |             |                          |                   |                          |                   |
| <b>Unrestricted fund – General fund</b>                 |             |                          | <b>3,604,398</b>  |                          | <b>3,290,868</b>  |
| <b>Unrestricted fund – Revaluation reserve</b>          |             |                          | <b>5,547,562</b>  |                          | <b>7,957,562</b>  |
| <b>Restricted funds</b>                                 | 13          |                          | <b>4,447,786</b>  |                          | <b>3,023,907</b>  |
|   |             |                          | <hr/>             |                          | <hr/>             |
|   |             |                          | <b>13,599,746</b> |                          | <b>14,272,337</b> |
|   |             |                          | <hr/>             |                          | <hr/>             |

The financial statements were approved and authorised for issue by the trustees on 23 August 2021

DocuSigned by:  
  
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 Sir David Lidington KCB CBE  
 Chairman

DocuSigned by:  
  
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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  
CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2021**

|  | Year to<br>31 March<br><u>2021</u><br>£ | Year to<br>31 March<br><u>2020</u><br>£ |
|--|---|---|
| <b>Cash flows from operating activities:</b>   |   |   |
| <i>Net cash provided by (used in) operating activities</i>                                       | <b>1,526,909</b>                        | 1,100,675                               |
| <b>Cash flows from investing activities:</b>   |   |   |
| 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>                                       | <b>(837,648)</b>                        | (461,801)                               |
| <b>Cash flows from financing activities:</b>   |   |   |
| Repayments of borrowing  | (226,736)                               | (209,427)                               |
| Cash inflows from new borrowing  | -                                       | -                                       |
| <i>Net cash provided by (used in) financing activities</i>                                       | <b>(226,736)</b>                        | (209,427)                               |
| <i>Change in cash and cash equivalents in the reporting period</i>                               | <b>462,525</b>                          | 429,447                                 |
| Cash and cash equivalents at the beginning of the reporting period                               | <b>3,673,451</b>                        | 3,244,004                               |
| Cash and cash equivalents at the end of the reporting period                                     | <b>4,135,976</b>                        | 3,673,451                               |
| <b>Reconciliation of net income/(expenditure) to net cash flow from operating activities</b>     |   |   |
| Net income/(expenditure) for the reporting period (as per The Statement of Financial Activities) | <b>1,737,409</b>                        | 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>                                       | <b>1,526,909</b>                        | 1,100,675                               |
| Analysis of cash and cash equivalents  |   |   |
| Cash in hand   | <b>4,135,976</b>                        | 3,673,451                               |
| <i>Total cash and cash equivalents</i>   | <b>4,135,976</b>                        | 3,673,451                               |

The accompanying notes on pages 22 to 33 form an integral part of these financial statements.

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**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 |



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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.

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m) Donated goods, facilities and services

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

**2 ANALYSIS OF INCOME**

|                                   | <b>Unrestricted<br/>Funds<br/>2021<br/>£</b> | <b>Restricted<br/>Funds<br/>2021<br/>£</b> | <b>Year to<br/>31 March<br/>2021<br/>£</b> | <b>Year to<br/>31 March<br/>2020<br/>£</b> |
|-----------------------------------|--|--|--|--|
| 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                                      |
| <b>Total income</b>               | <b>8,263,935</b>                             | <b>2,866,557</b>                           | <b>11,130,492</b>                          | <b>12,995,277</b>                          |

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:

|  | <b>Staff<br/>costs<br/>£</b> | <b>Direct<br/>costs<br/>£</b> | <b>Allocated<br/>costs<br/>£</b> | <b>Year to<br/>31 March<br/>2021<br/>Total<br/>£</b> | <b>Year to<br/>31 March<br/>2020<br/>Total<br/>£</b> |
|--|------------------------------|-------------------------------|----------------------------------|--|--|
| Facilities                                 | 58,379                       | 745                           | 21,510                           | 80,634   | 236,163  |
| Fundraising                                | 195,576                      | 1,215                         | 72,056                           | 268,847  | 281,557  |
| <b>Total cost of raising funds</b>         | <b>253,955</b>               | <b>1,960</b>                  | <b>93,566</b>                    | <b>349,481</b>                                       | <b>517,720</b>                                       |
| 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   |
| <b>Total cost of charitable activities</b> | <b>4,714,947</b>             | <b>2,746,279</b>              | <b>1,582,376</b>                 | <b>9,043,602</b>                                     | <b>9,244,749</b>                                     |
|  | <b>4,968,902</b>             | <b>2,748,239</b>              | <b>1,675,942</b>                 | <b>9,393,083</b>                                     | <b>9,762,469</b>                                     |

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



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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</u> | <u>Year to 31 March 2020</u> |
|--------------------------|----------------------|--------------------------|---------------|------------------------------|------------------------------|
|                          | £                    | £                        | £             | Total £                      | Total £                      |
| 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> |
|--|--|--|
|  | £  | £  |
| <b>Total expenditure includes:</b>           |  |  |
| 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)

|   | <b>Group and<br/>Charity<br/>Year to<br/>31 March<br/><u>2021</u><br/>£</b> | Group and<br>Charity<br>Year to<br>31 March<br><u>2020</u><br>£ |
|---|---|---|
| Net income for the year is stated after charging: |   |   |
| Auditor's remuneration for:    Audit fees         | <b>15,600</b>   | 14,500  |
| (Over)/under accrual in previous year             | -   | -   |
| Depreciation                                      | <b>142,647</b>  | 76,552  |
| Operating lease rentals – plant and machinery     | <b>24,853</b>   | 24,865  |
| – land and buildings                              | <b>363,458</b>  | 331,837   |
|   | <hr/>   | <hr/>   |
| <b>Governance costs comprise:</b>                 |   |   |
| Staff costs                                       | <b>65,789</b>   | 55,985  |
| Establishment costs                               | <b>12,307</b>   | 12,942  |
| Administration costs                              | <b>8,997</b>  | 7,138   |
| Finance costs                                     | <b>2,063</b>  | 4,627   |
| Other costs                                       | <b>872</b>  | 631   |
|   | <hr/>   | <hr/>   |
|   | <b>90,028</b>   | 81,323  |

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<br>land &<br>buildings<br>£ | Assets<br>under<br>construction<br>£ | Other<br>Tangible<br>Fixed<br>Assets<br>£ | Total<br>£        |
|---------------------------------|--------------------------------------|--------------------------------------|---|-------------------|
| <b>Cost or value</b>            |                                      |                                      |   |                   |
| 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> |
| <b>Accumulated depreciation</b> |                                      |                                      |   |                   |
| 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>  |
| <b>Net book amount</b>          |                                      |                                      |   |                   |
| 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<br>Silverware, Furniture<br>Marble<br>£ | Library<br>Books<br>£ | Total<br>£ |
|------------------------|---|-----------------------|------------|
| <b>Cost or value</b>   |   |                       |            |
| At 1 April 2020        | 897,560   | 448,145               | 1,345,705  |
| Additions              | -   | -                     | -          |
| Disposal               | -   | -                     | -          |
| <b>Net Book Amount</b> |   |                       |            |
| 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 |
|------------------|------|-------|---------|------|------|
| <b>Additions</b> |      |       |         |      |      |
| Purchases        | -    | -     | -       | 227  | 918  |
| Donations        | -    | 3,360 | 3,360   | -    | -    |
| <b>Disposals</b> |      |       |         |      |      |
| Carrying value   | -    | -     | 175,000 | -    | -    |
| Sales proceeds   | -    | -     | -       | -    | -    |

**6 DEBTORS**

|                                   | Group<br>Year to<br>31 March<br>2021<br>£ | Charity<br>Year to<br>31 March<br>2021<br>£ | Group<br>Year to<br>31 March<br>2020<br>£ | Charity<br>Year to<br>31 March<br>2020<br>£ |
|-----------------------------------|---|---|---|---|
| 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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|  |  |  |  |  |
|--|--|--|--|--|
| <b>7 CREDITORS</b>   | <b>Group<br/>Year to<br/>31 March<br/>2021<br/>£</b> | <b>Charity<br/>Year to<br/>31 March<br/>2021<br/>£</b> | <b>Group<br/>Year to<br/>31 March<br/>2020<br/>£</b> | <b>Charity<br/>Year to<br/>31 March<br/>2020<br/>£</b> |
| 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>                                       |
| <b>Analysis of movement in deferred income<br/>Group and charity</b> | <b>Balance at<br/>1 April<br/>2020<br/>£</b>         | <b>Income<br/>released<br/>in year<br/>£</b>           | <b>Income<br/>deferred<br/>in year<br/>£</b>         | <b>Balance at<br/>31 March<br/>2021<br/>£</b>          |
| 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>                                       |
| <b>8 AMOUNTS FALLING DUE AFTER<br/>MORE THAN ONE YEAR</b>            | <b>Group<br/>Year to<br/>31 March<br/>2021<br/>£</b> | <b>Charity<br/>Year to<br/>31 March<br/>2021<br/>£</b> | <b>Group<br/>Year to<br/>31 March<br/>2020<br/>£</b> | <b>Charity<br/>Year to<br/>31 March<br/>2020<br/>£</b> |
| 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:-                                     |  |  |  |  |
|  | <b>Group<br/>Year to<br/>31 March<br/>2021<br/>£</b> | <b>Charity<br/>Year to<br/>31 March<br/>2021<br/>£</b> | <b>Group<br/>Year to<br/>31 March<br/>2020<br/>£</b> | <b>Charity<br/>Year to<br/>31 March<br/>2020<br/>£</b> |
| 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<br>31 March<br><u>2021</u><br>£ | Year to<br>31 March<br><u>2020</u><br>£ |
|--|---|---|
| Turnover                               | 35,074                                  | 579,290                                 |
| Expenses                               | 26,072                                  | 323,235                                 |
| Profit for the year before gift aid    | <u>9,002</u>                            | 256,055                                 |
| Qualifying charitable donation to RUSI | <u>(9,002)</u>                          | (256,055)                               |
| Profit for the year                    | <u><u>-</u></u>                         | <u><u>-</u></u>                         |

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 &<br>Buildings | Equipment      | Year to<br>31 March<br>2021 | Year to<br>31 March<br>2020 |
|--|---------------------|----------------|-----------------------------|-----------------------------|
|  | £                   | £              | £                           | £                           |
| 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<br>funds<br>£ | Restricted<br>funds<br>£ | Total<br>funds<br>£ |
|--|----------------------------|--------------------------|---------------------|
| 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>   |

|  | Unrestricted<br>funds<br>£ | Restricted<br>funds<br>£ | Total<br>funds<br>£ |
|--|----------------------------|--------------------------|---------------------|
| 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<br>1 April 2020<br>£ | Income<br>£      | Expenditure<br>£ | Balance<br>31 March 2021<br>£ |
|------------------------------------|------------------------------|------------------|------------------|-------------------------------|
| 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<br>1 April 2019<br>£ | Income<br>£      | Expenditure<br>£ | Balance<br>31 March 2020<br>£ |
|------------------------------------|------------------------------|------------------|------------------|-------------------------------|
| 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<br>Funds<br><u>2020</u><br>£ | Restricted<br>Funds<br><u>2020</u><br>£ | Year to<br>31 March<br><u>2020</u><br>£ |
|--------------------------------|---|---|---|
| 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/>                             |

