

THE BRITISH ACADEMY
ANNUAL REPORT
YEAR ENDED 31 MARCH 2004

Accountants and business advisors

THE BRITISH ACADEMY

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PKF

THE BRITISH ACADEMY
(Registered Charity Number 233176)
ANNUAL REPORT
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**THE BRITISH ACADEMY
STATUTORY INFORMATION**

Registered Office: The British Academy
10, Carlton House Terrace
London
SW1Y 5AH

Registered Charity Number: 233176

Registered Auditors: PKF
Farringdon Place
20 Farringdon Road
London
EC1M 3AP

Bank: The Royal Bank of Scotland plc
Western Branch
60 Conduit Street
London W1R 9FD

Solicitors: MacFarlanes
10 Norwich Street
London EC4A 1BD

Property Advisors: Churston Heard
7 Hanover Square
London W1S 1HQ

Investment Fund Manager: Barclays Global Investors Limited
Murray House
1 Royal Mint Court
London EC3N 4HH

**THE BRITISH ACADEMY
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Officers and Council Members:

<i>President</i>	Lord Runciman *
<i>Vice-Presidents</i> (Bye-law 14)	Professor W.E. Davies * Professor H.G. Genn *
<i>Vice-Presidents</i> (ex-officio)	Professor R.J.P. Kain * <i>Treasurer</i> Professor C.N.J. Mann * <i>Foreign Secretary</i> Dr D.J. McKitterick * <i>Publications Secretary</i> Professor R.J. Bennett * <i>Chairman of Research Committee</i>
<i>Ordinary Members</i>	Professor R.D. Ashton Dr J.N. Butterfield Professor I. Clark Professor W.E. Davies Professor R.H. Finnegan Professor M.G. Fulford Professor D.I.D. Gallie Professor H.G. Genn Professor I. Markova Professor J.A. Moss Professor T.J. Samson Professor C. Shackle Lord Sutherland Dr D.J. Thompson Professor K.F. Wallis
<i>Secretary</i>	Mr P.W.H. Brown *

* Member of the Finance and Advisory Committee

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Introduction

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

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

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

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

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

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The Academy's funds derive from both public and private sources. By far the largest proportion comes in the form of a grant-in-aid from the Department for Education and Skills (DfES), which in 2003-04 amounted to £13.330m. The Academy remains as ever extremely grateful to the Department for these grants and for its continuing support for research and scholarship in the humanities and social sciences.

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

Highlights of 2003-04:

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

During the course of the financial year, the **Grants Committee** considered 2,154 applications and made 1,708 awards. A total of £3.885m was allocated to support research and conferences, both in the UK and abroad. The **Small Research Grants** scheme, offering grants of up to £5,000 for scholars to pursue individual programmes of research, has continued to grow in popularity and 636 projects were supported this year. For example, the number of applications has increased by 46 per cent compared with the figures four years ago, and the number of awards made has increased by 36 per cent. It is gratifying to note that over the same four year period the percentage share of projects in the social sciences (compared with the humanities) has risen steadily, from 25 per cent in 1999-2000 to 37 per cent in the year just completed. The trend towards parity between the two sets of disciplines is noticeable, and reflects the Academy's mission to support both the humanities and the social sciences.

The **Larger Research Grants** scheme (grants up to £20,000) attracted a high-quality field of applications, and the Academy was able to support 61 new projects this year, including *Leonardo da Vinci and his Circle: drawings in British collections*, *Life and death and society in Ancient Rome through palaeoanthropology and archaeology*, *An electronic edition of Dante's Monarchia*, *The role of women and gender in 'post-conflict' political reconstruction in Iraq*, and *The roots of cooperation: biological markets and social structure in vervet monkeys*.

The necessity for scholars, particularly at the outset of their careers, to present their work and extend their networks with colleagues at international conferences is ever more apparent, and the demand for **Overseas Conference Grants** has risen by 167 per cent over the last four years. Nearly 1,000 applications were considered this year, and 791 scholars were given individual travel grants, with another 48 scholars supported through block grants. The **British Conference Grants** scheme, intended to bring distinguished international figures to participate in conferences in the UK, remained highly competitive, and some 211 conferences were assisted in this way during the course of the year. Finally, the British Academy has provided support for a number of **Worldwide Congresses** that will be held in the UK between 2005 and 2006 including the *13th World Sanskrit Congress*, the *9th World Congress of the Econometric Society*, the *19th International Radiocarbon Conference* and the *21st International Congress of Byzantine Studies*.

Monitoring and evaluation During the year, 1294 grant reports have been assessed, and been found satisfactory. The Academy requires the submission of published work resulting from the research funded, and 258 articles have been received, and 158 books placed in the Library, along with six CD-ROMs. The Grants Committee has reviewed its programmes for research support, and in consultation with other Academy Committees, agreed to extend the scope of its research schemes from the next academic session to incorporate a wider range of activity, reflecting new modes of scholarly enquiry and methods of working.

A second competition for **Research Professorships** resulted in the appointment of three new award-holders from the autumn of 2003. The financial basis of the scheme was changed on this occasion to match that of the Readerships, with the Academy funding replacements to relieve the Professors of their normal duties. The Academy supported 41 **Research Readers** during the year 2003-2004, including fourteen new appointments from the autumn of 2003; and 120 **Postdoctoral Fellows**, including 32 new appointments. These career development Postdoctoral Fellowship awards offer the salary of a junior lecturer full-time for three years (or equivalent part-time). Altogether these Research Post Award-holders were based in 41 different institutions around the UK.

The Academy maintained its ongoing small-scale funding for 28 **Academy Research Projects**, and six **Collaborative International Projects**. These long-term projects aim to produce fundamental works of scholarship for the benefit of the academic community, and are generally run as collaborative enterprises between groups of scholars. The **Centenary Research Project**, *From Lucy to Language: The Archaeology of the Social Brain*, began its seven year programme of work in the autumn of 2003.

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The British Academy received over a hundred **Foreign Visitors** in 2003-04 under the terms of its thirty-eight Agreements, Memoranda of Understanding or special grant schemes with partner organisations in thirty-one countries; and it made awards to more than seventy UK scholars for research visits abroad. Thirty-five new or ongoing joint projects were supported with sixteen partner organisations, and eight awards were made under the British Academy/Association of Commonwealth Universities joint projects scheme in 2003.

Twenty-six awards for collaborative research projects were made through the **Joint Activities** scheme, and a further twenty grants were awarded to support small-scale international networks of scholars working on particular issues. Sixty Joint Activities and Networks projects received continuing support in 2003-04. Thirty-nine scholars were invited to visit the UK under the **Visiting Fellowship/Professorship** scheme. Four awards were made under a new **Sixth Framework** pump-priming award scheme to enable UK scholars to develop proposals with European colleagues for European Union funding.

In May an international symposium, *The Transition to Late Antiquity*, was held to mark the end of a twenty-year collaboration between the British Academy and the Bulgarian Academy of Sciences on the Roman Empire and Late Antiquity. In November, the Academy organised a seminar, jointly supported with the Royal Society, the Chinese Academy of Social Sciences and the Chinese Academy of Sciences, on the topic of *Science Organisation and Management*.

A new Agreement was established with the American Philosophical Association, and negotiations took place with the Spanish Consejo Superior de Investigaciones Científicas to develop a new programme to support collaborative projects between UK and Spanish scholars. A similar process was initiated with the Japan Society for the Promotion of Science, with the aim of replacing a long-standing Agreement which focused on support for individual research visits. Agreements with the Georgian Academy and the Chinese Academy of Social Sciences were renewed.

The Academy is affiliated to a number of international organisations and groupings. Its participation in **ALLEA** (All European Academies) was enhanced in 2003 by the election of the Foreign Secretary, Professor Nicholas Mann, to the ALLEA Steering Committee, and through Academy participation in the ALLEA working group: 'Privacy in the Information Age'. It was agreed that responsibility for the UK representation on the European Science Foundation Standing Committee for the Humanities would be transferred to the Arts and Humanities Research Board at the end of 2004, although the Academy will continue to be a member of the ESF. The Academy is also a member of the **Union Académique Internationale**, and, in 2004, it became a member of the **International Human Rights Network of Academies**.

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

Each of the institutions supported by BASIS received a general grant-in-aid. Supplementary support in the form of a new initiatives scheme has been running as an open competition since 2002, and this year five grants were made: to help develop an on-line guide to archaeological research in progress in the UK; to carry out survey work in Iran; to document landscape and environmental change in East and Southern Africa; to map settlements, dams and monasteries in Central India; to promote study in the Black Sea Region; and to encourage work on Central and Inner Asia.

Highlights of the work of the institutions include: the **British Institute of Archaeology at Ankara**, published a special anniversary volume, *Ancient Anatolia. Fifty Years' Work by the British Institute of Archaeology at Ankara*; the **British School at Athens** undertook a joint project with the American School and the Gennadeion to create a Union Digital On-line Catalogue; the **British Institute in Eastern Africa** continued to host its public seminar series in Nairobi jointly with the French Institute in Eastern Africa and added Professor David Phillipson's *Aksum* to its series of guides for the general reader; the **British School of Archaeology in Iraq** produced two volumes of *Excavations at Tell Brak*, and held a well-attended day school in London on "Languages of Iraq, Ancient and Modern"; the **British School at Rome** completed the second phase (gallery and library main reading room) of its ambitious renovation project, and mounted a series of highly acclaimed gallery displays in Rome; and the **Council for British Research in the Levant** held a conference on

"Islamic Military Architecture" in Aleppo, and a conference on the "Conservation and Regeneration of Traditional Urban

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Centres in the Middle East” in Amman; the work of the **Society for Libyan Studies** in the Sahara featured on four separate programmes on Discovery TV in Australia, the US and in France/Germany/Italy; the **Society for South Asian Studies** continued its innovative programme of grants to develop UK language competence in the fourteen national languages of India, as well as Sanskrit, Tibetan, Newari, Sihala, Persian and Turkish; the journal of the **British Institute of Persian Studies**, *Iran*, is one of the most prestigious publications in the world to cover all aspects of Iranian Studies, from archaeology to the status of women today.

A varied programme of events was organised under the auspices of the **Communications and Activities Committee**. Seventeen lectures were delivered, most of them in long-established Academy series, to be published in due course in the *Proceedings of the British Academy*. They included the Seventh annual British Academy Lecture by Dame Gillian Beer, entitled “Revenants and Migrants: Hardy, Butler, Woolf and Sebald”; the Raleigh Lecture in History by Professor C A Bayly on “The Nation within: India at war, 1939-45”; and the Aspects of Art Lecture by Professor S Banfield on “Scholarship and the musical: reclaiming Jerome Kern” which was held in collaboration with the Royal College of Music with musical illustrations by students from the College. Most lectures were delivered in the Academy’s premises, and a number were repeated elsewhere in other academic centres.

Within the programme of academic symposia, particularly noteworthy were three meetings held jointly with the Royal Society of Edinburgh on “England and Scotland after the Union from 1603. Anglo-Scottish relations: Past, Present and Future”. The first was a special lecture by Dr Jenny Wormald to mark the 400th anniversary of the Union of the Crowns entitled “Oh Brave New World? The Union of Scotland and England in 1603”. It was followed by a meeting in London on “Anglo-Scottish relations 1603-1914” and another in Edinburgh on “Anglo-Scottish relations since 1914 and into the future”.

The Academy also convened various meetings intended to appeal to a wider public audience. There were evening panel discussions devoted to “The British Constitution – can we Learn from History?”, “Ethnic Diversity and Social Capital”, “A Question of Culture? Europe and Islam”, and “Does Philosophy Matter?”.

One all-day public conference examined the historical development of environmentalism – “Caring for Nature: Sources and Conflicts in Modern Environmentalism”; another, in partnership with other bodies, considered issues surrounding refugees in the 20th and 21st centuries - “The Refugee Problem and the Problems of Refugees”.

Since 2004 the Academy has marked excellence in scholarly writing which also appeals to a more general readership. Elizabeth Cowling was awarded the 2003 British Academy Book Prize for *Picasso: Style and Meaning* (Phaidon Press).

The Academy continued to expand its website, which plays an important role in publishing information about the Academy’s activities and provides links to the websites of a wide range of other scholarly bodies. PORTAL, the guide to electronic research resources worldwide, continued to expand and develop.

Publications: 21 new titles were published. These included four volumes of *Proceedings of the British Academy*, four British Academy Centenary Monographs, five British Academy Postdoctoral Fellowship Monographs, and seven volumes arising from Academy Research Projects. A particular highlight was the publication of *The British Constitution in the Twentieth Century*, edited by Vernon Bogdanor, which had to be reprinted twice within the year. There were also seven other reprintings (two of them in paperback).

Additional information about the specific activities of the Academy is available on its website: www.britac.ac.uk which includes the Academy’s *Review* which reflects in its range of articles the Academy’s wide spread of interests.

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

Format of Accounts

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

Income and Expenditure: Public Funds

Income

The grant-in-aid for 2003-04 provided by the DfES represented an increase of £0.33 m or 2.5 per cent over that for 2002-03. Total income, including that from sales of publications but excluding the interest received on public funds held at the bank, which is repaid to the DfES, was £14.078 m. Other income includes returned grants, amounts received from other organisations occupying office space in the Academy's building and from the letting of public meeting rooms, primarily to organisations associated with higher education and charities or learned societies involved in promoting the humanities and social sciences. Other income in total increased by 14.2 per cent; other income from rent and hire of rooms increased by 17.9 per cent.

Expenditure

Total expenditure from public funds, again excluding interest payments, was £14.332 m, an increase of 4.5 per cent over the previous year. The income and expenditure account shows a deficit of £254,131 (1.7 per cent), taking the accumulated surplus carried forward to £429,935. (see funds policy, page 4).

The main features of the expenditure in 2003-04 may be considered under two heads: (a) support for learning and research in the humanities and social sciences and (b) premises and administration.

(a) Support for learning and research accounted for £11.8 m, or 82.3 per cent of expenditure. There were three principal strands of expenditure: research programmes – research and conference grants, research posts and research projects (notably *The Oxford Dictionary of National Biography*), which amounted to £7.3 m; international and institutional programmes – the Academy's own overseas exchanges and activities, and support for Academy-sponsored Schools, Institutes and Societies and the Council for British Archaeology, which totalled £4.3 m; and lectures, symposia and other activities contributing to greater public understanding of the humanities and social sciences, which totalled £0.19 m.

(b) The Academy's administration and premises, including direct administrative support for all of the above programmes accounted for expenditure of £2.250 m or 15.6 per cent of total expenditure, and there was in addition a charge for depreciation of £0.89 m.

Staff costs amounted to £1.164 m or 49.7 per cent of the total expenditure for administration and premises including depreciation, down from 52 per cent last year. This represents an increase of 15.4 per cent when compared with the previous year, primarily the result of an increase in the establishment of 3.4 fte staff, and of contractual pay increases. Two of those posts, initially short-term appointments, support external and public relations (Assistant Secretary, Communications and External Relations, and Web Content Manager) and were previously financed from programme costs. It was agreed that this is an important new area of work and the posts were added to the establishment.

Other operating expenses of £1.086 m represent a net increase of 31 per cent when compared with the previous year. The increase results primarily from an increase in accommodation related expenses: higher office rent (up £0.194 m or 56 per cent) following a rent review and repairs and maintenance (up £0.036 m or 77 per cent). The building was refurbished over six years ago; some internal redecoration has been underway during 2003-04 and additional expenses for the repair of security / alarm equipment, lifts, air conditioning and the roof have been incurred. Some of this increase has been passed on to other occupiers of the building and room hire rates have been increased. The amount also includes the cost of other conference and catering related services needed to generate income from the hire of public rooms, and the cost of some central overheads and services provided for other occupants of the building for which the Academy is also reimbursed (see Other Income above). There is now a reserve of £90,000 which will be used to help pay for the next

external redecoration; the balance will be charged in 2004-05, estimated to be no more than an additional £20,000, and the entire amount paid when the work has been completed, by autumn 2004 (see funds policy, page 4).

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The expenditure for administration, premises, and programme support, including depreciation, is 16.8 per cent of 'grants from public bodies' plus 'other income.' The same figure for 2002-03 was 14.4 per cent, an increase of 2.4 per cent in 2003-04 resulting primarily from the increase in rent and building related expenses and an increase in staff costs.

Income and Expenditure: Private Funds

Income from private sources in 2003-04 amounted to £1.29 m, compared to £0.94 m in 2002-03, an increase of 37 per cent. Expenditure including depreciation amounted to £0.75 m, a decrease of £0.05, or 6.25 per cent. A surplus of £0.54 m has been carried forward.

Income from the Academy's various funds for the provision of lectures, prizes and awards amounted to £0.26 m.

The Academy Development Fund (ADF) increased in value from £1.582 m to £1.846 m during the course of the year, reflecting improving market conditions.

Investment Policy

The Academy's primary aim is to achieve growth of capital and/or income, applying a proportion of its funds in equity and/or equity related investments balanced by an element of lower risk, stable investments such as fixed-interest gilts. Performance is assessed over the longer term. A period of five years is considered appropriate. The portfolio is required to generate income of at least £150,000 per annum. In January 2004 the bulk of the private funds (£5.29 m at 31.3.04) were moved into three tracker funds managed by Barclays Global Investors Limited.

Funds Policy

Private funds

Private funds mainly comprise specific endowment funds and restricted funds which are not available for general use. Details of these funds are given in notes 18 to 20.

Academy Development Fund

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

Public funds

The Treasury has removed the requirement that any unspent balance of public fund income held by recipient bodies, eg the Academy, at the end of the financial year should not exceed 2 per cent. However, the DfES must continue to ensure that the Academy does not build up unacceptably large balances. The Academy has notified the DfES that it intends to reserve each year an amount to contribute to the cost of the external redecoration of its building, which takes place every four years. In 2003-04 £20,000 was allocated for this and £90,000 in total has been accumulated. Of the general fund balance of £429,938 (see page 2), £121,577 is tied up in fixed assets. The balance of £315,267 represents funds available for general use.

Auditors

PKF is eligible for re-appointment as auditors to the Academy and a resolution proposing its re-appointment will be submitted to the Annual General Meeting.

THE BRITISH ACADEMY STATEMENT ON CORPORATE GOVERNANCE

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

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

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

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

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

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

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

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

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

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STATEMENT OF COUNCIL'S RESPONSIBILITIES

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

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

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

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

Council has taken steps to:

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE FELLOWS OF THE BRITISH ACADEMY

We have audited the financial statements of The British Academy for the year ended 31 March 2004 which comprise the Income and Expenditure Accounts, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Fellows, as a body, in accordance with Regulation 6 of the Charities (Accounts and Reports) Regulations 1995. Our audit work has been undertaken so that we might state to the Fellows those matters we are required to state to them in an auditor's report, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the Fellows as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Council and auditors

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

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

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

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

Basis of audit opinion

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

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

Opinion

In our opinion:

(i) the financial statements give a true and fair view of the state of affairs of the British Academy as at 31 March 2004 and of its income and expenditure for the year then ended and have been properly prepared in accordance with the Statement of Recommended Practice on Accounting in Higher Education and Further Education Institutions and Charities Act 1993.

(ii) income from the Department for Education and Skills grants and income for specific purposes and from other restricted funds administered by the Academy have been applied for the purposes for which they were received.

(iii) income has been applied in accordance with the Financial Memorandum dated 23 December 1996 with the Department for Education and Skills.

London, UK

2004

PKF
Registered Auditors

THE BRITISH ACADEMY
INCOME AND EXPENDITURE ACCOUNTS
YEAR ENDED 31 MARCH 2004

	<u>Notes</u>	<u>Private Funds</u> £	<u>2004</u> <u>Public Funds</u> £	<u>Private Funds</u> £	<u>2003</u> <u>Public Funds</u> £
INCOME					
Grants from public bodies	3	-	13,355,776	-	13,004,000
Other income	4	199,300	525,064	222,302	459,611
Endowment income and Interest receivable	5	358,006	-	326,623	-
Donations and contributions	18	735,649	-	393,360	-
Publications fund	19	-	210,024	-	211,710
Interest on public funds to be surrendered	6	-	46,559	-	48,380
		<hr/>	<hr/>	<hr/>	<hr/>
Total Income		1,292,955	14,137,423	942,285	13,723,701
		<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURE					
Grants and awards	9	595,468	11,834,200	655,414	11,147,861
Staff costs	7	-	1,163,918	-	1,008,322
Depreciation	10	100,463	89,103	112,113	99,339
Other operating expenses	8	57,608	1,086,189	37,386	830,187
Publications fund	19	-	158,491	-	207,455
Interest on public funds surrendered	6	-	46,559	-	48,380
		<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditure		753,539	14,378,460	804,913	13,341,544
		<hr/>	<hr/>	<hr/>	<hr/>
Surplus/(Deficit) for the year		539,416	(241,037)	137,372	382,157
TRANSFER (TO)					
Designated fund	15	-	(20,000)	-	(35,000)
Specific endowments	17	(156,016)	-	(105,852)	-
Funds administered	18	(383,400)	-	(31,520)	-
Publications fund	19	-	(51,533)	-	(4,255)
		<hr/>	<hr/>	<hr/>	<hr/>
		-	(312,570)	-	342,902
Balance brought forward at 1 April 2003		-	742,508	-	399,606
		<hr/>	<hr/>	<hr/>	<hr/>
Balance carried forward at 31 March 2004		-	429,938	-	742,508
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

All amounts derive from continuing activities.

**THE BRITISH ACADEMY
BALANCE SHEET
31 MARCH 2004**

		<u>2004</u>			<u>2003</u>		
	<u>Notes</u>	<u>Private Funds</u> £	<u>Public Funds</u> £	<u>Total</u> £	<u>Private Funds</u> £	<u>Public Funds</u> £	<u>Total</u> £
FIXED ASSETS							
Tangible assets	10	1,342,538	121,577	1,464,115	1,443,001	165,335	1,608,336
ENDOWMENT ASSET INVESTMENTS							
	11	5,616,965	-	5,616,965	5,242,543	-	5,242,543
CURRENT ASSETS							
Debtors	12	49,121	1,062,461	1,111,582	8,655	1,104,894	1,113,549
Cash at bank and in hand	13	1,656,142	-	1,656,142	1,097,101	-	1,097,101
		1,705,263	1,062,461	2,767,724	1,105,756	1,104,894	2,210,650
CREDITORS							
Amounts falling due within one year	14	(63,156)	(439,213)	(502,369)	(480)	(284,367)	(284,847)
NET CURRENT ASSETS							
		1,642,107	623,248	2,265,355	1,105,276	820,527	1,925,803
NET ASSETS							
		8,601,610	744,825	9,346,435	7,790,820	985,862	8,776,682
Represented by:							
REPAIRS AND MAINTENANCE DESIGNATED FUND							
	15	-	90,000	90,000	-	70,000	70,000
DEFERRED CAPITAL GRANTS AND DONATIONS							
	16	1,435,684	-	1,435,684	1,534,569	-	1,534,569
SPECIFIC ENDOWMENTS							
	17	6,531,003	-	6,531,003	5,979,332	-	5,979,332
FUNDS ADMINISTERED							
	18	630,219	-	630,219	272,215	-	272,215
GENERAL FUNDS							
		-	429,938	429,938	-	742,508	742,508
PUBLICATIONS FUND							
	19	4,704	224,887	229,591	4,704	173,354	178,058
TOTAL FUNDS							
		8,601,610	744,825	9,346,435	7,790,820	985,862	8,776,682

The Financial Statements on pages 12 to 26 were approved on

2004 and signed by:

R J P KAIN
Honorary Treasurer

P W H BROWN
Secretary

THE BRITISH ACADEMY
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 MARCH 2004

		<u>2004</u>		<u>2003</u>	
	<u>Notes</u>	<u>Private Funds</u> £	<u>Public Funds</u> £	<u>Private Funds</u> £	<u>Public Funds</u> £
(Deficit)/surplus for the year		-	(241,037)	-	382,157
Increase/(decrease) in market value of Endowment Asset Investments	11	285,287	-	(841,875)	-
Gain/(loss) on realisation of Endowment Asset Investments	17	110,368	-	(15,526)	-
TOTAL GAIN/(LOSSES) SINCE LAST ANNUAL REPORT		<u>395,655</u>	<u>(241,037)</u>	<u>(857,401)</u>	<u>382,157</u>

**THE BRITISH ACADEMY
CASH FLOW STATEMENT
YEAR ENDED 31 MARCH 2004**

	<u>2004</u>		<u>2003</u>	
	<u>Private Funds £</u>	<u>Public Funds £</u>	<u>Private Funds £</u>	<u>Public Funds £</u>
Reconciliation of Operating Surplus to Net Cash (Outflow)/Inflow from Operating Activities				
Operating surplus/(deficit) for the year	539,416	(241,037)	137,372	382,157
Investment income	(317,485)	-	(325,557)	-
Depreciation charges	100,463	89,103	112,113	99,339
(Increase)/decrease in debtors	(40,466)	42,433	(4,487)	(897,696)
(Decrease)/increase in creditors	62,676	174,849	(943)	38,608
Decrease in deferred income	(98,885)	-	(105,604)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	245,719	65,348	(187,106)	(377,592)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Cash Flow Statement				
Net cash (outflow)/inflow from Operating Activities	245,719	65,348	(187,106)	(377,592)
Returns on investments	317,485	-	325,557	-
Capital expenditure and financial investment	(4,163)	(45,345)	-	(39,265)
	<hr/>	<hr/>	<hr/>	<hr/>
	559,041	20,003	138,451	(416,857)
Management of liquid resources	(500,000)	-	75,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
Increase/(decrease) in cash	59,041	20,003	213,451	(416,857)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Reconciliation of Net Cash Inflow/(Outflow) to Movement in Net Funds				
Increase/(decrease) in cash for the year	59,041	20,003	213,451	(416,857)
Increase/(decrease) in liquid resources	500,000	-	(75,000)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Change in cash and liquid resources	559,041	20,003	138,451	(416,857)
Cash and liquid resources at 1 April 2003	1,097,101	(123,816)	958,650	293,041
	<hr/>	<hr/>	<hr/>	<hr/>
Cash and liquid resources at 31 March 2004	1,656,142	(103,813)	1,097,101	(123,816)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

THE BRITISH ACADEMY
CASH FLOW STATEMENT
YEAR ENDED 31 MARCH 2004
(Continued)

	<u>Private Funds</u> £	<u>2004</u> <u>Public Funds</u> £	<u>Private Funds</u> £	<u>2003</u> <u>Public Funds</u> £
Notes to Cash Flow Statement				
Note (i) Gross Cash Flows				
Returns on Investments				
Investment income	317,485	-	325,557	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital Expenditure and Financial Investment				
Payments to acquire tangible fixed assets	-	(45,345)	-	(39,265)
Payments to acquire investments	(2,513,796)	-	(652,213)	-
Receipts from sales of investments	2,467,277	-	673,537	-
Decrease/(increase) in cash held at brokers	42,356	-	(21,324)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	(4,163)	(45,345)	-	(39,265)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Management of liquid resources				
Increase/(decrease) in short term deposits	500,000	-	(75,000)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	500,000	-	(75,000)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Note (ii) Analysis of Change in Net Funds				
Private Funds		At 1 April 2003 £	Cash flows £	At 31 March 2004 £
Cash in hand, at bank		292,101	59,041	351,142
Liquid resources		805,000	500,000	1,305,000
		<u> </u>	<u> </u>	
		1,097,101	559,041	1,656,142
		<u> </u>	<u> </u>	
Public Funds				
Bank overdraft		(123,816)	20,003	(103,813)
		<u> </u>	<u> </u>	

**THE BRITISH ACADEMY
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2004**

1 ACCOUNTING CONVENTION

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

2 ACCOUNTING POLICIES

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

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

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

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

Gains/losses on disposal of investments and revaluation of investments are allocated to the Capital Accounts of the funds to which the investments relate in accordance with their percentage share of the investments as disclosed in note 17(1).

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

At 31 March 2004 the estimated value of stocks of publications not included in the balance sheet was £78,454 (2003 : £82,072), being the lower of cost and net realisable value.

**THE BRITISH ACADEMY
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2004**

2 ACCOUNTING POLICIES (Continued)

(h) Pensions

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

(i) Liquid Resources

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

3 GRANTS FROM PUBLIC BODIES

	<u>2004</u>		<u>2003</u>	
	<u>Private Funds</u> £	<u>Public Funds</u> £	<u>Private Funds</u> £	<u>Public Funds</u> £
Department for Education and Skills	-	13,330,000	-	13,004,000
Other	-	25,776	-	-
	-	13,355,776	-	13,004,000

4 OTHER INCOME

Subscriptions (including income tax recoverable)	67,325	-	67,300	-
Returned grants	-	116,722	-	93,744
Rent and hire of rooms	-	408,342	-	365,867
Donations and contributions - general	29,427	-	45,390	-
Release of deferred capital donations (note 16)	102,548	-	109,612	-
	199,300	525,064	222,302	459,611

5 ENDOWMENT INCOME AND INTEREST RECEIVABLE

Income from investments	358,006	-	326,623	-
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6 INTEREST ON PUBLIC FUNDS TO BE SURRENDERED

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

**THE BRITISH ACADEMY
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2004**

7	STAFF COSTS	<u>2004</u>		<u>2003</u>	
	<u>Private Funds</u> £	<u>Public Funds</u> £	<u>Private Funds</u> £	<u>Public Funds</u> £	
	Staff costs:				
	-	1,006,584	-	860,358	
	-	77,384	-	71,772	
	-	79,950	-	76,192	
	-	1,163,918	-	1,008,322	

The average number of full time equivalent permanent employees (all administrative staff) during the year was 31 (2003: 28).

Remuneration of Higher Paid Staff	<u>2004</u>	<u>2003</u>
£60,000 - £70,000	-	1
£70,000 – £80,000	1	-

No members of the Council received any remuneration from the Academy for the year ended 31 March 2004 (2003: £Nil). Council members are reimbursed in respect of travel and other expenses necessarily incurred by them in the furtherance of the Academy's activities. During the year ended 31 March 2004 such reimbursement to 16 Council members (2003: 21) amounting to £8,147 (2003: £10,668).

One Council member, Professor W.E Davies, received a Network Grant in the year, amounting to £4,000. The grant was made by the Overseas Policy Committee in accordance with standard procedures of scrutiny and assessment in which she played no part.

8	OTHER OPERATING EXPENSES	<u>2004</u>		<u>2003</u>	
	<u>Private Funds</u> £	<u>Public Funds</u> £	<u>Private Funds</u> £	<u>Public Funds</u> £	
	-	538,052	-	344,374	
	-	13,927	-	21,789	
	-	83,296	-	46,953	
	-	44,317	-	33,649	
	57,608	223,601	37,386	209,337	
	-	14,286	-	17,041	
	-	4,406	-	8,984	
	-	47,345	-	35,538	
	-	51,524	-	53,334	
	-	23,218	-	22,383	
	-	42,217	-	36,805	
	57,608	1,086,189	37,386	830,187	

**THE BRITISH ACADEMY
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2004**

9 GRANTS AND AWARDS	2004		2003	
	Private Funds	Public Funds	Private Funds	Public Funds
	£	£	£	£
BASIS institutions	-	3,538,168	-	3,299,632
Research grants	-	3,280,176	-	3,082,239
Research readerships	-	709,632	-	626,057
Postdoctoral fellowships	-	2,260,219	-	2,187,499
Overseas grants	-	789,652	-	732,491
Conference grants	-	728,857	-	551,601
British Academy Symposia	-	81,457	-	116,615
Oxford Dictionary of National Biography	-	338,000	-	330,000
Communications and activities	-	108,039	-	221,727
Lecture fees	-	-	1,025	-
Grants and prizes:				
Specific endowments	231,283	-	292,549	-
Funds administered	364,185	-	361,840	-
	595,468	11,834,200	655,414	11,147,861
	595,468	11,834,200	655,414	11,147,861

10 TANGIBLE FIXED ASSETS

	Leasehold Improvements	Private Funds Furniture and Equipment	Total	Public Funds Furniture and Equipment
	£	£	£	£
Cost				
At 1 April 2003	2,009,267	135,864	2,145,131	496,694
Additions	-	-	-	45,345
Disposals (Note 2(c))	-	(135,864)	(135,864)	(96,526)
	2,009,267	-	2,009,267	445,513
At 31 March 2004	2,009,267	-	2,009,267	445,513
	2,009,267	-	2,009,267	445,513
Depreciation				
At 1 April 2003	566,266	135,864	702,130	331,359
Charge for the year	100,463	-	100,463	89,103
Eliminated on disposals	-	(135,864)	(135,864)	(96,526)
	666,729	-	666,729	323,936
At 31 March 2004	666,729	-	666,729	323,936
	666,729	-	666,729	323,936
Net book value				
At 31 March 2004	1,342,538	-	1,342,538	121,577
	1,342,538	-	1,342,538	121,577
At 31 March 2003	1,443,001	-	1,443,001	165,335
	1,443,001	-	1,443,001	165,335

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

**THE BRITISH ACADEMY
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2004**

11	ENDOWMENT ASSET INVESTMENTS	<u>2004</u>		<u>2003</u>	
	<u>Private Funds</u> £	<u>Public Funds</u> £	<u>Private Funds</u> £	<u>Public Funds</u> £	
	At 1 April 2003	5,199,992	-	6,078,717	-
	Additions	2,513,796	-	652,213	-
	Disposals	(2,382,305)	-	(689,063)	-
	Increase/(decrease) in market value	285,287	-	(841,875)	-
		<hr/>	<hr/>	<hr/>	<hr/>
	Bank balances	5,616,770 195	- -	5,199,992 42,551	- -
		<hr/>	<hr/>	<hr/>	<hr/>
	At 31 March 2004	5,616,965	-	5,242,543	-
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	Comprising:				
	Fixed interest stocks	1,025,312	-	3,064,611	-
	Equities	4,591,458	-	2,135,381	-
	Bank balances	195	-	42,551	-
		<hr/>	<hr/>	<hr/>	<hr/>
		5,616,965	-	5,242,543	-
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	Fixed Interest and Equities at cost	5,549,930	-	5,246,957	-
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
12	DEBTORS	<u>2004</u>		<u>2003</u>	
		<u>Private Funds</u> £	<u>Public Funds</u> £	<u>Private Funds</u> £	<u>Public Funds</u> £
	Amounts falling due within one year:				
	Debtors	-	98,777	2,145	98,779
	Prepayments and accrued income	49,121	963,684	6,510	1,006,115
		<hr/>	<hr/>	<hr/>	<hr/>
		49,121	1,062,461	8,655	1,104,894
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
13	CASH AT BANK AND IN HAND				
	Cash and current accounts	351,142	-	292,101	-
	Deposit accounts	1,275,000	-	775,000	-
	National Savings Income Bond	30,000	-	30,000	-
		<hr/>	<hr/>	<hr/>	<hr/>
		1,656,142	-	1,097,101	-
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**THE BRITISH ACADEMY
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2004**

14 CREDITORS

	<u>2004</u>		<u>2003</u>
	<u>Private Funds</u>	<u>Public Funds</u>	<u>Private Funds</u>
	£	£	£
Amounts falling due within one year:			
Grants and awards (See below)	-	224,372	105,799
Bank overdraft	-	103,813	123,816
Other Creditors	63,156	97,453	40,752
Accruals and deferred income	-	13,575	14,000
	<hr/>	<hr/>	<hr/>
	63,156	439,213	284,367
	<hr/>	<hr/>	<hr/>
Grants and Awards included within creditors			
Grants and awards allocated, not yet paid comprise:-			
Research grants	-	163,009	71,507
Overseas grants	-	61,363	34,292
	<hr/>	<hr/>	<hr/>
	-	224,372	105,799
	<hr/>	<hr/>	<hr/>

15 REPAIRS AND MAINTENANCE DESIGNATED FUND

Under the lease with the Crown Estate Commissioners, the Academy is required to redecorate the exterior of the building every four years. Therefore, the Academy has set aside the following amounts from public funds as a designated fund to meet this liability.

	<u>2004</u>
	£
Balance at 1 April 2003	70,000
Transferred in year	20,000
	<hr/>
Balance at 31 March 2004	90,000
	<hr/>

16 DEFERRED CAPITAL GRANTS AND DONATIONS

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

	<u>President's Appeal</u>	<u>Other</u>	<u>Total</u>
	£	£	£
Balance at 1 April 2003	192,964	1,341,605	1,534,569
Donations in the year	3,663	-	3,663
Released in the year (note 4)	(13,108)	(89,440)	(102,548)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2004	183,519	1,252,165	1,435,684
	<hr/>	<hr/>	<hr/>
New donations from private donors in the year:			
		<u>2004</u>	<u>2003</u>
		£	£
Other donations < £10,000 each		3,663	4,008
		<hr/>	<hr/>

**THE BRITISH ACADEMY
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2004**

17 SPECIFIC ENDOWMENTS

INCOME AND EXPENDITURE	Balance at 1 April <u>2003</u> £	Investment income £	Release of Capital Donations £	Other income £	Total income £	Administration and other costs £	Grants and awards £	Total expenditure £	Income over expenditure £	Balance at 31 March <u>2004</u> £
Academy Development Fund	365,158	88,100	-	73,322	161,422	(13,851)	-	(13,851)	147,571	512,729
Capital Donations & Depreciation	(124,109)	-	102,548	-	102,548	(100,463)	-	(100,463)	2,085	(122,024)
	241,049	88,100	102,548	73,322	263,970	(114,314)	-	(114,314)	149,656	390,705
Other Funds	472,394	231,639	-	23,430	255,069	(39,981)	(211,159)	(251,140)	3,929	476,323
Consolidated investments Marc Fitch Fund	713,443 23,346	319,739 26,331	102,548 -	96,752 -	519,039 26,331	(154,295) (3,776)	(211,159) (20,124)	(365,454) (23,900)	153,585 2,431	867,028 25,777
	736,789	346,070	102,548	96,752	545,370	(158,071)	(231,283)	(389,354)	156,016	892,805
CAPITAL										
	Balance at 1 April <u>2003</u> £	Other movements on investments £	Realised (losses)/gains on investments £	Balance at 31 March <u>2004</u> £	Income balance 31 March 2004 £	Total Fund 31 March 2004 £				
Academy Development Fund	1,341,331	83,123	31,257	1,455,711	390,705	1,846,416				
Other Funds	3,526,730	218,553	82,182	3,827,465	476,323	4,303,788				
Consolidated Investments Marc Fitch Fund	4,868,061 374,482	301,676 (16,389)	113,439 (3,071)	5,283,176 355,022	867,028 25,777	6,150,204 380,799				
	5,242,543	285,287	110,368	5,638,198	892,805	6,531,003				

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17 SPECIFIC ENDOWMENTS (continued)

The following are the individual Funds, which comprise the Consolidated Investments Fund and their respective percentage proportions of that Fund at 31 March 2004 and 2003.

Academy Development Fund 30.02% (2003: 27.55%), Albert Reckitt Archaeological Fund 21.0% (2003: 22.59%), Browning Fund 1.78% (2003: 1.65%), Caton-Thompson Fund 1.80% (2003: 2.27%), Chatterton Lecture Trust Fund 0.82% (2003: 0.81%), Cromer Greek Prize Fund 0.18% (2003: 0.19%), Dawes Hicks Fund 0.20% (2003: 0.2%), Derek Allen Prize Fund 0.28% (2003: 0.28%), Elizabeth Barker Fund 4.63% (2003: 4.89%), English Literature and Language Fund 1.32% (2003: 1.29%), Henrietta Hertz Fund 0.86% (2003: 0.85%), Italian Lecture Fund 0.05% (2003: 0.06%), Kenyon Medal Fund 0.03% (2003: 0.02%), Leopold Schweich Fund 2.56% (2003: 2.52%), Maccabean Lecture Fund 0.08% (2003: 0.09%), Neville Chittick Fund 0.69% (2003: 0.7%), Radcliffe-Brown Fund 0.04% (2003: 0.05%), Raleigh Fund for History 0.40% (2003: 0.38%), Sarah Tryphena Phillips Lecture Fund 0.23% (2003: 0.24%), Serena Medal Fund 0.11% (2003: 0.1%), Sir John Rhys Memorial Fund 0.16% (2003: 0.17%), Stein-Arnold Exploration Fund 2.34% (2003: 2.51%), Thank-Offering to Britain Fund 11.34% (2003: 12.04%), Elie Kedourie Fund 0.77% (2003: 0.79%), 44th International Congress of Americanists Fund 0.92% (2003: 1.01%), Grahame Clark Medal Fund 0.28% (2003: 0.29%), James Reid Moir Fund 0.39% (2003: 0.39%), Neil Ker Memorial Fund 4.43% (2003: 4.46%), Stenton Fund 5.41% (2003: 5.43%), Webster Fund 5.18% (2003: 4.5%), William Hepburn Buckler Memorial Fund 0.28% (2002 : 0.29%), Ancient Persia Fund 0.41% (2003 : 0.39%), Isaiah Berlin Fund 0.17% (2003: 0.17%) and M H Zeitlyn 0.83% (2003: 0.83%).

18 FUNDS ADMINISTERED

	Balance at 1 April 2003 £	Income: Donations and contributions £	Income: Interest £	Expenditure awards £	Income over expenditure (expenditure over income) £	Transfers £	Balance at 31 March 2004 £
Sir E Cassell Education Fund	4,136	5,000	92	4,000	1,092	-	5,228
Lexicon of Greek Personal Names	60,648	37,762	1,756	-	39,518	-	100,166
Rose Mary Crawshay Prize	291	804	2	1,000	(194)	-	97
K C Wong Fellowships	50,574	63,889	1,013	57,689	7,213	-	57,787
The Ancient Persia Fund	3,563	316	70	-	386	-	3,949
Sino-British Fellowship Trust	(420)	20,000	-	26,180	(6,180)	-	(6,600)
Wolfson Research Professorship	2,414	-	43	-	43	-	2,457
Leverhulme Senior Research Fellowships	(2,325)	173,185	-	214,787	(41,602)	-	(43,927)
Aurelius Trust	25,013	19,700	393	22,700	(2,607)	-	22,406
S T Lee	102,500	-	1,828	-	1,828	-	104,328
Francis Bacon Project	425	-	8	-	8	-	433
Segal Trust	25,396	-	-	-	-	(25,396)	-
Medieval Latin Dictionary – Packard	-	414,993	6,731	37,829	383,895	-	383,895
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	272,215	735,649	11,936	364,185	383,400	(25,396)	630,219
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NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2004**

19 PUBLICATIONS FUND

	<u>2004</u>		<u>2003</u>	
	<u>Private Funds</u>	<u>Public Funds</u>	<u>Private Funds</u>	<u>Public Funds</u>
	£	£	£	£
INCOME				
Sales income	-	210,024	-	211,710
	-----	-----	-----	-----
	-	210,024	-	211,710
	-----	-----	-----	-----
EXPENDITURE				
Printing costs	-	156,391	-	205,895
Storage and distribution	-	2,100	-	1,560
	-----	-----	-----	-----
	-	158,491	-	207,455
	-----	-----	-----	-----
Excess of income over expenditure for the year	-	51,533	-	4,255
Balance at 1 April 2003	4,704	173,354	4,704	169,099
	-----	-----	-----	-----
Balance at 31 March 2004	4,704	224,887	4,704	173,354
	=====	=====	=====	=====

Publishing Commitments

At 31 March 2004 the Academy had commitments in respect of publication costs of £191,568 (2003 : £189,818).

20 PENSION SCHEME

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

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

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

The pension cost relating to this scheme charged to the income and expenditure account for the year was £79,950 (2003: £76,192).

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

**THE BRITISH ACADEMY
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2004**

20 PENSION SCHEME (Continued)

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

21 LEASE COMMITMENTS

The Academy has an annual commitment of £470,000 (2003 : £315,000) under operating leases in respect of land and buildings, which expire in a period greater than five years.