

**THE ROYAL ECONOMIC SOCIETY**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

**REGISTERED CHARITY NUMBERS 231508 (England & Wales), SCO43245 (Scotland)**

**INDEX**

	<b><u>Page</u></b>
Reference and Administrative Details	1
Report of the Executive Committee	2-8
Report of the Auditors	9
Statement of Financial Activities	10
Balance Sheet	11
Notes to the Financial Statements	12-19

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISORS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**REGISTERED CHARITY NUMBERS: 231508 (England & Wales), SCO43245 (Scotland)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISORS**

**MEMBERS OF THE EXECUTIVE COMMITTEE**

<b>IMMEDIATE PAST PRESIDENT:</b>	Prof Sir Richard Blundell CBE FBA
<b>PRESIDENT:</b>	Dr Charlie Bean
<b>TREASURER:</b>	Mr Mark H Robson
<b>SECRETARY GENERAL:</b>	Prof John A Beath FRSE
<b>SECOND SECRETARY:</b>	Prof Robin Naylor
<b>EDITORS:</b>	Prof Rachel Griffith FBA Prof Richard Smith FBA
<b>COUNCILLORS:</b>	Prof Nick Crafts FBA Prof Mark Armstrong FBA Prof Jonathan Haskel Prof Sarah Smith Mr Paul Johnson
<b>CO-OPTED:</b>	Prof Neil Rickman Prof Karen Mumford Prof Eric Pentecost*

\* Appointed 21 February 2013

**EXECUTIVE COMMITTEE MEMBER ALSO SERVING AS CHARITY TRUSTEE DURING AN EARLIER PART OF THE YEAR**

From 1 January to 4 April 2013: Prof Paul Grout

**HEAD OFFICE:** University of St. Andrews  
St. Andrews  
Fife KY16 9AL

**AUDITORS:** Kingston Smith LLP  
Devonshire House  
60 Goswell Road  
London EC1M 7AD

**BANKERS:** Natwest Bank plc  
143 High Street  
Bromley  
Kent BR1 1YZ

**INVESTMENT MANAGERS:** Legal & General Investment Management Ltd  
One Coleman Street  
London EC2R 5AA

The Executive Committee presents its report together with the Financial Statements of the Charity for the year ended 31 December 2013.

**REFERENCE AND ADMINISTRATIVE INFORMATION**

The charity was founded in 1902 and is registered with the Charity Commission under charity number 231508 (England and Wales) and SCO43245 (Scotland).

The reference and administrative details of the Charity are shown on page 1 of the Financial Statements.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The Royal Economic Society is constituted by a Royal Charter of Incorporation dated 2 December 1902 as amended by a supplemental charter dated 26 January 1968 and byelaws as made in General Meetings of the Society from time to time, subject to the consent of the Privy Council. There are no specific restrictions imposed by the governing document.

The byelaws of the Society were revised by order of the Privy Council made on 20 December 2011 and taking immediate effect. Prior to that date the Council of the Society (rather than the Executive Committee) had responsibility for the general management of its affairs.

**Appointment of Trustees**

The charity trustees of the Society are the members of its Executive Committee, comprising a balance of honorary elected officers (President, Immediate Past President or President-Elect, and Treasurer), executive officers (Secretary General, Second Secretary, and Editors), five members appointed by the Council, and members co-opted by the Council on a proposal from the Executive Committee. No charity trustee receives any remuneration in that capacity, but a minority are in receipt of honoraria in respect of specific offices held, under written agreement as to the terms of appointment made by the Executive Committee excluding the individuals concerned.

All new members of the Executive Committee receive the Charity Commission's Information on the responsibilities of Charity Trustees. They do not undertake any formal training on appointment, but training on an ad-hoc basis is undertaken when required.

The day to day running of the Society is delegated by the Executive Committee to the Secretary General and since 2011, the Second Secretary.

Members of the Council, which appoints some Executive Committee members as explained above, are nominated by members of the Society and considered by the Nominating Committee (consisting of five members plus the President and Secretary General). The Nominating Committee draws up a list of candidates who are voted upon by the members of the Society to become members of Council for a term of five years.

**Risk Management**

The Executive Committee regularly reviews the major risks to which the Society is exposed. The key categories of risk relate to governance, finance and operations:

- a) **Governance Risks**  
Proposals for change to the Society's governance arrangements, with a view to reducing risk while increasing the effective use of funds for charitable activities were approved by the Privy Council, which made new byelaws effective from 20 December 2011.
- b) **Financial Risks**  
The fact that finance is a standing item of business for meetings of the Executive Committee and Council ensures that the appropriate financial information is regularly scrutinised. The Society's investments are held in a variety of unit trusts in order to minimise systematic risk and the investment policy is reviewed against performance at least every three years. Internal risks are minimised by the implementation of procedures for authorisation of all projects and financial transactions.
- c) **Operational Risks**  
As the agent for the Executive Committee, the Secretary General has the responsibility for maintaining a sound system of internal control that supports the achievement of the Society's aims and objectives, whilst safeguarding its assets and ensuring proper application of its income to its charitable objects.

**REPORT OF THE EXECUTIVE COMMITTEE  
FOR THE YEAR ENDED 31 DECEMBER 2013**

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Society's aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 December 2013 and up to the date of approval of the annual report and accounts.

During the year, the key risks that might impact on the Society's objectives and the internal procedures have been kept under review and a risk register is in place. This identifies external and internal risks. It is believed to be fully consistent with the guidance on risk published by the Charity Commission.

**OBJECTIVES AND ACTIVITIES**

**Objects**

The Royal Economic Society is established to promote and foster the study of economic science. The Society is also concerned with the application of the results of that study.

These objects are undertaken by means of publications, the Annual Conference, a Postgraduate Conference and helping to further the study of economics via free Public Lectures, a programme of various Grants, Projects and Junior Fellowships, and an annual essay competition for Young Economists focused on schools.

The Executive Committee 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. The Executive Committee believes that social welfare is advanced by promoting and fostering the study of economic science, and that its activities serve to educate the public, and particularly that section of the public that is interested in issues of economic policy. The results of the economic research that the Society supports are widely disseminated through its publications. Although the benefits of the Society's work are by no means restricted to its members, the subscription is deliberately set at a low level relative to that of most charitable learned societies so as to encourage a broad base of membership, including those on low incomes.

**Strategies to Achieve Objectives**

The Society meets its objects by undertaking the following activities:

**1. Membership**

The Society has a membership scheme whereby anyone who is interested in the study of economics can join and conferences are held where lectures and discussions on economic subjects take place.

**2. Publications**

The Society is involved with a number of publications, the major ones being The Economic Journal and The Econometrics Journal which it publishes through Wiley-Blackwell. Members of the Society are entitled to copies of The Economic Journal and a quarterly Newsletter. On-line access to The Economic Journal and The Econometrics Journal is available and is being heavily used.

In addition, the Society has a commitment to publishing scholarly editions of classic works in economics. Its editions of the works of Ricardo, Malthus, Marshall, Edgeworth, and Keynes set an international standard in these matters.

**3. Projects, Grants and Subscriptions**

The main grant schemes are all outlined in note 9 to the accounts. Most should be fairly self-explanatory. The main and postgraduate conference grant schemes provide support for individuals of limited means to meet the costs of attending. The RES Easter School provides advanced training for doctoral students. The Society provides significant financial support to the activities of the Economics Network based at the University of Bristol. This provides important resources on Economics to schools and school pupils, university students and, through its regular training events, to early career academic economists.

## **ACHIEVEMENTS AND PERFORMANCE**

### **Review of activities**

In line with the objects of the Society the key achievements during the year ended 31 December 2013 were as follows:

#### **a) Membership**

In 2013 the Society had a strong and international membership of 3322 (2012: 3179). A particular feature of note has been the steady growth in the number of online only members and student members in response to the scheme of subsidised membership. Payment by direct debit is now available to UK members.

The Society's website ([www.res.org.uk](http://www.res.org.uk)) continues to offer many features to maximise usage and readership, and to enhance the Society's profile. It was redesigned to incorporate many new and improved features from early 2012 and has been enhanced in 2013, to keep members more informed about RES news, events and grants and to introduce new resources in the education career and training sections, such as our links to the Economics Network. By the start of 2013 the integration of the Annual Conference website and redesign of the online Newsletter and Conference Diary had been achieved; work on transferring archives of media briefings and past Conferences is in progress.

Starting in 2013, a library of webcasts from the annual conference, the annual public lecture and the policy lecture has been integrated into the website and visitor data monitored. An RES YouTube Channel has been embedded with short clips promoting Society events. The policy of filming and offering access by live interactive link to all RES lectures has been introduced during this year: data on number of downloads are being collected and reported to the Executive Committee.

Online surveys are now being used to hold the Council elections online and to provide feedback from events. A review of membership benefits and procedures available from the website is being conducted by the Second Secretary at the request of the Council Strategy Group.

#### **b) Publications**

The Economic Journal and The Econometrics Journal continue to be acknowledged as leading journals in the field of economics. Wiley-Blackwell, the Society's publishers for both, state that they are among the most accessed journals of those they publish. In 2013, articles in The Economic Journal were accessed online 285,375 times (2012: 248,820) for usage via Wiley Online Library (excluding access via third parties such as JSTOR and EBSCO). The 2003 to 2007 volumes of the Economic Journal are also available on CD ROM.

In 2012, the Society published with Cambridge University Press the full 30 volumes of the Collected Writings of John Maynard Keynes in digital and paperback editions and, through a new arrangement with the publisher in 2013, the Society has provided the membership with free digital access to this important scholarly resource.

#### **c) Projects, Grants and Subscriptions**

During the year the Society supported a large number of projects, spending a total of £365,147 (2012: £370,477) before the allocation of support costs. Two new small grant schemes were introduced in 2010, and have been promoted since then to encourage suitable applications for project support and grants for charitable purposes. Specific conferences, workshops and visiting lecturers are also able to be supported. Authority to accept applications for grant support is delegated to the Secretary General, within the financial limits and overall policy determined by the Executive Committee.

In response to a significant increase in applications to the Junior Fellowship Scheme in 2012, the number of awards was increased, with resultant expenditure on this scheme of £82,000 in 2013 (2012: £92,000). A contribution of £40,000 was made to support the Economics Network this year and the same payment will be made in 2014. The "Econometrics Game" is a European simulation training exercise for university students supported from 2011 to 2014 inclusive. The Festival of Economics at Bristol was assisted with a grant and live streaming of lectures via the Society website.

**REPORT OF THE EXECUTIVE COMMITTEE  
FOR THE YEAR ENDED 31 DECEMBER 2013**

d) **Annual Conference**

The annual conference held at Royal Holloway College was again successful, with a packed programme of lectures and events and strong press coverage, although the total number attending was lower than the exceptional previous year. The 2014 event will be at Manchester University and advance booking has again been heavy. Innovations in 2013 have been a Junior Fellows contributed session and the filming of keynote lectures, as well as some short trailers by the President and keynote speakers made available on an RES YouTube channel.

e) **Postgraduate Conference**

The postgraduate conference has been held each year in January since 2006. This year it was hosted by UCL: 21 institutions were represented and some 200 student participants attended. Approximately 140 presented their research either through a formal presentation or a poster. A number of positive changes were made, including moving the event to Friday/Saturday with a drinks reception (attended by Government Economic Service and Bank of England representatives) and introducing plenaries. Feedback on the meetings from students and institutional representatives was significantly better this year compared to last. The Society will continue to play a more active role in planning the meetings and consider how to make further improvements.

f) **Annual Public Lectures**

The annual public lecture was first held in 2001, attended by approximately 500 members and non-members. It is held in London and in one other venue around the UK, which this year was the University of Sheffield. The lecture was attended by approximately 1050 people over the 2 venues (2012: 750). As part of the London event, the prize for the Young Economist of the Year Competition is presented. From an entry of over 1100, there was one winner in 2013 who received an engraved trophy and a cheque for £1,000. 3 runners-up received another £1,000 between them. An innovation in 2013, offering registration to school groups and others to participate in the London lecture by a remote interactive link, has increased the reach of these activities considerably beyond those who are able to attend the event in person: 259 visitors from 17 countries viewed the live broadcast with a further 297 unique visitors (many school-based) from 22 countries in the month following the broadcast.

In 2011 a new series of Policy Lectures, also free and open to the public, was instituted as an opportunity for leading economists to speak both to academics and to policy-makers and to others interested in the development of economic policy. The 2013 Policy Lecture was postponed until January 2014, given by The Rt. Hon. Vince Cable, UK Secretary of State for Business, Innovation and Skills on *The Shape of the Economic Recovery*.

g) **Women's Committee**

Since 2010 the activities of the Society's Women's Committee have been expanded significantly. It aims to identify the current position of women economists in academic departments and in business; to monitor changes in the position of women and to make these data widely available; to support women throughout the economics profession by the establishment of networks; to increase contacts of women in similar situations; to identify the underlying causes of the under-representation of women in economics and to seek to change or affect them. In 2013 its biennial report was widely distributed, including a ranking of departments by actual and average female presentation. A self-help pack was produced and circulated via CHUDE in support of the Athena SWAN (Scientific Women's Academic Network) charter to recognise and celebrate good employment practice for women working in higher education. A special RES Conference session on "Women in Economics" proved successful and two new members were elected through an online election to all Society members.

h) **Conference of Heads of University Departments of Economics**

**CHUDE** comprises Heads of Economics at universities in the UK. It was set up by the Society in 1987 to further the promotion and teaching of economics and, more generally, to maintain the significance and importance of economics in the UK. Bi-annual meetings offer a forum for discussion of issues of interest with government and public sector economists and a vehicle for widening engagement with Economics among schools, colleges and business. CHUDE often acts as the lead for the Society in providing feedback on official consultations, such as in 2013 the Open Access proposals following the Finch Report. Its Chairperson is co-opted to the Society's Executive Committee.

**FINANCIAL REVIEW**

**Explanation of the Statement of Financial Activities and the Application of the Society's Funds**

The Executive Committee considers that the key figure in the Statement of Financial Activities (see page 10) is the deficit before asset revaluations of £(73,635) compared to £(45,942) in 2012. Investment income recorded in the Statement of Financial Activities is £135,354 (2012: £134,670). Investment gains are not recognised as incoming resources, and the Executive Committee regards annual deficits as sustainable as long as total funds continue to grow.

As usual, the major part of funds expended was on contracted publishing activities. The Economic Journal has produced a surplus for the year of £307,014 (2012: £328,907) before the apportionment of support costs, representing a fall in receipts of £20,494 but a small increase in costs of £1,399. The Econometrics Journal has produced a small deficit of £(4,358) (2012: £(646)), before the apportionment of support costs (see notes 4 and 5 on page 13). Institutional subscriptions continue to be cut back and the future of this revenue stream is threatened by the new "Open Access" policies as a condition of government research funding.

The Annual Conference deficit was unusually large in 2013 at £(101,078) (2012: £(68,589)) as a result of lower bookings. Budgeting controls have been enhanced in consequence, and the charging model being examined carefully with feedback from the 2014 conference.

Projects, grants and subscriptions expenditure was broadly stable at £365,147 (2012: £370,477) as detailed in note 9 to the accounts. This expenditure is mostly discretionary, and so can readily be reduced in the event that the income position should deteriorate.

All of these charitable activities directly support and promote the objects of the Society.

**Use of Assets**

Investments continue to be held in index tracking unit trusts, managed passively by Legal and General Investment Management since 2006. The investments provide an important source of income to support the Society's activities. Investment income currently accounts for 10.9% of annual gross income. The market value of the investment portfolio increased by £634,442 (see note 15). During 2009, the Society's investment objectives were reviewed by the Executive Committee and a new Statement of Investment Principles was approved by the Council, and implemented in November. That Statement was reaffirmed by the Executive Committee in 2012 and will be reconsidered in 2015. While the Society assesses the performance of its investment portfolio by reference to total return, considering one year, three year and five year bases, only income is taken into account when budgeting, on a conservative basis and to avoid large fluctuations from year to year.

Performance of the Society's investment portfolio (return on opening valuation) over the last five years has been as follows:

Calendar year	Annual income	Annual total return		
		One year	Three year	Five year
2009	3.2%	18.8%	1.5%	7.2%
2010	2.6%	14.2%	3.6%	6.0%
2011	2.7%	-3.6%	9.4%	2.9%
2012	2.9%	10.0%	6.6%	3.3%
2013	2.9%	16.1%	6.9%	10.7%

These results are considered highly satisfactory, given the Society's objects. They will continue to be monitored annually by the Executive Committee and the continuing appropriateness of the investment principles reviewed every three years.

**Significant events since the year end**

Since the year end there have been no significant events that require reporting.



**Reserves Policy**

The Executive Committee maintain the Society's reserves to provide income to support the ongoing activities of the Society. The reserves are kept at a level to provide continuity of activities due to fluctuations in the Society's sources of income, with modest growth to enable future expansion of charitable activities. The Executive Committee believes that the level of reserves should represent at least 24 months' expenditure (£2.5 million). The current level of reserves is, however, considerably higher. Bearing that in mind, the Council had already adopted in 2009 a target for increasing annual charitable expenditure by £100,000 per year, which has now been met, with annual deficits likely to be reported as a result.

It was also anticipated that, given the extent of the reduction in government funding for higher education that is planned for the remainder of the current Parliament, there might be new calls on the Society to support teaching and research in economic science in UK universities. In this period and in 2014 that is reflected in the grant of £40,000 to the Economics Network. The Executive Committee believe that the current level of reserves is therefore appropriate.

**PLANS FOR FUTURE PERIODS**

The Society will continue to foster and encourage the communication of economic information through its financial support of projects and grants to individuals and will continue to promote the advantages of membership and to promote its publications. With this object, a Second Secretary was appointed to assist the Secretary General with his duties from January 2011 and continues to be highly active since then.

A strategic review has been undertaken by selected members of the Council and Executive Committee and the President has recently reported upon its findings. As part of this review, Council members are now being encouraged to join sub-groups of interest in order to broaden the oversight of Society activities.

The process of selecting both a new President and Secretary General will begin in 2014.

The new editorial structure of The Economic Journal of six managing editors continues to work well. Social media are being used effectively to increase dissemination of information. The editors are looking at ways to develop the Economic Journal webpages to increase traffic to the site. In 2014 the journal will prepare to publish a special issue to mark the 125th Anniversary of the Society, which will be marketed internationally.

The editors of The Econometrics Journal have decided on the first winner of the Denis Sargan Prize and the award will be presented at the 2014 RES Conference in Manchester (which has also been contracted for the 2015 conference). This Journal has recently implemented a replication policy for articles that include empirical applications and/or simulation experiments. The Editorial Board approached its annual editorial review at the end of 2013 with the particular intention of refreshing and renewing the Associate Editors of the journal. The recruitment of an Editorial Board of international distinction is and has been critical to raising the international profile and academic standing of The Econometrics Journal.

A new website to provide a broader range of services and information to members and the public was launched early in 2012 and continues to be developed. A large back catalogue of media briefings is being added in order to create further resources and development by the Economic Journal as it comes to its 125<sup>th</sup> Anniversary. The Conference and PhD Meeting sites will continue to be updated and developed together with the journal sites in order to provide greater interaction with subscribers. The use of live streaming and filming is being considered in this area. Further areas of development across the society are being considered by the Second Secretary within an overarching communication strategy.

**REPORT OF THE EXECUTIVE COMMITTEE**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**ACCOUNTING AND REPORTING RESPONSIBILITIES**

The Executive Committee is responsible for preparing the Report of the Charity Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales and in Scotland requires the Executive Committee to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

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

The Executive Committee is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), and the provisions of the Royal Charter. The Executive Committee is also responsible for safeguarding the assets of the charity and so for taking reasonable steps for the prevention and detection of fraud and other irregularities.



M H ROBSON  
Honorary Treasurer  
On behalf of the Executive Committee

Dated: 1 April 2014

**INDEPENDENT AUDITORS' REPORT TO THE CHARITY TRUSTEES OF  
THE ROYAL ECONOMIC SOCIETY**

We have audited the financial statements of The Royal Economic Society for the year ended 31 December 2013 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. 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 any party other than the charity and charity's trustees as a body, for our audit work, for this report, or for the opinion we have formed.

**Respective responsibilities of trustees and auditor**

As explained more fully in the Trustees' Responsibilities Statement set out on page 8 the trustees are responsible for the preparation of financial statements which give a true and fair view. We have been appointed as auditor under section 144 of the Charities Act 2011 section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Report of the Executive Committee to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

**Opinion on financial statements**

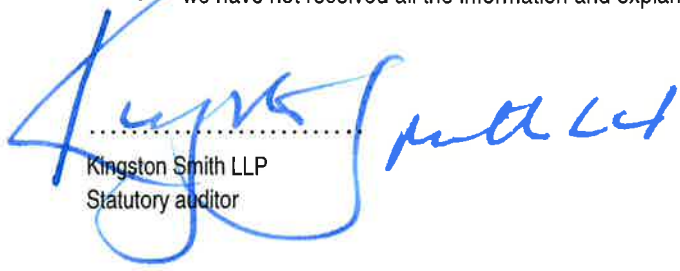
In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2013, and of its incoming resources and application of resources, 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 requirements of the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Charities Act 2011 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

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



.....  
Kingston Smith LLP  
Statutory auditor

Date: 2/4/14

Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

**STATEMENT OF FINANCIAL ACTIVITIES  
INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Notes	Totals 31.12.13 £	Totals 31.12.12 £
<b>INCOMING RESOURCES FROM GENERATED FUNDS</b>			
Investment Income	2	135,354	134,670
Voluntary Income	3	30,274	300
<b>INCOMING RESOURCES FROM CHARITABLE ACTIVITIES</b>			
Membership Subscriptions		96,715	89,671
Economic Journal	4	636,318	656,812
Econometrics Journal	5	112,497	110,456
Publishing Activities	6	15,903	16,808
Annual Conference		164,130	221,286
Newsletter	7	10	17
<b>TOTAL INCOMING RESOURCES</b>		<u>1,191,201</u>	<u>1,230,020</u>
<b>RESOURCES EXPENDED</b>			
<b>Costs of Generating Funds</b>			
Investment Management Costs	12	10,827	9,701
<b>Charitable Activities</b>			
Economic Journal	4	368,761	363,764
Econometrics Journal	5	130,857	122,745
Publishing Activities	6	12,362	19,779
Annual Conference		265,208	289,875
Newsletter	7	37,167	31,134
Postgraduate Conference		15,678	15,467
Projects, Grants and Subscriptions	9	408,899	409,302
		<u>1,249,759</u>	<u>1,261,767</u>
<b>Governance Costs</b>	11	<u>15,077</u>	<u>14,195</u>
<b>TOTAL RESOURCES EXPENDED</b>		<u>1,264,836</u>	<u>1,275,962</u>
<b>NET INCOMING RESOURCES BEFORE REVALUATIONS AND INVESTMENT ASSET DISPOSALS</b>		(73,635)	(45,942)
<b>GAINS AND LOSSES ON REVALUATIONS AND DISPOSAL OF INVESTMENT ASSETS</b>	15	634,442	327,486
<b>NET MOVEMENT IN FUNDS</b>		<u>560,807</u>	<u>281,544</u>
<b>TOTAL FUNDS BROUGHT FORWARD</b>		5,018,499	4,736,955
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u>5,579,306</u>	<u>5,018,499</u>

All movements during the year relate to unrestricted funds.

**CONTINUING OPERATIONS**

None of the Charity's activities were acquired or discontinued during the current and previous years.

**TOTAL RECOGNISED GAINS AND LOSSES**

The Charity has no recognised gains or losses other than the net incoming resources for the current and previous years.

**BALANCE SHEET  
AS AT 31 DECEMBER 2013**

	Notes	2013 £	2012 £
<b>FIXED ASSETS</b>			
Tangible Fixed Assets	14	254	852
Fixed Asset Investments	15	<u>5,492,874</u>	<u>4,869,259</u>
		5,493,128	4,870,111
<b>CURRENT ASSETS</b>			
Debtors	16	92,508	102,551
Cash on Deposit, Current Account and in Hand		<u>116,921</u>	<u>216,755</u>
		209,429	319,306
<b>LESS: CURRENT LIABILITIES</b>			
Creditors: Amounts falling due within one year	17	123,251	170,918
		<u>86,178</u>	<u>148,388</u>
<b>NET CURRENT ASSETS</b>		<u>86,178</u>	<u>148,388</u>
<b>TOTAL NET ASSETS</b>		<u>5,579,306</u>	<u>5,018,499</u>
<b>UNRESTRICTED FUNDS:</b>			
General Fund	18	1,489,976	1,563,611
Investment Reserve	18	<u>4,089,330</u>	<u>3,454,888</u>
		5,579,306	5,018,499

Approved by the Trustees and authorised for issue on:

Date: 1 APRIL 2014

Signed on their behalf by:  M.H ROBSON Honorary Treasurer

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**1. ACCOUNTING POLICIES**

**Basis of Preparation**

The financial statements have been prepared in accordance with The Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005 (2<sup>nd</sup> Edition) issued in March 2005), and with applicable UK accounting standards and the Charities Act 2011. These financial statements are drawn up on the historical cost accounting basis except that investment assets are carried at market value.

**Cashflow Statement**

The Society has taken advantage of the exemptions provided by Financial Reporting Standard 1 and has not prepared a Cashflow Statement for the year.

**Membership Subscriptions**

Subscriptions are accounted for on an accruals basis.

**Investment Income**

Investment Income comprises distributions and interest received and receivable.

**Fixed Assets**

Equipment has been written down at 25% on the reducing balance basis.  
Equipment purchases over £100 are capitalised.

**Fund Accounting**

General funds are available for use at the discretion of the general objectives of the organisation.  
All income and expenditure is shown in the Statement of Financial Activities.

**Investment Reserve**

All profits or losses on disposals and revaluation of investments after 1 January 1978 are credited or debited to this account.

**Grants**

Grants are treated as expenditure once they are approved, offered and accepted by the recipient, except in cases where the offer is conditional; such grants being recognised as expenditure only when the conditions are fulfilled.

**Resources Expended**

Expenditure is accounted for on an accruals basis.

**- Cost of Generating Funds**

Cost of generating funds comprises those costs of generating incoming resources from all sources other than undertaking charitable activities.

**- Charitable Activities**

Charitable activities are those costs incurred directly in achieving the charitable objectives.

**- Governance Costs**

Governance costs comprise the costs of running the charity, including strategic planning for its future developments, also external audit and the preparation of statutory accounts.

**- Support Costs**

All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resource.  
Costs relating to a particular activity are allocated directly.

Where support costs cannot be attributed directly, they are apportioned on a percentage basis using the direct cost allocation.

**Investments**

Closing valuations are at market value.

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2013**

2.	<b>INVESTMENT INCOME</b>		
		<b>2013</b>	<b>2012</b>
		£	£
	Interest receivable	159	914
	Dividends receivable from investments and unit trusts	135,195	133,756
		<hr/>	<hr/>
		135,354	134,670
		<hr/>	<hr/>
3.	<b>VOLUNTARY INCOME</b>		
		<b>2013</b>	<b>2012</b>
		£	£
	Donations	30,274	300
		<hr/>	<hr/>
4.	<b>ECONOMIC JOURNAL</b>		
		<b>2013</b>	<b>2012</b>
		£	£
	<b>Receipts:</b>		
	Sales of current volume to non members	573,264	600,567
	Sales of back numbers, royalties and misc.	38,488	29,819
	Advertising Revenue	3,515	5,641
	JSTOR Revenue	21,051	20,785
	<b>Total Receipts</b>	<hr/>	<hr/>
		636,318	656,812
	<b>Expenditure:</b>		
	Honoraria, fees, referees and noters	226,073	217,073
	Depreciation	213	284
	Printing, paper and distribution	96,200	103,360
	Other Expenses	6,818	7,188
	<b>Total Expenditure before the allocation of support costs</b>	<hr/>	<hr/>
		329,304	327,905
	<b>Net Surplus before the allocation of support costs</b>	<hr/>	<hr/>
		307,014	328,907
	Support costs (note 10)	39,457	35,859
	<b>Net Surplus after the allocation of support costs</b>	<hr/>	<hr/>
		267,557	293,048
5.	<b>ECONOMETRICS JOURNAL</b>		
		<b>2013</b>	<b>2012</b>
		£	£
	<b>Receipts:</b>		
	Subscriptions	104,756	105,699
	Sales of back numbers, rights and permissions	7,741	4,757
	<b>Total Receipts</b>	<hr/>	<hr/>
		112,497	110,456
	<b>Expenditure:</b>		
	Printing, paper and distribution	25,802	24,106
	Retained by Blackwell Publishers	44,966	43,799
	Honoraria and other expenditure	46,087	43,197
	<b>Total Expenditure before the allocation of support costs</b>	<hr/>	<hr/>
		116,855	111,102
	<b>Net (Deficit) before the allocation of support costs</b>	<hr/>	<hr/>
		(4,358)	(646)
	Support costs (note 10)	14,002	11,643
	<b>Net (Deficit) after the allocation of support costs</b>	<hr/>	<hr/>
		(18,360)	(12,289)

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**6. PUBLISHING ACTIVITIES**

	<b>2013</b>	<b>2012</b>
	£	£
<b>Receipts:</b>		
From Publishers	15,249	16,154
Liberty Fund (note 8)	654	654
	<u>15,903</u>	<u>16,808</u>
Less: Royalties	-	5,576
<b>Net Receipts:</b>	<u>15,903</u>	<u>11,232</u>
 <b>Expenditure:</b>		
Printing, Paper and Distribution	-	9,165
Professional Fees	11,039	3,162
Support costs (note 10)	1,323	1,876
<b>Total Expenditure:</b>	<u>12,362</u>	<u>14,203</u>
 <b>Net Surplus/(Deficit)</b>	<u>3,541</u>	<u>(2,971)</u>

**7. NEWSLETTER**

The Royal Economic Society Newsletter is issued quarterly and is supplied free to members. Newsletter Income represents subscriptions from non-members.

**8. LIBERTY FUND**

This is the release of the 7 year licence fee received, which expires on 21 May 2015.



**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2013**

9. PROJECTS, GRANTS AND SUBSCRIPTIONS	2013	2012
	£	£
<b>Projects</b>		
Media Initiative	68,582	76,833
Women in Economics Committee	4,735	11,777
Junior Fellowships	82,000	92,000
<b>Grants</b>		
Conference Grant Scheme	12,381	5,734
Small Budget Scheme	2,900	2,912
Special Project Grant Scheme	28,205	14,794
Visiting Lecturer Scheme	4,005	2,005
Annual Conference Postgraduate Grants	19,513	20,470
Birmingham Easter and Autumn Schools	56,077	11,740
Econometrics Game	2,000	2,118
Economics Network Funding	40,000	89,000
<b>Subscriptions</b>		
International Economic Association	3,951	3,852
<b>Other</b>		
Support for Publications	3,148	2,272
CHUDE	1,544	5,201
RES Prize	3,012	3,000
RES Public Lecture	16,555	12,431
Welsh Economists Colloquium	-	2,000
Young Economist of the Year Competition	14,539	10,338
Austin Robinson Prize	2,000	2,000
<b>Total before the allocation of support costs</b>	<u>365,147</u>	<u>370,477</u>
Support costs (note 10)	43,752	38,825
<b>Total after the allocation of support costs</b>	<u>408,899</u>	<u>409,302</u>

THE ROYAL ECONOMIC SOCIETY

NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2013

10. SUPPORT COSTS

		Management Charge and Honoraria £	Office Expenses, Printing, Stationery, Postage and Telephone £	Travel and Subsistence £	Accountancy Fee and Expenses £	Accommodation Overhead Charge £	Total 2013 £	Total 2012 £
Economic Journal	4	23,680	1,796	4,271	8,222	1,488	39,457	35,859
Econometrics Journal	5	8,403	637	1,516	2,918	528	14,002	11,643
Publishing Activities	6	794	60	143	276	50	1,323	1,876
Newsletter		2,387	181	430	829	150	3,977	2,954
Annual Conference		17,030	1,291	3,072	5,914	1,070	28,377	26,144
Postgraduate Conference		1,007	76	182	350	63	1,678	1,467
Projects, Grants and Subscriptions	9	26,257	1,992	4,736	9,116	1,651	43,752	38,825
		79,558	6,033	14,350	27,625	5,000	132,566	118,768

All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly.

Where support costs cannot be attributed directly, they are apportioned on a percentage basis using the direct cost allocation.

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**11. GOVERNANCE COSTS**

	<b>2013</b>	<b>2012</b>
	£	£
Audit Fee	6,650	6,456
Audit Fee Overprovision	1,006	-
Statutory Accounts Preparation	2,500	3,000
Cost of Trustee Meetings	4,921	4,739
	<hr/>	<hr/>
	15,077	14,195
	<hr/>	<hr/>

**12. INVESTMENT MANAGEMENT COSTS**

This represents the charges made by the Investment Managers (see note 15).

**13. TRUSTEES' EXPENSES**

Travel and subsistence expenses totalling £6,455 were reimbursed to 7 trustees (2012: £6,687 was reimbursed to 4 trustees). The Executive Committee along with their spouses/partners hold an Annual Dinner for those who serve the Society (publication editors, the administration and membership secretaries and accountants), the cost of which totalled £1,974 (2012: £2,670). The following trustees received remuneration for their services to the charity, in accordance with the governing documents:

	<b>2013</b>	<b>2012</b>
	£	£
Prof John A Beath FRSE	23,129	15,117
Prof Rachel Griffith FBA	20,683	21,291
Prof David Myatt	-	10,138
Prof Gareth Myles	-	2,180
Prof Robin Naylor	15,419	15,117
Prof Neil Rickman	5,599	1,090
Prof Richard Smith	7,799	7,646
	<hr/>	<hr/>
	72,629	72,579
	<hr/>	<hr/>

**14. TANGIBLE FIXED ASSETS  
COST:**

	<b>Equipment</b>
	£
At 1 January 2013	3,872
Disposals	<hr/> (3,317)
At 31 December 2013	<hr/> 555

**DEPRECIATION:**

At 1 January 2013	3,020
Charge for Year	213
Eliminated on disposal	<hr/> (2,932)
At 31 December 2013	<hr/> 301

**NET BOOK VALUE:**

At 31 December 2013	<hr/> 254
At 31 December 2012	<hr/> 852

Fixed assets are held as unrestricted for the furtherance of the Charity's general charitable objectives and charged to project activity through depreciation charges in accordance with the accounting policies.

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**15. FIXED ASSET INVESTMENTS**

	<b>2013</b>	<b>2012</b>
	£	£
The movement on the Market Value of Investments is:		
Market Value brought forward	4,869,259	4,551,474
Settlement of fees	(10,827)	(9,701)
Gain on market value	634,442	327,486
	<hr/>	<hr/>
Market Value carried forward	5,492,874	4,869,259
	<hr/>	<hr/>
Historical cost	4,278,935	4,278,935
	<hr/>	<hr/>
The balance sheet figure is made up as follows:		
Investments at market value	5,492,874	4,869,259
	<hr/>	<hr/>

The basis of valuation is market value as at 31 December 2013 and is analysed as follows:

<b>Unit Trusts:</b>	<b>Cost Value</b>	<b>Market Value at 31.12.13</b>
	£	£
L & G European Index Trust	436,337	542,495
L & G All Stocks Gilt Index Trust	792,762	849,990
L & G Japanese Index Trust	526,337	572,897
L & G Pacific Index Trust	286,337	498,436
L & G US Index Trust	406,337	681,374
CAF UK Equitrack Fund	1,830,825	2,289,571
	<hr/>	<hr/>
	4,278,935	5,434,763
<b>Others:</b>		
Vanguard Horizon Global Equity Fund	-	58,111
	<hr/>	<hr/>
	4,278,935	5,492,874
	<hr/>	<hr/>

**NB** The Vanguard Horizon Global Equity Fund represents a donation by a Royal Economic Society Member and is therefore excluded from Cost Value.

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**16. DEBTORS**

	<b>2013</b>	<b>2012</b>
	£	£
Publishing	70,725	78,535
Sundry Debtors	21,783	24,016
	<hr/>	<hr/>
	92,508	102,551
	<hr/>	<hr/>

**17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2013</b>	<b>2012</b>
	£	£
Trade Creditors	22,885	39,184
Accruals	86,404	112,869
VAT	13,962	18,865
	<hr/>	<hr/>
	123,251	170,918
	<hr/>	<hr/>

**18. MOVEMENT IN FUNDS**

	<b>At 1.1.13</b>	<b>Net movement in funds</b>	<b>At 31.12.13</b>
	£	£	£
<b>Unrestricted funds</b>			
General fund	1,563,611	(73,635)	1,489,976
Investment reserve	3,454,888	634,442	4,089,330
	<hr/>	<hr/>	<hr/>
<b>TOTAL FUNDS</b>	5,018,499	560,807	5,579,306
	<hr/>	<hr/>	<hr/>

Net movement in funds, included in the above are as follows:

	<b>Incoming resources</b>	<b>Resources expended</b>	<b>Gains and losses</b>	<b>Movement in funds</b>
	£	£	£	£
<b>Unrestricted funds</b>				
General fund	1,191,201	(1,264,836)	-	(73,635)
Investment reserve	-	-	634,442	634,442
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL FUNDS</b>	1,191,201	(1,264,836)	634,442	560,807
	<hr/>	<hr/>	<hr/>	<hr/>