

THE ROYAL ECONOMIC SOCIETY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012  
REGISTERED CHARITY NUMBER 231508

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THE ROYAL ECONOMIC SOCIETY

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISORS  
FOR THE YEAR ENDED 31 DECEMBER 2012

MEMBERS OF THE EXECUTIVE COMMITTEE

PRESIDENT:	Prof Richard Blundell CBE FBA
PRESIDENT-ELECT:	Dr Charlie Bean+
TREASURER:	Mr Mark H Robson
SECRETARY GENERAL:	Prof John A Beath FRSE
SECOND SECRETARY:	Prof Robin Naylor
EDITORS:	Prof Rachel Griffith Prof Richard Smith
COUNCILLORS:	Prof Nick Crafts Prof Paul Grout Prof Mark Armstrong Prof Jonathan Haskel Prof Sarah Smith*
CO-OPTED:	Prof Neil Rickman Prof Karen Mumford Mr Paul Johnson*

*+Appointed 26 March 2012*

*\* Appointed 14 June 2012*

EXECUTIVE COMMITTEE MEMBERS ALSO SERVING AS CHARITY TRUSTEES DURING AN EARLIER PART OF THE YEAR

From 1 January to 14 June 2012

Prof Gareth Myles

From 1 January to 1 August 2012

Prof David Myatt

EXECUTIVE COMMITTEE APPOINTMENTS SINCE 31 DECEMBER 2012

Appointed 21 February 2013

Prof Eric Pentecost

THE ROYAL ECONOMIC SOCIETY

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISORS  
FOR THE YEAR ENDED 31 DECEMBER 2012

<b>HEAD OFFICE:</b>	University of St. Andrews St. Andrews Fife KY16 9AL
<b>REGISTERED CHARITY NUMBER:</b>	231508
<b>AUDITORS:</b>	Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD
<b>BANKERS:</b>	Natwest Bank plc 143 High Street Bromley Kent BR1 1YZ
<b>INVESTMENT MANAGERS:</b>	Legal & General Investment Management Ltd One Coleman Street London EC2R 5AA

## THE ROYAL ECONOMIC SOCIETY

### REPORT OF THE EXECUTIVE COMMITTEE FOR THE YEAR ENDED 31 DECEMBER 2012

The Executive Committee presents its report together with the Financial Statements of the Charity for the year ended 31 December 2012.

#### **REFERENCE AND ADMINISTRATIVE INFORMATION**

The charity was founded in 1902 and is registered with the Charity Commission under charity number 231508.

The reference and administrative details of the Charity are shown on page 1 and 2 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.

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 2012 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 of The Economic Journal and The Econometrics Journal is available and is being heavily used. In 2012, articles in The Economic Journal were accessed 248,820 times compared to 206,400 in 2011 for usage via Wiley Online Library (excluding access via third parties such as JSTOR and EBSCO).

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. 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. Moreover, through an arrangement with the publisher in 2013 the society will provide our membership with free digital access to this important scholarly resource.

#### **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 University of Birmingham Easter and Autumn Schools provide 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.

The "Econometrics Game" is a European simulation training exercise for university students. 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.

## **ACHIEVEMENTS AND PERFORMANCE**

### **Review of activities**

In line with the objects of the Society the key achievements during the year ended 31 December 2012 were as follows:

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

During the year the Society supported a large number of projects spending a total of £370,477 (2011: £239,199) before the allocation of support costs. Two new small grant schemes were introduced in 2010, and have been promoted in the course of 2012 to encourage suitable applications for project support and grants for charitable purposes. In response to a significant increase in applications to the Junior Fellowship Scheme in 2012, the number of awards was increased from six to ten, with a resultant increase in the Society's expenditure on this scheme to £92,000 (2011: £65,000). Exceptionally, £89,000 was contributed to support the Economics Network this year.

**Review of activities - continued**

b) **Membership and Publications**

At the end of 2012 the Society had a strong and international membership of 3179 (2011: 2942). 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.

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. The 2003 to 2007 volumes of the Economic Journal are also available on CD ROM.

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, 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. During 2012 the integration of the Annual Conference website and redesign of the online Newsletter and Conference Diary was achieved and work on transferring archives of media briefings and past Conferences is in progress. A good stock of webcasts from the annual conference, the annual public lecture and the policy lecture is now available and these are being integrated into the website and visitor data monitored. Online surveys have been used to hold the Council elections online and will be used to provide feedback from other events in the future.

c) **Conference**

The annual conference held at Cambridge University was exceptionally successful with a packed programme of lectures and events. The total number attending continued to be at the higher levels experienced in the previous year. The 2013 event will be at Royal Holloway University of London and advance booking has again been heavy. Features introduced since 2011 have been a Young Talent contributed session and the filming of keynote lectures. A new Conference Secretary is in place and contracts are confirmed for Manchester in 2014.

d) **Postgraduate Conference**

The postgraduate conference was held for the first time in 2006 and due to its success has continued to be held each January. The number of students attending and the number of institutions represented has remained reasonably constant: 24 institutions were represented this year (2011: 24); 257 participants attended of whom 195 scholars provided presentations of student research, either as formal presentations or as poster sessions. Due to poor feedback results, however, a review is in progress to consider the future resourcing of this event.

e) **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. The 2012 lecture was again successful and attended by approximately 750 people over the 2 venues (2011: 850). As part of the London event, the prize for the Young Economist of the Year Competition is presented. From an entry of over 750, there was one winner in 2012 who received an engraved trophy and a cheque for £1,000. Three runners up received another £1,000 between them. Outreach at regional venues has proved popular and the 2013 Public Lecture will take place in London and Sheffield.

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. In 2012, the Policy Lecture was attended by approximately 180 members of the public, of whom 26% were academic researchers and 19% policy-makers. The slides and film of the lecture are available to download from the website.

The policy of filming all RES lectures has been introduced during this year, which has increased the reach of these activities considerably beyond those who are able to attend the event. Data on downloads are currently being compiled and will be available for the next report.

f) **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 this data widely available, to support women throughout the economics profession through the establishment of networks and to increase contacts of women in similar situations, and to identify the underlying causes of the under-representation of women in economics, and to seek to change or affect them. In 2012 much of its activity has been to run inaugural mentoring meetings and to review these data collection processes.

**REPORT OF THE EXECUTIVE COMMITTEE  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**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 9) is the deficit before asset revaluations of £(45,942) compared to a surplus of £101,820 in 2011.

The Economic Journal has produced a surplus for the year of £328,907 (2011: £315,097), before the apportionment of support costs, representing a fall in receipts of £9,405 and in costs of £23,215. The Econometrics Journal has produced a small deficit of £(646) (2011: surplus of £3,898), before the apportionment of support costs (see notes 4 and 5 on page 12). An important element in these results has been the volatility of sterling during recent years, affecting the level (initially higher but now partly reversing) of income from overseas sales. But institutional subscriptions are being cut back and the future of this revenue stream is threatened by new "open access" policies as a condition of government research funding.

Investment income recorded in the Statement of Financial Activities is £134,670 (2011: £123,957).

As usual, the major part of funds expended was on publishing the Economic and Econometrics Journals, as well as books by renowned economists. In addition, funds were expended on conferences, and various projects, grants and subscriptions (as detailed in note 9 to the accounts). All of these 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 mid-2006. The investments provide an important source of income to support the Society's activities. Investment income currently accounts for around 10.9% of annual gross income. The market value of our investment portfolio increased by £327,486 (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. The Statement was reaffirmed by the Executive Committee in 2012. 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
2008	2.7%	-18.1%	-0.4%	5.2%
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%

These results are considered 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 reconsidered at least 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 up to £100,000 per year, which has now been met. 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 that is reflected in the exceptional grant of £89,000 to the Economics Network. The Executive Committee believe that the current level of reserves is therefore appropriate.



REPORT OF THE EXECUTIVE COMMITTEE  
FOR THE YEAR ENDED 31 DECEMBER 2012

**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.

From April 2011, the editorial structure of the Economic Journal was reinforced by adding a sixth editor and rebalancing the duties and functions of the editors. This new structure is already proving to work well, with some further modifications in 2012, and provides a sound basis for continuing improvements. A new editorial sub-committee reviews and monitors the activity of the Economic Journal and reports regularly to the Executive Committee.

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 social media 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.

In 2012 a new contract was concluded with Cambridge University Press, to digitise the Society's scholarly editions of Keynes's complete works so as to make them more widely available. They will continue to be marketed widely by CUP and to members through the website and at all society events.

**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).

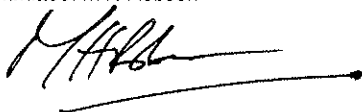
The law applicable to charities in England & Wales requires the Executive Committee to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charity and of the incoming resources and application of resources of the charity for that period. 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 and the provisions of the Royal Charter. The Executive Committee is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Executive Committee: M H Robson

Dated: 25 March 2013



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 2012 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 regulations made under section 144, Chapter 3 of Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the company's members 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 Accounting and Reporting Responsibilities of the Executive Committee, set out on page 7, 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, Chapter 3 of Part 8 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit 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 charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; 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. 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 2012, 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.

**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 requires us to report to you if, in our opinion:

- the information given in Report of the Executive Committee 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: 28 March 2013

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 2012**

	Notes	Totals 31.12.12 £	Totals 31.12.11 £
<b>INCOMING RESOURCES FROM GENERATED FUNDS</b>			
Investment Income	2	134,670	123,957
Voluntary Income	3	300	-
<b>INCOMING RESOURCES FROM CHARITABLE ACTIVITIES</b>			
Membership Subscriptions		89,671	95,813
Economic Journal	4	656,812	666,217
Econometrics Journal	5	110,456	123,733
Publishing Activities	6	16,808	26,126
Annual Conference		221,286	192,720
Newsletter	7	17	273
<b>TOTAL INCOMING RESOURCES</b>		<b>1,230,020</b>	<b>1,228,839</b>
<b>RESOURCES EXPENDED</b>			
<b>Costs of Generating Funds</b>			
Investment Management Costs	12	9,701	9,322
<b>Charitable Activities</b>			
Economic Journal	4	363,764	392,102
Econometrics Journal	5	122,745	133,822
Publishing Activities	6	19,779	18,156
Annual Conference		289,875	244,673
Newsletter	7	31,134	28,529
Postgraduate Conference		15,467	14,570
Projects, Grants and Subscriptions	9	409,302	267,118
		1,261,767	1,108,292
<b>Governance Costs</b>	11	14,195	18,727
<b>TOTAL RESOURCES EXPENDED</b>		<b>1,275,962</b>	<b>1,127,019</b>
<b>NET INCOMING RESOURCES BEFORE REVALUATIONS AND INVESTMENT ASSET DISPOSALS</b>		(45,942)	101,820
<b>GAINS AND LOSSES ON REVALUATIONS AND DISPOSAL OF INVESTMENT ASSETS</b>		15	(294,683)
<b>NET MOVEMENT IN FUNDS</b>		281,544	(192,863)
<b>TOTAL FUNDS BROUGHT FORWARD</b>		4,736,955	4,929,818
<b>TOTAL FUNDS CARRIED FORWARD</b>		5,018,499	4,736,955

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.

THE ROYAL ECONOMIC SOCIETY

BALANCE SHEET  
AS AT 31 DECEMBER 2012

	Notes	2012 £	2011 £
<b>FIXED ASSETS</b>			
Tangible Fixed Assets	14	852	1,136
Fixed Asset Investments	15	<u>4,869,259</u>	<u>4,551,474</u>
		4,870,111	4,552,610
<b>CURRENT ASSETS</b>			
Stock	16	-	6,174
Debtors	17	102,551	145,671
Cash on Deposit, Current Account and in Hand		<u>216,755</u>	<u>167,230</u>
		319,306	319,075
<b>LESS: CURRENT LIABILITIES</b>			
Creditors: Amounts falling due within one year	18	170,918	134,730
		<u>148,388</u>	<u>184,345</u>
<b>NET CURRENT ASSETS</b>			
		<u>5,018,499</u>	<u>4,736,955</u>
<b>TOTAL NET ASSETS</b>			
		<u>5,018,499</u>	<u>4,736,955</u>
<b>UNRESTRICTED FUNDS:</b>			
General Fund	19	1,563,611	1,609,553
Investment Reserve	19	3,454,888	3,127,402
		<u>5,018,499</u>	<u>4,736,955</u>

Approved by the Trustees and authorised for issue on:

Date: 25.3.2013

Signed on their behalf by: 

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012

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.

**Stocks**

Stocks of books are based on quantities shown in the Publishers' Returns which are valued at cost, after making appropriate allowance for the expected net realisable value.

No value is attributed to back issues of the Economic Journal.

**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 and the offer is conveyed to 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 2012**

2.	<b>INVESTMENT INCOME</b>	<b>2012</b>	<b>2011</b>
		£	£
	Interest receivable	914	1,074
	Dividends receivable from investments and unit trusts	133,756	122,883
		134,670	123,957
		134,670	123,957
3.	<b>VOLUNTARY INCOME</b>	<b>2012</b>	<b>2011</b>
		£	£
	Donations	300	-
		300	-
		300	-
4.	<b>ECONOMIC JOURNAL</b>	<b>2012</b>	<b>2011</b>
		£	£
	<b>Receipts:</b>		
	Sales of current volume to non members	600,567	602,345
	Sales of back numbers, royalties and misc.	29,819	39,123
	Advertising Revenue	5,641	4,993
	JSTOR Revenue	20,785	19,756
	<b>Total Receipts</b>	656,812	666,217
	<b>Expenditure:</b>		
	Honoraria, fees, referees and noters	217,073	223,364
	Depreciation	284	332
	Printing, paper and distribution	103,360	119,653
	Other Expenses	7,188	7,771
	<b>Total Expenditure before the allocation of support costs</b>	327,905	351,120
	<b>Net Surplus before the allocation of support costs</b>	328,907	315,097
	Support costs (note 10)	35,859	40,982
	<b>Net Surplus after the allocation of support costs</b>	293,048	274,115
		293,048	274,115
5.	<b>ECONOMETRICS JOURNAL</b>	<b>2012</b>	<b>2011</b>
		£	£
	<b>Receipts:</b>		
	Subscriptions	105,699	119,246
	Sales of back numbers, rights and permissions	4,757	4,487
	<b>Total Receipts</b>	110,456	123,733
	<b>Expenditure:</b>		
	Printing, paper and distribution	24,106	27,244
	Retained by Blackwell Publishers	43,799	48,245
	Honoraria and other expenditure	43,197	44,346
	<b>Total Expenditure before the allocation of support costs</b>	111,102	119,835
	<b>Net (Deficit)/Surplus before the allocation of support costs</b>	(646)	3,898
	Support costs (note 10)	11,643	13,987
	<b>Net (Deficit) after the allocation of support costs</b>	(12,289)	(10,089)
		(12,289)	(10,089)

NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2012

6. PUBLISHING ACTIVITIES

	RES Risk Keynes and Ricardo	
	2012	2011
	£	£
<b>Receipts:</b>		
From Publishers	16,154	25,243
From Members	-	-
Liberty Fund (note 8)	654	883
	16,808	26,126
Less: Royalties	5,576	8,977
<b>Net Receipts:</b>	11,232	17,149
 <b>Expenditure:</b>		
Printing, Paper and Distribution	9,165	6,131
Professional Fees	3,162	1,150
Support costs (note 10)	1,876	1,898
<b>Total Expenditure:</b>	14,203	9,179
 <b>Net Surplus</b>	(2,971)	7,970

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 2012**

9. PROJECTS, GRANTS AND SUBSCRIPTIONS	2012	2011
	£	£
<b>Projects</b>		
Media Initiative	76,833	72,330
Women in Economics Committee	11,777	3,345
Junior Fellowships	92,000	65,000
<b>Grants</b>		
Conference Grant Scheme	5,734	9,603
Small Budget Scheme	2,912	2,650
Special Project Grant Scheme	14,794	5,500
Visiting Lecturer Scheme	2,005	2,000
Annual Conference Postgraduate Grants	20,470	20,233
Birmingham Easter and Autumn Schools	11,740	29,495
Econometrics Game	2,118	2,256
Economics Network Funding	89,000	-
<b>Subscriptions</b>		
International Economic Association	3,852	3,775
<b>Other</b>		
Support for Publications	2,272	2,471
CHUDE	5,201	1,054
RES Prize	3,000	3,000
RES Public Lecture	12,431	4,454
Welsh Economists Colloquium	2,000	-
Young Economist of the Year Competition	10,338	6,720
Austin Robinson Prize	2,000	2,000
Research Funding Campaign	-	3,313
<b>Total before the allocation of support costs</b>	<u>370,477</u>	<u>239,199</u>
Support costs (note 10)	38,825	27,919
<b>Total after the allocation of support costs</b>	<u>409,302</u>	<u>267,118</u>



THE ROYAL ECONOMIC SOCIETY

NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2012

10. SUPPORT COSTS

	Note	Management Charge and Honoraria £	Office Expenses, Printing, Stationery, Postage and Telephone £	Travel and Subsistence £	Accountancy Fee and Expenses £	Accommodation Overhead Charge £	Total 2012 £	Total 2011 £
Economic Journal	4	21,057	2,365	2,538	8,315	1,584	35,859	40,982
Econometrics Journal	5	6,837	768	824	2,700	514	11,643	13,987
Publishing Activities	6	1,101	124	133	435	83	1,876	1,898
Newsletter		1,735	195	209	685	130	2,954	2,982
Annual Conference		15,354	1,724	1,850	6,062	1,154	26,144	25,572
Postgraduate Conference		861	97	104	340	65	1,467	1,523
Projects, Grants and Subscriptions	9	22,800	2,561	2,747	9,002	1,715	38,825	27,919
		69,745	7,834	8,405	27,539	5,245	118,768	114,863

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 2012

11. GOVERNANCE COSTS

	2012	2011
	£	£
Audit Fee	6,456	6,250
Statutory Accounts Preparation	3,000	3,000
Cost of Trustee Meetings	4,739	4,416
Professional Fees	-	5,061
	14,195	18,727
	14,195	18,727

12. INVESTMENT MANAGEMENT COSTS

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

13. TRUSTEES' EXPENSES

Travel and subsistence expenses totalling £6,687 were reimbursed to 4 trustees (2011: £293 was reimbursed to 3 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 £2,670 (2011: 2,187). The following trustees received remuneration for their services to the charity, by virtue of the governing documents:

	2012	2011
	£	£
Prof John A Beath FRSE	15,117	-
Prof Robin Naylor	15,117	-
Prof David Myatt	10,138	-
Prof Rachel Griffith	21,291	-
Prof Gareth Myles	2,180	-
	63,843	-
	63,843	-

14. TANGIBLE FIXED ASSETS  
COST:

	Equipment £
At 1 January 2012	3,872
Additions	-
At 31 December 2012	3,872

DEPRECIATION:

At 1 January 2012	2,736
Charge for Year	284
At 31 December 2012	3,020

NET BOOK VALUE:

At 31 December 2012	852
At 31 December 2011	1,136

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 2012**

15. **FIXED ASSET INVESTMENTS**

	2012	2011
	£	£
The movement on the Market Value of Investments is:		
Market Value brought forward	4,551,474	4,605,479
Disposal of investments at market value	-	-
Cost of additions	-	250,000
Settlement of fees	(9,701)	(9,322)
Gain/(loss) on market value	327,486	(294,683)
Market Value carried forward	4,869,259	4,551,474
Historical cost	4,278,935	4,278,935
The balance sheet figure is made up as follows:		
Investments at market value	4,869,259	4,551,474

The basis of valuation is market value as at 31 December 2012 and is analysed as follows:

<b>Unit Trusts:</b>	<b>Cost Value</b>	<b>Market Value at 31.12.12</b>
	£	£
L & G European Index Trust	436,337	445,080
L & G All Stocks Gilt Index Trust	792,762	910,238
L & G Japanese Index Trust	526,337	469,577
L & G Pacific Index Trust	286,337	501,883
L & G US Index Trust	406,337	529,622
CAF UK Equitrack Fund	1,830,825	1,966,319
	4,278,935	4,822,719
<b>Others:</b>		
Vanguard Horizon Global Equity Fund	-	46,540
	4,278,935	4,869,259

**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 2012**

16. **STOCK**

	2012	2011
	£	£
RES Risk Keynes Series	-	4,829
RES Risk Ricardo Series	-	1,345
	<hr/>	<hr/>
	-	6,174
	<hr/> <hr/>	<hr/> <hr/>

17. **DEBTORS**

	2012	2011
	£	£
Publishing	78,535	107,024
Sundry Debtors	24,016	38,647
	<hr/>	<hr/>
	102,551	145,671
	<hr/> <hr/>	<hr/> <hr/>

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

	2012	2011
	£	£
Trade Creditors	39,184	20,880
Accruals	112,869	93,410
VAT	18,865	20,440
	<hr/>	<hr/>
	170,918	134,730
	<hr/> <hr/>	<hr/> <hr/>

19. **MOVEMENT IN FUNDS**

	At 1.1.12	Net movement in funds	At 31.12.12
	£	£	£
<b>Unrestricted funds</b>			
General fund	1,609,553	(45,942)	1,563,611
Investment reserve	3,127,402	327,486	3,454,888
	<hr/>	<hr/>	<hr/>
<b>TOTAL FUNDS</b>	4,736,955	281,544	5,018,499
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

	Incoming resources	Resources expended	Gains and losses	Movement in funds
	£	£	£	£
<b>Unrestricted funds</b>				
General fund	1,230,020	(1,275,962)	-	(45,942)
Investment reserve	-	-	327,486	327,486
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL FUNDS</b>	1,230,020	(1,275,962)	327,486	281,544
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>