

THE ROYAL ECONOMIC SOCIETY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007
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 2007**

TRUSTEES:

Sir J Vickers FBA	Sir K Berrill CBE, KCB	Sir J Mirrlees FBA
Sir A Atkinson FBA	Prof Partha Dasgupta FBA	Prof F H Hahn FBA
Lord Burns	Mr C J M Hardie CBE	Prof S J Nickell FBA
Prof D F Hendry FBA	Dr R Griffith	Prof A K Sen FBA
Prof J Sutton FBA	Prof Z A Silberston CBE	Prof M Wickens
Prof R C O Matthews CBE, FBA	Mr H McRae	Prof W Carlin
Prof R Fernandez	Prof O Attanasio	Prof M Stewart
Prof A Muscatelli (appointment ended April 2007)	Mr C Butler (appointment ended April 2007)	Ms V Pryce (appointment ended April 2007)
Prof A Carruth (appointment ended April 2007)	Prof A Sibert (appointment ended April 2007)	Prof M P Taylor (appointment ended April 2007)
Ms A Fletcher	Prof N Kyotaki FBA	Prof B McCormick
Mr E Crooks	Prof I Walker	S Wadhvani CBE
Ms A Rowlatt	Ms J Darby	Dr K Rockett
Prof M Hashem Pesaran (appointed April 2007)	Ms M Slade (appointment ended November 2007)	Prof J Temple (appointment ended June 2007)
Prof K Roberts	Prof P Rice	Dr J O'Neill
Ms S Flanders (appointed April 2007)	Prof J P Thomas (appointed April 2007)	Prof Lord R Skidelsky (appointed April 2007)
Prof D Begg	Mr A Persaud	Prof C Meghir (appointed April 2007)
Mr E Berglöf (appointed April 2007)	Prof F Cornelli	

PRESIDENT:

Sir J Vickers, FBA

SECRETARY GENERAL:

Prof R Portes, CBE

TREASURER:

Dr P A Rowlatt

HEAD OFFICE:

London Business School
Regent's Park
London NW1 4SA

REGISTERED CHARITY NUMBER:

231508

AUDITOR:

Kingston Smith
Devonshire House
60 Goswell Road
London EC1M 7AD

BANKERS:

National Westminster
143 High Street
Bromley
Kent BR1 1YZ

INVESTMENT MANAGERS:

Legal & General
Bucklersbury House
3 Queen Victoria Street
London EC4N 8NH

THE ROYAL ECONOMIC SOCIETY

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 DECEMBER 2007**

The trustees present their report together with the Financial Statements of the Charity for the Year Ended 31 December 2007.

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 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. There are no specific restrictions imposed by the governing document.

Appointment of Trustees

Proposed trustees are nominated by members and considered by the Nominating Committee (consisting of five members plus the President and Secretary General ex officio). The Nominating Committee draws up a list of candidates who are voted upon by the members to become trustees.

All new trustees receive the Charity Commission's information on the Responsibilities of Charity Trustees. They do not undertake any formal training but training on an ad-hoc basis is undertaken when required.

The day to day running of the Society is designated to the Secretary General.

Risk Management

The Executive Council regularly review the major risks to which the Society is exposed. Investments are held in a variety of unit trusts in order to minimise systematic risk. Internal risks are minimised by the implementation of procedures for authorisation of all projects and financial transactions.

OBJECTIVES AND ACTIVITIES

Objects

The Royal Economic Society is established to promote and foster the study of economic science. This is undertaken by means of publications, the Annual Conference and helping further the study of economics, via the Annual Public Lecture and the Postgraduate Conference.

Strategies to Achieve Objectives

The Society meets its objectives 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 an annual conference is 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. Members of the Society are entitled to copies of The Economic Journal and the newsletter.

On line access of The Economic Journal and The Econometrics Journal is available and is increasingly being used. In 2007, articles in The Economic Journal were accessed 727,707 times compared to 572,594 times in 2006.

In addition, the Society publishes works by Keynes and Ricardo.

3. **Projects, Grants and Subscriptions**

The Society provides financial support to individuals and academic bodies to assist in the progress and further the study of economics.

Grants are provided to perform projects that conform to the Society's objectives.

THE ROYAL ECONOMIC SOCIETY

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 DECEMBER 2007**

ACHIEVEMENTS AND PERFORMANCE

Review of activities

In line with the objectives of the Society the key achievements during the Year Ended 31 December 2007 were as follows:

a) **Projects, Grants and Subscriptions**

During the year the Society supported a large number of projects spending a total of £206,516 (2006: £177,187), before the allocation of support costs. The major new projects undertaken were:

- The David Hendry Conference – contribution to conference held at Oxford University.
- The Young Economist of the Year Competition – an essay competition for A Level students.
- The Welsh Colloquium – contribution towards meeting (further contributions of £2,000 per annum planned for 2009 and 2011).

b) **Membership and Publications**

At the end of 2007 the Society had a strong membership consisting of 2,961 members (2006: 3,034).

The Economic Journal and The Econometrics Journal are acknowledged as leading journals in the field of economics. Blackwell Publishing, 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 CDrom.

The Society's website (www.res.org.uk) continues to offer many features to maximise usage and readership, and to enhance the Society's profile.

c) **Conference**

The annual conference held at the University of Warwick was extremely successful with a packed programme of lectures and events which were well attended (2007: 400 attendees and 2006: 323 attendees approximately).

d) **Postgraduate Conference**

The Postgraduate conference was held for the first time in 2006 (24 universities attended) and due to its success was held again in 2007. It was well attended, by 29 universities and is planned again for 2008.

e) **Annual Public Lecture**

The Annual Public Lecture was first held in 2001 and was attended by approximately 500 individuals (some members and some non-members). The 2007 lecture was again extremely successful, attended by approximately 1,300 people (2006: 1,400 people).

FINANCIAL REVIEW

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

The Trustees consider the key figure in the Statement of Financial Activities (see page 6) is the surplus before asset revaluations of £10,535 compared with £60,038 in 2006.

The Economic Journal has produced a surplus for the year of £191,565 (2006: £199,972), before the apportionment of support costs. The Econometrics Journal has produced a surplus of £1,078 compared to £9,805 in 2006 (see notes 2 and 3 respectively on page 9), before the apportionment of support costs.

Investment income recorded in the Statement of Financial Activities is £115,240 (2006: £131,929).

Funds were expended 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 8 to the accounts). All of these support and promote the objectives of the Society.

Use of Assets

Our asset portfolio was transferred from stocks and shares to unit trusts during the previous year. The investments provide an important source of income to support the Society's activities. Investment income currently accounts for around 12% of our annual gross income.

The market value of our investment portfolio increased by £186,881 (see note 14). It is hoped that these investments will continue to generate income and capital gains, above market average.

Significant events since the year end

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

THE ROYAL ECONOMIC SOCIETY

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 DECEMBER 2007**

Reserves Policy

The Trustees maintain their 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. The Trustees believe that this level should represent at least 24 months expenditure.

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.

ACCOUNTING AND REPORTING RESPONSIBILITIES

Under the Charter and legislation relating to Charities in England and Wales, the Trustees are required to prepare Financial Statements for each financial year which show a true and fair view of the state of affairs of the Society and of the surplus or deficit for that year - and which have been properly prepared from and are in agreement with the accounting records of the Society and comply with relevant disclosure regulations (SORP March 2005).

In preparing these Financial Statements, the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards 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 Society will continue its activities.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of the Society and to enable them to ensure that the Financial Statements comply with the requirements of Section 42 of the Charities Act 1993 and The Charities (Accounts and Reports) Regulations 1995 flowing therefrom. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Society and to prevent and detect fraud and other irregularities.

Disclosure of Information to Auditors

So far as the Trustees are aware, there is no relevant audit information of which the charity's auditors are unaware. The Trustees have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

On behalf of the Trustees: *Ms J Darby*

Dated: *7 March 2008*

THE ROYAL ECONOMIC SOCIETY

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

We have audited the financial statements of The Royal Economic Society for the year ended 31 December 2007 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of investments, and the accounting policies set out therein.

This report is made solely to the charity's trustees, as a body, in accordance with regulations made under Section 43 of the Charities Act 1993. Our audit work has been undertaken for no purpose other than to draw to the attention of the charity's trustees those matters which we are required to include in an auditor's report addressed to them. 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 opinions we have formed.

Respective Responsibilities of Trustees and Auditors

The trustees' responsibilities for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

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. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you 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 Trustees' Report is not consistent with the financial statements, if the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit, or if information specified by law in respect of trustees' remuneration and other transactions is not disclosed.

We read other information contained in the Trustees' Report, and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity'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 the financial statements:

- give a true and fair view, in accordance with the United Kingdom Generally Accepted Accounting Practice, of the state of the charity's affairs as at 31 December 2007 and of its incoming resources and application of resources, including the income and expenditure of the charity for the year then ended; and;
- have been properly prepared in accordance with the Charities Act 1993.

Devonshire House
60 Goswell Road
London EC1M 7AD

**Kingston Smith
LLP**
Registered Auditors

Date 13 March 2008

THE ROYAL ECONOMIC SOCIETY

STATEMENT OF FINANCIAL ACTIVITIES
INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2007

		<u>Totals</u> <u>31/12/07</u>	<u>Totals</u> <u>31/12/06</u>
	Notes	£	£
INCOMING RESOURCES FROM GENERATED FUNDS			
Investment Income	5	115,240	131,929
INCOMING RESOURCES FROM CHARITABLE ACTIVITIES			
Membership Subscriptions		86,850	90,335
Economic Journal	2	531,935	534,000
Econometrics Journal	3	117,605	124,200
Publishing Activities	4	15,812	15,940
Annual Conference		89,590	78,518
Postgraduate Conference		6,396	4,384
Newsletter	6	51	51
Liberty Fund	7	476	1,489
TOTAL INCOMING RESOURCES		<u>963,955</u>	<u>980,846</u>
RESOURCES EXPENDED			
Costs of Generating Funds			
Investment Management Costs	11	7,293	13,463
Charitable Activities			
Economic Journal	2	383,452	376,585
Econometrics Journal	3	131,057	128,951
Publishing Activities	4	(373)	53,915
Newsletter	6	28,386	28,230
Annual Conference		140,207	91,800
Postgraduate Conference		21,882	22,339
Projects, Grants and Subscriptions	8	232,408	197,790
		<u>944,312</u>	<u>913,073</u>
Governance Costs	10	<u>9,108</u>	<u>7,735</u>
TOTAL RESOURCES EXPENDED		<u>953,420</u>	<u>920,808</u>
NET INCOMING RESOURCES BEFORE REVALUATIONS AND INVESTMENT ASSET DISPOSALS		10,535	60,038
GAINS AND LOSSES ON REVALUATIONS AND DISPOSAL OF INVESTMENT ASSETS	14	186,881	309,946
NET MOVEMENT IN FUNDS		<u>197,416</u>	<u>369,984</u>
TOTAL FUNDS BROUGHT FORWARD		4,293,920	3,923,936
TOTAL FUNDS CARRIED FORWARD		<u><u>4,491,336</u></u>	<u><u>4,293,920</u></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.

THE ROYAL ECONOMIC SOCIETY

BALANCE SHEET
AS AT 31 DECEMBER 2007

	Notes	2007 £	2006 £
FIXED ASSETS			
Tangible Fixed Assets	13	1,156	1,791
Fixed Assets Investments	14	<u>4,084,835</u>	<u>3,910,975</u>
		4,085,991	3,912,766
CURRENT ASSETS			
Stocks	15	15,837	4,204
Debtors	16	153,011	196,923
Cash on Deposit, Current Account and in Hand		<u>353,582</u>	<u>376,222</u>
		522,430	577,349
LESS: CURRENT LIABILITIES			
Creditors: Amounts due within one year	17	117,085	196,195
		<u>405,345</u>	<u>381,154</u>
NET CURRENT ASSETS		<u>405,345</u>	<u>381,154</u>
TOTAL NET ASSETS		<u>4,491,336</u>	<u>4,293,920</u>
UNRESTRICTED FUNDS:			
General Fund		1,212,465	1,201,930
Investment Reserve		<u>3,278,871</u>	<u>3,091,990</u>
		<u>4,491,336</u>	<u>4,293,920</u>

Approved by the Trustees

Date: 7 March 2008

Signed on their behalf by: *Ms J Darby*

The notes on pages 8 to 15 form an integral part of these Accounts

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

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) issued in March 2005, and with applicable UK accounting standards and the Charities Act 1993. 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 dividends 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.

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.

Resources Expended

Expenditure is accounted for on an accruals basis.

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.

Investments

Closing valuations are at market value.

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.

THE ROYAL ECONOMIC SOCIETY

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2007

2.	ECONOMIC JOURNAL	2007	2006
		£	£
	Receipts:		
	Sales of current volume to non members	488,841	492,209
	Sales of back numbers, royalties and misc.	27,696	27,468
	Advertising Revenue	7,471	6,908
	JSTOR Revenue	7,927	7,415
	Total Receipts	<u>531,935</u>	<u>534,000</u>
	Expenditure:		
	Honoraria, fees, referees and noters	188,469	174,651
	Depreciation	868	520
	Printing, paper and distribution	146,790	150,376
	Other Expenses	4,243	8,481
	Total Expenditure before the allocation of support costs	<u>340,370</u>	<u>334,028</u>
	Net Surplus before the allocation of support costs	<u>191,565</u>	<u>199,972</u>
	Support costs (note 9)	43,082	42,557
	Net Surplus after the allocation of support costs	<u>148,483</u>	<u>157,415</u>
3.	ECONOMETRICS JOURNAL	2007	2006
		£	£
	Receipts:		
	Subscriptions	114,515	118,740
	Sales of back numbers, rights and permissions	3,090	5,460
	Total Receipts	<u>117,605</u>	<u>124,200</u>
	Expenditure:		
	Printing, paper and distribution	27,820	24,844
	Retained by Blackwell Publishers	44,937	49,678
	Honoraria and other expenditure	43,770	39,873
	Total Expenditure before the allocation of support costs	<u>116,527</u>	<u>114,395</u>
	Net Surplus before the allocation of support costs	<u>1,078</u>	<u>9,805</u>
	Support costs (note 9)	14,530	14,556
	Net Deficit after the allocation of support costs	<u>(13,452)</u>	<u>(4,751)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2007

4. **PUBLISHING ACTIVITIES**

	RES Risk Keynes Series		RES Risk Ricardo Series	
	2007	2006	2007	2006
	£	£	£	£
Receipts:				
From Publishers	15,812	15,328	-	17
From Members	-	595	-	-
	<u>15,812</u>	<u>15,923</u>	<u>-</u>	<u>17</u>
Less: Royalties	5,409	3,026	-	-
Net Receipts:	<u><u>10,403</u></u>	<u><u>12,897</u></u>	<u><u>-</u></u>	<u><u>17</u></u>
Expenditure:				
Opening stock correction	(18,531)	-	-	-
Printing, Paper and Distribution	10,726	44,761	-	12
Support costs (note 9)	2,023	6,114	-	2
Total Expenditure:	<u><u>(5,782)</u></u>	<u><u>50,875</u></u>	<u><u>-</u></u>	<u><u>14</u></u>
Net Surplus/(Deficit):	<u><u>16,185</u></u>	<u><u>(37,978)</u></u>	<u><u>-</u></u>	<u><u>3</u></u>

5. **INVESTMENT INCOME**

	2007	2006
	£	£
Interest receivable	12,635	7,050
Dividends receivable from equity shares	-	49,281
Dividends receivable from investments and unit trusts	102,605	75,598
	<u>115,240</u>	<u>131,929</u>

6. **NEWSLETTER**

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

7. **LIBERTY FUND**

This is the release of the advance royalties originally received in 2005, in accordance with the royalties earned during this year.

THE ROYAL ECONOMIC SOCIETY

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2007

8. PROJECTS, GRANTS AND SUBSCRIPTIONS	2007	2006
	£	£
Projects		
Media Initiative	63,747	63,061
Women in Economics Committee	-	372
Junior Fellowships	46,000	60,033
Grants		
Conference Grant Scheme	6,995	3,036
Small Budget Scheme	3,547	2,734
Young Economists Annual Conference	20,285	11,158
Birmingham Easter School	2,900	2,900
Keele Bibliometric Study (CHUDE)	12,000	12,000
UCL – LEAF 2007 Conference	5,000	-
Nuffield College – David Hendry Conference	3,000	-
Subscriptions		
IEA	3,116	3,057
Other		
Support for Publications	3,229	2,240
CHUDE	9,664	8,562
RES Prize	3,000	3,000
RES Public Lecture	5,041	5,034
Welsh Economists Colloquium	2,000	-
Young Economist of the Year Competition	16,992	-
Total before the allocation of support costs	<u>206,516</u>	<u>177,187</u>
Support costs (note 9)	25,892	20,603
Total after the allocation of support costs	<u>232,408</u>	<u>197,790</u>

THE ROYAL ECONOMIC SOCIETY

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2007

9. 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 2007 £	Total 2006 £
Economic Journal	2	24,762	2,056	320	11,617	4,327	43,082	42,557
Econometrics Journal	3	8,351	694	108	3,918	1,459	14,530	14,556
Publishing Activities	4	1,163	97	15	545	203	2,023	6,116
Newsletter		1,817	151	24	853	318	3,163	3,155
Annual Conference		8,977	746	116	4,212	1,569	15,620	11,672
Postgraduate Conference		1,401	116	18	657	245	2,437	2,497
Projects, Grants and Subscriptions	8	14,881	1,236	193	6,981	2,601	25,892	20,603
		<u>61,352</u>	<u>5,096</u>	<u>794</u>	<u>28,783</u>	<u>10,722</u>	<u>106,747</u>	<u>101,156</u>

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.

THE ROYAL ECONOMIC SOCIETY

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2007

10.	GOVERNANCE COSTS	2007	2006
		£	£
	Audit Fee	5,325	4,790
	Statutory Accounts Preparation	2,213	2,213
	Trustees Travel Expenses to Trustees Meetings	1,570	732
		<u>9,108</u>	<u>7,735</u>
11.	INVESTMENT MANAGEMENT COSTS		
	This represents the charges made by the Investment Holding Company.		
12.	TRUSTEES' EXPENSES		
	The trustees did not receive any honoraria or remuneration during the year. Travel and subsistence expenses totalling £1,631 were reimbursed to 7 trustees (2006: £1,075 was reimbursed to 6 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 £917 (2006: £1,789).		
13.	TANGIBLE FIXED ASSETS		Equipment
	COST:		£
	At 1 January 2007		7,199
	Additions		233
	Disposals		(4,980)
	At 31 December 2007		<u>2,452</u>
	DEPRECIATION:		
	At 1 January 2007		5,408
	Charge for Year		506
	Eliminated on Disposals		(4,618)
	At 31 December 2007		<u>1,296</u>
	NET BOOK VALUE:		
	At 31 December 2007		<u>1,156</u>
	At 31 December 2006		<u>1,791</u>

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.

THE ROYAL ECONOMIC SOCIETY

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2007

14. **FIXED ASSET INVESTMENTS**

	2007	2006
	£	£
The movement on the Market Value of Investments is:		
Market Value brought forward	3,910,975	3,572,289
Disposal of investments at market value	-	(5,373,645)
Cost of additions	-	5,402,385
Settlement of fees	(13,021)	-
Gain on market value	186,881	309,946
Market Value carried forward	<u>4,084,835</u>	<u>3,910,975</u>
Historical cost	<u>3,628,935</u>	<u>3,628,935</u>
The balance sheet figure is made up as follows:		
Investments at market value	<u>4,084,835</u>	<u>3,910,975</u>

The basis of valuation is market value as at 31 December 2007 and is analysed as follows:

Unit Trusts:	Cost Value	Market Value at 31/12/07
	£	£
L & G European Index Trust	366,337	466,762
L & G All Stocks Gilt Index Trust	732,762	724,429
L & G Japanese Index Trust	366,337	328,296
L & G Pacific Index Trust	366,337	513,215
L & G US Index Trust	366,337	399,644
CAF UK Equitrack Fund	1,430,825	1,609,618
	<u>3,628,935</u>	<u>4,041,964</u>
Others:		
Vanguard Horizon Global Equity Fund	-	42,871
	<u>3,628,935</u>	<u>4,084,835</u>

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

THE ROYAL ECONOMIC SOCIETY

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2007

15.	STOCKS	2007	2006
		£	£
	RES Risk Keynes Series	14,492	2,859
	RES Risk Ricardo Series	1,345	1,345
		<hr/>	<hr/>
		15,837	4,204
		<hr/>	<hr/>
16.	DEBTORS	2007	2006
		£	£
	Publishing	82,855	101,967
	Sundry Debtors	70,156	94,956
		<hr/>	<hr/>
		153,011	196,923
		<hr/>	<hr/>
17.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2007	2006
		£	£
	Trade Creditors	13,233	1,086
	Accruals	103,852	195,109
		<hr/>	<hr/>
		117,085	196,195
		<hr/>	<hr/>