

THE ROYAL ECONOMIC SOCIETY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

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 2009**

TRUSTEES:

Sir J Vickers FBA	Sir K Berrill CBE, KCB (died October 2009)	Sir J Mirrlees FBA
Sir A Atkinson FBA	Prof Sir Partha Dasgupta FRS, FBA	Prof F H Hahn FBA
Lord Burns	Mr C J M Hardie CBE	Prof S J Nickell CBE FBA
Prof D F Hendry FBA	Prof 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 (appointment ended April 2009)	Prof K Roberts (appointment ended April 2009)	Prof D Begg (appointment ended April 2009)
Prof J Darby (appointment ended April 2009)	S Wadhvani CBE (appointment ended April 2009)	Dr K Rockett
Prof M Hashem Pesaran	Dr P Rice	Dr J O'Neill
Ms A Fletcher	Prof J P Thomas	Prof Lord R Skidelsky
Ms S Flanders	Mr A Persaud	Prof C Meghir
Prof M Stewart	Mr E Bergl6f	Prof O Attanasio
Prof H Rey	Mr C Giles	Prof P Grout
Prof G Laroque	Mr M H Robson	Prof D C Webb
Prof H Peyton Young	Prof R Portes, CBE (appointed April 2009)	Dr P A Rowlatt (appointed April 2009)
Prof S Burgess (appointed April 2009)	Prof N Crafts (appointed April 2009)	Mr S Dale (appointed April 2009)
Mr D Miles (appointed April 2009)	Prof C Waddams (appointed April 2009)	Prof M Stevens (appointed April 2009)

PRESIDENT:

Sir J Vickers, FBA

SECRETARY GENERAL:

Prof J A Beath, FRSE

HONORARY TREASURER:

Mr M H Robson

HEAD OFFICE:

University of St. Andrews
St. Andrews
Fife KY16 9AL

REGISTERED CHARITY NUMBER:

231508

AUDITORS:

Kingston Smith LLP
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

REPORT OF THE COUNCIL
FOR THE YEAR ENDED 31 DECEMBER 2009

The Council present its report together with the Financial Statements of the Charity for the year ended 31 December 2009.

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 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.

Appointment of Trustees

The charity trustees of the Society are the members of its Council, including honorary Officers. Proposed members of Council are nominated by members of the Society 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 of the society to become members of Council for a term of years.

All new members of Council 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 Council to the Secretary General.

Risk Management

While the responsibility for the management and control of the Society rests with Council as the trustee body, key aspects of the risk management process are delegated to the Executive Committee of Council, in which trustees are in the majority. The 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**

During the year, the Executive Committee and Council reviewed the Society's governance arrangements, with a view to reducing risk while increasing the effective use of funds for charitable activities. A proposal for change has been agreed and will be considered at the next AGM. If approved, the Privy Council (in consultation with the Charity Commission) will then be asked for its consent to the necessary alterations to the Charter and Byelaws.

b) **Financial Risks**

The fact that finance is a standing item of business for 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. 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 Council, 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 2009 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. However, this is in the process of being reviewed to ensure that it is fully consistent with the guidance on risk published by the Charity Commission.

**REPORT OF THE COUNCIL
FOR THE YEAR ENDED 31 DECEMBER 2009**

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 the Annual Public Lecture, a programme of Small Grants, Conference Grants and Junior Fellowships, and an annual essay competition for Young Economists focused on schools.

The Council confirm that they have complied with the duty in section 4 of the Charities Act 2006, to have due regard to the Charity Commission's general guidance on public benefit. The Council 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 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 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 increasingly being used. In 2009, articles in The Economic Journal were accessed 501,511 times compared to 613,485 times in 2008.

In addition, the Society publishes scholarly editions of classic works in economics, including those by Edgeworth, Keynes, Malthus, Marshall and Ricardo.

3. **Projects, Grants and Subscriptions**

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

Grants are provided to perform projects that conform to the Society's objectives and enable recipients to meet research expenses and the costs of attendance at conferences where they are presenting the results of their research. In particular, the Society assists postgraduate students to attend its Annual Conference, to present and discuss their research.

ACHIEVEMENTS AND PERFORMANCE

Review of activities

In line with the objectives of the Society the key achievements during the Year Ended 31 December 2009 were as follows:

a) **Projects, Grants and Subscriptions**

During the year the Society supported a large number of projects spending a total of £164,163 (2008: £184,018) before the allocation of support costs. Since the AGM had approved a recommendation from the President on behalf of Council to increase the amount of charitable expenditure in this category significantly, this result is considered disappointing. Renewed efforts will be made in the course of 2010 to encourage suitable applications for project support and grants for charitable purposes.

b) **Membership and Publications**

At the end of 2009 the Society had a strong and international membership consisting of 2,767 members (2008: 3,001). A particular feature of note has been the steady growth in the number of student members in response to the scheme of subsidised student membership introduced five years ago.

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 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.

**REPORT OF THE COUNCIL
FOR THE YEAR ENDED 31 DECEMBER 2009**

Review of activities - continued

c) Conference

The annual conference held at the University of Surrey was highly successful with a packed programme of lectures and events which were well attended by approximately 300 individuals (2008: approximately 450). The total number attending was lower than in the previous year, largely due to less availability of accommodation both in academic rooms and overnight residence. A different model was therefore used for this event, with a lower level of overnight residence as opposed to daily visiting.

d) Postgraduate Conference

The postgraduate conference was held for the first time in 2006 (24 universities attended) 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, and in 2009 26 institutions were represented as well as presentations of student research, either as formal presentations or as poster sessions. A conference for 2010 has been organised and resources committed to it.

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). It is held in London and in one other venue around the UK. The 2009 lecture was again successful and attended by approximately 830 people (2008: 900). As part of the London event, the prize for the Young Economist of the Year Competition is presented. From an entry of 450, there was one winner in 2009 who received an engraved trophy and a cheque for £1,000. Three runners up received another £1,000 between them. A competition has been arranged for 2010 and resources committed to it.

FINANCIAL REVIEW

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

The Council considers that the key figure in the Statement of Financial Activities (see page 7) is the surplus before asset revaluations of £142,559 compared with £37,980 in 2008.

The Economic Journal has produced a surplus for the year of £339,532 (2008: £191,874), before the apportionment of support costs. The Econometrics Journal has produced a surplus of £3,080 compared to a deficit of £369 in 2008 (see notes 2 and 3 respectively on page 10), before the apportionment of support costs. The key element in these improved results is the weakness of sterling during the year, leading to higher overseas sales. This effect is unlikely to be sustainable, and income may well become more volatile.

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

Investment income recorded in the Statement of Financial Activities is £102,081 (2008: £119,429).

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

Use of Assets

Investments continue to be held in index tracking unit trusts, managed passively by Legal and General Investment Management. The investments provide an important source of income to support the Society's activities. Investment income currently accounts for around 9% of our annual gross income. The market value of our investment portfolio increased by £511,196 (see note 14). During the year, 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 results will continue to be monitored annually by the Council and the continuing appropriateness of investment principles reconsidered 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 Council 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 Council believes that the level of reserves should represent at least 24 months' expenditure. The current level of reserves is, however, considerably higher and bearing that in mind, the Council has adopted a target for increasing charitable expenditure by up to £100,000 per year.

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.

In the course of 2010 it is planned in particular to expand the activities of the Society's Women's Committee; to begin digitising the existing scholarly editions so as to make them more widely available; to design a new web portal to provide a broader range of services and information to members and the public; and to make a larger number and total amount of funds available in the form of grants and prizes supporting advancement of the Society's charitable objects.

REPORT OF THE COUNCIL
FOR THE YEAR ENDED 31 DECEMBER 2009

ACCOUNTING AND REPORTING RESPONSIBILITIES

The Council is responsible for preparing the Report of the 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 Council 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 Council 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 1993, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Royal Charter. The Council 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 Council: M H Robson

Dated: 18 March 2010

**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 2009 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 Section 43 of the Charities Act 1993, and regulation made under section 44 of the Act. 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 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 judgments 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 2009 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 Auditor

Date: 23 March 2010

**STATEMENT OF FINANCIAL ACTIVITIES
INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2009**

	Notes	Totals 31/12/09 £	Totals 31/12/08 £
INCOMING RESOURCES FROM GENERATED FUNDS			
Investment Income	5	102,081	119,429
INCOMING RESOURCES FROM CHARITABLE ACTIVITIES			
Membership Subscriptions		85,419	87,851
Economic Journal	2	677,324	536,218
Econometrics Journal	3	130,596	118,632
Publishing Activities	4	53,184	39,464
Annual Conference		79,475	115,253
Postgraduate Conference		1,565	1,292
Newsletter	6	45	72
Liberty Fund	7	1,298	276
TOTAL INCOMING RESOURCES		<u>1,130,987</u>	<u>1,018,487</u>
RESOURCES EXPENDED			
Costs of Generating Funds			
Investment Management Costs	11	6,924	6,975
Charitable Activities			
Economic Journal	2	381,734	393,894
Econometrics Journal	3	144,104	136,125
Publishing Activities	4	33,204	31,851
Newsletter	6	27,266	31,054
Annual Conference		183,790	149,730
Postgraduate Conference		10,631	9,409
Projects, Grants and Subscriptions	8	185,518	210,499
		<u>973,171</u>	<u>969,537</u>
Governance Costs	10	<u>15,257</u>	<u>10,970</u>
TOTAL RESOURCES EXPENDED		<u>988,428</u>	<u>980,507</u>
NET INCOMING RESOURCES BEFORE REVALUATIONS AND INVESTMENT ASSET DISPOSALS		142,559	37,980
GAINS AND LOSSES ON REVALUATIONS AND DISPOSAL OF INVESTMENT ASSETS	14	511,196	(847,720)
NET MOVEMENT IN FUNDS		<u>653,755</u>	<u>(809,740)</u>
TOTAL FUNDS BROUGHT FORWARD		3,665,507	4,475,247
TOTAL FUNDS CARRIED FORWARD		<u>4,319,262</u>	<u>3,665,507</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 notes on pages 9 to 16 form an integral part of these Accounts

BALANCE SHEET
AS AT 31 DECEMBER 2009

	Notes	2009 £	2008 £
FIXED ASSETS			
Tangible Fixed Assets	13	1,218	1,425
Fixed Asset Investments	14	4,134,412	3,230,140
		<u>4,135,630</u>	<u>3,231,565</u>
CURRENT ASSETS			
Stock	15	8,946	10,630
Debtors	16	271,250	149,746
Cash on Deposit, Current Account and in Hand		81,513	516,861
		<u>361,709</u>	<u>677,237</u>
LESS: CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	17	178,077	243,295
		<u>183,632</u>	<u>433,942</u>
NET CURRENT ASSETS		<u>183,632</u>	<u>433,942</u>
TOTAL NET ASSETS		<u>4,319,262</u>	<u>3,665,507</u>
UNRESTRICTED FUNDS:			
General Fund	18	1,376,915	1,234,356
Investment Reserve	18	2,942,347	2,431,151
		<u>4,319,262</u>	<u>3,665,507</u>

Approved by the Trustees and authorised for issue on:

Date: 18 March 2010

Signed on their behalf by: M H Robson

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

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 (2nd Edition)) 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 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 2009

2.	ECONOMIC JOURNAL	2009	2008
		£	£
	Receipts:		
	Sales of current volume to non members	625,339	485,517
	Sales of back numbers, royalties and misc.	31,727	24,865
	Advertising Revenue	5,258	7,316
	JSTOR Revenue	15,000	18,520
	Total Receipts	<u>677,324</u>	<u>536,218</u>
	Expenditure:		
	Honoraria, fees, referees and noters	175,254	194,715
	Depreciation	386	417
	Printing, paper and distribution	154,499	140,618
	Other Expenses	7,653	8,594
	Total Expenditure before the allocation of support costs	<u>337,792</u>	<u>344,344</u>
	Net Surplus before the allocation of support costs	<u>339,532</u>	<u>191,874</u>
	Support costs (note 9)	43,942	49,550
	Net Surplus after the allocation of support costs	<u>295,590</u>	<u>142,324</u>
3.	ECONOMETRICS JOURNAL	2009	2008
		£	£
	Receipts:		
	Subscriptions	126,560	115,253
	Sales of back numbers, rights and permissions	4,036	3,379
	Total Receipts	<u>130,596</u>	<u>118,632</u>
	Expenditure:		
	Printing, paper and distribution	36,082	25,865
	Retained by Blackwell Publishers	47,257	46,384
	Honoraria and other expenditure	44,177	46,752
	Total Expenditure before the allocation of support costs	<u>127,516</u>	<u>119,001</u>
	Net surplus/(deficit) before the allocation of support costs	<u>3,080</u>	<u>(369)</u>
	Support costs (note 9)	16,588	17,124
	Net Deficit after the allocation of support costs	<u>(13,508)</u>	<u>(17,493)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2009

4. **PUBLISHING ACTIVITIES**

	RES Risk Keynes Series	
	2009	2008
	£	£
Receipts:		
From Publishers	53,506	38,485
From Members	(322)	979
	53,184	39,464
Less: Royalties	14,581	10,088
Net Receipts:	38,603	29,376
Expenditure:		
Printing, Paper and Distribution	14,801	17,334
Support costs (note 9)	3,822	4,429
Total Expenditure:	18,623	21,763
Net Surplus	19,980	7,613

5. **INVESTMENT INCOME**

	2009	2008
	£	£
Interest receivable	1,108	11,083
Dividends receivable from investments and unit trusts	100,973	108,346
	102,081	119,429

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:

- advance royalties originally received in 2005, in accordance with the royalties earned during this year.
- the 7 year licence fee received, which expires on 21 May 2015.

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2009**

8. PROJECTS, GRANTS AND SUBSCRIPTIONS	2009	2008
	£	£
Projects		
Media Initiative	63,456	56,801
Women in Economics Committee	(3,451)	-
Junior Fellowships	35,000	35,000
Academic Publishing Market Report	-	5,000
LSE – Gender and Ethnic Balance of Academic Economists	-	4,250
Grants		
Conference Grant Scheme	5,300	6,444
Small Budget Scheme	1,048	1,620
Young Economists Annual Conference	14,909	19,161
Birmingham Easter School	2,900	2,900
UCL – ESPE 2008 Conference	-	3,000
University of Cambridge – Winter Meetings	-	4,000
University of Bristol – GTA Lecturer Workshop	-	4,000
Subscriptions		
IEA	4,204	3,051
Other		
Support for Publications	2,004	2,636
CHUDE	1,078	5,427
RES Prize	2,646	3,000
RES Public Lecture	6,934	8,522
Welsh Economists Colloquium	2,000	-
Young Economist of the Year Competition	3,274	17,191
Austin Robinson Prize	3,861	2,015
LSE Archive of Papers	19,000	-
Total before the allocation of support costs	164,163	184,018
Support costs (note 9)	21,355	26,481
Total after the allocation of support costs	185,518	210,499

THE ROYAL ECONOMIC SOCIETY

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2009

9. **SUPPORT COSTS**

	Note	Management Charge and Honoraria £	Office Expenses,				Accommodation Overhead Charge £	Total 2009 £	Total 2008 £
			Printing, Stationery, Postage and Telephone £	Travel and Subsistence £	Accountancy Fee and Expenses £				
Economic Journal	2	17,632	2,301	1,259	10,819	11,931	43,942	49,550	
Econometrics Journal	3	6,656	869	475	4,084	4,504	16,588	17,124	
Publishing Activities	4	1,534	200	109	941	1,038	3,822	4,429	
Newsletter		1,259	164	90	773	852	3,138	3,907	
Annual Conference		8,489	1,109	606	5,209	5,745	21,158	18,835	
Postgraduate Conference		491	64	35	301	332	1,223	1,184	
Projects, Grants and Subscriptions	8	8,569	1,118	612	5,258	5,798	21,355	26,481	
		<u>44,630</u>	<u>5,825</u>	<u>3,186</u>	<u>27,385</u>	<u>30,200</u>	<u>111,226</u>	<u>121,510</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 2009

10. GOVERNANCE COSTS	2009	2008
	£	£
Audit Fee	7,631	6,181
Additional non-audit fees to auditor	3,301	-
Statutory Accounts Preparation	2,572	2,488
Cost of Trustee Meetings	1,753	2,301
	<u>15,257</u>	<u>10,970</u>

11. **INVESTMENT MANAGEMENT COSTS**
This represents the charges made by the Investment Managers.

12. **TRUSTEES' EXPENSES**
The trustees did not receive any honoraria or remuneration during the year. Travel and subsistence expenses totalling £1,052 was reimbursed to 6 trustees (2008: £2,099 was reimbursed to 12 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 £1,088 (2008: £1,868).

13. TANGIBLE FIXED ASSETS	Equipment
COST:	£
At 1 January 2009	3,138
Additions	179
At 31 December 2009	<u>3,317</u>
DEPRECIATION:	
At 1 January 2009	1,713
Charge for Year	386
At 31 December 2009	<u>2,099</u>
NET BOOK VALUE:	
At 31 December 2009	<u>1,218</u>
At 31 December 2008	<u>1,425</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 2009

14. **FIXED ASSET INVESTMENTS**

	2009	2008
	£	£
The movement on the Market Value of Investments is:		
Market Value brought forward	3,230,140	4,084,835
Disposal of investments at market value	(80,000)	-
Cost of additions	480,000	-
Settlement of fees	(6,924)	(6,975)
Gain/(loss) on market value	511,196	(847,720)
Market Value carried forward	<u>4,134,412</u>	<u>3,230,140</u>
Historical cost	<u>4,028,935</u>	<u>3,628,935</u>
The balance sheet figure is made up as follows:		
Investments at market value	<u>4,134,412</u>	<u>3,230,140</u>

The basis of valuation is market value as at 31 December 2009 and is analysed as follows:

Unit Trusts:	Cost Value	Market Value at 31/12/09
	£	£
L & G European Index Trust	366,337	397,814
L & G All Stocks Gilt Index Trust	792,762	798,453
L & G Japanese Index Trust	476,337	418,571
L & G Pacific Index Trust	286,337	430,485
L & G US Index Trust	406,337	424,423
CAF UK Equitrack Fund	1,700,825	1,626,944
	<u>4,028,935</u>	<u>4,096,690</u>
Others:		
Vanguard Horizon Global Equity Fund	-	37,722
	<u>4,028,935</u>	<u>4,134,412</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 2009**

15.	STOCK	2009	2008	
		£	£	
	RES Risk Keynes Series	7,601	9,285	
	RES Risk Ricardo Series	1,345	1,345	
		<u>8,946</u>	<u>10,630</u>	
16.	DEBTORS	2009	2008	
		£	£	
	Publishing	197,497	98,965	
	Sundry Debtors	73,753	50,781	
		<u>271,250</u>	<u>149,746</u>	
17.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2009	2008	
		£	£	
	Trade Creditors	32,702	-	
	Accruals	145,375	243,295	
		<u>178,077</u>	<u>243,295</u>	
18.	MOVEMENT IN FUNDS	At 1.1.09	Net movement in funds	At 31.12.09
	Unrestricted funds	£	£	£
	General fund	1,234,356	142,559	1,376,915
	Investment reserve	<u>2,431,151</u>	<u>511,196</u>	<u>2,942,347</u>
	TOTAL FUNDS	<u>3,665,507</u>	<u>653,755</u>	<u>4,319,262</u>

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

	Incoming resources	Resources expended	Gains and losses	Movement in funds
	£	£	£	£
Unrestricted funds				
General fund	1,130,987	(988,428)	-	142,559
Investment reserve	-	-	511,196	511,196
TOTAL FUNDS	<u>1,130,987</u>	<u>(988,428)</u>	<u>511,196</u>	<u>653,755</u>