

THE ROYAL ECONOMIC SOCIETY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010
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 2010

TRUSTEES:

Prof R. Blundell CBE FBA	Prof M Armstrong FBA (appointed April 2010)	Mr D Miles
Sir John Vickers FBA	Prof O Attanasio (appointment ended April 2010)	Dr J O'Neill
Sir Anthony Atkinson FBA	Mr E Berglöf	Mr A Persaud
Lord Burns GCB	Prof K Blackburn (appointed April 2010)	Prof H Peyton Young
Prof Sir Partha Dasgupta FRS, FBA	Prof S Burgess	Mr D Ramsden CBE (appointed April 2010)
	Prof W Carlin (appointment ended April 2010)	Prof L Reichlin (appointed April 2010)
Prof F H Hahn FBA	Prof N Crafts	Prof H Rey
Mr C J M Hardie CBE	Mr S Dale	Dr P Rice
Prof Sir David Hendry FBA	Ms S Flanders	Mr M H Robson
Prof R C O Matthews CBE, FBA (died June 2010)	Ms A Fletcher (appointment ended April 2010)	Dr K Rockett
Prof Sir James Mirrlees FBA	Mr C Giles	Prof Lord Skidelsky
Prof S J Nickell CBE FBA	Prof R Griffith	Prof M Stevens
Prof R Portes, CBE	Prof P Grout	Prof M Stewart (appointment ended April 2010)
Dr P A Rowlatt	Prof M Hashem Pesaran	Prof J Temple (reappointed April 2010)
Prof A K Sen FBA	Prof G Laroque	Prof J P Thomas
Prof Z A Silberston CBE	Mr P Mason (appointed April 2010)	Prof C Waddams
Prof J Sutton FBA	Mr H McRae (appointment ended April 2010)	Mr P Wallace (appointed April 2010)
	Prof C Meghir	Prof D C Webb
		Prof M Wickens (appointment ended April 2010)

PRESIDENT:

Sir John Vickers, FBA (appointment ended April 2010)
Prof R Blundell (appointed April 2010)

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:

Natwest Bank plc
143 High Street
Bromley
Kent BR1 1YZ

INVESTMENT MANAGERS:

Legal & General Investment Management Ltd
One Coleman Street
London EC2R 5AA

THE ROYAL ECONOMIC SOCIETY

REPORT OF THE COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2010

The Council presents its report together with the Financial Statements of the Charity for the year ended 31 December 2010.

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 bylaws 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 2009, 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 was accepted by the Charity Commission and agreed at the 2010 AGM. The Privy Council has been asked for its consent to the necessary alterations to the Charter and Bylaws.
- 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 2010 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.

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 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 2010, articles in The Economic Journal were accessed 501,536 times compared to 501,511 times in 2009.

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 main grant schemes are all outlined in note 8 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 School provides advanced training for doctoral students. The University of Bristol Graduate Teaching Assistant and Economics Network schemes provide support for early career academic economists, to which the Society contributes. The "Econometrics Game" is a European simulation training exercise for university students. Specific conferences 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 Council and 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 2010 were as follows:

a) **Projects, Grants and Subscriptions**

During the year the Society supported a large number of projects spending a total of £230,284 (2009: £164,163) 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 highly satisfactory as an implementation of that recommendation. Two new small grant schemes have been introduced in the course of 2010, and efforts will continue to be made in the course of 2011 to encourage suitable applications for project support and grants for charitable purposes.

**REPORT OF THE COUNCIL
FOR THE YEAR ENDED 31 DECEMBER 2010**

Review of activities - continued

b) Membership and Publications

At the end of 2010 the Society had a strong and international membership consisting of 2,726 members (2009: 2,767). 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.

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 400 delegates (2009: approximately 300) of whom 237 were members of the Society. The total number attending was higher than in the previous year, partly because of easier accommodation conditions both in academic rooms and overnight residence. The 2011 event will be at Royal Holloway, University of London and advance booking has been exceptionally heavy.

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 2010 23 institutions were represented (2009: 26), with 260 participants of whom 160 scholars gave presentations of student research, either as formal presentations or as poster sessions. A conference for 2011 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 2010 lecture was again successful and attended by approximately 671 people (2009: 830). As part of the London event, the prize for the Young Economist of the Year Competition is presented. From an entry of 511 (2009: 450), there was one winner in 2010 who received an engraved trophy and a cheque for £1,000. Two runners up received another £1,000 between them. A competition has been arranged for 2011 and resources committed to it.

f) Women's Committee

In the course of 2010 the activities of the Society's Women's Committee have begun to be expanded significantly.

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 8) is the surplus before asset revaluations of £130,818 compared with £142,599 in 2009.

The Economic Journal has produced a surplus for the year of £329,329 (2009: £339,532), before the apportionment of support costs, representing a slight fall in sales. The Econometrics Journal has produced a surplus of £21,199 (2009: £3,080), before the apportionment of support costs, with a significant increase in sales (see notes 2 and 3 respectively on page 11). An important element in these improved results has been the weakness of sterling during the last two years, leading to higher income from overseas sales. This effect is unlikely to be sustainable indefinitely, and income may well become more volatile.

Investment income recorded in the Statement of Financial Activities is £109,219 (2009: £102,081).

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 objects of the Society.

THE ROYAL ECONOMIC SOCIETY

REPORT OF THE COUNCIL **FOR THE YEAR ENDED 31 DECEMBER 2010**

Review of activities - continued

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 9.8% of annual gross income. The market value of our investment portfolio increased by £479,738 (see note 14). 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. While the Society assesses the performance of its investment portfolio by reference to total return, considering one year, three year and five years 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
2006	3.5%	12.2%	13.5%	7.1%
2007	2.7%	7.5%	13.4%	13.4%
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%

These results are considered satisfactory, given the Society's objects. They will continue to be monitored annually by the Council 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 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 (£2 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. But it is also anticipated that, given the extent of the reduction in government funding for higher education that is now planned for the remainder of the current Parliament, there may be new calls on the Society to support teaching and research in economic science in UK universities.

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 2011 it is proposed to contract to begin digitising the Society's existing scholarly editions so as to make them more widely available, and to design a new web portal to provide a broader range of services and information to members and the public. With this object, a Second Secretary has been appointed to assist the Secretary General with his duties from January 2011.

From April 2011, the editorial structure of the Economic Journal will be reinforced by adding a sixth editor and rebalancing the duties and functions of the editors.

Discussions will be concluded with the Privy Council Office, following the earlier successful discussions with the Charity Commission, with a view to putting draft detailed amendments modernising the Society's Bye-Laws to the AGM in April.

THE ROYAL ECONOMIC SOCIETY

REPORT OF THE COUNCIL **FOR THE YEAR ENDED 31 DECEMBER 2010**

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: 29 March 2011

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 2010 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 2010 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: 4 April 2011

THE ROYAL ECONOMIC SOCIETY

STATEMENT OF FINANCIAL ACTIVITIES
INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	Totals 31/12/10 £	Totals 31/12/09 £
INCOMING RESOURCES FROM GENERATED FUNDS			
Investment Income	2	109,219	102,081
INCOMING RESOURCES FROM CHARITABLE ACTIVITIES			
Membership Subscriptions		87,938	85,419
Economic Journal	3	646,635	677,324
Econometrics Journal	4	156,976	130,596
Publishing Activities	5	41,201	53,184
Annual Conference		68,180	79,475
Postgraduate Conference		-	1,565
Newsletter	6	23	45
Liberty Fund	7	794	1,298
TOTAL INCOMING RESOURCES		1,110,966	1,130,987
RESOURCES EXPENDED			
Costs of Generating Funds			
Investment Management Costs	11	8,671	6,924
Charitable Activities			
Economic Journal	3	361,699	381,734
Econometrics Journal	4	154,773	144,104
Publishing Activities	5	34,278	33,204
Newsletter	6	28,514	27,266
Annual Conference		100,702	183,790
Postgraduate Conference		11,870	10,631
Projects, Grants and Subscriptions	8	262,502	185,518
		963,009	973,171
Governance Costs	10	17,139	15,257
TOTAL RESOURCES EXPENDED		980,148	988,428
NET INCOMING RESOURCES BEFORE REVALUATIONS AND INVESTMENT ASSET DISPOSALS		130,818	142,559
GAINS AND LOSSES ON REVALUATIONS AND DISPOSAL OF INVESTMENT ASSETS		14	511,196
NET MOVEMENT IN FUNDS		610,556	653,755
TOTAL FUNDS BROUGHT FORWARD		4,319,262	3,665,507
TOTAL FUNDS CARRIED FORWARD		4,929,818	4,319,262

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 10 to 17 form an integral part of these Accounts

BALANCE SHEET
AS AT 31 DECEMBER 2010

	Notes	2010 £	2009 £
FIXED ASSETS			
Tangible Fixed Assets	13	913	1,218
Fixed Asset Investments	14	<u>4,605,479</u>	<u>4,134,412</u>
		4,606,392	4,135,630
CURRENT ASSETS			
Stock	15	6,397	8,946
Debtors	16	202,693	271,250
Cash on Deposit, Current Account and in Hand		<u>295,875</u>	<u>81,513</u>
		504,965	361,709
LESS: CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	17	181,539	178,077
		<u>323,426</u>	<u>183,632</u>
NET CURRENT ASSETS			
		<u>4,929,818</u>	<u>4,319,262</u>
TOTAL NET ASSETS			
UNRESTRICTED FUNDS:			
General Fund	18	1,507,733	1,376,915
Investment Reserve	18	<u>3,422,085</u>	<u>2,942,347</u>
		4,929,818	4,319,262

Approved by the Trustees and authorised for issue on:

Date: 29 March 2011

Signed on their behalf by: M H Robson

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 2010**

2.	INVESTMENT INCOME	2010	2009
		£	£
	Interest receivable	602	1,108
	Dividends receivable from investments and unit trusts	108,617	100,973
		<u>109,219</u>	<u>102,081</u>
3.	ECONOMIC JOURNAL	2010	2009
		£	£
	Receipts:		
	Sales of current volume to non members	594,099	625,339
	Sales of back numbers, royalties and misc.	30,816	31,727
	Advertising Revenue	4,532	5,258
	JSTOR Revenue	17,188	15,000
	Total Receipts	<u>646,635</u>	<u>677,324</u>
	Expenditure:		
	Honoraria, fees, referees and noters	184,870	175,254
	Depreciation	305	386
	Printing, paper and distribution	124,992	154,499
	Other Expenses	7,139	7,653
	Total Expenditure before the allocation of support costs	<u>317,306</u>	<u>337,792</u>
	Net Surplus before the allocation of support costs	<u>329,329</u>	<u>339,532</u>
	Support costs (note 9)	44,393	43,942
	Net Surplus after the allocation of support costs	<u>284,936</u>	<u>295,590</u>
4.	ECONOMETRICS JOURNAL	2010	2009
		£	£
	Receipts:		
	Subscriptions	152,385	126,560
	Sales of back numbers, rights and permissions	4,591	4,036
	Total Receipts	<u>156,976</u>	<u>130,596</u>
	Expenditure:		
	Printing, paper and distribution	24,312	36,082
	Retained by Blackwell Publishers	66,332	47,257
	Honoraria and other expenditure	45,133	44,177
	Total Expenditure before the allocation of support costs	<u>135,777</u>	<u>127,516</u>
	Net Surplus before the allocation of support costs	<u>21,199</u>	<u>3,080</u>
	Support costs (note 9)	18,996	16,588
	Net Deficit/(Surplus) after the allocation of support costs	<u>2,203</u>	<u>(13,508)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2010

5. **PUBLISHING ACTIVITIES**

	RES Risk Keynes Series	
	2010	2009
	£	£
Receipts:		
From Publishers	37,901	53,506
From Members	3,300	(322)
	41,201	53,184
Less: Royalties	10,611	14,581
Net Receipts:	30,590	38,603
Expenditure:		
Printing, Paper and Distribution	17,666	14,801
Professional Fees	1,794	-
Support costs (note 9)	4,207	3,822
Total Expenditure:	23,667	18,623
Net Surplus	6,923	19,980

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 7 year licence fee received, which expires on 21 May 2015.

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2010**

8. PROJECTS, GRANTS AND SUBSCRIPTIONS	2010	2009
	£	£
Projects		
Media Initiative	66,907	63,456
Women in Economics Committee	3,582	(3,451)
Junior Fellowships	65,000	35,000
Grants		
Conference Grant Scheme	5,700	5,300
Small Budget Scheme	2,243	1,048
Special Project Grant Scheme	2,500	-
Visiting Lecturer Scheme	220	-
Annual Conference Postgraduate Grants	15,638	14,909
Birmingham Easter School	16,505	2,900
University of Bristol - New Lecturer and Graduate Teaching Assistant Workshops 2009	4,000	-
University of Bristol - Student Placement on 'Why Study Economics'	5,000	-
University of Bristol - GTA Lecturer Workshop	4,000	-
University of Bristol - Economics Network Student Placement Officer	5,000	-
Econometrics Game	2,265	-
University of Warwick - 'Lessons from the 1930s' Conference	5,000	-
Subscriptions		
International Economic Association	3,779	4,204
Other		
Support for Publications	2,942	2,004
CHUDE	1,362	1,078
RES Prize	3,010	2,646
RES Public Lecture	5,541	6,934
Welsh Economists Colloquium	-	2,000
Young Economist of the Year Competition	8,820	3,274
Austin Robinson Prize	-	3,861
LSE Archive of Papers	-	19,000
Research Funding Campaign	270	-
Publication of the Reissue of Essays in Persuasion	1,000	-
Total before the allocation of support costs	230,284	164,163
Support costs (note 9)	32,218	21,355
Total after the allocation of support costs	262,502	185,518

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2010**

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 2010 £	Total 2009 £
Economic Journal	2	17,188	3,362	1,661	11,811	10,371	44,393	43,942
Econometrics Journal	3	7,355	1,439	711	5,054	4,437	18,996	16,588
Publishing Activities	4	1,629	319	157	1,119	983	4,207	3,822
Newsletter		1,355	265	131	931	817	3,499	3,138
Annual Conference		4,785	936	463	3,288	2,888	12,360	21,158
Postgraduate Conference		564	110	55	388	340	1,457	1,223
Projects, Grants and Subscriptions	8	12,474	2,440	1,206	8,572	7,526	32,218	21,355
		<u>45,350</u>	<u>8,871</u>	<u>4,384</u>	<u>31,163</u>	<u>27,362</u>	<u>117,130</u>	<u>111,226</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 2010**

10. GOVERNANCE COSTS	2010	2009
	£	£
Audit Fee	6,000	7,631
Additional non-audit fees to auditor	-	3,301
Statutory Accounts Preparation	3,000	2,572
Cost of Trustee Meetings	2,531	1,753
Professional Fees	5,608	-
	<u>17,139</u>	<u>15,257</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 £103 was reimbursed to 2 trustees (2009: £1,052 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 £1,641 (2009: £1,088).

13. TANGIBLE FIXED ASSETS	Equipment
COST:	£
At 1 January 2010	3,317
Additions	-
At 31 December 2010	<u>3,317</u>
DEPRECIATION:	
At 1 January 2010	2,099
Charge for Year	305
At 31 December 2010	<u>2,404</u>
NET BOOK VALUE:	
At 31 December 2010	<u>913</u>
At 31 December 2009	<u>1,218</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 2010**

14. FIXED ASSET INVESTMENTS

	2010	2009
	£	£
The movement on the Market Value of Investments is:		
Market Value brought forward	4,134,412	3,230,140
Disposal of investments at market value	-	(80,000)
Cost of additions	-	480,000
Settlement of fees	(8,671)	(6,924)
Gain/(loss) on market value	479,738	511,196
Market Value carried forward	<u>4,605,479</u>	<u>4,134,412</u>
Historical cost	<u>4,028,935</u>	<u>4,028,935</u>
The balance sheet figure is made up as follows:		
Investments at market value	<u>4,605,479</u>	<u>4,134,412</u>

The basis of valuation is market value as at 31 December 2010 and is analysed as follows:

Unit Trusts:	Cost Value	Market Value at 31/12/10
	£	£
L & G European Index Trust	366,337	409,723
L & G All Stocks Gilt Index Trust	792,762	820,680
L & G Japanese Index Trust	476,337	488,965
L & G Pacific Index Trust	286,337	524,657
L & G US Index Trust	406,337	494,857
CAF UK Equitrack Fund	1,700,825	1,821,649
	<u>4,028,935</u>	<u>4,560,531</u>
Others:		
Vanguard Horizon Global Equity Fund	-	44,948
	<u>4,028,935</u>	<u>4,605,479</u>

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

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**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2010**

15.	STOCK	2010	2009
		£	£
	RES Risk Keynes Series	5,052	7,601
	RES Risk Ricardo Series	1,345	1,345
		<u>6,397</u>	<u>8,946</u>

16.	DEBTORS	2010	2009
		£	£
	Publishing	175,364	197,497
	Sundry Debtors	27,329	73,753
		<u>202,693</u>	<u>271,250</u>

17.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2010	2009
		£	£
	Trade Creditors	18,336	32,702
	Accruals	146,167	145,375
	VAT	17,036	-
		<u>181,539</u>	<u>178,077</u>

18.	MOVEMENT IN FUNDS	At 1.1.10	Net movement in funds	At 31.12.10
		£	£	£
	Unrestricted funds			
	General fund	1,376,915	130,818	1,507,733
	Investment reserve	<u>2,942,347</u>	<u>479,738</u>	<u>3,422,085</u>
	TOTAL FUNDS	<u>4,319,262</u>	<u>610,556</u>	<u>4,929,818</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	1,110,966	(980,148)	-	130,818
Investment reserve	<u>-</u>	<u>-</u>	<u>479,738</u>	<u>479,738</u>
TOTAL FUNDS	<u>1,110,966</u>	<u>(980,148)</u>	<u>479,738</u>	<u>610,556</u>