

REGISTERED CHARITY NUMBER: 231508 (England and Wales)

**REPORT OF THE TRUSTEES AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019  
FOR  
THE ROYAL ECONOMIC SOCIETY**

Royal Economic Society  
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FOR THE YEAR ENDED 31 DECEMBER 2019

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**REPORT OF THE EXECUTIVE COMMITTEE  
FOR THE YEAR ENDED 31 DECEMBER 2019**

The Executive Committee presents its report together with the Financial Statements of the Charity for the year ended 31 December 2019.

**REGISTERED CHARITY NUMBERS: 231508 (England & Wales)**

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

<b>PRESIDENT:</b>	Prof Rachel Griffith (from 16 April 2019)
<b>PAST PRESIDENT:</b>	Prof Lord Nicholas Stern (from 16 April 2019)
<b>PRESIDENT ELECT</b>	Prof Carol Propper (from 16 April 2019) (co-opted)
<b>TREASURER:</b>	Mrs Susan Holloway
<b>SECRETARY GENERAL:</b>	Prof Denise Osborn
<b>EDITORS:</b>	Prof Barbara Petrongolo (from 16 April 2019) Prof Morten Ravn (until 16 April 2019) Prof Jaap Abbring
<b>COUNCILLORS:</b>	Tera Allas (from 16 April 2019) Prof Beata Javorcik Prof Stephen Machin (until 16 April 2019) Prof Mary Morgan Prof Imran Rasul Prof Frank Windmeijer
<b>CO-OPTED:</b>	Prof Michael McMahon Helen Miller (from 1 January 2019) Prof Eric Pentecost (until 1 January 2019) Prof Sarah Smith Prof Jo Swaffield (from 1 January 2019)

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

From 1 January to 16 April 2019:	Prof James P Neary
<b>CHIEF EXECUTIVE</b>	Mr Leighton Chipperfield
<b>HEAD OFFICE:</b>	2 Dean Trench Street Westminster London SW1P 3HE
<b>AUDITORS:</b>	Moore Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD

**BANKERS:**

Natwest Bank plc  
143 High Street  
Bromley  
Kent BR1 1YZ

**INVESTMENT MANAGERS:**

until 5 November 2019  
Legal & General Investment Management Ltd  
One Coleman Street  
London EC2R 5AA

Sarasin and Partners (from 5 November 2019)  
Juxon House  
100 St Paul's Churchyard  
London EC4M 8BU

**REFERENCE AND ADMINISTRATIVE DETAILS**

The charity was founded in 1902 and is registered with the Charity Commission under charity number 231508 (England and Wales). The reference and administrative details of the Charity are shown on page 1 of the Financial Statements above.

**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.

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

**Appointment of Trustees**

The charity trustees of the Society are the members of its Executive Committee, comprising a balance of honorary elected officers (President, Immediate Past President or President-Elect, and Treasurer), executive officers (Secretary General, Second Secretary, and Editors), five members appointed by the Council, and members co-opted by the Council on a proposal from the Executive Committee. At the AGM in 2016, as recommended by Council, it was agreed that the terms of the Presidency be altered to a triumvirate of three individuals serving as President, Immediate Past President and President Elect respectively. The member of the triumvirate who does not serve automatically as a trustee is automatically co-opted onto the Board. No charity trustee receives any remuneration in that capacity, but a minority are in receipt of honoraria in respect of specific offices held, under written agreement as to the terms of appointment made by the Executive Committee excluding the individuals concerned.

The trustees are legally responsible for the overall governance, management and policies of the Society, ensuring that the charitable objects for which it has been set up are met. The Executive Committee currently meets three times a year. The current size of the Executive Committee is 16, including 5 representatives from Council. Meetings of the Executive Committee are chaired by the President.

All new members of the Executive Committee receive the Charity Commission's Information on the responsibilities of Charity Trustees. Executive Committee members receive a briefing and trustee induction pack on appointment, with further training undertaken on an ad-hoc basis as required.

Since May 2017, the day-to-day running of the Society is delegated by the Executive Committee to the Chief Executive, who reports to the Secretary General.

Members of the Council, which appoints some Executive Committee members as explained above, are nominated by members of the Society and considered by the Nominating Committee. The Nominating Committee comprises six elected members of Council (each of whom serves three years on the committee), the Presidential triumvirate and two Additional Members, with the Secretary-General acting as non-voting secretary. The Additional Members are either Life Vice-Presidents of the Society or individuals of high standing in the profession. The Nominating Committee draws up a list of candidates who are voted upon by the members of the Society to become members of Council for a term of five years. The Presidents Selection Committee, which nominates the in-coming RES President-Elect, comprises all members of the Nominations Committee excluding the Presidential Triumvirate.

### **Management and administration**

In 2017 the Society relocated its office headquarters from the University of St Andrews to new offices in Westminster, London, and appointed its first directly-employed staff.

### **Key management personnel remuneration**

The Executive Committee (through its Remuneration Committee) review annually the pay of the Chief Executive. In view of the nature of the Society, the remuneration is also benchmarked with similar charities or with reference to sector reports to ensure that the remuneration set is fair and not out of line with that generally paid for similar roles. For information purposes the Remuneration Committee also receive details of the salaries of the other key management personnel.

### **Principal risks and uncertainties**

The trustees have given consideration to the Society's major risks and satisfied themselves that systems or procedures are established in order to mitigate those risks. The major risks were considered to be: the new strategy not being properly implemented; the potential for trustees' conflict of interest; the trustees' level of awareness of their legal responsibilities; and reduction in income from journal publications. Some of these risks have and will be mitigated as follows:

- The creation of operational plans to support the execution of the strategy
- The formal induction of all new trustees
- The updating of processes for managing trustee conflict of interest
- The creation of a new Publications committee
- The rollout of initiatives to diversify income

During the year, the key risks that might impact on the Society's objectives and the internal procedures have been kept under review and a risk register is in place. This identifies external and internal risks. It is believed to be fully consistent with the guidance on risk published by the Charity Commission's guidance on risk management (CC26).

In addition to the above, the key categories of risk relate to governance, finance and operations:

#### **a) Governance Risks**

Proposals for change to the Society's governance arrangements, with a view to reducing risk while increasing the effective use of funds for charitable activities, were approved by the Privy Council, which made new byelaws effective from 20 December 2011. The new arrangements have proved to work well. A governance working group reviewed the existing arrangements during 2019 and made recommendations to the board on certain processes and documentation that will be updated in 2020.

#### **b) Financial Risks**

The fact that finance is a standing item of business for meetings of the Executive Committee and Council ensures that the appropriate financial information is regularly scrutinised. The Society's investments are held in a variety of unit trusts in order to minimise systematic risk and the investment policy is reviewed against performance at least every three years. Internal risks are minimised by the implementation of procedures for authorisation of all projects and financial transactions. In 2018 a new Finance Committee was established, chaired by the Honorary Treasurer. This committee is charged with making recommendations to the Executive Committee on the Society's reserves and investment policies; advising the Honorary Treasurer on working capital requirements; and reviewing the appointments of auditors and making recommendations to the Annual General Meeting.

c) **Operational Risks**

As the agent for the Executive Committee, the Chief Executive (working with 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 2019 and up to the date of approval of the annual report and accounts.

The impact of Covid-19 has been considered on the charity's future plans and budgeting processes and the effect of the outbreak will be a principal risk into the December 2020 year end. The effect on this year's financial statements has been considered in note 20 – Post Balance Sheet Events of the financial statements.

**Volunteers**

The Society could not achieve its charitable objectives without the commitment and hard work of its volunteers, both Members and non-Members, many of whom give freely of their time to act as journal reviewers, committee members and volunteers to support our events and activities. The Society wishes to thank all those who have supported it over the last year.

**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, Postgraduate Conferences and helping to further the study of economics via free Public Lectures, a programme of various Grants and Projects, and an annual essay competition for Young Economists focused on schools.

The Executive Committee confirm that they have complied with the duty in section 17 of the Charities Act 2011, to have due regard to the Charity Commission's general guidance on public benefit. The Executive Committee believes that social welfare is advanced by promoting and fostering the study of economic science, and that its activities serve to educate the public, and particularly that section of the public that is interested in issues of economic policy. The results of the economic research that the Society supports are widely disseminated through its publications. Although the benefits of the Society's work are by no means restricted to its members, the subscription is deliberately set at a low level relative to that of most charitable learned societies so as to encourage a broad base of membership, including those on low incomes.

**Strategies to Achieve Objectives**

The Society meets its objects by undertaking the following activities:

1. **Membership**

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

2. **Publications**

The Society has two peer-reviewed journals, The Economic Journal and The Econometrics Journal. Publication of the journals transitioned to Oxford University Press at the beginning of 2019. Members of the Society can pay a higher fee to receive printed copies of The Economic Journal; members may also choose to receive a printed quarterly Newsletter. Increasingly, timely information of interest to members and the general public is being provided through the Society's website and via social media channels. On-line access to The Economic Journal and The Econometrics Journal is available and is heavily used.

In addition, the Society has a commitment to publishing scholarly editions of classic works in economics. Its editions of the works of Ricardo, Malthus, Marshall, Edgeworth, and Keynes (also now available through online subscription) set an international standard in these matters.

### 3. **Conferences, lectures and training**

The Society organises several educational events during the year, subsidised primarily from the surplus generated by publication of the Economic Journal. The largest of these is the Annual Conference, which rotates around UK universities and is held around Eastertime. A student-led one-day Symposium of Early Career Researchers takes place immediately after the Annual Conference. An annual public lecture is also held in two different locations.

The RES Easter School, funded jointly with the Economic and Social Research Council, provides advanced training for doctoral students and young professional economists. From 2016 it has been based at and organised by the University of Essex on behalf of the Society.

### 4. **Grant funding of activities**

Members are eligible to apply for a range of grants or project sponsorship. The main grant schemes are all outlined in note 7 to the accounts. The main and postgraduate conference grant schemes provide support for individuals of limited means to meet the costs of attending these events. The Society provides significant financial support to the activities of the Economics Network based at the University of Bristol. This provides important resources on Economics to schools and school pupils, university students and, through its regular training events, to early career academic economists.

## **ACHIEVEMENT AND PERFORMANCE**

### **Review of activities**

In line with the objects of the Society the key achievements during the year ended 31 December 2019 were as follows:

#### **Strategy**

In 2018 the Society launched a new strategy for the period 2019-2023. The strategy sets out four key priorities as follows:

- Enhancing the credibility and visibility of economics
- Supporting economists
- Improving diversity
- Working effectively

The Society now measures its achievements against these priorities, with many of its activities delivering on more than one priority.

#### **Membership**

In 2019 the Society had a strong and international membership of 3,989 (2018: 4,056). 85% of members have an online membership (2018: 84%).

The primary reason for the decline in membership was the discontinuation of the Society's own Job Market event. Candidates had previously been required to be RES members to attend the Job Market. The Society was pleased to increase the number of ordinary members from 2,371 to 2,555, and to increase the number of members opting for 3-year membership. Over a third of paying members are now 3-year members.

The geographical composition of the membership is largely unchanged, with 45% of members in the UK (2018: 43%), 23% elsewhere in Europe (2018: 27%), 13% in the United States or Canada (2018: 16%), 2% in Japan (2018: 2%) and 18% in the Rest of the World (2018: 12%).

All members have the option of receiving print copies of the RES Newsletter, which is available in both pdf and html formats across the Society's website ([www.res.org.uk](http://www.res.org.uk)). We aim to keep members and the general public more informed about RES news, events and grants and to continue to introduce new resources, especially in the education career and training sections, such as our links to the Economics Network. The website also has sections dedicated to the Economic Journal, the Econometrics Journal, the Annual Conference and to the broad range of Society activities.

In late 2018 the Society took on responsibility for managing membership from Wiley, investing in a new membership system to facilitate this.

## **Enhancing the credibility and visibility of economics**

### *Website*

Following the launch of the Society's new website in 2018, office staff worked to further develop the content on the site during 2019. The website now includes a library of video recordings from previous Annual Public Lectures and digital versions of the Society newsletter dating back to 2015. The Society again commissioned filming of several talks at the Annual Conference and published these on its YouTube channel. The website received over 160,000 visitors during the year, with over 55,000 views on RES videos on YouTube.

### *Media briefings*

In 2019 the Society again commissioned media briefings to help publicise the research published in its journals and at the Annual Conference. Of the 63 briefings prepared for research presented at the Annual Conference, 13 were published by the national and international press.

### *Social media*

Over the last two years the RES has increased its use of social media, specifically Twitter. The Society maintains two Twitter accounts, one for the RES and its activities and the other for the Economic Journal. As a result of increased activity on both accounts, a total of over 3,900 new followers were added in 2019. The Society intends to extend its use of social media in future as an effective means of communicating both to economists and to a wider public.

### *Public outreach*

In recent years the Society has run a number of events for the general public, named *RES Presents*. To date these have coincided with the Annual Conference. The RES ran three such events during its 2019 Annual Conference in Warwick on the topics of communication, Brexit, and the regions. Each event included 3-4 speakers, a chair and a lively debate with the audience. Two of the events were held on the Warwick campus, with the third held in Coventry.

The RES again provided financial support for the Bristol Festival of Economics, sponsoring a session entitled 'Fact and Fiction in Economics: The Role of Social Media'.

### *Annual Public Lecture*

The annual public lecture was first held in 2001. The 2019 lecture was given by Professor Tony Venables, BP Professor of Economics (University of Oxford and Director of the Oxford Centre for the Analysis of Resource Rich Economies) on 26th November 2018 at the Royal Institution in London and 4th December at the University of York. Prof Venables's lecture was entitled "Making Cities That Work"; he discussed the economics that underpins city performance and the policy challenges that cities face.

229 people attended the 2019 Public Lecture in London, of which 210 were from schools. Of the 27 schools attending, 5 were from comprehensive schools, 10 from independent/private schools, and 12 from grammar schools. 211 people attended the 2019 Public Lecture in York, of which 131 were from schools. Of the 5 schools attending, 4 were from grammar schools and 1 was an independent school.

### *Young Economist of the Year competition*

The Young Economist of the Year competition is open to A-Level students in Years 12 and 13. To make the competition more attractive to a wider range of students the format was changed in 2018, expanding the number of prizes and essay questions. 1339 entries (2018: 1298) were received. Prof Katharine Rockett oversaw the initial judging process, with a final judging panel (Gemma Tetlow, Martin Sandbu, Prof Denise Osborn, Prof John Van Reenen, Prof Amrita Dhillon) deciding the winner and runners-up.

The Society partnered with the FT for this year's competition. Through the arrangement, the FT provided the winner's prize and published a version of the winning essay on their website.

### *Teaching*

RES provided annual funding in 2019 as similar in 2018 of £15,000 to CORE Economics Education to support activities to train and build networks among those who wish to begin using the open-access platform CORE.



## Supporting economists

### *Journals*

In 2018, Oxford University Press was selected as the Society's new journal publisher for a five-year period from January 2019.

The Economic Journal had another successful year, with the total number of submissions (1,722) in line with 2018 (1,768). 61% of regular submissions that were sent to referees were returned to authors within four months of submission; 16% took longer than six months. The journal's 2018 Impact Factor (released in June 2019) remained stable at 2.926 (2017: 2.946).

The Economic Journal continues to be highly international, with 15% of author submissions from the United Kingdom (2017: 17%), 24% from United States and Canada (2017: 24%), 37% from Europe (2017: 37%) and 23% from the Rest of the World (2017: 22%).

The Econometrics Journal editors handled roughly the same number of new submissions in 2019 (131) as in 2018 (132). Additionally, the editorial office rejected 94 submissions that did not conform to the guidelines. The editors continued to handle papers in line with the new editorial policy, which strives to screen within 7 days, review within three months, and avoid major and multiple revisions. The number of accepted papers rebounded from a low of 13 in 2018 to a high of 29 in 2019. The Journal published a Special Issue on Econometrics of Games. The Editors also edited Special Issues on Structural Macroeconometrics and on Methodology and Applications of Structural Dynamic Models and Machine Learning, to be published in 2020.

The Econometrics Journal's (two-year) Journal Impact Factor remained near its 2017 all-time high of 1.152, at 1.147 in 2018. The Journal's five-year Impact Factor increased to 1.358 (from 1.163) in 2018 and its Article Influence Score increased to 1.966 (from 1.789).

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

### *Annual Conference and Symposium of Early Career Researchers*

The conference was held at University of Warwick on 15-17 April 2019. Fabien Postel-Vinay (UCL) was Chair, Terri Kneeland (UCL) was Deputy Chair and Kirill Pogorelskiy (Warwick) was the Local Organiser. Present figures indicate that there were 556 paying registrations for the conference (including 18 refunds), and a further 205 non-paying registrations. The Society again offered a heavily discounted registration fee of £15 for non-presenting students, with 50 students registering through the scheme.

As in previous years, the Symposium of Early Career Researchers - an event designed for, and organised by, PhD students in economics – immediately followed the Annual Conference. There were 62 delegates, with 40 papers presented.

### *Annual Easter School*

The 29<sup>th</sup> RES Easter Training School was held at the University of Essex in April 2019 under the directorship of Professor Eric Smith. The theme was "New Monetary Economics" and the lecturer was Professor Randall Wright, Ray Zemon Professor of Liquid Assets at the Wisconsin School of Business and Professor of Economics at the University of Wisconsin...

### *European Job Market*

The 2<sup>nd</sup> European Job Market was held in Rotterdam on 18-19 December 2019, and was a partnership between the European Economic Association, the RES, and the Spanish Economic Association. Over 900 candidates registered to attend, along with over 190 recruiting institutions. The RES helped to convene a lunchtime session on how to get published, involving Economic Journal editor Prof Nezh Guner and Chair of Publications Committee Prof Imran Rasul.

### *Grant funding of activities*

During the year the Society supported a large number of projects, spending a total of £167,234 (2018: £137,572) before the allocation of support costs. Individual members of the Society can apply for grants under the Special Project Grants,

Conference Grants and the Small Budget Scheme. Authority to accept applications on these is delegated to the Secretary General (Special Project Grants) and Professor Sir Anton Muscatelli (Conference Grants and Small Budget Schemes), within financial limits and overall policy determined by the Executive Committee. Due to differences in the timing of applications and spending, the amounts allocated during a year differ from the expenditure figures shown in the accounts.

A total of 19 applications were made to the Special Projects Grants Scheme during 2019, of which 13 were granted funding totalling £34,499. These awards were made to people at 13 different institutions. The 2019 budget for the scheme was £40k. For comparison, the number of applications made to the scheme in 2018 was 18 of which 12 were successful, with awards totalling £35,500. The number of applications in earlier years was a little higher (23 in 2017, 22 in both 2016 and 2015). The Conference Grant Scheme received 31 applications in 2019 (2018: 32), with a total of £8,950 awarded. 27 of the 31 applications were successful, the vast majority being early career economists, at Ph.D or early post-doctoral level. 27 applications came from the UK, with 4 from overseas. The number of applications for the Small Academic Expenses scheme decreased this year with 10 applications being received (2018: 14). The quality of the applications was high and the funds awarded were £3,500.

The Society also used grants to promote economics through awarding prizes, funding the RES Annual Public Lecture, and providing funding for the activities of the Economics Network. The Network's activities include organising a biennial conference on economics education; running GTA and early career workshops; and publishing the Economic Review, a magazine for A-Level students of economics.

For the third year running, the Society held a video competition for undergraduates, with the winner awarded £1,000. The Society received 15 entries (2018: 16) from 10 universities (2018: 13).

#### *Conference of Heads of University Departments of Economics*

CHUDE comprises Heads of Economics at universities in the UK. Its ultimate purpose is the promotion of research and teaching of Economics, and more generally of the significance and importance of Economics, in the UK. Bi-annual meetings offer a forum for discussion of issues of interest, have representatives from the Government Economic Service and the Bank of England, and offer a vehicle for widening engagement with Economics among schools, colleges and business. Its Chairperson is co-opted to the Society's Executive Committee.

### **Improving diversity**

#### *Discover Economics*

Discover Economics is a new three-year campaign aimed at changing perceptions of economics among young people and attracting students from under-represented groups. The Society is pleased to be a founding partner of the campaign. Co-chaired by Prof Sarah Smith and Prof Arun Advani, the campaign aims to:

- broaden the appeal of economics to potential students
- change their perceptions of economics and economists
- attract more students from under-represented groups (women, state school/further education college students and ethnic minorities).

The first phase of the campaign (2019-20) will develop the website and ambassador programme and engage partner organisations to increase the range of opportunities for students. The key target groups are organisations employing economists, economics graduates and funders.

#### *Women's committee*

The Women's committee continued to lead on several diversity initiatives in 2019. This included a successful mentoring event during the Annual Conference in Warwick, with 28 mentees and 14 mentors.

#### *Climate in economics*

During the Spring the Society consulted its members on whether it should develop a code of conduct. 83% of respondents agreed or strongly agreed with the proposal; members also provided helpful suggestions on the nature and content of such a code. The draft code of conduct was published in early 2020. In parallel, the Society commissioned a survey of the culture in UK academic economics. The results will be available in 2020 and will be used to inform the updated code of conduct.

## **Working effectively**

### *Governance*

In 2019 the Executive Committee convened a working group to benchmark its governments arrangements against modern best practice. The working group make a series of recommendations for improvements to the Society's processes and governance documentation, which were approved by the Executive Committee at their October 2019 meeting. The working group will continue its work in 2020 by reviewing how the governance of the Society can be made more effective.

Two new committees, a Publications committee and a Communications & Engagement committee, were convened and held their first meetings in 2019.

### *Systems*

The RES office extended its use of the Xero finance system and improved the process for making payments, improving financial reporting but reducing the time required on certain finance tasks.

The new membership system was used to process membership payments for the first time in 2019, with members being able to renew direct via the website and update their details as appropriate. The system is also used to process grant applications.

## **FINANCIAL REVIEW**

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

The Executive Committee considers that the key figure in the Statement of Financial Activities (see page 16) is the deficit before asset revaluations of £(285,685) compared with a £(192,181) deficit in 2018. The Committee had budgeted for a deficit in this year of £(558,000), anticipating lower income from the journals under the new publishing contract, and further expenditure on the website/CRM system, to incorporate journal submissions and conference registration. Some of the website development has been postponed until 2020. Journal income fell significantly to £844,768 (2018: £944,890) following the move to new publishers. For the first time, the Economic Journal charged submission fees to authors wishing to publish their articles, raising £25,972. Membership income also fell to £103,738 (2018: £130,091), due to some Economic Journal authors choosing not to become members; a higher proportion of members taking a 3-year subscription; and a reduction in student members following the discontinuation of the Society's own job market. Conference income and expenditure were both significantly higher as a result of a larger conference at Warwick.

Investment income recorded in the Statement of Financial Activities is £167,278 (2018: £168,522). Unrealised investment gains are not recognised as incoming resources for budgeting purposes. The Executive Committee regards annual deficits as sustainable as long as total funds continue to grow over the medium term but recognises that the exceptional deficits to cover ongoing investment in the website and membership system and the professionalisation of the Society's management cannot continue indefinitely.

As usual, the major element of expenditure was on contracted publishing activities. The Economic Journal has produced a surplus for the year of £27,519 (2018: £131,969) after the apportionment of support costs. Revenue was lower than in 2018, while costs remained broadly the same. The Econometrics Journal produced a deficit of £114,527 (2018 restated: £(146,506)) after the apportionment of support costs. Revenue increased by £22,014 and costs fell by £9,965.

The Society subsidises the Annual Conference which had a deficit of £115,697 (2018 restated: £(123,167)). Both income and expenditure increased. The Executive Committee considers that this level of subsidy is appropriate, in order to maintain the cost to attend at a reasonable level for all who wish to do so. In addition, grants are made available to enable postgraduate students to attend, totalling £42,279 in 2019 (2018 restated: £34,997). The Society's income also helped cover expenditure on Postgraduate Activities of £17,199 (2018 restated: £7,096) and the Society's Annual Public Lecture, which cost £14,719 (2018 restated: £14,870) including support costs.

Grant funding increased to £72,404 (2018 restated: £62,026) on outreach and to £87,856 (2018 restated: £75,546) on the membership as detailed in note 7 to the accounts. This year's spending included £23,865 on initiatives to promote diversity in the profession, and the Society continued to support the Economics Network and CORE. This expenditure is mostly discretionary, and so can readily be adjusted in the light of changes to the Society's overall financial position.

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

## Use of Assets

In June 2019 the Executive Committee approved a new Investment Policy Statement prepared by the Finance Committee. This now includes an ethical investment policy statement. The Finance Committee received presentations from four prospective investment managers, and in November the investments held in index tracking unit trusts, managed passively by Legal and General Investment Management, were realised and £6,000,000 was transferred to Sarasin & Partners. This is now held in three funds - £4 million (long-term portfolio) in the Charity Assets Endowment Fund, £1.2m in the Charity Assets Income and Reserves fund (medium-term portfolio), and £0.8m in investment grade corporate bonds and cash to meet the short-term cash requirements of the Society. The Sarasin Charity Asset Investment Funds have a bespoke ethical policy.

The investments provide an important source of income to support the Society's activities. Investment income currently accounts for 12.3% (2018: 12%) of annual gross income. The market value of the investment portfolio increased by £830,440 before fees of £16,477 (see note 13).

While the Society assesses the performance of its investment portfolio by reference to total return, considering one year, three year and five-year bases, only income is taken into account when budgeting, on a conservative basis and to avoid large fluctuations from year to year.

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

Calendar year	Annual income	Annual total return		
		One year	Three year	Five year
2014	2.5%	8.1%	11.3%	8.7%
2015	2.6%	4.9%	9.5%	6.9%
2016	2.8%	20.6%	11.0%	11.8%
2017	2.8%	13.6%	12.9%	12.5%
2018	2.8%	-0.2%	11.0%	9.2%
2019	2.9%	23.0%	11.7%	12.0%

These results are considered satisfactory, given the Society's objects and performance in previous years. They will continue to be monitored annually by the Finance Committee, reporting to the Executive.

## Significant events since the year end

The effect of COVID-19 has been considered under Principal risks and uncertainties earlier in this trustee report. Please also see note 20 to the accounts.

## Reserves policy

Total reserves at the balance sheet date are £6,574,718 (2018: £6,039,970). Of this, unrestricted free reserves available are £454,549 (2018: £434,340). The Executive Committee maintains the Society's reserves to provide income to support the ongoing activities of the Society. In June 2019, the Executive Committee approved a new Reserves Policy, prepared by the Finance Committee. Given the current uncertainty over the introduction and implementation of Plan S, and the forecast deficits in the short term, the Executive Committee believes that the target level of reserves for 2019 and 2020 should be £6m - representing at least 36 months expenditure (£4.5m) plus £1.5m to cover planned deficits for the next three years. The current level of reserves is slightly higher than this.

## PLANS FOR FUTURE PERIODS

During 2020, the Society will continue to focus on the four strategic priorities set out in its 2019-2023 strategy. These include the following initiatives:

- Continuing to support Discover Economics
- Conducting a membership review
- Conducting a review of its grant spending
- Conducting a survey on the professional culture in UK academic economics
- Relaunching the RES Newsletter
- Launching a new Education & Training committee
- Supporting the 2020 European Job Market, to be held in Nottingham, UK

## **Public Benefit**

The trustees confirm that they have complied with the duties in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit.

We have referred to the guidance in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set.

## **ACCOUNTING AND REPORTING RESPONSIBILITIES**

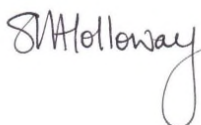
The Executive Committee is responsible for preparing the Report of the Charity Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

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

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015. The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.



S Holloway  
Honorary Treasurer  
On behalf of the Executive Committee

Dated: 9 April 2020

## REPORT OF THE INDEPENDENT AUDITORS TO THE EXECUTIVE COMMITTEE OF THE ROYAL ECONOMIC SOCIETY

We have audited the financial statements of The Royal Economic Society for the year ended 31 December 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard Applicable in the UK and Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2019 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'; and
- have been properly prepared in accordance with the requirements of the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 (as amended) and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

This report is made solely to the charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011 and in accordance with section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information, except to the extent otherwise explicitly stated in our report, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

- the information given in the Report of the Trustees is inconsistent in any material respect with the financial statements ; or
- the charity has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we required for our audit.

### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities set out on pages ten and eleven, the trustees are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.

**Auditor's responsibilities for the audit of the financial statements - continued**

- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Moore Kingston Smith LLP*

.....  
Moore Kingston Smith LLP  
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006  
Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

Date: 20<sup>th</sup> April 2020



STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 DECEMBER 2019

		31.12.19 Restricted funds	31.12.19 Unrestricted funds	31.12.19 Total funds	31.12.18 Total funds
	Notes	£	£	£	Restated £
<b>INCOME AND ENDOWMENTS FROM</b>					
<b>Charitable activities</b>					
Economic Journal	3	-	760,456	760,456	882,592
Econometrics Journal		-	84,312	84,312	62,298
Publishing Activities		-	3,046	3,046	278
Membership		-	103,738	103,738	130,091
Outreach		-	1,000	1,000	-
Annual Conference		-	231,883	231,883	141,932
Job Market		-	-	-	350
Easter School		-	12,000	12,000	17,500
Discover Economics		300	-	300	-
Investment Income	2	-	167,798	167,798	168,522
<b>Total</b>		<b>300</b>	<b>1,364,233</b>	<b>1,364,533</b>	<b>1,403,563</b>
<b>EXPENDITURE ON</b>					
Raising funds	4	-	16,477	16,477	14,526
<b>Charitable activities</b>					
Economic Journal	6	-	732,937	732,937	750,623
Econometrics Journal	6	-	198,839	198,839	208,804
Publishing Activities	6	-	1,697	1,697	(22,529)
Newsletter	6	-	41,993	41,993	55,902
Membership	6	-	132,637	132,637	146,124
Outreach	6	-	106,204	106,204	96,180
Annual Conference	6	-	347,580	347,580	265,099
Postgraduate Activities	6	-	17,199	17,199	7,096
Job Market	6	-	3,158	3,158	12,255
Easter School	6	-	36,778	36,778	46,795
Public Lecture	6	-	14,719	14,719	14,870
<b>Total</b>		<b>-</b>	<b>1,650,218</b>	<b>1,650,218</b>	<b>1,595,744</b>
<b>Net expenditure before investment gains</b>		<b>300</b>	<b>(285,985)</b>	<b>(285,685)</b>	<b>(192,181)</b>
Net gains/(losses on investments)		-	820,433	820,433	(570,387)
<b>NET INCOME/(EXPENDITURE)</b>		<b>300</b>	<b>534,448</b>	<b>534,748</b>	<b>(762,568)</b>
<b>RECONCILIATION OF FUNDS</b>					
<b>Total funds brought forward</b>		<b>-</b>	<b>6,039,970</b>	<b>6,039,970</b>	<b>6,802,538</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>300</b>	<b>6,574,418</b>	<b>6,574,718</b>	<b>6,039,970</b>

**CONTINUING OPERATIONS**

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

**Total Recognised Gains and Losses**

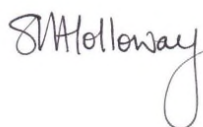
The Charity has no recognised gains or losses other than the net incoming resources for the current and previous years.

THE ROYAL ECONOMIC SOCIETY

BALANCE SHEET  
AT 31 DECEMBER 2019

		31.12.19	31.12.18
		Total funds	Total funds
		£	£
<b>FIXED ASSETS</b>	Notes		
Tangible assets	11	2,774	3,205
Intangible assets	12	130,760	146,136
Investments	13	<u>6,119,869</u>	<u>5,605,630</u>
		6,253,403	5,754,971
<b>CURRENT ASSETS</b>			
Debtors	14	348,669	164,679
Cash at bank		<u>388,512</u>	<u>352,899</u>
		737,181	517,578
<b>CREDITORS</b>			
Amounts falling due within one year	15	(407,055)	(226,816)
		<u>330,126</u>	<u>290,762</u>
<b>NET CURRENT ASSETS</b>			
		6,583,529	6,045,733
<b>CREDITORS</b>			
Amounts falling due after more than one year	16	(8,811)	(5,763)
		<u>6,574,718</u>	<u>6,039,970</u>
<b>NET ASSETS</b>			
<b>FUNDS</b>	17		
Unrestricted funds		454,549	434,340
Investment reserve		6,119,869	5,605,630
Restricted funds		<u>300</u>	<u>-</u>
		<u>6,574,718</u>	<u>6,039,970</u>
<b>TOTAL FUNDS</b>		<u>6,574,718</u>	<u>6,039,970</u>

The financial statements were approved by the Board of Trustees on 9 April 2020 and were signed on its behalf by:



S Holloway - Trustee

THE ROYAL ECONOMIC SOCIETY

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	31.12.19 £	31.12.18 £
<b>Cash flows from operating activities:</b>			
Cash used in operations	1	<u>(431,586)</u>	<u>(345,600)</u>
<b>Net cash provided by (used in) operating activities</b>		<u>(431,586)</u>	<u>(345,600)</u>
<b>Cash flows from investing activities:</b>			
Purchase of tangible fixed assets		(370)	-
Purchase of intangible fixed assets		(6,820,249)	(153,763)
Sale of fixed asset investments		7,120,023	400,000
Interest received		(3)	1
Dividends received		<u>167,798</u>	<u>168,522</u>
<b>Net cash provided by (used in) investing activities</b>		<u>467,199</u>	<u>414,760</u>
<b>Change in cash and cash equivalents in the reporting period</b>		35,613	69,160
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<u>352,899</u>	<u>283,739</u>
<b>Cash and cash equivalents at the end of the reporting period</b>		<u><u>388,512</u></u>	<u><u>352,899</u></u>

NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2019

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31.12.19 £	31.12.18 £
<b>Net income/(expenditure) for the reporting period (as per the statement of financial activities)</b>	534,748	(762,568)
<b>Adjustments for:</b>		
Depreciation charges	801	1,069
Amortisation charges	15,376	7,627
Interest received	3	(1)
Dividends received	(167,798)	(168,522)
(Gain) / loss on investments	(830,490)	570,387
Portfolio management fees	16,477	14,526
(Increase) / Decrease in debtors	(183,990)	77,762
Increase / (Decrease) in creditors	<u>183,287</u>	<u>(85,880)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>(431,586)</u>	<u>(345,600)</u>

## 1. ACCOUNTING POLICIES

### **Basis of preparing the financial statements**

The financial statements of the charity, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015 and subsequent update bulletin 2)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Charities Act 2011. The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value, as modified by the revaluation of certain assets. The comparative expenditure categories have been reanalysed for a small number of headings, as the new categories were felt to better represent the activities undertaken. There was no amendment to the prior year comparative expenditure total, nor the result shown.

The financial statements are prepared in Sterling, which is the functional currency of the charity. All amounts have been rounded to the nearest pound, unless otherwise indicated.

2018 totals have been restated for the following reasons:

In previous years Projects Grants and Subscriptions were shown as a separate total, including allocated management and governance costs. These payments are now allocated to Membership and Outreach activities and shown as a separate line in the notes for these activities, with management and governance costs allocated as shown in Note 5.

Management and governance costs for 2018 have been restated to reflect the current practice of allocating direct support costs to different activities where applicable, and then allocating a proportion of the balance of management and governance costs to each of the charitable activities.

### **Going concern**

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements. In making this assessment the trustees have considered the impact of Covid-19 and, as set out in note 20, whilst some income lines are effected they are partly mitigated by anticipated costs savings. Annual budgets have been revised taking this into account with prudent figures for both income and expenditure. The Royal Economic Society holds significant reserves and has liquid assets in the form of investments which are readily available to convert into cash. For this reason the trustees continue to adopt the going concern basis in preparing the financial statements.

### **Membership subscriptions**

Subscriptions are accounted for on an accruals basis.

### **Resources expended**

Expenditure is accounted for on an accruals basis.

#### **- Expenditure on raising 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. Governance costs are apportioned on a percentage basis using the direct cost allocation.

#### **- 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.

## 1. ACCOUNTING POLICIES – continued

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

### **Grants**

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

### **Investment income**

Investment income comprises distributions and interest received and receivable.

### **Investment reserve**

During the year the charity changed its accounting policy with respect to the investment reserve. All profits or losses on disposals and revaluation of investments are credited or debited to this account. Previously, this only applied to investments after 1 January 1978. There has been no effect on prior year assets or surpluses.

### **Investments**

Quoted investments are stated in the financial statements as closing market value.

### **Intangible fixed assets**

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

### **Tangible fixed assets**

Equipment has been written down at 25% on a reducing balance basis, purchases over £100 are capitalised. Software has been written down at 10 years straight line basis.

### **Financial instruments**

The company enters into basic financial instruments that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable.

#### **a) Trade and other debtors**

Trade and other debtors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

#### **b) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand.

#### **c) Impairment of financial assets**

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

#### **d) Trade and other creditors**

Debt instruments like loans and other accounts receivable and payable are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in

1.

## **ACCOUNTING POLICIES – continued**

case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

### **Employee benefits**

#### **a) Short-term employee benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the charity has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### **b) Defined contribution plans**

Contributions to defined contribution pension schemes are charged to the Statement of Financial Activities as incurred.

### **Accounting estimates**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates inherently contain a certain degree of uncertainty. Actual results may differ from these estimates under different assumptions or conditions.

These estimates and assumptions affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. We evaluate these estimates and judgments on an ongoing basis and base our estimates on historical experience, current and expected future outcomes, third-party evaluations and various other assumptions that we believe are reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying values of assets and liabilities as well as identifying and assessing the accounting treatment with respect to commitments and contingencies. We revise material estimates if changes occur in the circumstances or there is new information or experience on which an estimate was or can be based.

Estimates significantly impact financial instruments, and the presentation of items of income and expenditure and cash-flows.

### **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.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

### **Operating Leases**

Rentals payable under operating leases are payable over the lease term on a straight line basis.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

2. INVESTMENT INCOME

	Year Ended 31.12.19	Year Ended 31.12.18
	£	£
Dividends receivable from investments and unit trusts	167,798	168,521
Interest receivable	-	1
	<u>167,798</u>	<u>168,522</u>

3. INCOME FROM CHARITABLE ACTIVITIES

ECONOMIC JOURNAL

	Year Ended 31.12.19	Year Ended 31.12.18
	£	£
Sales of current volume to non-members	606,836	807,511
Sales of back numbers, royalties and misc.	101,019	50,427
Submission fees	25,972	-
JSTOR Revenue	<u>26,629</u>	<u>24,653</u>
Total Receipts	<u>760,456</u>	<u>882,591</u>

ECONOMETRICS JOURNAL

	Year Ended 31.12.19	Year Ended 31.12.18
	£	£
Subscriptions	81,055	60,022
Sales of back numbers, rights and permission	<u>3,257</u>	<u>2,276</u>
Total Receipts	<u>84,312</u>	<u>62,298</u>

PUBLISHING ACTIVITIES

	Year Ended 31.12.19	Year Ended 31.12.18
	£	£
From Publishers	2,402	-
Liberty Fund	<u>644</u>	<u>278</u>
	<u>3,046</u>	<u>278</u>

The Liberty Fund receipt is the release of the 7 year licence fee received, which expires on 21 May 2022.

4. RAISING FUNDS

Investment management costs

	Year Ended 31.12.19	Year Ended 31.12.18
	£	£
Portfolio management	<u>16,477</u>	<u>14,526</u>



## 5. CHARITABLE ACTIVITIES COSTS

	Direct costs (See note 6)	Grant funding of activities (See note 7)	Support costs (See note 8)	Totals
	£	£	£	£
Economic Journal	499,671	-	233,266	732,937
Econometrics Journal	135,556	-	63,283	198,839
Publishing Activities	1,157	-	540	1,697
Newsletter	28,628	-	13,365	41,993
Membership	2,568	87,856	42,213	132,637
Outreach	-	72,404	33,800	106,204
Annual Conference	236,958	-	110,622	347,580
Postgraduate Activities	11,725	-	5,474	17,199
Job Market	2,153	-	1,005	3,158
Easter School	25,073	-	11,705	36,778
Public Lecture	10,035	-	4,684	14,719
	<u>953,524</u>	<u>160,260</u>	<u>519,957</u>	<u>1,633,741</u>

## 6. DIRECT COSTS OF CHARITABLE ACTIVITIES

### ECONOMIC JOURNAL

	Year Ended 31.12.19	Year Ended 31.12.18 Restated
	£	£
Editors and editorial services	233,165	223,863
Retained by Publisher	127,329	130,406
Publications Costs	134,057	122,049
Staff Costs, Office Costs and Other Costs	5,120	8,461
Support costs	<u>233,266</u>	<u>265,844</u>
<b>Total Expenditure</b>	<u><b>732,937</b></u>	<u><b>750,623</b></u>

### ECONOMETRICS JOURNAL

	Year Ended 31.12.19	Year Ended 31.12.18 Restated
	£	£
Editors and editorial services	52,110	51,375
Retained by Publisher	15,176	24,499
Publications Costs	67,647	57,522
Staff Costs, Office Costs and Other Costs	623	1,457
Support costs	<u>63,283</u>	<u>73,951</u>
<b>Total Expenditure</b>	<u><b>198,839</b></u>	<u><b>208,804</b></u>

6. DIRECT COSTS OF CHARITABLE ACTIVITIES - continued

<b>PUBLISHING ACTIVITIES</b>	Year Ended 31.12.19	Year Ended 31.12.18 Restated
	£	£
Royalties payable	357	(14,550)
Publications Costs	800	-
Support costs	<u>540</u>	<u>(7,979)</u>
<b>Total Expenditure</b>	<b><u>1,697</u></b>	<b><u>(22,529)</u></b>
<b>NEWSLETTER</b>	Year Ended 31.12.19	Year Ended 31.12.18 Restated
	£	£
Editors and editorial services	15,239	15,529
Publications Costs	13,389	20,575
Support costs	<u>13,365</u>	<u>19,799</u>
<b>Total Expenditure</b>	<b><u>41,993</u></b>	<b><u>55,902</u></b>
<b>MEMBERSHIP</b>	Year Ended 31.12.19	Year Ended 31.12.18 Restated
	£	£
Retained by Wiley	-	18,408
Other expenses	2,568	418
Grant funding (Note 7)	87,856	75,546
Support costs	<u>42,213</u>	<u>51,752</u>
<b>Total Expenditure</b>	<b><u>132,637</u></b>	<b><u>146,124</u></b>
<b>OUTREACH</b>	Year Ended 31.12.19	Year Ended 31.12.18 Restated
	£	£
Other expenses	-	91
Grant funding (Note 7)	72,404	62,026
Support costs	<u>33,800</u>	<u>34,064</u>
<b>Total Expenditure</b>	<b><u>106,204</u></b>	<b><u>96,180</u></b>

6. DIRECT COSTS OF CHARITABLE ACTIVITIES - continued

**ANNUAL CONFERENCE**

	Year Ended 31.12.19	Year Ended 31.12.18 Restated
	£	£
Consultancy and Event costs	216,917	150,072
Office and other costs	4,055	7,051
Comms costs	15,986	14,088
Support costs	<u>110,622</u>	<u>93,889</u>
<b>Total Expenditure</b>	<b><u>347,580</u></b>	<b><u>265,099</u></b>

**POSTGRADUATE ACTIVITIES**

	Year Ended 31.12.19	Year Ended 31.12.18 Restated
	£	£
Running costs	11,725	4,583
Support costs	<u>5,474</u>	<u>2,513</u>
<b>Total Expenditure</b>	<b><u>17,199</u></b>	<b><u>7,096</u></b>

**JOB MARKET**

	Year Ended 31.12.19	Year Ended 31.12.18 Restated
	£	£
Running Costs	2,153	7,914
Support costs	<u>1,005</u>	<u>4,340</u>
<b>Total Expenditure</b>	<b><u>3,158</u></b>	<b><u>12,255</u></b>

**EASTER SCHOOL**

	Year Ended 31.12.19	Year Ended 31.12.18 Restated
	£	£
Running costs	25,073	30,222
Support costs	<u>11,705</u>	<u>16,573</u>
<b>Total Expenditure</b>	<b><u>36,778</u></b>	<b><u>46,795</u></b>

**PUBLIC LECTURE**

	Year Ended 31.12.19	Year Ended 31.12.18 Restated
	£	£
Running costs	10,035	9,604
Support costs	<u>4,684</u>	<u>5,267</u>
<b>Total Expenditure</b>	<b><u>14,719</u></b>	<b><u>14,870</u></b>

**7. GRANT FUNDING OF ACTIVITIES  
OUTREACH**

	Year Ended 31.12.19	Year Ended 31.12.18 Restated
	£	£
Diversity	23,865	-
Conference grant scheme	-	(1,000)
Competitions & awards	10,941	13,294
Institutional grants - CORE	15,000	15,000
Institutional grants - Economics Network	15,000	25,000
Institutional grants - International Economic Association	4,575	5,207
Third Party Events	3,023	4,525
<b>Total Expenditure</b>	<b><u>72,404</u></b>	<b><u>62,026</u></b>

**GRANT FUNDING OF ACTIVITIES  
MEMBERSHIP**

	Year Ended 31.12.19	Year Ended 31.12.18 Restated
	£	£
Conference grant scheme	7,606	5,889
Prizes	-	100
RES events postgraduate grants	42,279	34,997
Small budget scheme	5,474	3,941
Special Project Grant Scheme	32,497	30,619
<b>Total Expenditure</b>	<b><u>87,856</u></b>	<b><u>75,546</u></b>

**8. SUPPORT COSTS**

	Management	Governance costs	Totals
	£	£	£
Economic Journal	224,629	8,637	233,266
Econometrics Journal	60,940	2,343	63,283
Publishing Activities	520	20	540
Newsletter	12,870	495	13,365
Membership	40,650	1,563	42,213
Outreach	32,549	1,251	33,800
Annual Conference	106,526	4,096	110,622
Postgraduate Activities	5,271	203	5,474
Job Market	968	37	1,005
Easter School	11,272	433	11,705
Public Lecture	4,511	173	4,684
	<b><u>500,706</u></b>	<b><u>19,251</u></b>	<b><u>519,957</u></b>

8. SUPPORT COSTS - continued

Management

	Economic Journal £	Econometrics Journal £	Publishing Activities £	Newsletter £	Membership £
Office expenses	14,278	3,874	33	818	2,584
Comms	28,039	7,607	65	1,606	5,074
Professional Fees	5,700	1,546	13	327	1,032
Wages	165,446	44,884	383	9,479	29,940
Partial exemption	3,443	934	8	197	623
Depreciation	7,258	1,969	17	416	1,313
Other Expenses	<u>465</u>	<u>126</u>	<u>1</u>	<u>27</u>	<u>84</u>
	<u>224,629</u>	<u>60,940</u>	<u>520</u>	<u>12,870</u>	<u>40,650</u>

	Outreach £	Annual Conference £	Postgraduate Activities £	Job Market £	Easter School
Office expenses	2,069	6,771	335	62	716
Comms	4,063	13,297	658	121	1,407
Professional Fees	826	2,703	134	25	286
Wages	23,974	78,459	3,882	713	8,302
Partial exemption	499	1,633	81	15	173
Depreciation	1,052	3,442	170	31	364
Other Expenses	<u>67</u>	<u>221</u>	<u>11</u>	<u>2</u>	<u>23</u>
	<u>32,549</u>	<u>106,526</u>	<u>5,271</u>	<u>968</u>	<u>11,272</u>

	Public Lecture £	Year ended 31.12.19 Total activities £	Year ended 31.12.18 Total activities Restated £
Office expenses	287	31,827	43,629
Comms	563	62,499	50,187
Consultancy	-	-	75,836
Professional Fees	114	12,706	25,358
Wages	3,323	368,785	301,422
Partial exemption	69	7,674	28,648
Depreciation	146	16,178	8,696
Other Expenses	<u>9</u>	<u>1,037</u>	<u>5,688</u>
	<u>4,511</u>	<u>500,706</u>	<u>539,464</u>

## 8. SUPPORT COSTS - continued

Support costs, included in the above, are as follows:

### Governance costs

	Economic Journal £	Econometrics Journal £	Publishing Activities £	Newsletter £	Membership £
Cost of trustees' meetings	4,971	1,302	11	275	887
Auditors' remuneration	<u>3,782</u>	<u>989</u>	<u>9</u>	<u>209</u>	<u>675</u>
	<u>8,753</u>	<u>2,291</u>	<u>20</u>	<u>484</u>	<u>1,562</u>

	Outreach £	Annual Conference £	Postgraduate Activities	Job Market £	Easter School £
Cost of trustees' meetings	742	2,275	113	21	241
Auditors' remuneration	<u>565</u>	<u>1,730</u>	<u>85</u>	<u>15</u>	<u>183</u>
	<u>1,307</u>	<u>4,005</u>	<u>198</u>	<u>36</u>	<u>424</u>

	Public Lecture £
Cost of trustees' meetings	96
Auditors' remuneration	<u>74</u>
	<u>170</u>

	Year ended 31.12.19 Total activities £	Year ended 31.12.18 Total activities Restated £
Cost of trustees' meetings	10,934	11,279
Auditors' remuneration	<u>7,985</u>	<u>9,270</u>
	<u>18,919</u>	<u>20,549</u>

## 9. EXECUTIVE COMMITTEE' REMUNERATION AND BENEFITS

The Executive Committee (who are also considered key management personnel) hold an Annual Dinner for those who serve the Society, the cost of which totalled £602 (2018: £1,853). The following trustees received remuneration for their services to the charity, in accordance with the governing documents:

	Year Ended 31.12.19	Year Ended 31.12.18
	£	£
Prof Jaap Abbring	12,960	12,000
Prof Robin Naylor	-	16,282
Prof Denise Osborn	-	24,424
Prof Morten Ravn	11,250	23,000
Prof Neil Rickman (resigned 30.09.18)	-	4,434
Prof Barbara Petrongolo	26,950	-
	<u>51,160</u>	<u>80,140</u>

### Executive Committee expenses

Travel and subsistence expenses totalling £2,848 were reimbursed to 8 trustees (2018: £6,433 was reimbursed to 6 trustees).

## 10. STAFF COSTS

	Year Ended 31.12.19	Year Ended 31.12.18
	£	Restated £
Wages and salaries	301,200	248,235
Social Security costs	28,808	19,608
Pension costs	22,671	17,753
Other Staff Costs	16,106	19,754
	<u>368,785</u>	<u>305,350</u>

The average monthly number of employees during the year was as follows:

Year Ended 31.12.19	Year Ended 31.12.18
<u>8</u>	<u>5</u>

The total amount of employee benefits received by key management personnel is £180,102 (2018: £178,749). Key management personnel are considered to be the Chief Executive, Operations Manager and Communications and Engagement Manager.

One employee earned £70,000 - £80,000 in the year (2018: £60,000 - £70,000). Pension costs were £7,004 (2018: £6,840)

## 11. TANGIBLE FIXED ASSETS

	Equipment
	£
<b>COST</b>	
At 1 January 2019	6,519
Additions	370
Disposals	-
	<hr/>
At 31 December 2019	6,889
	<hr/>
<b>DEPRECIATION</b>	
At 1 January 2018	3,314
Charge for year	801
Eliminated on disposal	-
	<hr/>
At 31 December 2019	4,115
	<hr/>
<b>NET BOOK VALUE</b>	
At 31 December 2019	<u>2,774</u>
At 31 December 2018	<u>3,205</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.



## 12. INTANGIBLE FIXED ASSETS

	Software
	£
<b>COST</b>	
At 1 January 2019	153,763
Additions	-
Disposals	-
	<u>          </u>
At 31 December 2019	<u>153,763</u>
<b>AMORTISATION</b>	
At 1 January 2019	7,627
Charge for year	15,376
Eliminated on disposal	-
	<u>          </u>
At 31 December 2019	<u>23,003</u>
<b>NET BOOK VALUE</b>	
At 31 December 2019	<u>130,760</u>
At 31 December 2018	<u>146,136</u>

## 13. FIXED ASSET INVESTMENTS

	Listed investments £
<b>MARKET VALUE</b>	
At 1 January 2019	5,605,630
Additions at cost	6,820,249
Disposals at proceeds value	(7,120,023)
Gains / (Losses) on investments	830,490
Settlement of fees	<u>(16,477)</u>
At 31 December 2019	<u>6,119,869</u>
<b>NET BOOK VALUE</b>	
At 31 December 2019	<u>6,119,869</u>
At 31 December 2018	<u>5,605,630</u>

At 31 December 2019 overseas investments had a market value of £2,617,839 representing 42.7% of the portfolio.

**13. FIXED ASSET INVESTMENTS - continued**

The basis of valuation is market value as at 31 December 2019 and is analysed as follows:

<b>Unit Trusts:</b>	<b>Cost Value £</b>	<b>Market Value at 31.12.19 £</b>
Sarasin & Partners		
Long Term – Asset Allocation	3,999,892	4,114,368
Medium Term – Asset Allocation	1,200,138	1,204,114
Short Term – Asset Allocation	795,222	793,561
Cash Held by Investment Managers	<u>7,826</u>	<u>7,826</u>
	<u>6,003,078</u>	<u>6,119,869</u>

**14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Year Ended 31.12.19 £	Year Ended 31.12.18 £
Trade debtors	6,339	(21)
Sundry debtors	17,440	48,264
Taxation and social security	1,476	-
Publishing	<u>323,414</u>	<u>116,436</u>
	<u>348,669</u>	<u>164,679</u>

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

	Year Ended 31.12.19 £	Year Ended 31.12.18 £
Trade creditors	29,978	50,188
Taxation and social security	-	27,685
Accruals and deferred income	376,571	148,437
Other creditors	<u>506</u>	<u>506</u>
	<u>407,055</u>	<u>226,816</u>

**Deferred income**

	Year Ended 31.12.19 £	Year Ended 31.12.18 £
Deferred income at 1 January 2018	19,455	18,533
Resources deferred in the year	10,421	14,466
Amounts released from previous periods	<u>(13,695)</u>	<u>(13,544)</u>
	<u>16,181</u>	<u>19,455</u>

Deferred income is included with other creditors and relates to income received in advance for Journal membership subscriptions over a 3 year period.

**16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Year Ended 31.12.19 £	Year Ended 31.12.18 £
Deferred income	<u>8,811</u>	<u>5,763</u>

**17. MOVEMENT IN FUNDS**

	At 1.1.19 £	Net movement in funds £	Transfers between funds £	At 31.12.19 £
<b>Unrestricted funds</b>				
General fund	434,340	(285,985)	306,194	454,549
Designated Investment reserve	<u>5,605,630</u>	<u>820,433</u>	<u>(306,194)</u>	<u>6,119,869</u>
	6,039,970	534,448	-	6,574,418
<b>Restricted funds</b>				
Discover Economics	<u>-</u>	<u>300</u>	<u>-</u>	<u>300</u>
	-	300	-	300
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL FUNDS</b>	<u>6,039,970</u>	<u>534,748</u>	<u>-</u>	<u>6,574,718</u>

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

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
<b>Unrestricted funds</b>				
General fund	1,364,233	(1,650,218)	-	(285,985)
Investment reserve	<u>-</u>	<u>-</u>	<u>820,433</u>	<u>820,433</u>
	1,364,233	(1,650,218)	820,433	534,448
<b>Restricted funds</b>				
Discover Economics	<u>300</u>	<u>-</u>	<u>-</u>	<u>300</u>
	300	-	-	300
	<u>300</u>	<u>-</u>	<u>-</u>	<u>300</u>
<b>TOTAL FUNDS</b>	<u>1,364,533</u>	<u>(1,650,218)</u>	<u>820,433</u>	<u>534,748</u>

**Restricted Fund – Discover Economics**

Discover Economics is a new three-year campaign aimed at changing perceptions of economics among young people and attracting students from under-represented groups. The first phase of the campaign (2019-20) will develop the website and ambassador programme and engage partner organisations to increase the range of opportunities for students.

## 17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General Funds £	Designated Investment Reserve £	Restricted Funds £	At 31.12.19 £
Fixed assets	133,534	-	-	133,534
Investments	-	6,119,869	-	6,119,869
Net current assets	<u>321,015</u>	<u>-</u>	<u>300</u>	<u>321,315</u>
<b>TOTAL FUNDS</b>	<b><u>454,549</u></b>	<b><u>6,119,869</u></b>	<b><u>300</u></b>	<b><u>6,574,718</u></b>

	General Funds £	Designated Investment Reserve £	Restricted Funds £	At 31.12.18 £
Fixed assets	149,341	-	-	149,341
Investments	-	5,605,630	-	5,605,630
Net current assets	<u>284,999</u>	<u>-</u>	<u>-</u>	<u>284,999</u>
<b>TOTAL FUNDS</b>	<b><u>434,340</u></b>	<b><u>5,605,630</u></b>	<b><u>-</u></b>	<b><u>6,039,970</u></b>

## 18. LEASE AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	Year Ended 31.12.19 £	Year Ended 31.12.18 £
Within one year	20,127	15,727
Between one and five years	<u>6,262</u>	<u>16,382</u>
	<u>26,389</u>	<u>32,109</u>

During the year £15,095 (2018: £15,727) was paid in connection to the lease of the London Office.

## 19. RELATED PARTY DISCLOSURES

There were no further related party transactions for the year ended 31 December 2019 (2018: NIL) other than those described in note 9.

## 20. POST BALANCE SHEET EVENTS

The Society has given due consideration for the effects of the Covid-19 outbreak, which occurred before these financial statements were signed. The charity is largely sheltered from the expected effects of this, as its major income stream is from journals, which are largely published online and typically tied up in institutional licensing deals. However, the Annual Conference and other events that were expected to take place throughout the following financial year have been significantly affected, although only the Conference raises revenue. It is anticipated that the loss of conference income will be partly offset by a fall in associated expenditure.

As at the 17/03/2020 the value of the long-term investment portfolio held with Sarasin Investment Managers had fallen by around £442,000, representing a 10.5% fall in market value. The return on this fall in investment is not significant to the charity and represents a small proportion of total income. All other investments are held in more liquid assets and there have been no significant movements in value.