

REGISTERED CHARITY NUMBER: 231508 (England and Wales)

**REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
FOR
THE ROYAL ECONOMIC SOCIETY**

Royal Economic Society
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FOR THE YEAR ENDED 31 DECEMBER 2020

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**REPORT OF THE EXECUTIVE COMMITTEE
FOR THE YEAR ENDED 31 DECEMBER 2020**

The Executive Committee presents its report together with the Financial Statements of the Charity for the year ended 31 December 2020.

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**

PRESIDENT:	Prof Dame Carol Propper (from 6 May 2020)
PAST PRESIDENT:	Prof Dame Rachel Griffith (from 6 May 2020) (co-opted)
PRESIDENT ELECT	Prof Sir Tim Besley (from 6 May 2020)
TREASURER:	Mrs Susan Holloway
SECRETARY GENERAL:	Prof Denise Osborn
EDITORS:	Prof Gilat Levy (from 1 June 2020) Prof Jaap Abbring Prof Barbara Petrongolo (until 1 June 2020)
COUNCILLORS:	Tera Allas Prof Beata Javorcik Prof Mary Morgan Prof Imran Rasul Prof Miguel Costa-Gomes (from 6 May 2020) Prof Frank Windmeijer (until 6 May 2020)
CO-OPTED:	Prof Michael McMahon Helen Miller Prof Jo Swaffield Prof Denise Hawkes (from 1 January 2020) Assoc Prof Stefania Paredes-Fuentes (from 1 October 2020) Prof Almudena Sevilla (from 30 April 2020) Prof Sarah Smith (until 30 April 2020)

EXECUTIVE COMMITTEE MEMBER ALSO SERVING AS CHARITY TRUSTEE DURING AN EARLIER PART OF THE YEAR

From 1 January to 6 May 2020:	Prof Lord Nicholas Stern
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CHIEF EXECUTIVE (NON TRUSTEE)	Mr Leighton Chipperfield
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HEAD OFFICE:	2 Dean Trench Street Westminster London SW1P 3HE
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AUDITORS:	Sayer Vincent LLP Invicta House 108-114 Golden Lane London EC1Y 0TL
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BANKERS:

NatWest Bank plc
143 High Street
Bromley
Kent BR1 1YZ

INVESTMENT MANAGERS:

Sarasin and Partners
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 byelaws as made in General Meetings of the Society from time to time, subject to the consent of the Privy Council. There are no specific restrictions imposed by the governing document.

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

Appointment of Trustees

The charity trustees of the Society are the members of its Executive Committee, comprising a balance of honorary elected officers (President, Immediate Past President or President-Elect, and Treasurer), the Secretary General, 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 18, 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 governance structure not being sufficiently effective; the ability of the office to continue its work during a prolonged period of remote working; 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
- A governance review
- 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. In 2020 a working group reviewed the structure of the Society's trustee board and made recommendations for certain modifications. It is intended that these modifications will be put to the Society's Annual General Meeting in 2021.

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 2020 and up to the date of approval of the annual report and accounts.

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.

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 9 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 2020 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.

The effect of the COVID-19 pandemic

In common with every other comparable organisation, the Society's activities in 2020 were heavily curtailed by the global pandemic and subsequent lockdowns in the United Kingdom. The Society's headquarters were temporarily closed when the first lockdown was announced in March, with staff working remotely and committee and Council meetings held virtually for the remainder of the year.

With regret, the Society chose to cancel its Annual Conference, Symposium of Early Career Researchers, Easter School, and Annual Public Lecture. Certain aspects of each event have been carried forward, with each planned to run virtually in 2021. At the same time the Society sought to support the community in other ways, including through the creation of a COVID webinar series and the initiation of a new COVID academic support fund; these are described below.

Membership

In 2020 the Society had a membership of 3,110 (2019: 3,989). 85% of members have an online membership (2019: 85%).

The primary reasons for the decline in membership were the cancellation of this year's Annual Conference in Belfast (UK members declined from 1,776 in 2019 to 1,222 in 2020), and a higher number of Economic Journal authors choosing not to become members. The largest decline was in the number of one-year online members, which decreased from 1,562 in 2019 to 1,080 in 2020. The Society expects that the reinstatement of the Annual Conference in 2021 will at least partially reverse this reduction.

The impact of cancelling the Annual Conference is particularly noticeable in the geographical composition of the membership, with only 39% of members in the UK (2019: 45%). 24% were located elsewhere in Europe (2019: 23%), 17% in the United States or Canada (2019: 13%), 2% in Japan (2019: 2%) and 18% in the Rest of the World (2019: 18%).

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). 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.

Enhancing the credibility and visibility of economics

COVID-19 webinar series

In discussion with the GES and the Bank of England, in April the RES launched a webinar series on the economic implications of the pandemic and the policy response. Speakers were drawn from academia, the public and the private sector and included Andy Haldane, Nicholas Stern, Angus Deaton, Anna Vignoles, Gus O'Donnell, Paul Johnson, Jean Tirole, Daron Acemoglu, Carol Propper and Rachel Griffith. Over four months the RES convened sixteen webinars with several thousand attendees joining live or viewing the recordings subsequently via the website.

Website

Following the launch of the Society's new website in 2018, office staff have worked to further develop the content on the site. 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 website received 142,000 (2019: 160,000) visitors during the year, with over 92,000 (2019: 55,000) views of RES videos on YouTube.

Social media

Over the last three 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 8,900 new followers were added in 2020 (2019: 3,900). In 2020 the Society extended its use of social media by registering on LinkedIn, and currently has 700 registered followers.

Public outreach

The pandemic unfortunately led to the cancellation of this year's RES Presents and Annual Public Lecture. The Society was however pleased to once again provide financial support for the Bristol Festival of Economics which ran as a virtual event in November. As in previous years the Society sponsored a session; this year's speakers were John Kay and Mervyn King.

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. This year saw 1,531 entries to the competition, an increase on previous years (2019: 1,339; 2018: 1,298; 2017: 1,046). This was the second year the Society had promoted the competition direct to schools. Katharine Rockett (Essex) oversaw the initial judging process, with a final judging panel (Rachel Griffith, Jagjit Chadha, Martin Sandbu, Michèle Belot and Gemma Tetlow) deciding the winner and runners-up. The Society again partnered with the Financial Times for this year's competition, who provided the winner's prize and published a version of the winning essay on their website.

Teaching

As in 2019, RES provided funding 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

Membership

During 2020 the Society explored ways to increase membership and the income it derives from membership subscriptions. A working group was convened to consider the optimum ways to go about this. The Society initiated discussions with a number of organisations on possible group membership for their employees or students. An agreement was reached with the Institute of Fiscal Studies to provide RES membership for their employees, with arrangements with further organisations due to be announced in 2021. The Executive Committee also agreed to a recommendation from the working group that the RES should move to an income-based pricing model in line with some other organisations, but that implementation should be postponed until 2022 to limit the financial impact on members following the pandemic.

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 (1,944) substantially higher than

in 2019 (1,722). 67% of regular submissions that were sent to referees were returned to authors within four months of submission (2019: 61%); 16% took longer than six months (2019: 16%). The 2019 Impact Factor (released in June 2020) was 2.764, slightly lower than the 2018 Impact Factor, 2.926. In July 2020 the Journal introduced a short paper article type, with a maximum of 6,000 words and 5 exhibits. Short papers are held to the same quality standards as regular submissions, and the same editorial decision processes in terms of refereeing apply. The Economic Journal continues to be highly international, with 15% of author submissions from the United Kingdom (2019: 15%), 25% from United States and Canada (2019: 24%), 39% from Europe (2019: 37%) and 21% from the Rest of the World (2019: 23%).

New submissions to The Econometrics Journal increased to 150 (2019: 131), and accepted papers increased to 32 (2019: 30). The journal's Impact Factor increased to 2.139, making it one of the highest-cited specialist econometrics journals in the field. The Journal's five-year Impact Factor increased to 1.700 (from 1.358) in 2019 and its Article Influence Score increased to 2.067 (from 1.966).

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.

Newsletter

The Society again produced four issues of its popular newsletter, including features on the history of economic thought; the impact of COVID-19 on economics teaching and learning; and the Bank of England agenda for research. After many years of service Newsletter Editor Prof Peter Howells stood down at the end of the 2020. The Society warmly thanks Prof Howells for his invaluable efforts over many years.

Annual Conference and Symposium of Early Career Researchers

The Society took the difficult decision to cancel these events, which were due to have been held at Queen's University Belfast in April 2020. The RES is most grateful for the understanding of those who had planned to attend or present research at the conference, and in particular for the support of Queen's University and partner organisations in Belfast. The Society looks forward to returning to Belfast for a future conference.

Annual Easter School

The Society took the difficult decision to cancel this year's Easter School, which was the last due to be held at the University of Essex under the directorship of Prof Eric Smith. The Society is most grateful to Prof Smith, to Prof Eliana La Ferrara (who was due to be the lecturer) and to UK Research and Innovation (who provide funding for the Easter School) for their understanding. The 2021 Easter School will take place virtually in conjunction with the University of Bristol, with Prof La Ferrara as lecturer.

European Job Market

The 3rd European Job Market was held from 14-18 December 2020, continuing the partnership between the European Economic Association, the RES, and the Spanish Economic Association. As a result of the pandemic, the job market was held virtually. 1130 candidates registered to attend, with 122 departments listed on the EJM website as supporters. In October the RES hosted a webinar entitled 'Preparing to succeed in the European Job Market for Economists'. The webinar was chaired by Prof Sir Tim Besley, with 633 registrants.

Grant funding of activities

During the year the Society supported a large number of projects, spending a total of £43,857 (2019: £160,260) 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.

A total of 9 applications were made to the Special Projects Grants Scheme during 2019, of which 2 were granted funding totalling £4,000. These awards were made to people at 2 different institutions. Due to the pandemic, neither event was held as planned in 2020 and both are held over to a future date. Although three rounds of applications were available, no applications were received after the January round due to the pandemic. For comparison, the number of applications made to the scheme in 2019 was 19 of which 13 were successful, with awards totalling £32,600.

The number of applications for the Small Academic Expenses scheme decreased this year with 5 applications being

received (2019: 10). The quality of the applications was high and the funds awarded were £2,250. The Conference Grant Scheme received 11 applications in 2020 – a decrease of 65% from 2019 (31 applications were received in 2019). A total of £2,490 was awarded to conference grants. Out of the 11 applications made 8 applications were successful, the vast majority of successful applicants being early career economists, at Ph.D or early post-doctoral level. The majority of applications came from the UK, 64% from the UK and 36% from overseas (7 UK and 4 Overseas).

The Society also used grants to promote economics through funding the CORE initiative and 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.

During 2020 the Society conducted a review of its grant programmes. Changes were announced towards the end of the year that will better align the grant programmes with the Society's strategic aims of supporting economists and improving diversity in the discipline. These include the introduction of RES Knowledge Transfer Projects (KTPs) grants and a Research Dissemination grants programme replacing the Special Project Grants. The Small Academic Expenses scheme will be discontinued. After many years managing the Small Academic Expenses and Conference Grant schemes, Prof Anton Muscatelli stepped down from this role at the end of 2020. The Society warmly thanks Prof Muscatelli for his invaluable work.

RES COVID Academic Support Fund

In 2020 the Executive Committee agreed to create a fund to support members who have been particularly affected by the impact of the COVID-19 pandemic on UK universities and academic departments, and to support innovations in teaching economics that have arisen from online/blended learning delivery during 2020. Applications will open in 2021 for the 2020-2021 and 2021-2022 academic years.

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 (currently Prof Jo Swaffield) is co-opted to the Society's Executive Committee.

Improving diversity

Discover Economics

The Society continued its support as a Founding Partner for Discover Economics, a campaign launched in 2019 to help change perceptions of economics among young people and attract students from under-represented groups. Although the pandemic delayed the rollout of the campaign's schools ambassador programme, the campaign co-chairs Prof Sarah Smith and Prof Arun Advani and Campaign Manager Dr Maeve Cohen were able to complete an impressive range of activities. These included hosting a range of events in person (pre-Covid) and online reaching more than 500 students; launching a revamped website and continuing to build a social media presence; producing research on the career destinations of economics graduates; running social media campaigns during Black History Month and LGBT History Month; and setting up networks of Discover Economics Champions.

In 2021 the campaign intends to: produce research on the barriers to young people choosing economics A-level; work with partners to train more teachers to be able to deliver A-level economics across the UK; pilot a student ambassador scheme supporting undergraduate economists to go into schools and encourage young people to study economics; work with careers advisors to educate them of the benefits of young people studying economics; continue to support academics to run outreach events from their university; continue to build and support its network of champions.

Diversity Champion

Following a competitive process the Society appointed Assoc Prof Stefania Paredes-Fuentes in 2020 as its inaugural Diversity Champion. The remit of the role includes promoting and monitoring diversity across all activities of the Society, including membership of the Society and its committees, selection of speakers and appointment of editors, and advising RES committees, as appropriate, on promoting diversity through their activities. The Diversity Champion is a co-opted member of the Executive Committee.

Ethnicity report

The RES partnered with the Institute of Fiscal Studies, CAGE, MiSoC and others to produce a report which shed light on levels of ethnic diversity within the academic economics profession in the UK. The report found nearly a quarter of UK academic economists (24 per cent) conducting research are from non-White backgrounds, an increase of 5 percentage points since 2012. It is also found clear differences in the type of roles held by ethnic minority staff compared to White employees, as is the case across much of UK academia. Black economists are 64 per cent less likely to work in Russell Group institutions than White economists, and ethnic minority economists are less likely to hold senior academic or managerial positions. The research reinforced the importance of the Discover Economics campaign and underscored the Society's commitment to improving diversity in the field.

Women's Committee

Regrettably the Women's mentoring event and the Women's Committee session at the RES Annual Conference also fell victim to the pandemic. Prof Almudena Sevilla succeeded as Prof Sarah Smith as Chair. New committee members were recruited and three new sub-committees created, dealing with Mentoring, Data Monitoring and Communication & Engagement.

Code of conduct

A working group was formed in 2020 to revisit the Society's code of conduct and to consider the processes and possible sanctions that should be put in place in relation the code. The working group's suggestions were approved by the Executive Committee, with recommendations on these matters due to be put to the Annual General Meeting in 2021.

Working effectively

Governance

In 2019 the Executive Committee convened a working group to benchmark its governance arrangements against modern best practice. The working group made a series of recommendations for improvements to the Society's processes and governance documentation which were enacted in 2020. In 2020 the working group reviewed the structure of the Society's trustee board and made recommendations for certain modifications. It is intended that these modifications will be put to the Society's Annual General Meeting in 2021.

A new Education and Training Committee was convened and held its first meeting in 2020.

Annual General Meeting

The Society's 2020 Annual General Meeting was held from 4-6 May 2020 as an online meeting. A total of 117 members took part in the meeting, by some distance exceeding the attendance at previous in-person AGMs. Following this success, the Society intends to hold future AGMs online.

Auditors

The RES undertook a review of its auditing arrangements, with a working group making recommendations to the Executive Committee. Following a competitive process, the Society selected Sayer Vincent as its auditor for the 2020 accounts; a recommendation was approved at the Annual General Meeting.

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 15) is the deficit before asset revaluations of £59,054 compared with a £285,685 deficit in 2019. The Committee had budgeted for a deficit in this year of £(490,000). Journal and investment income were both higher than forecast. The cancellation of the conference and other events, which are usually subsidised by the Society, together with fewer applications for grants, all as a result of the pandemic, resulted in lower expenditure than anticipated. Journal income increased to £924,574 (2019: £844,768). Membership income fell to £88,369 (2019: £103,738), partly as a result of the conference cancellation, but the decrease was more than offset by Economic Journal submission fees which raised £95,908 (2019: £25,972).

Investment income recorded in the Statement of Financial Activities is £199,847 (2019: £167,798). Unrealised investment gains are not recognised as incoming resources for budgeting purposes. The Executive Committee regards operating deficits as sustainable as long as total funds continue to grow over the medium term, but is working to diversify income, in order to keep the level of deficit in balance with investment growth while continuing support activities which benefit.

As usual, the major element of expenditure was on contracted publishing activities. The Economic Journal has produced a deficit for the year of £57,289 (2019: £27,519 surplus) after the apportionment of support costs. Revenue increased by £72,324 compared to 2019, while costs increased by £157,132. The Econometrics Journal produced a deficit of £92,917 (2019: £114,527 deficit) after the apportionment of support costs. Revenue increased by £7,482 and costs fell by £14,128.

The Society subsidises the Annual Conference which had a deficit of £40,756 (2019: £115,697 deficit). Payments received before cancellation were either refunded, held over to 2021 or donated. Some expenditure was unavoidable, although obviously much lower than usual, although a number of deposits are being held over for a future conference. No grants were made available to enable postgraduate students to attend, totalling £NIL in 2020 (2019: £42,279). The Society's income also helped cover the much reduced expenditure on Postgraduate Activities of £658 (2019: £17,199) and the Society's Annual Public Lecture was postponed, so the cost was £NIL (2019: £14,719) including support costs.

Grant funding decreased to £47,378 (2019: £72,404) on outreach and to a return of expenditure of £3,521 (2019: £87,856 grants) on the membership as detailed in note 9 to the accounts. The negative expenditure was the result of grants which were accrued from 2019 but subsequently not claimed as a result of the pandemic. This year's spending included £38,299 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. Sarasin & Partners manage the investment reserve, which is now held in three funds - a long-term portfolio in the Charity Assets Endowment Fund valued at £4,363,443, a medium-term portfolio in the Charity Assets Income and Reserves fund valued at £1,258,929, and £783,201 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 15.9% (2019: 12.3%) of annual gross income. The market value of the investment portfolio increased by £323,159 before fees of £37,455 (see note 14).

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
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%
2020	3.2%	8.5%	10.0%	12.8%

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

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

Reserves policy

Total reserves at the balance sheet date are £6,838,823 (2019: £6,574,718). Of this, unrestricted free reserves available are £379,995 (2019: £454,549). 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 continuing uncertainty over the impact of Plan S (an initiative from a consortium of funding agencies to accelerate a transition from journal subscriptions to an Open Access model), and the forecast deficits in the short term, the Executive Committee believes that the target level of reserves for 2020 and 2021 should be £6m - representing at least 36 months expenditure (£4.5m) plus £1.5m to cover additional discretionary expenditure over the next few years. This discretionary expenditure includes a £500,000 COVID Academic Support fund to be spent in 2021 to support members who have been particularly affected by the impact of the COVID-19 pandemic on UK universities and academic departments, and to support innovations in teaching economics that have arisen from online/blended learning delivery during 2020.

The Royal Economic Society holds significant reserves and has liquid assets in the form of investments which are readily available to convert into cash. Annual budgets are produced with prudent figures for both income and expenditure. For this reason the trustees are satisfied that the Society is a going concern.

PLANS FOR FUTURE PERIODS

During 2021, the Society will continue to focus on the four strategic priorities set out in its 2019-2023 strategy. These include the following initiatives:

- Running the Society's first ever virtual Annual Conference
- Relaunching the Society newsletter
- Concluding group membership arrangements and finding ways to reduce the dependency on publishing income
- Launching the Society's new grant schemes
- Launching the COVID Academic Support Fund
- Making further improvements to the Society's website, including a membership directory
- Subject to approval at the 2021 AGM, introducing changes to the trustee board structure.

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

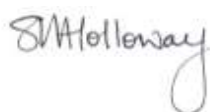
The Executive Committee is responsible for preparing the Report of the Charity Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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) 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. 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) 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: 5 May 2021

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

Opinion

We have audited the financial statements of Royal Economic Society (the 'charity') for the year ended 31 December 2020 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charity's affairs as at 31 December 2020 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
- Have been prepared in accordance with the requirements of the Charities Act 2011

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 Auditor's 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Royal Economic Society's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- The information given in the trustees' annual report is inconsistent in any material respect with the financial statements;
- Sufficient accounting records have not been kept; or
- The financial statements are not in agreement with the accounting records and returns; or
- We have not received all the information and explanations we require for our audit

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management and the audit committee, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
- Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
- The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. 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 auditor's 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.

A handwritten signature in dark ink that reads "Sayer Vincent LLP". The signature is written in a cursive, flowing style.

Date: 6 May 2021
Sayer Vincent LLP, Statutory Auditor
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2020**

		31.12.20 Restricted funds	31.12.20 Unrestricted funds	31.12.20 Total funds	31.12.19 Total restricted & unrestricted funds
	Notes	£	£	£	£
INCOME FROM					
Donations		-	1,720	1,720	-
Charitable activities					
Economic Journal	3	-	832,780	832,780	760,456
Econometrics Journal	3	-	91,794	91,794	84,312
Publishing Activities	3	-	3,264	3,264	3,046
Membership		-	88,369	88,369	103,738
Outreach		-	1,000	1,000	1,000
Annual Conference		-	3,989	3,989	231,883
Easter School		-	1,000	1,000	12,000
Discover Economics	3	30,000	-	30,000	300
Investment Income	4	-	199,847	199,847	167,798
Total		<u>30,000</u>	<u>1,223,763</u>	<u>1,253,763</u>	<u>1,364,533</u>
EXPENDITURE ON					
Raising funds	5	-	37,455	37,455	16,477
Charitable activities	6				
Economic Journal		-	890,069	890,069	732,937
Econometrics Journal		-	184,711	184,711	198,839
Publishing Activities		-	4,686	4,686	1,697
Newsletter		-	42,556	42,556	41,993
Membership		-	2,788	2,788	132,637
Outreach		-	92,220	92,220	106,204
Annual Conference		-	44,745	44,745	347,580
Postgraduate Activities		-	658	658	17,199
Job Market		-	1,145	1,145	3,158
Easter School		-	4,739	4,739	36,778
Discover Economics		7,045	-	7,045	-
Public Lecture		-	-	-	14,719
Total		<u>7,045</u>	<u>1,305,772</u>	<u>1,312,817</u>	<u>1,650,218</u>
Net expenditure before investment gains		22,955	(82,009)	(59,054)	(285,685)
Net gains on investments		-	323,159	323,159	820,433
NET INCOME		22,955	241,150	264,105	534,748
RECONCILIATION OF FUNDS					
Total funds brought forward		<u>300</u>	<u>6,574,418</u>	<u>6,574,718</u>	<u>6,039,970</u>
TOTAL FUNDS CARRIED FORWARD		23,255	6,815,568	6,838,823	6,574,718

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.

In the previous year total funds included £300 of restricted income in relation to Discover Economics and no restricted expenditure.

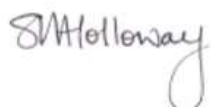
These notes form part of these financial statements

THE ROYAL ECONOMIC SOCIETY

**BALANCE SHEET
AT 31 DECEMBER 2020**

		31.12.20 Total funds £	31.12.19 Total funds £
FIXED ASSETS	Notes		
Tangible assets	12	3,339	2,774
Intangible assets	13	115,383	130,760
Investments	14	<u>6,405,573</u>	<u>6,119,869</u>
		6,524,295	6,253,403
CURRENT ASSETS			
Debtors	15	418,572	348,669
Cash at bank		<u>362,280</u>	<u>388,512</u>
		780,852	737,181
CREDITORS			
Amounts falling due within one year	16	(460,422)	(407,055)
		<u>320,430</u>	<u>330,126</u>
NET CURRENT ASSETS			
		6,844,725	6,583,529
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS			
Amounts falling due after more than one year	17	(5,902)	(8,811)
		<u>6,838,823</u>	<u>6,574,718</u>
NET ASSETS			
FUNDS	18		
Unrestricted funds		379,995	454,549
Designated funds		6,435,573	6,119,869
Restricted funds		<u>23,255</u>	<u>300</u>
		<u>6,838,823</u>	<u>6,574,718</u>
TOTAL FUNDS		<u>6,838,823</u>	<u>6,574,718</u>

The financial statements were approved by the Board of Trustees on 5 May 2021 and were signed on its behalf by:



.....
S Holloway - Trustee

The notes form part of these financial statements

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	31.12.20 £	31.12.19 £
Cash flows from operating activities:			
Cash used in operations	1	<u>(224,708)</u>	<u>(431,586)</u>
Net cash used in operating activities		<u>(224,708)</u>	<u>(431,586)</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(1,371)	(370)
Purchase of fixed asset investments		-	(6,820,249)
Sale of fixed asset investments		-	7,120,023
Interest received		-	(3)
Dividends received		<u>199,847</u>	<u>167,798</u>
Net cash provided by investing activities		<u>198,476</u>	<u>467,199</u>
Change in cash and cash equivalents in the reporting period		(26,232)	35,613
Cash and cash equivalents at the beginning of the reporting period		<u>388,512</u>	<u>352,899</u>
Cash and cash equivalents at the end of the reporting period		<u><u>362,280</u></u>	<u><u>388,512</u></u>

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

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

	31.12.20	31.12.19
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	264,105	534,748
Adjustments for:		
Depreciation charges	807	801
Amortisation charges	15,376	15,376
Interest received		3
Dividends received	(199,847)	(167,798)
(Gain) / loss on investments	(323,159)	(830,490)
Portfolio management fees	37,455	16,477
(Increase) / Decrease in debtors	(69,903)	(183,990)
Increase / (Decrease) in creditors	50,458	183,287
Net cash provided by (used in) operating activities	(224,708)	(431,586)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. 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), 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 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.

Going concern

The outbreak of COVID-19 which took place during the financial year, has still continued to have an impact post year ended 31 December 2020. This has resulted in a pandemic causing extensive disruption across the globe. The UK Government enforced a lockdown from 23 March 2020 and after gradually easing measures, enforced a second lockdown from 5 November 2020 until 2 December 2020. A further national lockdown was announced on 4 January 2021. The Society has continued to take consideration for the effects of the COVID-19 outbreak, and adapted the charities activities alongside the government lockdown and social distance measures, including hosting the 2020 annual conference virtually.

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 at least one year from the date of approval of the financial statements. The Royal Economic Society holds significant reserves and has liquid assets in the form of investments which are readily available to convert into cash. Annual budgets are produced with prudent figures for both income and expenditure. For this reason the trustees are satisfied that the Society is a going concern.

Membership subscriptions

Subscriptions begin at the point of payment and are accounted for on an accruals basis.

Resources expended

Expenditure is accounted for on an accruals basis.

- Expenditure on raising funds

Expenditure on raising funds comprises those costs of generating income from all sources other than undertaking charitable activities.

- Charitable activities

Charitable activities are those costs incurred directly in carrying out 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. Where support costs cannot be attributed directly, they are apportioned on a percentage basis using the direct cost allocation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES contd.

Grants

Grants are treated as expenditure once they are approved and offered to 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

All profits or losses on disposals and revaluation of investments are credited or debited to this account.

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 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES contd.

Financial instruments - contd

d) Trade and other creditors - contd

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 on-going 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 2020

3. INCOME FROM CHARITABLE ACTIVITIES

ECONOMIC JOURNAL	Year Ended 31.12.20 £	Year Ended 31.12.19 £
Sales of current volume to non-members	601,923	606,836
Sales of back numbers, royalties and misc.	114,672	101,019
Submission fees	95,908	25,972
JSTOR Revenue	<u>20,277</u>	<u>26,629</u>
	<u>832,780</u>	<u>760,456</u>

ECONOMETRICS JOURNAL	Year Ended 31.12.20 £	Year Ended 31.12.19 £
Subscriptions	81,120	81,055
Sales of back numbers, rights and permission	<u>10,674</u>	<u>3,257</u>
	<u>91,794</u>	<u>84,312</u>

PUBLISHING ACTIVITIES	Year Ended 31.12.20 £	Year Ended 31.12.19 £
From Publishers	2,106	2,402
Liberty Fund	<u>1,158</u>	<u>644</u>
	<u>3,264</u>	<u>3,046</u>

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

DISCOVER ECONOMICS	Year Ended 31.12.20 £	Year Ended 31.12.19 £
Grants	<u>30,000</u>	<u>300</u>
	<u>30,000</u>	<u>300</u>

Total income for Discover Economics was £30,000 (2019: £300) of which £30,000 (2019: £300) was attributable to restricted funds.

4. INVESTMENT INCOME

	Year Ended 31.12.20 £	Year Ended 31.12.19 £
Dividends receivable from investments and unit trusts	<u>199,847</u>	<u>167,798</u>
	<u>199,847</u>	<u>167,798</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

5. RAISING FUNDS

Investment management costs	Year Ended 31.12.20 £	Year Ended 31.12.19 £
Portfolio management	<u>37,455</u>	<u>16,477</u>

£37,455 (2019: £16,477) of the above costs were attributable to unrestricted funds.

6. CHARITABLE ACTIVITY COSTS

Current year

	Direct costs (See note 7) £	Support costs (See note 8) £	Grant funding of activities (See note 9) £	Totals 31.12.20 £
Economic Journal	563,510	326,559	-	890,069
Econometrics Journal	116,943	67,768	-	184,711
Publishing Activities	2,967	1,719	-	4,686
Newsletter	26,943	15,613	-	42,556
Membership	5,286	1,023	(3,521)	2,788
Outreach	-	44,842	47,378	92,220
Annual Conference	28,328	16,417	-	44,745
Postgraduate Activities	417	241	-	658
Job Market	725	420	-	1,145
Easter School	3,000	1,739	-	4,739
Discover Economics	<u>7,045</u>	<u>-</u>	<u>-</u>	<u>7,045</u>
	<u>755,164</u>	<u>476,341</u>	<u>43,857</u>	<u>1,275,362</u>

£1,268,317 (2019: £1,633,741) of the above costs were attributable to unrestricted funds and £7,045 (2019: £nil) of the above costs were attributable to restricted funds.

Prior year comparatives

	Direct costs (See note 7) £	Support costs (See note 8) £	Grant funding of activities (See note 9) £	Totals 31.12.19 £
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	42,213	87,856	132,637
Outreach	-	33,800	72,404	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	<u>10,035</u>	<u>4,684</u>	<u>-</u>	<u>14,719</u>
	<u>953,254</u>	<u>519,957</u>	<u>160,260</u>	<u>1,633,741</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

7. DIRECT COSTS OF CHARITABLE ACTIVITIES**Current year**

	Editor and editorial services	Retained by publisher	Other direct costs	Total direct costs 31.12.20
	£	£	£	£
Economic Journal	267,911	128,987	166,612	563,510
Econometrics Journal	57,510	16,523	42,910	116,943
Publishing Activities	-	-	2,967	2,967
Newsletter	15,239	-	11,704	26,943
Membership	-	-	5,286	5,286
Annual Conference	-	-	28,328	28,328
Postgraduate Activities	-	-	417	417
Job Market	-	-	725	725
Easter School	-	-	3,000	3,000
Discover Economics	-	-	7,045	7,045
Public Lecture	-	-	-	-
	<u>340,660</u>	<u>145,510</u>	<u>269,006</u>	<u>755,164</u>

Prior year comparatives

	Editor and editorial services	Retained by publisher	Other direct costs	Total direct costs 31.12.19
	£	£	£	£
Economic Journal	233,165	127,329	139,177	499,671
Econometrics Journal	52,110	15,176	68,270	135,556
Publishing Activities	-	-	1,157	1,157
Newsletter	15,239	-	13,389	28,628
Membership	-	-	2,568	2,568
Annual Conference	-	-	236,958	236,958
Postgraduate Activities	-	-	11,725	11,725
Job Market	-	-	2,153	2,153
Easter School	-	-	25,073	25,073
Public Lecture	-	-	10,035	10,035
	<u>300,514</u>	<u>142,505</u>	<u>510,505</u>	<u>953,524</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

8. SUPPORT COSTS

	Year Ended 31.12.20 £	Year Ended 31.12.19 £
MANAGEMENT		
Professional Fees	18,475	12,706
Staff Costs	354,563	368,785
Office Costs	32,981	31,827
Comms Costs	39,913	62,499
Council and Committees	82	-
Bank Charges	588	762
Depreciation	16,184	23,853
Exchange Rate Variance	(406)	-
GOVERNANCE		
Professional Fees	10,992	8,315
Council and Committees	2,969	10,931
Total	476,341	519,679

9. GRANT FUNDING OF ACTIVITIES
OUTREACH

	Year Ended 31.12.20 £	Year Ended 31.12.19 £
Diversity	8,299	23,865
Conference grant scheme	-	-
Competitions & awards	5,462	10,941
Institutional grants - CORE	15,000	15,000
Institutional grants - Economics Network	21,510	15,000
Institutional grants - International Economic Association	(4,575)	4,575
Third Party Events	1,682	3,023
Total Expenditure	47,378	72,404

MEMBERSHIP

	Year Ended 31.12.20 £	Year Ended 31.12.19 £
Conference grant scheme	250	7,606
RES events postgraduate grants	-	42,279
Small budget scheme	2,223	5,474
Special Project Grant Scheme	(5,994)	32,497
Total Expenditure	(3,521)	87,856

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

10.. 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 £nil (2019: £602). The following trustees received remuneration for their services to the charity, in accordance with the governing documents:

	Year Ended 31.12.20	Year Ended 31.12.19
	£	£
Prof Jaap Abbring	12,960	12,960
Prof Gilat Levy	17,667	-
Prof Morten Ravn	-	11,250
Prof Barbara Petrongolo	-	26,950
	<u>30,627</u>	<u>51,160</u>

Executive Committee expenses

Travel and subsistence expenses totalling £507 were reimbursed to 4 trustees (2019: £2,848 was reimbursed to 8 trustees).

11. STAFF COSTS

	Year Ended 31.12.20	Year Ended 31.12.19
	£	£
Wages and salaries	302,109	301,200
Social Security costs	28,239	28,808
Pension costs	22,836	22,671
Other Staff Costs	7,816	16,106
	<u>361,000</u>	<u>368,785</u>

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

Year Ended 31.12.20	Year Ended 31.12.19
8	8

The total amount of employee benefits received by key management personnel is £196,223 (2019: £180,102). 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 (2019: £70,000 - £80,000). Pension costs were £7,701 (2019: £7,004).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

12. TANGIBLE FIXED ASSETS

	Equipment
	£
COST	
At 1 January 2020	6,889
Additions	<u>1,373</u>
At 31 December 2020	<u>8,262</u>
 DEPRECIATION	
At 1 January 2019	4,115
Charge for year	<u>808</u>
At 31 December 2020	<u>4,923</u>
 NET BOOK VALUE	
At 31 December 2020	<u>3,339</u>
At 31 December 2019	<u>2,774</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.

13. INTANGIBLE FIXED ASSETS

	Software
	£
COST	
At 1 January 2020 and 31 December 2020	<u>153,763</u>
 AMORTISATION	
At 1 January 2020	23,003
Charge for year	<u>15,376</u>
At 31 December 2020	<u>38,380</u>
 NET BOOK VALUE	
At 31 December 2020	<u>115,383</u>
At 31 December 2019	<u>130,760</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

14. FIXED ASSET INVESTMENTS

	Listed investments £
MARKET VALUE	
At 1 January 2020	6,119,869
Gains on investments	323,159
Settlement of fees	<u>(37,455)</u>
At 31 December 2020	<u>6,405,573</u>
NET BOOK VALUE	
At 31 December 2020	<u>6,405,573</u>
At 31 December 2019	<u>6,119,869</u>

At 31 December 2020 overseas investments had a market value of £2,436,510 representing 38% of the portfolio.

The basis of valuation is market value as at 31 December 2020 and is analysed as follows:

14. FIXED ASSET INVESTMENTS contd

Unit Trusts:	Cost Value £	Market Value at 31.12.20 £
Sarasin & Partners		
Long Term – Asset Allocation	3,999,892	4,363,443
Medium Term – Asset Allocation	1,200,000	1,258,929
Short Term – Asset Allocation	587,416	576,725
Cash Held by Investment Managers	<u>206,476</u>	<u>206,476</u>
	<u>5,993,784</u>	<u>6,405,573</u>

15. DEBTORS

	Year Ended 31.12.20 £	Year Ended 31.12.19 £
Trade debtors	50,626	6,339
Sundry debtors	33,557	17,440
Taxation and social security	-	1,476
Publishing	<u>334,389</u>	<u>323,414</u>
	<u>418,572</u>	<u>348,669</u>

Sundry debtors includes a balance of £7,000 which relates to a deposit paid for the 2024 Annual Conference. This deposit was originally for the 2020 Annual Conference but due to the effects of the pandemic, it has been confirmed that it can be held for a later date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Year Ended 31.12.20	Year Ended 31.12.19
	£	£
Trade creditors	108,714	29,978
Taxation and social security	5,705	-
Accruals and deferred income	344,906	376,571
Other creditors	1,097	506
	<u>460,422</u>	<u>407,055</u>

Deferred income

	Year Ended 31.12.20	Year Ended 31.12.19
	£	£
Deferred income at 1 January 2019	16,181	19,455
Resources deferred in the year	15,425	10,421
Amounts released from previous periods	<u>(16,181)</u>	<u>(13,695)</u>
	<u>15,425</u>	<u>16,181</u>

Deferred income is included within accruals and deferred income and relates to income received in advance for Journal membership subscriptions over a 3 year period.

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Year Ended 31.12.20	Year Ended 31.12.19
	£	£
Deferred income	5,902	8,811

18. MOVEMENT IN FUNDS

	At 1.1.20 £	Net movement in funds £	Transfers between funds £	At 31.12.20 £
Unrestricted funds				
General fund	454,549	(44,554)	(30,000)	379,995
Designated Investment reserve	6,119,869	285,704	(500,000)	5,905,573
Designated fund – COVID Academic Support			500,000	500,000
Designated fund – Discover Economics			30,000	30,000
	<u>6,574,418</u>	<u>211,150</u>	<u>-</u>	<u>6,815,568</u>
Restricted funds				
Discover Economics	300	22,955	-	23,255
	<u>300</u>	<u>22,955</u>	<u>-</u>	<u>23,255</u>
TOTAL FUNDS	<u>6,574,718</u>	<u>264,105</u>	<u>-</u>	<u>6,838,823</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

18. MOVEMENT IN FUNDS contd

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

	Income	Expenditure	Gains and losses	Movement in funds
	£	£	£	£
Unrestricted funds				
General fund	1,223,763	(1,268,317)	-	(44,554)
Investment reserve	-	(37,455)	323,159	285,704
	1,223,763	(1,305,772)	323,159	241,150
Restricted funds				
Discover Economics	30,000	(7,045)	-	22,955
	30,000	(7,045)	-	22,955
TOTAL FUNDS	1,253,763	(1,312,817)	323,159	264,105

Comparative information in respect of the preceding period is as follows:

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

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

	Income	Expenditure	Gains and losses	Movement in funds
	£	£	£	£
Unrestricted funds				
General fund	1,364,233	(1,650,218)	-	(285,985)
Investment reserve	-	-	820,433	820,433
	1,364,233	(1,650,218)	820,433	534,448
Restricted funds				
Discover Economics	300	-	-	300
	300	-	-	300
TOTAL FUNDS	1,364,533	(1,650,218)	820,433	534,748

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

18. MOVEMENT IN FUNDS contd**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 (2020-21) will develop the website and ambassador programme and engage partner organisations to increase the range of opportunities for students.

Designated Investment reserve

Funds are held in an investment portfolio providing a source of income to support the Society's activities.

Designated funds – COVID Academic Support

The Society has agreed to designate this amount to support members who have been affected by the impact of the COVID-19 pandemic.

Designated funds – Discover Economics

The Society agreed to match the funding received for the Discover Economics grant from its own reserves.

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General Funds	Designated Investment Reserve	Restricted Funds	At 31.12.20
	£	£	£	£
Fixed assets	118,722	-	-	118,722
Investments	-	6,405,573	-	6,405,573
Current assets	727,597	-	53,255	780,852
Current liabilities	(460,422)	-	-	(460,422)
Non-current liabilities	(5,902)	-	-	(5,902)
TOTAL FUNDS	379,995	6,405,573	53,255	6,838,823

	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	736,881	-	300	737,181
Current liabilities	(407,055)	-	-	(407,055)
Non-current liabilities	(8,811)	-	-	(8,811)
TOTAL FUNDS	454,549	6,119,869	300	6,574,718

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

20. LEASE AGREEMENTS

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

	Year Ended 31.12.20 £	Year Ended 31.12.19 £
Within one year	1,138	20,127
Between one and five years	-	6,262
	<u>1,138</u>	<u>26,389</u>

During the year £20,127 (2019: £15,095) was paid in connection to the lease of the London Office.

21. RELATED PARTY DISCLOSURES

During the year Stefania Paredes Fuentes, who is a trustee, received £3,801 (2019: £nil) in regards to a special projects grant. Stefania Paredes Fuentes took no part in the decision-making for this grant award.

There were no further related party transactions for the year ended 31 December 2020 (2019: NIL) other than those described in note 10.