

REGISTERED CHARITY NUMBER: 231508 (England and Wales)

**REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
FOR
THE ROYAL ECONOMIC SOCIETY**

Royal Economic Society
2 Dean Trench Street
Westminster
London
SW1P 3HE

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Page
Report of the Trustee Board	1 to 12
Report of the Independent Auditors	13 to 15
Statement of Financial Activities	16
Balance Sheet	17
Cash Flow Statement	18
Notes to the Financial Statements	19 to 28

**REPORT OF THE TRUSTEE BOARD
FOR THE YEAR ENDED 31 DECEMBER 2022**

The Trustee Board presents its report together with the Financial Statements of the Charity for the year ended 31 December 2022.

REGISTERED CHARITY NUMBERS: 231508 (England & Wales)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISORS

MEMBERS OF THE TRUSTEE BOARD AND CHARITY TRUSTEES

PRESIDENT:	Prof Nicholas Crafts (from 27 May 2022)
PRESIDENT ELECT:	Prof Mary Morgan (from 27 May 2022)
TREASURER:	Andrew Farrell
CHAIR OF TRUSTEES:	Prof Sir David Greenaway (from 27 May 2022 to 2 September 2022)
COUNCILLORS:	Tera Allas Prof Imran Rasul Prof Miguel Costa-Gomes
CO-OPTED:	Tom Aldred Kofi Adjepong-Boateng (from 1 October 2022) Dr Conrad Copeland Assoc Prof Stefania Paredes-Fuentes Dr Steven Proud (from 1 October 2022)

TRUSTEE BOARD MEMBER SERVING AS CHARITY TRUSTEE DURING AN EARLIER PART OF THE YEAR

From 1 January to 27 May 2022:	Prof Sir Tim Besley Prof Mary Morgan (as Councillor) Prof Denise Osborn Prof Dame Carol Propper
--------------------------------	--

CHIEF EXECUTIVE (NON TRUSTEE): Mr Leighton Chipperfield

HEAD OFFICE: 2 Dean Trench Street
Westminster
London
SW1P 3HE

AUDITORS: Sayer Vincent LLP
Invicta House
108-114 Golden Lane
London EC1Y 0TL

THE ROYAL ECONOMIC SOCIETY

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 19 July 2022 and taking immediate effect.

Appointment of Trustees

The Royal Economic Society Trustee Board comprises the President, President-Elect, Honorary Treasurer, Chair of Trustees, three representatives from Council and up to five trustees co-opted by Council on a proposal from the Trustee Board. The Trustee Board currently meets three times a year.

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. All new members of the Trustee Board receive the Charity Commission's information on the responsibilities of Charity Trustees. Trustee Board members receive a briefing and induction pack on appointment, with further training undertaken on as required.

Since May 2017, the day-to-day running of the Society is delegated by the Trustee Board to the Chief Executive, who reports to the Chair of Trustees.

Members of the Council, which appoints some Trustee Board members as explained above, are nominated by members of the Society and considered by the Nominations Committee. The Nominations Committee comprises six elected members of Council (each of whom serves three years on the committee), the President-Elect and two Additional Members, with the Elections Officer 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 Nominations 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 incoming RES President-Elect, comprises all members of the Nominations Committee excluding the incumbent President-Elect.

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

Management and administration

In 2017 the Society relocated its office headquarters from the University of St Andrews to Westminster, London, and

THE ROYAL ECONOMIC SOCIETY

appointed its first directly employed staff.

Key management personnel remuneration

The Trustee Board (through its Remuneration Committee) reviews 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. The Remuneration Committee also considers and makes recommendations to the Trustee Board for annual review of all employees' salaries.

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.

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 consistent with the guidance published by the Charity Commission in its guidance on risk management (CC26). The Trustee Board has reviewed and approved changes to the risk register and risk ratings therein.

In line with Charity Commission guidance, the risk register identifies the key categories of risk relating to governance, finance and operations.

a) Governance Risks

Proposals to update the Society's governance arrangements were approved at the Society's Annual General Meeting in 2021, with the main changes in place by the end of that year. The effectiveness of the new arrangements will be regularly reviewed.

b) Financial Risks

The fact that finance is a standing item of business for meetings of the Trustee Board 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. A Finance Committee is in place, chaired by the Treasurer. This committee is charged with making recommendations to the Trustee Board on the Society's reserves and investment policies, advising the 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 Trustee Board, the Chief Executive (working with the Chair of Trustees) 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 2022 and up to the date of approval of the annual report and accounts.

The Trustee Board has considered the major risks facing the Society in 2023 and the medium term and remains focussed on the challenges that arise for longer-term financial sustainability from changes in the academic publishing market. The principal risks have been identified as follows:

- The risks that will arise in the medium term from not being able to fund current expenditures from strong journal incomes or historic reserves.
- Limited staff and committee expertise in fundraising and income generation.
- Maintaining and developing member recruitment, engagement and retention for individual, corporate and group

THE ROYAL ECONOMIC SOCIETY

members.

- Managing pricing and costs to balance the effects of inflation and cost-of-living for members, customers and staff with financial sustainability.
- The effectiveness of governance structure, processes and impact measures to ensure optimal delivery of charitable benefit.
- Limited historic focus on dimensions of inclusion and diversity other than gender, including ethnicity, class, disability and potential risks related to accessibility of premises, website and social media.

These risks have and will be mitigated as follows:

- The development of a new strategy for 2024 and beyond that addresses these strategic risks.
- The development of a medium-term financial strategy and associated budgetary processes.
- An investment in member recruitment and retention, including development of institutional and group membership
- Bringing in additional expertise on income generation.
- Ongoing reviews of governance effectiveness
- Maintaining the Society's work on women in economics and extending it to other areas to increase diversity and inclusion.

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.

Annual General Meeting

The Annual General Meeting was held online from 25-27 May 2022 with 87 members taking part (2021: 87). Amongst other decisions, members agreed to elect the Presidents and Councillors for the forthcoming year and to appoint Prof Sir David Greenaway as Chair of Trustees.

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 Trustee Board 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 Trustee Board 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 not restricted to its members, the subscription is deliberately set at a low level to encourage a broad base of membership, including those on lower incomes.

Strategy

In 2018 the Society launched a strategy for the period 2019-2023. The strategy set 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

THE ROYAL ECONOMIC SOCIETY

one priority.

Activities 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 receive the various benefits of membership.

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 provided via the Society's website and 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, education 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 annually, organised by a committee of PhD students. The RES Easter School, funded jointly with the Economic and Social Research Council, provides advanced training for doctoral students and early career professional economists. In recent times the Society has expanded its offering to provide online seminars to members and potential members.

CHUDE (Conference of Heads of University Departments of Economics) 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.

4. **Grant funding of activities**

Members are eligible to apply for a range of grants; these schemes are outlined in note 7 to the accounts. The postgraduate conference grant schemes provide support for individuals of limited means to meet the costs of attending these events.

5. **Outreach**

The RES conducts activities to improve the public understanding of economics and to promote the subject to school-age young people. These include an Annual Public Lecture, a Young Economist of the Year competition and a public engagement event entitled 'RES Presents'. The Society also partners with other organisations to this end, such as the annual Festival for Economics. The RES Discover Economics campaign, launched in 2019, seeks to attract more students from underrepresented groups into economics by broadening the appeal of the subject and changing perceptions of economics and economists.

ACHIEVEMENT AND PERFORMANCE

Review of activities

In line with the objects and strategy of the Society the key achievements during the year ended 31 December 2022 were as follows.

THE ROYAL ECONOMIC SOCIETY

The effect of the COVID-19 pandemic

The Society was pleased to return to a relatively full programme of activities following the disruption caused by the pandemic in 2020 and 2021. At the same time, certain activities continued to be held online (notably the Annual Conference) whilst travel restrictions and individual's own preferences continued to evolve.

Journals

In 2018, Oxford University Press was selected as the Society's journal publisher for a five-year period from January 2019. In 2022 this agreement was renewed for a further five years from January 2024.

The Economic Journal received a total of 1,673 submissions in 2022 (2021: 1,929). 87% of regular submissions that were sent to referees were returned to authors within four months of submission (2021: 90%); 0% of submissions took longer than six months (2021: 0%). The 2021 2-Year Impact Factor (released in June 2022) was 3.721, a substantial increase on the 2020 Impact Factor (3.178). The Economic Journal continues to be highly international, with 15% of author submissions from the United Kingdom (2021: 15%), 23% from the United States and Canada (2021: 25%), 39% from Europe (2021: 39%) and 23% from the Rest of the World (2021: 21%).

The total number of new submissions to the Econometrics Journal was 134 (2021: 149) and the number of accepted papers was 31 (2021: 40). The journal's 2021 2-Year Impact Factor (3.071) again placed it among the best in its field (top 32% Economics; top 15% Statistics & Probability). At the same time, the journal's longer run impact measures rose to record levels: the 2021 5-Year Impact Factor increased to 4.602 (2020: 3.080) and the Article Influence Score increased to 4.377 (2020: 3.251).

Other publishing activities

The Society convened a working group to review opportunities for launching a third journal. The working group developed a proposal which was discussed by the Society's Publications Committee and Trustee Board. A final decision will be made on the proposal in 2023.

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. Through a 2013 arrangement with the publisher, the Society has since provided the membership with free digital access to this important scholarly resource.

Membership

In November 2021 the RES transitioned to a tiered pricing model for membership. Under the model, those on lower incomes or no income pay a lower fee, while higher-earning members are asked to pay more.

A survey was conducted amongst current and recently lapsed members on the value of RES membership. A total of 855 responses were received and a working group was formed to make recommendations on how the value of membership could be increased to improve retention. As a result, communications resources in the office have been redeployed to focus on member recruitment and retention, with work ongoing to ensure member benefits are optimally attractive.

The Society continued to offer group membership in 2022, with 7 departments or other organisations taking up the scheme. A total of 1,147 individuals became RES members through group membership. The Society and the Government Economic Service agreed to explore a different partnership after the trial group membership expired, and the lower number of GES individuals becoming RES members in 2022 (672 cf 3,585 in 2021) reflects this. As a result, the Society's total membership reduced to 3,844 (2021: 7,295), largely in line with the size of the membership before the pandemic. The trend for members to opt for online only access to the journals continued, with 98% of members having an online membership (2021: 93%).

The expiration of the Government Economic Service's group membership trial was reflected in changes to the geographical composition of the membership, with 45% of members in the UK (2021: 72%), 23% located elsewhere in Europe (2021: 10%), 13% in the United States or Canada (2021: 7%), 1% in Japan (2021: 1%) and 17% in the Rest of the World (2021: 10%).

THE ROYAL ECONOMIC SOCIETY

Newsletter

New editions of the quarterly newsletter are made available to members via the RES website on publication, and to non-members after one month. Approximately 1,150 members chose to receive a printed edition. 2022 issues featured a range of topics including economics & natural experiments, tax reforms & climate policies, economic policies, the 2022 RES Annual Conference, and updates from the RES Women's Committee.

Easter Training School

The 2022 Easter School returned to an in-person event and was hosted by the University of Bristol from 4-6 April. This year's topic was Urban Economics with two invited speakers, Prof Guy Michaels (London School of Economics) and Prof Diego Puga (CEMFI). As well as providing the opportunity for participants to present their own work, Bristol hosted additional sessions on topics including Spatial Data and Evaluating Place-based Policies. 35 applications to attend the School were received and 26 participants attended. 45% of the participants were women. All participants rated the event overall as either 'Good' or 'Excellent'.

Symposium of Early Career Researchers

The 2022 symposium was held online from 29-30 June, with this year's event extended by a day to allow more papers to be presented. 174 papers were submitted and the committee selected 45 papers for presentation. In addition, Professor Dr Veronika Grimm provided a lecture on *The Economics of Renewable and Traditional Energy* and Prof Amanda Friedenberg gave a talk on "How to get published".

European Job Market for Economists (EJME)

The 2022 European Job Market for Economists took place online, continuing the partnership between the European Economic Association, the RES, and the Spanish Economic Association. Over 900 candidates and 100 institutions took part. In November the Society hosted a webinar entitled 'How to Prepare for the European Job Market for Economists', chaired by Prof Nick Crafts, with two hiring academics and two recent recruits providing insights to those who joined. 211 participants signed up and over 150 joined the webinar on the day, and a further 400 viewed the subsequent recording.

Grant funding of activities

Society members can apply for grants under the Knowledge Transfer Projects Grant (KTP), Research Dissemination Grant (RDG), Conference Grant (CG) and the Discover Economics Grant (DE) schemes. The authority to consider applications and award grants under these schemes is delegated to the Chair of the Education & Training Committee, within financial limits and the overall policy determined by the Trustee Board.

4 applications were made to the KTP scheme in 2022, none of which were successful as they did not meet the criteria. 18 applications were made to the RDG scheme in April 2022. 5 of these were successful and were awarded funding totalling £9000. The CG scheme received 28 applications. 21 of these were successful and were awarded funding totalling £6,835. The Discover Economics Grant Scheme received 13 applications. 9 of these were successful and were awarded a total of £7,978. In certain cases, the pandemic meant that the activity for which a grant was awarded did not take place or was postponed. Where the activity was postponed, funding was held over to a later date.

Diversity and Women's Committee

The Diversity Champion Prof Stefania Paredes-Fuentes, working closely with the Member Operations Director, continued to deliver the Diversity and Inclusion Programme approved by the Trustee Board. The programme encompasses a range of work to develop diversity, equality and inclusion (DEI) across the Society's activities and the wider discipline. For 2022 this included delivering two Consciously Inclusive Mentoring Programmes for the Women's Committee and Members; changes to how the Conference is delivered to improve diversity amongst the organising committee and speakers; a further year's collation of diversity data across RES activities; research on the diversity issues facing the economics discipline pipeline (to be launched in 2023); and developing the DEI resources page on the RES website. The Member Operations Director continues to sit on the Academic of Social Sciences/ESRC working group to share best practice on improving diversity across the social sciences.

The Mentoring Retreat run by the Women's Committee caters for UK-based early career female lecturers and advanced female PhD students. The retreat received over 100 applications, with 72 mentees and 25 mentors attending virtually. The retreat included sessions on 'Advice to my former self' and 'How to get published' alongside mentoring. All attendees rated the retreat programme as either 'Good' or 'Excellent'.

THE ROYAL ECONOMIC SOCIETY

The Women's Committee held a consultation event hosted by the Bank of England on the potential for a UK Women in Economics Network (UK WEN). The event generated support for a network to support the career development of UK-based women in economics across all sectors. The RES Trustee Board approved the launch of the network with 2023 on the basis that a sustainable model be developed for its work.

Outreach

Website

In late 2022 the RES website was migrated to a new content management system, creating a more seamless integration between the website and the customer relationship management system and providing greater flexibility for website editing and design. The website includes a Twitter feed and a video library of recordings from previous Annual Conferences, Annual Public Lectures and other events. The members-only part of the website was also redesigned to improve navigation. The website received approximately 425k visits (web users) in 2022 (2021:142k). Of these, 18k visits (2021: 4.2k) were to the members-only area.

Social media

The Society aims to reach a wider audience through its social media activity and maintains a presence on Twitter, LinkedIn and YouTube. The Society's number of Twitter followers increased to 17.3k (2021: 14.9k), whilst the Economic Journal's followers increased to 20.4k (2021: 18.0k). A LinkedIn account was established in 2020 and had gained 3,000 followers by the end of 2022. 66 videos were added to the Society's YouTube channel, with 55.2k views of videos on the channel (2021: 94k) and 7,272 subscribers.

Public outreach

The 2022 Annual Public Lecture was delivered by Prof Jagjit Chadha and chaired by Prof Sir Tim Besley (at University of Reading) and Prof Sir Anton Muscatelli (at University of Glasgow). A combined total of 254 students attended the lecture.

The Society opted not to hold its 'RES Presents' event but instead to review how it could be delivered in a more sustainable and impactful way in future. RES Presents will resume in 2023 and be timed to coincide with the Festival of Social Sciences run by the Economic and Social Research Council.

The Society again provided financial support to the Bristol Festival of Economics which was held in November 2022.

Young Economist of the Year competition

The Young Economist of the Year competition is open to students studying a range of further education qualifications and is directed at those who are UK based and studying in school years 12 or 13.

Submissions to the competition increased to 1179 entrants (2021: 1056). The Society promoted the competition through stakeholders, members, the Discover Economics campaign and direct to schools. Prof Katharine Rockett managed the initial shortlisting process and provided the 15 shortlisted entries to the final judging panel (Tim Besley, Ram Patra, Eileen Tipoe and Sajida Daud). The panel selected the winner for each of the essay titles and the best essay overall. Guidance to students on how to write their essay was provided on the RES website and additional resources including two videos produced by Ramin Nassehi on 'How to cite' and an interview with the 2021 competition winners.

The Society again partnered with the Financial Times, who sponsored the winner's prize and published a version of the winning essay on the FT website. An award ceremony for the winners of each category will be held at the 2023 Annual Public Lecture and the winners and shortlisted entrants were published on the website and on social media.

Annual Conference

Considering the impact of the coronavirus pandemic, the Society elected to hold its 2022 conference online. This virtual gathering was complemented by three in-person hubs geared towards PhD students and early career researchers. The hubs were hosted by the University of Reading, University of Manchester and Ashoka University, India.

This year's keynote speakers were Prof Sir Tim Besley, Prof Stefanie Stantcheva, Prof Serena Ng and Prof Nick Bloom. Alongside 340 accepted presentations and 20 special sessions, the Society was pleased to repeat its popular Lunchtime Chats format, which this year featured Diane Coyle, Partha Dasgupta, Ashwini Deshpande, Dani Rodrik, Stephanie Flanders and Noam Yuchtman. 915 delegates registered to attend with a further 250 attending one of the in-person hubs.

THE ROYAL ECONOMIC SOCIETY

88% of participants who provided feedback rated the conference as either “Excellent” or “Good”, a slight increase on 2021. When asked what participants have gained attending the conference, most responded with “An increased knowledge outside my specialist area”. Participants expressed a desire to return to an in-person format in future years to allow for easier interactions between delegates. The 2023 conference will return as in-person meeting and will be hosted by the University of Glasgow.

Discover Economics

The Society continued its support as a Founding Partner alongside The Health Foundation for Discover Economics, a campaign to help change perceptions of economics among young people and attract students from under-represented groups. Additional support was secured from the Bank of England, LSE Hub for Equal Representation and KPMG. Outreach continued to be delivered online with events aimed at 15-17 year olds. Themes included Black History Month; Careers in Economics; International Women’s Day; and an online CPD event with careers advisors. An in-person outreach project started in partnership with 31 universities involving current undergraduate economics students delivering subject specific outreach workshops to state school students. A teacher training programme was created in partnership with examination board OCR to train more teachers to deliver A-level economics with the first cohort to benefit in 2023.

Post event insights from the International Women’s Day event found that 73% of student participants rated the event as “Excellent”, 98% now believe there are economists like them and 99% would consider studying economics further.

An international school competition was delivered in partnership with Young Economic Summit with two UK schools reaching the final in Hamburg. The team from Sheffield Girls’ Sixth Form took the International Prize for their ‘Migration Education for the Misinformed Nation’ proposal. In 2023 the campaign intends to focus delivery on an evolved Young Economist of the Year competition.

The campaign’s social media presence grew with 2.8k followers on Twitter (2021: 2.2k), 1.3k followers on LinkedIn (2021: 0.5k), 0.6k followers on Instagram (2021: 0.1k) and 1.4k followers on TikTok (2021: 0.07k). A fortnightly e-newsletter continued with 990 subscribers (2021: 912).

Governance matters

At the Annual General Meeting, members ratified the appointment of Prof Sir David Greenaway as the Society’s inaugural Chair of Trustees. Regrettably Prof Greenaway resigned as Chair some months later due to ill-health and a process to recruit and select a Chair was restarted. Members will be invited to ratify the appointment of the new Chair at the 2023 Annual General Meeting.

In 2022 the inaugural meeting of the Standards of Conduct committee was held, chaired by Joe Grice. The Society received zero complaints in 2022 in relation to standards of conduct.

FINANCIAL REVIEW

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

2022 presented multiple financial challenges for the Society's operations and investments, including uncertainty about in-person events as we came out of the pandemic, the effects of the February Russian invasion of Ukraine on equity and bond returns, the re-emergence of double-digit inflation, the disruption to financial markets with three Prime Ministers and four Chancellors of the Exchequer in the second half of year, and the continuing downward market pressure on margins in journal publishing.

With that background, the achievement of a net income excluding losses on investments of £136k, significantly lower than the £451k deficit in 2021 and the 2022 budget deficit of £333k was positive. Net losses on investments were £762k, with both equities and fixed interest suffering. Total net income for the year was a deficit of £899k, with a corresponding reduction in total funds and reserves.

Total Income in 2022 was £1,406k, a decline of 5.7% vs 2021 (£1,491k). Income from journals was £967k, a 9.2% decline vs 2021 (£1,065k). Membership income declined 19.2%, principally because of the exceptional institutional membership contribution in 2021 not being repeated as new arrangements for group and institutional membership were developed. Conference income increased 37% reflecting a partial return to in-person meeting alongside successful on-line arrangements. We were very grateful for support to Discover Economics work on increasing awareness of economics and diversity of students applying to university with significant contributions from the Bank of England, CAGE Research Centre, Health Foundation, KPMG, and the Hub for Equal Representation at the London School of Economics and Political Science.

Total Expenditure of £1,562k decreased from 2021 (£1,950k) but £482k of this reduction related to COVID support grants made by the Society in 2021. Excluding this, expenditure increased by £94k (6.4%), of which £44k related to Discover Economics expansion of activities, £30k to Journals and £20k to all other. It is a concern but not a surprise that in 2022 the net income from journals including allocated overheads was negative, at -£48k vs positive £80k in 2021.

Statement of Cash Flow

It was expected that the budgeted deficit would require funding by withdrawal of investment funds in the year. The cash flow was better than expected, with cash balances increasing by £28k to £234k and no withdrawal of investment funds required. Cash used by operating activities of £128k was moderated by the lower than budget deficit and a £110k reduction in receivables and was funded by interest and dividend income.

Balance Sheet and Use of Assets

Fixed asset movements consist of office equipment and software and are relatively minor. Working capital was reduced, mainly due to receivables.

Funds invested reduced to £5,586k from £6,386k, the £800k reduction consisting of £37k investment charges, £158k interest paid to RES bank account and £604k capital losses.

The £5,586k investments are held in three different portfolios with the same investment manager, Sarasin & Partners. The short-term portfolio value at 31/12/2022 is £466k, the medium-term £1,016k and the long-term £4,104k. The short-term is to support cash requirements in the coming year, the medium-term for years 2 to 5 ahead, and the long-term for the longer-term. The long-term portfolio return objective is inflation plus 4%. At 31st December 2022 it was invested 12.1% in fixed income, 67.8% equities, 4.6% property, 13.1% alternatives and 2.4% liquidity (cash).

The total portfolio nominal return in the year was negative, -9.5%. Taking account of inflation, real return was negative -17.8%. Three and five-year average nominal returns remained positive, at 1.9% and 3.1% respectively, but the five year real return, after inflation, on the long-term portfolio was just 0.9%.

The Society had very limited investment in the energy sector, consistent with the Society's ESG policy limiting investment in unsustainable fossil fuels. Unfortunately this sector was the only one with significant positive returns (43.6%) in 2022, and not being invested in it had a negative total return impact in 2022 of around 3% pts for the Society. It is expected that the 2022 energy sector returns will prove to be an exceptional "blip" that doesn't affect the relatively lower long-term returns of fossil fuels, subject to the international situation not deteriorating further.

THE ROYAL ECONOMIC SOCIETY

The medium-term portfolio, which has an investment objective of at least protecting against inflation, had disappointing negative return of -15.3% because of the effect of interest rate increases on the capital value of fixed income instruments.

Return on investment funds

The returns on funds invested were:

Calendar year	Annual income	Annual total return		
		One year	Three year	Five year
2018	2.8%	-6.3%	7.6%	6.2%
2019	2.9%	17.7%	7.3%	8.6%
2020	3.1%	8.4%	6.1%	9.7%
2021	2.8%	7.7%	11.2%	7.6%
2022	2.6%	-9.5%	1.9%	3.1%

Significant events since the year end

There have been no significant events since the year end that require reporting.

Reserves policy

The reserves consist of £70k restricted reserves being unspent external contributions for Discover Economics, £1,300k designated funds and £4,411k general funds. The general funds are in line with the Society's general funds target of £4.3m. Designated funds are established to provide for 2023 budget deficit, investment in known programmes, and fixed assets and working capital that are not available for general purposes.

Going Concern

The Board of Trustees actively reviews the status of the Society as a going concern each year. As at 31/12/2022 the Society had designated reserves sufficient for budgeted deficit for 2023 and general reserves equivalent to more than 2 years' expenditure. The Society has no loans, contingent liabilities or finance liabilities other than trade creditors. The Trustees confirm that the RES is a going concern.

Looking forwards

In line with its 2018 – 2023 strategy the Society has been budgeting for deficits to bring its historic reserves in line with its target reserves, using the excess of expenditure over income to increase capacity to deliver charitable benefit. A new strategy for 2024 – 2029 is in development that will ensure that by the end of that period charitable expenditures are taking one year with another, wholly funded by current income and return on investments without depletion of reserves.

PLANS FOR FUTURE PERIODS

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

- Return to an in-person Annual Conference
- Launch the Institutional Membership Programme and expand Group Membership
- Launch the Women in Economics network
- Launch a Schools Ambassador Programme for Discover Economics
- Develop professional development activities for those on teaching-only contracts in higher education
- Develop a new strategy to take effect from 2024

ACCOUNTING AND REPORTING RESPONSIBILITIES

The Trustee Board 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 ROYAL ECONOMIC SOCIETY

The law applicable to charities in England & Wales and in Scotland requires the Trustee Board 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 Trustee Board 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 Trustee Board 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 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.

.....
A Farrell
Honorary Treasurer
On behalf of the Trustee Board

Dated: 3 May 2023

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 2022 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 2022 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: www.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.

10 May 2023

Sayer Vincent LLP, Statutory Auditor
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

The Royal Economic Society

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 December 2022

	Note	Unrestricted £	Restricted £	2022 Total £	Unrestricted £	Restricted £	2021 Total £
Income from:							
Charitable activities							
Journals	2	966,897	–	966,897	1,064,559	–	1,064,559
Other Publishing Activities	2	2,632	–	2,632	3,927	–	3,927
Membership		135,924	–	135,924	168,385	–	168,385
Outreach		–	–	–	1,000	–	1,000
Annual Conference		43,967	–	43,967	46,218	–	46,218
Discover Economics	2	–	98,526	98,526	–	30,245	30,245
Investments	3	158,225	–	158,225	176,981	–	176,981
Total income		1,307,645	98,526	1,406,171	1,461,070	30,245	1,491,315
Expenditure on:							
Raising funds	4	37,093	–	37,093	39,049	–	39,049
Charitable activities							
Journals	4	1,015,192	–	1,015,192	984,801	–	984,801
Other Publishing Activities	4	1,700	–	1,700	1,638	–	1,638
Membership	4	302,526	–	302,526	743,408	–	743,408
Outreach	4	25,979	–	25,979	51,609	–	51,609
Annual Conference	4	77,450	–	77,450	72,314	–	72,314
Discover Economics	4	–	102,122	102,122	–	57,603	57,603
Total expenditure		1,459,940	102,122	1,562,062	1,892,820	57,603	1,950,423
Net income / (expenditure) before net gains / (losses) on investments		(152,295)	(3,596)	(155,891)	(431,750)	(27,358)	(459,108)
Net gains / (losses) on investments		(762,417)	–	(762,417)	319,077	–	319,077
Net income / (expenditure) for the year		(914,712)	(3,596)	(918,308)	(112,673)	(27,358)	(140,031)
Transfers between funds		(49,797)	49,797	–	(27,540)	27,540	–
Net income / (expenditure) before other recognised gains and losses		(964,509)	46,201	(918,308)	(140,213)	182	(140,031)
Reconciliation of funds:							
Total funds brought forward		6,675,355	23,437	6,698,792	6,815,568	23,255	6,838,823
Total funds carried forward		5,710,846	69,638	5,780,484	6,675,355	23,437	6,698,792

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above.

The Royal Economic Society

Balance sheet

As at 31 December 2022

	Note	£	2022 £	£	2021 £
Fixed assets:					
Tangible assets	11		5,725		5,161
Intangible assets	12		84,630		100,007
Investments	13		5,586,091		6,385,601
			<u>5,676,446</u>		<u>6,490,769</u>
Current assets:					
Debtors	14	366,610		476,484	
Cash at bank and in hand		233,880		205,975	
		<u>600,490</u>		<u>682,459</u>	
Liabilities:					
Creditors: amounts falling due within one year	15	(481,841)		(465,907)	
Net current assets			<u>118,649</u>		<u>216,552</u>
Total assets less current liabilities			<u>5,795,095</u>		<u>6,707,321</u>
Creditors: amounts falling due after one year	17		(14,611)		(8,529)
Net assets excluding pension asset			<u>5,780,484</u>		<u>6,698,792</u>
Total net assets			<u>5,780,484</u>		<u>6,698,792</u>
The funds of the charity:	19a				
Restricted income funds			69,638		23,437
Unrestricted income funds:					
Designated funds	19a	1,300,000		1,600,000	
General funds	19a	4,410,846		5,075,356	
Total unrestricted funds			<u>5,710,846</u>		<u>6,675,356</u>
Total charity funds			<u>5,780,484</u>		<u>6,698,792</u>

Approved by the trustees on 3 May 2023 and signed on their behalf by

A Farrell
Honorary Treasurer

Statement of cash flows

For the year ended 31 December 2022

	2022 £	£	2021 £	£
Cash flows from operating activities				
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	(918,308)		(140,031)	
Depreciation charges	1,516		1,302	
Amortisation charges	15,377		15,376	
(Gains)/losses on investments	762,417		(319,077)	
Dividends, interest and rent from investments	(158,225)		(176,981)	
Portfolio management fees	37,093		39,049	
(Profit)/loss on the disposal of fixed assets	340		–	
(Increase)/decrease in debtors	109,874		(57,912)	
Increase/(decrease) in creditors	22,016		8,111	
Net cash provided by / (used in) operating activities		(127,900)		(630,162)
Cash flows from investing activities:				
Dividends, interest and rents from investments	158,225		176,981	
Purchase of fixed assets	(2,420)		(3,123)	
Proceeds from sale of investments	–		300,000	
Net cash provided by / (used in) investing activities		155,805		473,858
Change in cash and cash equivalents in the year		27,905		(156,305)
Cash and cash equivalents at the beginning of the year		205,975		362,280
Cash and cash equivalents at the end of the year		233,880		205,975
Analysis of cash and cash equivalents and of net debt				
	At 1 January 2022 £	Cash flows £	Other non- cash changes £	At 31 December 2022 £
Cash at bank and in hand	205,975	27,905	–	233,880
Total cash and cash equivalents	205,975	27,905	–	233,880

1 Accounting policies

a) Statutory information

Royal Economic Society is a charitable royal charter company and is incorporated in England.

The principal place of business is 2 Dean Trench Street

The presentation currency of the financial statements is in Pound Sterling (£).

b) Basis of preparation

The financial statements have been prepared in accordance with 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) – (Charities SORP FRS 102), The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006 and Charities Act 2011.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

Key judgements that the charity has made which have a significant effect on the accounts include the depreciation expense estimated on an annual basis based on the depreciation charges assigned to the individual class of asset.

c) Public benefit entity

The charity meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern, and 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.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

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

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

g) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

1 Accounting policies (continued)

h) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charity, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs of delivering services and other educational activities undertaken to further the purposes of the charity and their associated support costs
- Other expenditure represents those items not falling into any other heading

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

i) Grants payable

Grants payable are made to third parties in furtherance of the charity's objects. Single or multi-year grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and that any condition attaching to the grant is outside of the control of the charity.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

j) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Where such information about the aims, objectives and projects of the charity is also provided to potential donors, activity costs are apportioned between fundraising and charitable activities on the basis of area of literature occupied by each activity.

• Journals	66%
• Other Publishing Activities	0%
• Membership	20%
• Outreach	2%
• Annual Conference	5%
• Discover Economics	7%

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

k) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

l) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

• Equipment	25% reducing balance
• Software	10 years

m) Listed investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/(losses) on investments" in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

1 Accounting policies (continued)

n) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

o) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

p) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

q) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

r) Defined Contribution Plans – Pension Scheme

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

2 Income from charitable activities

	Unrestricted £	Restricted £	2022 Total £	Unrestricted £	Restricted £	2021 Total £
Economic Journal						
Sales of current volume to non-members	687,887	–	687,887	708,681	–	708,681
Sales of back numbers, royalties and misc	21,443	–	21,443	81,964	–	81,964
Submission fees	164,177	–	164,177	176,652	–	176,652
Sub-total for Economic Journal	873,507	–	873,507	967,297	–	967,297
Econometrics Journal						
Subscriptions	91,161	–	91,161	80,517	–	80,517
Sales of back numbers, rights and permission	2,229	–	2,229	2,514	–	2,514
Non-subscription income	–	–	–	14,231	–	14,231
Sub-total for Econometrics Journal	93,390	–	93,390	97,262	–	97,262
Sub-total for total journal income	966,897	–	966,897	1,064,559	–	1,064,559
Publishing Activities						
From Publishers	2,632	–	2,632	3,927	–	3,927
Sub-total for Other Publishing Activities	2,632	–	2,632	3,927	–	3,927
Discover Economics						
Grants	–	98,350	98,350	–	30,000	30,000
Gift Aid Donations	–	176	176	–	245	245
Sub-total for Discover Economics	–	98,526	98,526	–	30,245	30,245
Total income from charitable activities	969,529	98,526	1,068,055	1,068,486	30,245	1,098,731

3 Income from investments

	Unrestricted £	Restricted £	2022 Total £	Unrestricted £	Restricted £	2021 Total £
Dividends receivable from investments and unit trusts	158,225	–	158,225	176,981	–	176,981
	158,225	–	158,225	176,981	–	176,981

4a Analysis of expenditure (current year)

	Charitable activities								2022 Total £	2021	Total £
	Raising funds £	Economic Journal £	Econometrics Journal £	Other Publishing Activities £	Membership £	Outreach £	Annual Conference £	Discover Economics £			
Portfolio Management	37,093	–	–	–	–	–	–	–	37,093		39,049
Editor and Editorial Services	–	303,750	61,540	–	6,180	–	–	–	371,470		334,016
Retained by Publisher	–	123,841	16,409	–	–	–	–	–	140,250		155,666
Other Direct Costs	–	126,346	52,734	1,195	20,943	1,437	42,143	–	244,798		241,918
	37,093	553,937	130,683	1,195	27,123	1,437	42,143	–	793,611		770,649
Support Costs		28,668	224	–	3,723	15	12,291	71,775	116,696		99,907
RES Contribution	–	–	–	–	25,810	16,807	–	–	42,617		516,405
Management costs	–	237,657	53,399	487	230,200	7,448	22,205	29,278	580,675		543,618
Governance costs (note 6)	–	8,675	1,949	18	15,670	272	811	1,069	28,463		19,843
Total expenditure 2022	37,093	828,937	186,255	1,700	302,526	25,979	77,450	102,122	1,562,062		
Total expenditure 2021	39,049	824,885	159,916	1,638	743,408	51,609	72,314	57,603			1,950,423

The Royal Economic Society

Notes to the financial statements

For the year ended 31 December 2022

4b Analysis of expenditure (prior year)

	Charitable activities								
	Raising funds £	Economic Journal £	Econometrics Journal £	Other Publishing Activities £	Membership £	Outreach £	Annual Conference £	Discover Economics £	2021 Total £
Portfolio Management	39,049	–	–	–	–	–	–	–	39,049
Editor and Editorial Services	–	278,581	49,435	–	6,000	–	–	–	334,016
Retained by Publisher	–	138,609	17,057	–	–	–	–	–	155,666
Other Direct Costs	–	139,335	45,916	1,155	33,693	–	21,819	–	241,918
	39,049	556,526	112,408	1,155	39,693	–	21,819	–	770,649
Support Costs	–	25,062	341	–	4,138	730	29,166	40,470	99,907
RES Contribution	–	–	–	–	480,605	35,657	–	143	516,405
Management costs	–	234,730	45,506	466	211,262	14,686	20,578	16,392	543,618
Governance costs	–	8,568	1,661	17	7,711	536	751	598	19,843
Total expenditure 2021	39,049	824,885	159,916	1,638	743,408	51,609	72,314	57,603	1,950,423

Notes to the financial statements

For the year ended 31 December 2022

5a Grant making (current year)

	Grants to institutions £	Grants to individuals £	Support costs £	2022 £	2021 £
Cost					
Outreach					
Diversity	–	4,029	–	4,029	7,248
Competitions and awards	–	7,775	–	7,775	12,509
Institutional grants – Economics Network	–	–	–	–	10,000
Institutional grants – International Economic Association	728	–	–	728	1,503
Institutional grants – Academy of Social Sciences	1,069	–	–	1,069	1,510
Third Party Events	–	2,321	–	2,321	2,887
Membership					
Conference grant scheme	–	5,741	–	5,741	1,238
Small budget scheme	–	–	–	–	(670)
Special Project Grant Scheme	–	(1,250)	–	(1,250)	(4,426)
At the end of the year	1,797	18,616	–	20,413	31,800

5b Grant making (prior year)

	Grants to institutions £	Grants to individuals £	Support costs £	2021 £	2020 £
Cost					
Outreach					
Diversity	–	7,248	–	7,248	8,299
Competitions and awards	–	12,509	–	12,509	5,462
Institutional grants – CORE	–	–	–	–	15,000
Institutional grants – Economics Network	10,000	–	–	10,000	20,000
Institutional grants – International Economic Association	1,503	–	–	1,503	(4,575)
Institutional grants – Academy of Social Sciences	1,510	–	–	1,510	1,510
Third Party Events	–	2,887	–	2,887	1,682
Membership					
Conference grant scheme	–	1,238	–	1,238	250
Small budget scheme	–	(670)	–	(670)	2,223
Special Project Grant Scheme	–	(4,426)	–	(4,426)	(5,994)
At the end of the year	13,013	18,786	–	31,800	43,857

6 Governance costs

	2022 £	2021 £
Legal Fees	2,215	6,787
Audit fees	9,300	6,660
Professional fees	6,900	750
Council and committee Costs	10,050	5,646
	28,465	19,843

7 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2022 £	2021 £
Salaries and wages	410,024	341,068
Redundancy and termination costs	12,521	–
Social security costs	42,356	32,206
Employer's contribution to defined contribution pension schemes	37,307	30,568
Other forms of employee benefits	2,792	2,129
	505,000	405,970

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2022 No.	2021 No.
£70,000 – £79,999	1	1

7 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel (continued)

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel (the chief executive, operations manager and communications and engagement manager) were £215,581 (2021: £195,753).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2021: £nil). No charity trustee received payment for professional or other services supplied to the charity (2021: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £891 (2021: £541) incurred by 7 (2020: 6) members relating to attendance at meetings of the trustees.

8 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 10 (2021: 9).

9 Related party transactions

During the year, a grant award of £50,000 was made by the London School of Economics Hub for Equal Representation (LSEHER) to Discover Economics. Prof Oriana Bandiera is a Director of the LSEHER and is the partner of Prof Imran Rasul, a Trustee Board member of the Royal Economic Society.

Professor Nicholas Crafts is a Trustee Board member of the Royal Economic Society and the National Institute of Economic and Social Research (NIESR). NIESR owns 2 Dean Trench Street, where the Royal Economic Society rents office space at market value.

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

The following trustees received remuneration for their services to the charity, in accordance with the governing documents:

	2022	2021
	£	£
Prof Japp Abbring	-	12,960
Prof Gilat Levy	-	11,250
	<u>-</u>	<u>24,210</u>

10 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

11 Tangible fixed assets

	Computer equipment £	Total £
Cost		
At the start of the year	11,385	11,385
Additions in year	2,420	2,420
Disposals in year	(2,386)	(2,386)
At the end of the year	<u>11,419</u>	<u>11,419</u>
Depreciation		
At the start of the year	6,224	6,224
Charge for the year	1,516	1,516
Eliminated on disposal	(2,046)	(2,046)
At the end of the year	<u>5,694</u>	<u>5,694</u>
Net book value		
At the end of the year	<u>5,725</u>	<u>5,725</u>
At the start of the year	<u>5,161</u>	<u>5,161</u>

All of the above assets are used for charitable purposes.

12 Intangible fixed assets

Cost	Software £	Total £
At the start of the year	153,763	153,763
At the end of the year	153,763	153,763
Depreciation		
At the start of the year	53,756	53,756
Charge for the year	15,377	15,377
At the end of the year	69,133	69,133
Net book value		
At the end of the year	84,630	84,630
At the start of the year	100,007	100,007

13 Listed investments

	2022 £	2021 £
Fair value at the start of the year	6,385,601	6,405,573
Additions at cost	–	–
Disposal proceeds	–	(300,000)
Net gain / (loss) on change in fair value	(762,417)	319,077
Settlement of fees	(37,093)	(39,049)
	5,586,091	6,385,601
Cash held by investment broker pending reinvestment	–	–
Fair value at the end of the year	5,586,091	6,385,601
Investments comprise:		
	2022 £	2021 £
Sarasin & Partners		
Long Term – Asset Allocation	4,100,271	4,680,981
Medium Term – Asset Allocation	1,013,954	1,240,428
Short Term – Asset Allocation	465,596	276,178
Cash	6,270	188,014
	5,586,091	6,385,601
Cost	5,673,848	5,855,664

14 Debtors

	2022 £	2021 £
Trade debtors	17,661	5,880
Prepayments	45,781	80,793
Publishing debtor	303,168	389,811
	366,610	476,484

15 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	98,076	100,610
Taxation and social security	12,784	4,897
Other creditors	1,097	1,097
Accruals	346,740	344,290
Deferred income (note 15)	23,144	15,014
	481,841	465,907

Notes to the financial statements

For the year ended 31 December 2022

16 Deferred income

Deferred income comprises of 3 year membership subscriptions

	2022 £	2021 £
Balance at the beginning of the year	15,014	15,425
Amount released to income in the year	(15,014)	(15,425)
Amount deferred in the year	23,144	15,014
Balance at the end of the year	23,144	15,014

The deferred income is included within the creditors liability but separated out for the purpose of explaining the reason for the deferred income. As the memberships can span 3 years a proportion of this is represented as a creditor due after one year (see note 16).

17 Creditors: amounts falling due after one year

	2022 £	2021 £
Deferred income	14,611	8,529
	14,611	8,529

18a Analysis of net assets between funds (current year)

	General unrestricted £	Designated £	Restricted £	Total funds £
Fixed assets	355	90,000	–	90,355
Investments	4,386,091	1,210,000	–	5,596,091
Net current assets	39,011	–	69,638	108,649
Long term liabilities	(14,611)	–	–	(14,611)
Net assets at 31 December 2022	4,410,846	1,300,000	69,638	5,780,484

18b Analysis of net assets between funds (prior year)

	General unrestricted £	Designated £	Restricted £	Total funds £
Fixed assets	5,168	100,000	–	105,168
Investments	4,885,601	1,500,000	–	6,385,601
Net current assets	193,115	–	23,437	216,552
Long term liabilities	(8,529)	–	–	(8,529)
Net assets at 31 December 2021	5,075,355	1,600,000	23,437	6,698,792

19a Movements in funds (current year)

	At 1 January 2022 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2022 £
Restricted funds:					
Discover Economics	23,437	98,526	(102,122)	49,797	69,638
Total restricted funds	23,437	98,526	(102,122)	49,797	69,638
Unrestricted funds:					
Designated funds:					
Investment Reserve	–	–	(799,510)	799,510	–
Fixed Asset Reserve	100,000	–	–	(10,000)	90,000
Working Capital Reserve	200,000	–	–	10,000	210,000
Programme Investment Reserve	1,000,000	–	–	(500,000)	500,000
Budgeted Deficit	300,000	–	–	200,000	500,000
Total designated funds	1,600,000	–	(799,510)	499,510	1,300,000
General funds:	5,075,356	1,307,645	(1,422,848)	(549,307)	4,410,846
Total general funds	5,075,356	1,307,645	(1,422,850)	(549,307)	4,410,846
Total unrestricted funds	6,675,356	1,307,645	(2,222,358)	(49,797)	5,710,846
Total funds	6,698,792	1,406,171	(2,324,481)	–	5,780,484

The narrative to explain the purpose of each fund is given at the foot of the note below.

19b Movements in funds (prior year)

	At 1 January 2021 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2021 £
Restricted funds:					
Discover Economics	23,255	30,245	(57,603)	27,540	23,437
Total restricted funds	23,255	30,245	(57,603)	27,540	23,437
Unrestricted funds:					
Investment reserve	5,905,573	319,077	(39,049)	(6,185,601)	
Covid Academic Support	500,000	-	-	(500,000)	-
Discover Economics	30,000	-	-	(30,000)	-
Fixed Asset Reserve				100,000	100,000
Working Capital Reserve				200,000	200,000
Programme Investment Reserve				1,000,000	1,000,000
2022 Budget Deficit				300,000	300,000
Total designated funds	6,435,573	319,077	(39,049)	(5,115,601)	1,600,000
General funds	379,995	1,461,070	(1,853,771)	5,088,061	5,075,356
Total unrestricted funds	6,815,568	1,780,147	(1,892,819)	(27,540)	6,675,356
Pension reserve	-	-	-	-	-
Total funds	6,838,823	1,810,392	(1,950,423)	-	6,698,792

Purposes of restricted funds

Discover Economics – Discover Economics is a RES campaign aimed at changing perceptions of economics among young people and attracting students from under-represented groups.

Purposes of designated funds

- Reserves required for operational reasons and therefore not available for general purposes, ie, funding of fixed assets and working capital used to carry out the Society's charitable purposes.
- Projected future expenditures that cannot be met from future income, ie, budgeted and projected deficits and known programme investments.
- If the situation arises, known commitments that have not been provided for as a liability in the accounts.

Purposes of general funds

- Potential future deficits beyond periods for which reliable budgets are available.
- Unforeseen variances vs budgeted income, eg, bad debts, loss of journals income.
- Potential losses in value of long-term investments. (The investment strategy seeks reasonable returns by investing in equities etc. with risk to capital value. This reserve recognises that over a foreseeable period there will be reductions in values from time to time).
- Emergency expenditures including, eg, settlement of legal claims, uninsured losses, pandemic and other emergency responses, taxation changes.
- Funds to invest in future development activities not yet specified.
- Commitments not provided for as liabilities in the accounts for which no designated reserve has been established.
- In extremis, to provide for orderly settlement of liabilities in the event of restructure or closure.

20 Operating lease commitments payable as a lessee

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods

	Property 2022 £	2021 £
Less than one year	24,543	24,543
One to five years	1,210	25,753
	25,753	50,296

21 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The individual members or Trustees are not obligated to pay anything in the event of the Society winding up.