

SOCIETY FOR ECONOMIC ANALYSIS LIMITED

DIRECTORS' REPORT AND ACCOUNTS

for the

YEAR ENDED 31ST DECEMBER 2021

REGISTERED CHARITY NO: 313715

A COMPANY LIMITED BY GUARANTEE AND REGISTERED IN ENGLAND & WALES

COMPANY REGISTERED NO: 1036458

DIRECTORS' REPORT INCORPORATING THE TRUSTEES' ANNUAL REPORT**YEAR ENDED 31ST DECEMBER 2021**

The directors who are also the trustees of the Society for Economic Analysis Limited present their report and financial statements of the company for the year ended 31st December 2021.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and the Charities Statement of Recommended Practice ("Charities SORP") (applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland, FRS 102 issued in October 2019).

OBJECTIVES AND ACTIVITIES

The principal objective remains the promotion of both the production and dissemination of high quality academic research in the general area of economics, with particular emphasis on the support of younger researchers. The mechanism for this is to trade through a wholly owned subsidiary company, Review of Economic Studies Limited.

The charity furthers its charitable objectives for the purposes of public benefit through various other means set out in the achievements and performance section below. No major innovations are anticipated at the present moment in either the basic forms of support offered, or the financial arrangements which underpin them.

ACHIEVEMENTS AND PERFORMANCE

The major charitable activities have historically centred around the promotion and the financing of the RESTUD conferences known as May Meetings. These normally take place at various educational establishments in Europe. The bulk of these meetings centred around funding the travel and/or subsistence costs of newly emerging scholars in the field of Economics to give lectures to both established researchers and current doctoral students on the findings from their research. Travel costs are also paid for students and researchers who are keen to attend these seminars and share the knowledge of these scholars.

The May meetings are also used by OUP to encourage an ongoing sense of engagement with the journal amongst the speakers participating, in order to encourage them to become 'ambassadors' for the journal.

The charity also finances travel costs and venue hire for the annual meeting of trustees and members. At these meetings members present their research about the performance of the Review of Economic Studies, thus supporting the charitable aim of promoting research in economics. At these meetings the publishing strategy of the journal is also reviewed (for instance, number and type of articles) in order to ensure that the journal continued to best serve the academic community and members of the public interested in research in economics.

The charity also finances and supports the annual mentoring event for young female researchers held by the Women in Economics Committee of the European Economic Association. This event aims to support female researchers and in particular to close the gap between male and female researchers in terms of faculty representation at leading universities.

The Board had also agreed (in 2020) to fund a North America tour on a trial basis sending excellent Europe based candidates on a tour of the US.

For the current year however, the ongoing Covid - 19 Pandemic lockdown measures imposed by governments worldwide, especially the closure of educational establishments as well as significant travel restrictions coupled with border controls has resulted in none of the above mentioned activities (save for the North American Tour) taking place this year in person. The annual meeting took place online. The May meetings were delayed and the 2021 North American tour commenced in October this year.

DIRECTORS' REPORT INCORPORATING THE TRUSTEES' ANNUAL REPORT**YEAR ENDED 31ST DECEMBER 2021****ACHIEVEMENTS AND PERFORMANCE - continued**

Many developing countries do not have the funding to buy access to leading academic journals that are necessary for teaching and research. Under philanthropic programmes through the International Network for the Availability of Scientific Publications (INASP) initiative, the journal publisher Oxford University Press makes the Review of Economic Studies available to developing country universities via gratis or heavily discounted subscriptions, thereby promoting teaching and research in these countries.

FINANCIAL REVIEW

The results for the year ended 31st December 2021 are shown in the statement of financial activities (including the income and expenditure account) on page 11.

Governance costs also tend to fluctuate from one year to another depending on where in Europe the September main meetings are held. The reason for changing the venue each year is to ensure wider participation from the European members. Apart from holding the AGM and Board meetings, the main focus at these meetings centres around the direction and content of future publications of the RES journal which continues to maintain its reputation as one of the top 5 journals in Economics worldwide (independent analysis captured in the Journal Impact Factor shows the RESTUD to be ranked second amongst the world's general interest journals in economics). The September meetings include research presentations by board members followed by seminar discussion, consistent with SEAL's objective of promoting the dissemination of knowledge and frontier research in Economics.

Due to Covid - 19 lockdown measures, the March and September meetings were held virtually and 2021.

The trading subsidiary, Review of Economic Studies Limited (RESL), has reported a profit for the year. All of the publication and distribution was through the Oxford University Press (OUP) agents. The annual report provided by the publisher Oxford University Press indicates continued expansion of the reach of the journal with content engagement up 14% in 2021. This high level of interest in the journal was supported by the annual distribution and marketing budget of approximately £13k which is used to promote the journal at conferences and via email alerts, the OUP blog, and google advertisements. As a result, the journal remains highly ranked in the Economics profession. The number of articles submitted to the journal for consideration for publication fell by 4% in 2021, but are still up on 2019 (i.e. two years previously). Submissions are still among the highest figures for leading Economics journals, confirming the status of the journal as a prime outlet for frontier research in Economics.

Revenues fell by 0.3% in 2021. Subscription fees fell around 9% in 2021, due to both lower submission numbers and exchange-rate movements. There was a small fall in subscription income but a large rise (of 30%) in non-subscription income. Costs rose sharply - by 14%, driven by big increases in Managing Editors' and Data Editor's fees. Net revenue accordingly fell 22 per cent to £225,025

For 2022, OUP are budgeting for a revenue paid to RESL of £441,659, a fall of 6 per cent on the year. In the period to August 2022, submissions were down around 13 per cent on the same period a year ago. Editorial and other costs are expected to increase somewhat in 2022.

DIRECTORS' REPORT INCORPORATING THE TRUSTEES' ANNUAL REPORT**YEAR ENDED 31ST DECEMBER 2021****FINANCIAL REVIEW** - continued

The financial position of the journal remains healthy. In 2021 the profitability of the journal (and therefore the donation under the deed of covenant to the charity from the profits generated in the year) decreased from £289,654 in 2020 to £225,025 in 2021.

The reserves of the charitable company increased by £472,134 (2020: £269,082) during the year. This is largely attributable to the unrealised gain on the revaluation of investments, reduced charitable spend and zero support costs as a result of the government imposed lockdown measures and worldwide travel restrictions.

PLANS FOR THE FUTURE

As a result of the escalating impact of coronavirus in the UK, the board had concluded in 2020 that it must take urgent action to protect the charitable arm of the charity and its trading subsidiary and most importantly the health and safety and well being of all those involved with the running of the two entities during this critical period.

The coronavirus pandemic has robbed students and graduates of the chance to gain face to face and real world experiences. To this end the board is exploring ways to ensure that that virtual opportunities are both meaningful and useful.

The publishing activity of the trading subsidiary has continued albeit at an online or e-experience level.

The 2022 RESTUD Tours took place at the University of Manchester, the Paris School of Economics and the Central European University. The total cost of the Tour is expected to be £40,000

The Trustees paid a sum of just over £13k to the European Association in February 2022. The Trustees expect to continue making a grant approximating £5k to the Women in Economics (WinE) Committee of the European Economics Association or direct the funds to other WinE initiatives. Discussions with the European Economic Association are underway for alternative ways to fund initiatives to support early career female researchers.

The 2022 phase of the North America Tour will take place in October 2022. The hosts will be UCSD, Duke University and the University of Minnesota. The total cost is expected to be £15000

The trustees have decided that the RESTUD Tours will continue to be a major charitable activity in 2023. The European and North American venues have yet to be decided, but the tours are highly likely to go ahead.

In May 2022, the Trustees entered into a non-binding Memorandum of Understanding (MOU) for an inter-institutional co-operative arrangement between Kyiv School of Economics (KSE) to enter into an academic and research collaboration to provide funds to Ukrainian students and researchers interested in visiting universities abroad and to promote economic research around the world. SEAL would provide financial help to sponsor studies abroad or academic visit for academic year 2022-2023. The total sponsorship amount would be up to £100K cumulatively for all grant recipients.

If this KSE scholarship programme is successful, then the trustees may roll this out to other third world countries where students are unable to access funding to further their careers in the field of economics.

DIRECTORS' REPORT INCORPORATING THE TRUSTEES' ANNUAL REPORT**YEAR ENDED 31ST DECEMBER 2021****PLANS FOR THE FUTURE - continued**

The major risk still facing the charity is the continued drop in institutional and individual subscribers. In an effort to ensure that the charity's finances and activities for the future are secured, the trustees entered into dialogue with the charity commission with a view to building up an expendable endowment of £1m. The motivation behind this view is that pressure from the national research councils for free charge 'open access' to research output in journals will lead to lower subscription income for journals. It is possible that in the future the income generated will not be sufficient to cover editorial expenditure, office administration and journal production costs. The charitable company may effectively end up having to bear the bulk of the cost of making the journal available to institutions and ultimately students in order to meet its charitable objectives. Presently it costs up to £400k per annum to review articles for the publication and distribution of the journal. The charity commission has left the decision to secure sufficient reserves up to the trustees as they are well informed of the issues facing the charity and its trading subsidiary as well as the longer term prospects and can therefore take a considered view having regard to all the factors.

The concerns above have since been compounded by falls in many university library budgets, which have put further pressure on subscription renewals. As a result of such concerns a decision was taken at the 2018 AGM to target free reserves from its present level of £1.5m to £2.5m.

RESERVES POLICY

As explained above, there remains continued uncertainty concerning the implications of open access publishing on subscription numbers and revenues. The trustees consider that it is important that the charity maintains sufficient free reserves (albeit covered by fixed asset investments which can be readily realised) to provide financial flexibility to cover the possibility that the trading subsidiary's subscription base could rapidly diminish. The Board considers that it is vital to protect the charity's future prospects and at the 2012 meetings it was agreed that free reserves should be sufficient to cover at least five years of direct and overhead expenditure of both the charity and its trading subsidiary. These costs are currently approximating £2m over a 5 year period.

The policy was reviewed again at the 2018 meetings and after considerable deliberation, it was agreed that free reserves should be increased to £2.5m. The reasoning behind this increase was the increased pressure on library budgets, combined with the launch of "Plan S", which is an initiative to increase open-access science publishing. This is an initiative that calls into question future subscription revenues.

The free reserves of the charity (inclusive of unrealised revaluation gains) at the balance sheet date were in excess of £2.662m (2020: in excess of £2.190m). Of this just over £586k (2020: £340k) is attributed to cumulative unrealised revaluation gains.

This policy was reviewed at the 2021 meeting and no changes were proposed. This will be reviewed again at the September 2022 meetings.

INVESTMENT POWERS AND POLICY

Under the Memorandum of Association, the charity has power to invest any monies of the company, not immediately required for any of its objects, in such manner or on such security as may from time to time be determined. The trustees have considered the most appropriate policy for investing funds and have found that specialised unit trusts, some of which are designed for the charity sector, meet their requirements to generate both income and capital growth. The trustees consider the income returns on investments to be satisfactory given the somewhat uncertain investment climate.

DIRECTORS' REPORT INCORPORATING THE TRUSTEES' ANNUAL REPORT

YEAR ENDED 31ST DECEMBER 2021

INVESTMENT POWERS AND POLICY - continued

The charity's investments in equities showed an increase in market value in 2021 of around £246k (2020: a decrease of just under £36k). The major investment funds continue to be confronted with a more challenging operating environment as a number of geopolitical and macroeconomic events increase investor uncertainty and in turn higher volatility.

The wider political and economic uncertainty both in the UK and worldwide continues to remain fluid and over the next few years it is expected that peaks and troughs will occur.

While it's clear that the variants of Covid - 19, the looming energy crisis and the Ukraine war will have an economic impact on companies and their underlying investments, there still remains considerable uncertainty as to the extent and duration of this.

This investment policy was previously reviewed in detail at the September 2018 meetings and the Board concluded that maintaining investments in a diversified portfolio made sense. The possibility of diversifying further into currencies other than GBP was discussed and implemented in 2019.

This policy will be reviewed again at the September 2022 meetings.

DIRECTORS' REPORT INCORPORATING THE TRUSTEES' ANNUAL REPORT**YEAR ENDED 31ST DECEMBER 2021****REFERENCE AND ADMINISTRATIVE DETAILS**

GOVERNING DOCUMENT	Memorandum and Articles of Association
CHARITY NUMBER	313715
COMPANY NUMBER	1036458
REGISTERED OFFICE	46 Heddon Court Avenue Barnet Herts EN4 9NG
INDEPENDENT EXAMINER	Raj Shah & Co Chartered Accountants 46 Heddon Court Avenue Barnet Herts EN4 9NG
BANKERS	HSBC Bank plc 133 Regent Street London W1B 4HX
SOLICITORS	Freeths LLP One Colton Square Leicester LE1 1QH

DIRECTORS AND TRUSTEES

The directors of the charitable company (charity) are its trustees for the purposes of charity law and throughout this report are collectively referred to as trustees.

The trustees who served during the year were as follows:

Prof. Nicola Christina Fuchs-Schündeln	
Prof. Michael William Leamington Elsbey	
Prof. Fabian Frederic Waldinger	
Prof. Aureo Nilo De Paula Neto	
Prof. Michèle Elisabeth Tertilt	
Prof. Nagore Iriberry	Resigned 1st January 2022
Prof. Mirko Julian Wiederholt	Resigned 1st January 2022

The following trustees were appointed on 1st January 2022.

Prof. Monica Martinez Bravo
Prof Maria Petrova

Dr Catherine Mary Atterbury Thomas acted as Secretary until 30th September 2021. She was replaced by Mr Gregory Douglas Thwaites.

DIRECTORS' REPORT INCORPORATING THE TRUSTEES' ANNUAL REPORT**YEAR ENDED 31ST DECEMBER 2021****STRUCTURE, GOVERNANCE & MANAGEMENT****Governing document**

The Society For Economic Analysis limited (working name "SEAL") is a company limited by guarantee, not having a share capital. It was incorporated on 29th December 1971 and its governing document comprises the Memorandum and Articles of Association. It is an educational charity.

Appointment of trustees

New trustees are appointed by a resolution of the trustees passed at a meeting of the board of Trustees.

In accordance with the Articles of Association, amended by Special Resolution in September 2013, the number of directors shall not be less than two and not more than ten.

They have the power at any time, and from time to time, to appoint any person to be a trustee either to fill a casual vacancy or as an addition to the number of trustees, but so that the total number of trustees shall not at any time exceed the number fixed in accordance with the Articles.

The recruitment of potential new trustees is discussed at trustees meetings and once a suitable candidate has been identified, he/she is invited to meet the Board. If both the new trustee and Board are satisfied, their appointment as trustee is confirmed in writing. The new trustee is given documentation relating to his or her responsibilities under charity law, a copy of the governing document and most recent annual report and accounts. There is currently no formal induction programme for new trustees but this is under consideration by the trustees.

Related parties

The charity has a 100% interest in Review of Economic Studies Limited (working name "RESL"), a company that publishes an academic economics journal. The charity is dependent on RESL for the majority of its income.

Organisation

The board of trustees administers the charity.

The trustees meet once every six months to discuss the charitable company's finances. Applications are invited from institutions involved in hosting the Review of Economic Studies May Meetings at which leading young researchers from around the world are given the opportunity to present and discuss their work with leading European economists. The May Meetings are well established and integral in promoting the dissemination of frontier knowledge in the profession and promoting interaction between academic economists. The trustees believe the May Meetings to be central to meeting the company's charitable objectives and consider applications for financial support from universities to host these meetings in disposing of the charity's income.

The Secretary is appointed by the trustees to manage the day to day operations of the charity. To facilitate effective operations, the Secretary also acts as business manager for the charity and its trading subsidiary to manage operational matters including finance.

DIRECTORS' REPORT INCORPORATING THE TRUSTEES' ANNUAL REPORT

YEAR ENDED 31ST DECEMBER 2021

STRUCTURE, GOVERNANCE & MANAGEMENT - continued

Risk management

The trustees have a risk management strategy which comprises:

- a) an ongoing review of the risks the charity may face;
- b) the establishment of systems and procedures to mitigate those risks identified in the review;
- c) the implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.

The key controls used by the trustees include:

- i) an established organisational structure and formal reporting of all operations and activities affecting the charity including formal agendas and minutes of meetings held;
- ii) clear authorisation and approval levels;
- iii) engagement of external professional advisors as and when necessary.

A large proportion of the charity funds is in the form of investments. A major financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk and changes in sentiment concerning equities within particular sectors or sub sectors.

The other significant risk factor is the ongoing decline in institutional subscriptions to all mature social science journals and the trend for libraries to switch to cheaper online only subscriptions as budgets come under pressure. These risks are being managed through the inclusion of the journal in consortia deals for which cancellations of subscriptions are known to be lower, and the creation of a new revenue stream via the introduction of the submission fee described above.

Approved by the Board of directors on 22nd September 2022 and signed on its behalf by:

Gregory Douglas Thwaites (Company Secretary)

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF SOCIETY FOR ECONOMIC ANALYSIS LIMITED

I report to the trustees (who are also Directors for the purpose of company law) on my examination of the financial statements of Society for Economic Analysis Limited ('The charitable company') for the year ended 31st December 2021 which comprise the Statement of Financial Activities, the Balance Sheet and related notes.

This report is made solely to the charity's trustees, as a body, in accordance with section 145 of the Charities Act 2011. My work has been undertaken so that I might state to the charity's trustees those matters that I am required to state to them in this report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for my work, for this report, or for the opinion I have formed.

Responsibilities and basis of report

As the trustees of charitable company you are responsible for the preparation of the financial statements in accordance with the requirements of the Companies Act 2006 ('The 2006 Act').

Having satisfied myself that the financial statements of the charitable company are not required to be audited under Part 16 of the Act and are eligible for independent examination, I report in respect of my examination of the charitable company's financial statements carried out under section 145 of the Charities Act 2011 ('The 2011 Act') and in carrying out my examination I have followed the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act

An independent examination does not involve gathering all the evidence that would be required in an audit and consequently does not cover all the matters that an auditor considers in giving their opinion on the financial statements. The planning and conduct of an audit goes beyond the limited assurances that an independent examination can provide. Consequently I express no opinion as to whether the financial statements present a 'true and fair' view and my report is limited to those specific matters set out in the independent examiner's statement.

Independent examiner's statement

Since the charitable company's and its trading subsidiary's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of ICAEW, which is one of the listed bodies.

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

- i) accounting records were not kept in respect of the charitable company as required by section 386 of the 2006 Act; or
- ii) the financial statements do not accord with those records; or
- iii) the financial statements do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the financial statements give a 'true and fair view' which is not a matter considered as part of an independent examination; or
- iv) the financial statements have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the financial statements to be reached.

Raj Shah & Co, Barnet, Herts EN4 9NG
Date: 22nd September 2022

Rajan Shah
Chartered Accountant

BALANCE SHEET AS AT 31ST DECEMBER 2021

	Notes	2021 £	2020 £
FIXED ASSETS			
Investment in subsidiary	3	100	100
Investments (UK quoted)	1g & 4	2,082,556	1,556,818
		<u>2,082,656</u>	<u>1,556,918</u>
CURRENTS ASSETS			
Debtors	5	243,807	304,451
Cash at bank		345,453	335,454
		<u>589,260</u>	<u>639,905</u>
CREDITORS			
Amounts falling due within one year	6	(9,259)	(6,300)
		<u>580,001</u>	<u>633,605</u>
NET CURRENT ASSETS			
	7	<u>2,662,657</u>	<u>2,190,523</u>
NET ASSETS			
Represented by:			
UNRESTRICTED GENERAL FUNDS			
	7		
Pre-incorporation surplus	7 & 14	9,963	9,963
Unrestricted income funds - including revaluation reserve of £585,903 (2020: £340,165)	7 & 14	2,652,694	2,180,560
		<u>2,662,657</u>	<u>2,190,523</u>
TOTAL FUNDS			

For the year ending 31st December 2021 the company was entitled to exemption from audit under Section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.

The directors (trustees) acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

Approved by the Board of directors on 22nd September 2022 and signed on its behalf by:

Prof. Nicola Christina Fuchs-Schündeln (Director)

COMPANY REGISTERED NO: 1036458

The notes on pages 12 to 16 form part of these financial statements.

STATEMENT OF FINANCIAL ACTIVITIES
(including) INCOME AND EXPENDITURE ACCOUNT

YEAR ENDED 31ST DECEMBER 2021

	Notes	UNRESTRICTED INCOME FUNDS	
		2021	2020
		£	£
INCOME	1d		
Gift Aid distribution from trading subsidiary	3	225,025	289,654
Investment income	2	25,362	23,704
TOTAL INCOME		250,387	313,358
EXPENDITURE	1e		
Charitable expenditure			
Education and research -			
North American 2021 tour		17,199	-
Support costs		-	-
Governance costs		6,792	7,426
TOTAL EXPENDITURE		23,991	7,426
NET INCOME AND NET MOVEMENT IN FUNDS FOR THE YEAR		226,396	305,932
OTHER RECOGNISED GAINS AND LOSSES			
Gain / (Deficit) on investments unrealised	4	245,738	(36,850)
NET MOVEMENT IN FUNDS		472,134	269,082
RECONCILIATION OF FUNDS			
TOTAL FUNDS BROUGHT FORWARD		2,190,523	1,921,441
TOTAL FUNDS CARRIED FORWARD		2,662,657	2,190,523

The statement of financial activities includes all gains and losses recognised in the year

All income and expenditure derive from continuing operations

The notes on pages 12 to 16 form part of these financial statements.

NOTES TO THE ACCOUNTS**YEAR ENDED 31ST DECEMBER 2021****1 ACCOUNTING POLICIES**

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of financial statements are as follows:

a 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) (issued in October 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Society for Economic Analysis Limited meets the definition of a public benefit entity under FRS 102.

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

Going Concern

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

b Fund accounting

Unrestricted funds are available to spend on activities that further any of the activities of the charitable company.

c Group accounts - Consolidation

The gross income of the charitable group is no more than the threshold for a statutory charity audit and accordingly the charitable company has taken advantage of the exemption conferred by the Charity's SORP to prepare consolidated accounts.

d Income

Gift Aid donation from the trading subsidiary is recognised where there is entitlement, certainty of receipt and the amount can be measured with reasonable certainty.

Investment income and interest are generally recognised when received.

e 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.

Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

All expenditure is accounted for on an accruals basis.

NOTES TO THE ACCOUNTS

YEAR ENDED 31ST DECEMBER 2021

f Allocation of support and governance costs

Governance costs comprise all costs involving the public accountability of the charity and compliance with regulation and good practice. These include costs related to independent examination and legal fees together with an apportionment of overhead and support costs.

Support costs relating to charitable activities are apportioned on the basis of the trustees best estimate of the average time spent on these activities.

g Fixed asset investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value at the balance sheet date using the closing quoted market price.

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase price if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised gains and losses are combined in the Statement of Financial Activities.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk and changes in sentiment concerning equities within particular sectors or sub sectors.

2 INVESTMENT INCOME	2021	2020
	£	£
Dividends and interest from listed investments	<u>25,362</u>	<u>23,704</u>

3 INVESTMENT IN TRADING SUBSIDIARY

The Society for Economic Analysis limited owns the whole of the issued ordinary share capital of Review of Economic Studies Limited (RESL), which is incorporated in England. The trading subsidiary's year end is 31st December and its principal business is to publish an academic economics journal. The subsidiary generally Gift Aids its profits to the parent company.

The aggregate value of the capital and reserves of Review of Economic Studies Limited at 31st December 2021 was £19,496 (2020: £19,496). In the year to 31st December 2021, the company's profit after taxation was £Nil (2020: £Nil).

The trading subsidiary donates all its profit to its charitable parent company. In view of the fact that the exact amount cannot be paid until the profit has been correctly calculated, the board of RESL has resolved to pay this within nine months of the balance sheet date in accordance with HMRC guidance and relate it back to the previous year. A corporate donation of £225,025 under a deed of covenant dated 27th September 2018 was paid in September 2021 and related back to the current year. Similarly a gift aid donation of £289,564 was paid in September 2021 and related back to the year ended 31st December 2020.

The investment in RESL is included in the financial statements at cost as the trustees consider that the cost of a valuation outweighs the benefit to the users of the accounts.

NOTES TO THE ACCOUNTS

YEAR ENDED 31ST DECEMBER 2021

4	FIXED ASSET QUOTED INVESTMENTS	2021 £	2020 £
	Market value brought forward	1,556,818	1,593,668
	Additions at cost	280,000	-
	Net surplus / (deficit) on revaluation	245,738	(36,850)
	Market value carried forward	<u>2,082,556</u>	<u>1,556,818</u>
	Historical cost at balance sheet date	<u>1,496,653</u>	<u>1,216,652</u>
	Investments in individual entities held at the balance sheet date by portfolio value are:		
	Charishare Common Investment Fund	528,786	477,120
	4 / 1/8 % Index Linked Treasury Stock 2030	251,638	248,671
	ishares FTSE 100 Exchange Traded Fund	327,087	289,057
	ishares Core Euro Stoxx 50 Ucits ETF	443,310	256,188
	ishares Core S&P 500 Ucits ETF Acc	531,735	285,782
		<u>2,082,556</u>	<u>1,556,818</u>
5	DEBTORS	2021 £	2020 £
	Amounts falling due within one year		
	Due from subsidiary undertaking	225,025	297,211
	Prepayments and accrued income	18,782	7,240
		<u>243,807</u>	<u>304,451</u>
6	CREDITORS	2021 £	2020 £
	Accruals	<u>9,259</u>	<u>6,300</u>
7	ANALYSIS OF NET ASSETS	2021 £	2020 £
a)	The net assets comprise the following funds:	UNRESTRICTED FUNDS	
	Fixed asset investments	2,082,656	1,556,918
	Net current assets	580,001	633,605
		<u>2,662,657</u>	<u>2,190,523</u>
b)	Unrealised gains included in net assets amount to £585,903 (2020: £340,165). These relate to fixed asset quoted investments only (see note 7c below).		

NOTES TO THE ACCOUNTS

YEAR ENDED 31ST DECEMBER 2021

7 ANALYSIS OF NET ASSETS - continued

c) Reconciliation of movements in unrealised gains on fixed asset investments	2021 £	2020 £
Unrealised gains as at 31st December 2020	340,165	377,015
Net gain / (loss) on revaluation at year end	245,738	(36,850)
Unrealised gains as at 31st December 2021	<u>585,903</u>	<u>340,165</u>

8 DIRECTORS AND EMPLOYEES

	2021 Number	2020 Number
These comprise:		
Directors (Trustees)	7	7
Company secretary	1	1
	<u>8</u>	<u>8</u>

They were all involved in the management and administration of the charitable company. No salaries were paid during the year (2020: £Nil)

9 DIRECTORS' (TRUSTEES') EXPENSES

No expenses were reimbursed during the current or previous year.

10 RELATED PARTY TRANSACTIONS

The only related party transactions during the year were with the trading subsidiary and these are as detailed in Note 3 to the financial statements. The amount owing from the trading subsidiary at balance sheet date is detailed in note 5 to the financial statements.

11 EXPENDITURE	2021 £	2020 £
Reporting accountants fees	6,500	6,000
Statutory filing fees	13	13
Research costs	-	1,301
Miscellaneous administration charges	35	-
Bank charges	244	112
	<u>6,792</u>	<u>7,426</u>

Reporting accountant fees, annual return filing fees, bank charges and miscellaneous administration charges are all attributed to governance costs.

10% of the meeting costs (based on the average estimate of time spent by the trustees) is attributed to governance costs. The remainder of the time is spent on charitable support costs.

NOTES TO THE ACCOUNTS

YEAR ENDED 31ST DECEMBER 2021

12 ANALYSIS OF GOVERNANCE AND SUPPORT COSTS

	CHARITABLE SUPPORT	GOVERNANCE	CHARITABLE SUPPORT	GOVERNANCE
	2021	2021	2020	2020
	£	£	£	£
Reporting accountants fees	-	6500	-	6000
Statutory filing fees	-	13	-	13
Bank charges	-	244	-	112
Miscellaneous administration charges	-	35	-	-
Research costs	-	-	-	1301
	-	6792	-	7426

13 ACCOUNTANTS FEES

	2021	2020
	£	£
This is included under management and administration costs and comprises:		
Independent examiner (Reporting accountants)	2,000	1,800
Accountancy, taxation and other services	4,500	4,200
	6,500	6,000

14 UNRESTRICTED FUNDS

The reserves represent unrestricted funds of the charitable company (comprising the income and expenditure account together with the pre-incorporation surplus).

The movement in reserves is as shown on the income and expenditure account / statement of financial activities on page 11.

The constitution of Society for Economic Analysis Limited precludes the distribution of reserves to the members.

15 CONTROLLING PARTY

The company does not have any share capital. Accordingly no individual has any control of the company. The same criteria applied to the previous year.