

ROYAL ASTRONOMICAL SOCIETY
TRUSTEES' REPORT FOR THE YEAR 2005

1. REFERENCE AND ADMINISTRATIVE INFORMATION

Patron

Her Majesty the Queen

Council Members

The Council is elected in accordance with the terms and conditions laid down in the Society's Royal Charter and its associated byelaws. Members of Council are the Society's charity trustees. The Officers of the Royal Astronomical Society, who are elected members of Council, comprise the President, the Treasurer and three Secretaries.

The Council members who served during 2005 are:

Professor K Whaler	(President)
Professor P Murdin	(Treasurer)
Dr M.A. Hapgood	(Secretary)
Professor I.D. Howarth	(Secretary)
Dr H.J. Walker	(Secretary)
Professor M.M Grady	(Vice-President)
Dr R.C. Smith	(Vice-President)
Professor D W Hughes	(Vice-President from May 2005)
Professor E. Priest	(Vice-President from May 2005)
Dr. S. Dunkin	(Vice-President until May 2005)
Dr. A.J. Smith	(Vice-President until May 2005)
Professor P. Coles	(Councillor until May 2005)
Professor M E Bailey	(Councillor from May 2005)
Professor M.A. Barstow	(Councillor from May 2005)
Professor R.L. Davies	(Councillor from May 2005)
Dr A. Fitzsimmons	(Councillor until May 2005)
Dr S.F. Green	(Councillor)
Professor D. Gubbins	(Councillor from May 2005)
Dr. S.A. Mitton	(Councillor until May 2005)
Dr J. Mitton	(Councillor from May 2005)
Dr A.M.S. Richards	(Councillor)
Mr I.W. Ridpath	(Councillor)
Professor E.I. Robson	(Councillor from May 2005)
Professor M.J. Rycroft	(Councillor)
Mr J.D. Shanklin	(Councillor)
Dr S. Viti	(Councillor until May 2005)
Dr I.P. Wright	(Councillor)

Senior Staff

Executive Secretary	David Elliott
Membership Secretary	Ronald Wiltshire
Accountant	John Struthers

Librarian Editorial Office Manager	Peter Hingley John Randall
Bankers	National Westminster Bank plc 208 Piccadilly London W1A 2DG
Solicitors	Bristows
Auditors	Baker Tilly 46 Clarendon Road Watford Herts WD17 1JJ
Investment Advisors	HSBC Investments 78 St James's St London W1J 0BQ
Principal and Registered Office	Burlington House Piccadilly London W1J 0BQ
Registered Charity Number	226545

2. STRUCTURE, GOVERNANCE AND MANAGEMENT

The Royal Astronomical Society was founded in 1820 and is incorporated by Royal Charter. The Charter is dated 7th March 1831. There is also a Supplemental Charter dated 5th June 1915 and a second Supplemental Charter dated 15th July 2005. The Byelaws were last revised at the Annual General Meeting, 14th May 2004.

The Royal Astronomical Society (RAS) was established to promote the study of astronomy and in more recent times has grown to include solid-earth geophysics and solar-terrestrial physics, planetary sciences and the 'new astronomies', such as astro-particle physics and astrobiology. It comprises Fellows and Associates. It is entirely funded by contributions from its members, gifts and from the income generated by its activities.

The control of the Society rests with the General Meeting of Fellows. Subject to that, direction and management is the responsibility of the Council. The Council consists of a President, a Treasurer and three Secretaries (collectively referred to as the Officers), together with four Vice-Presidents and twelve Councillors, all being Fellows and Trustees. Members of the Council are elected by ballot at the Annual General Meeting, for the following normal and maximum terms of office: President, two years; Vice Presidents, two years; Treasurer and Secretaries, five years; Councillors, three years. A Fellow who has completed a normal term of office as President, as a Vice-President, or as a Councillor, is ineligible for election to that office until the expiry of one year from the termination of office. The Treasurer and Secretaries may be re-elected for a second, consecutive, term of office, but shall then be ineligible for that office until the expiry of one year from the termination of office. Each year there must be an election for at least two Vice-Presidents and at least four Councillors. A new Council has to contain at least four Fellows who have not served on the previous Council.

Trustee induction and training

Following the announcement of the election results, see above, an induction pack is sent to all new Trustees and they are invited to attend an induction programme before their first Council meeting. This covers information about trustee liabilities and responsibilities, financial control, management of conflict of interests, membership, committees, activities and risks. It is also an opportunity for new trustees to ask questions and familiarise themselves with the organisation and the staff.

Management

The RAS Council normally meets 6 times during the year and its function is to direct, on behalf of the Society, all the affairs and business of the Society. The Officers are responsible for leading on strategic planning, organising scientific meetings and formulating RAS policy for the consideration of Council. The President and Vice-Presidents are responsible for chairing meetings, and representing the RAS externally. The Treasurer is responsible for the Society's financial affairs. Council appoints standing committees (Education, Higher Education, Finance, Membership, Library, House, Stonehenge and Heritage, Women in Astronomy and Geophysics) and ad hoc committees (Burlington House Refurbishment, Awards and International) to forward its objectives. The Council also appoints the Executive Secretary, their employee, to whom it delegates responsibility for day to day running of the Society and for providing leadership, strategic direction and management in liaison with the officers. In addition to the Executive Secretary there were 12 other staff members including the Accountant, Membership Secretary, Librarian and Editorial Office Manager plus 2 self-employed communication/media officers and a self-employed editor of *Astronomy and Geophysics* (all self-employed posts being part-time). The Managing Editors and editors of the Society's research journals, *Monthly Notices of the Royal Astronomical Society* and *Geophysical Journal International*, who are appointed by the Council, provide their services, as does the Treasurer, for a honorarium.

The RAS's Charters, Byelaws and Committee organisation are detailed on the Society's web site www.ras.org.uk

Networks

The Society has formal associations with a number of organizations having shared interests, or offering benefits to RAS members, and has less formal arrangements with several other bodies. It is the UK national member organization of the International Astronomical Union and the European Astronomical Society. It has 'affiliated' status, which involves an agreed Memorandum of Understanding, with the Deutsche Geophysikalische Gesellschaft, with which it co-publishes *Geophysical Journal International*, the Geological Society of London, the British Sundial Society and the Institute of Physics. The RAS also sponsors or co-sponsors several groups: the Astrophysical Chemistry Group, British Geophysical Association, Magnetosphere, Ionosphere and Solar –Terrestrial (MIST) Physics, the Planetary Forum, and the UK Solar Physics Group. Sponsorship generally implies designated representation by RAS Fellows, and provision of facilities such as use of meeting rooms in the Society's apartments. In addition the Society is represented on a number of organisations including the Science Council, Foundation for Science and Technology, Parliamentary and Scientific Committee and the Herschel Museum.

Risk Management

The RAS Council annually identifies and reviews the major risks to which the Society is exposed, and systems have been established to mitigate those risks. This is now a regular agenda item for the Finance Committee. A major risks register is in place, which sets out the likelihood and impact of various risks and the measures and responsibility being taken to manage them.

3. OBJECTIVES AND ACTIVITIES

The RAS exists to advance, and to record the history of our understanding of the Earth, the solar system, the galaxies and the nature of the universe. It does this by promoting Astronomy and Geophysics, interdisciplinary sciences that encompass, and further, physics, chemistry, mathematics, biology, engineering and computer science to answer deep questions about the origin and fate of the cosmos, and man's place in it. In particular, the RAS organizes meetings, publishes journals, awards grants, prizes and medals, maintains a library and supports the activities of affiliated bodies. The RAS does not itself fund (small travel and a post-doctoral scholarship apart) or undertake teaching or research, which is the task, largely, of educational institutions, funding agencies and research councils.

Members (styled Fellows) of the Society are professional scientists, based in the UK and overseas, together with students, advanced amateurs and historians of astronomy. This broad membership allows the RAS to represent the interests of the community to the Government as well as to other national and international bodies. Application for membership of the Society is welcomed from anyone over the age of 18 with a serious interest in astronomy or geophysics.

The main objectives for 2005 were to

- Publish the Society's journals as organs for the dissemination of research and review
- Organise a programme of scientific meetings to promote knowledge of recent research
- Provide grants to people or to projects otherwise not eligible for funding from the Research Councils and other main funders
- Recognize outstanding scientific achievement by awarding medals and awards
- Raise the concerns of and promote the interests of the professional community of astronomers and geophysicists with policy makers to optimise the study and promotion of astronomy and geophysics
- Develop the services provided by the library to improve its utility to fellows and through them the advancement of astronomy and geophysics
- Improve communications with the membership by developing the Society's web site and producing a Society Diary
- Resolve the basis for the Society's continued occupancy of its London premises and agree how they could be adapted to better serve its aims.

In pursuance of these objectives, members of Council, and a number of other Fellows drawn from all sections of the Society, participated in a residential workshop in Cumberland Lodge, Great Windsor Park, in July 2005, to identify the organisational strategies which should guide the RAS over the coming years, particularly as they affect governance, membership, the organisation of meetings and the leadership of the professional community of astronomers and geophysicists

4. ACHIEVEMENTS AND PERFORMANCE

Publications

The RAS publishes 2 research journals:

– *Monthly Notices of the Royal Astronomical Society (MNRAS)*, one of the world's leading primary research journals in astronomy and astrophysics. It publishes, 3 times per month, the results of original research in any kind of astronomy, including positional and dynamical astronomy, astrophysics, radio astronomy, cosmology, space research and the design of astronomical instruments. Although based in the UK, it derives two thirds of its content from outside the UK.

– *Geophysical Journal International (GJI)*, one of the world's leading primary research journals in geophysics and the leading solid-earth geophysics journal based in Europe. The monthly Journal aims to promote the understanding of the earth's internal structure, physical properties, evolution and processes. Editorial management of GJI is shared with the Deutsche Geophysikalische Gesellschaft.

The Society also publishes a news and reviews journal, *Astronomy and Geophysics*. This is a topical, full-colour magazine, carrying news and reviews on major developing themes in astronomy and geophysics in succinct, readable and accessible form.

The Society's publishing policy has been to focus on high quality papers through rigorous peer review and, as far as practicable, to provide authors with free publication on the principle that good scientists should be able to submit papers to the Society's journals irrespective of financial ability. This differentiates the Society journals from many competitors, where pages charges are the norm. The Society recognizes that its present policy places the full costs of publications on subscription charges. However the demand for RAS journals has held up because of the high quality of these journals. This is in line with independent studies, which show that quality not cost is the key driver of the market in scientific journals.

The Society produces its journals in a partnership with Blackwell Publications, with which a new contract was negotiated with effect from January 2005. The Society owns the journals and the scientific review process, but it contracts out the processes for production, sale and distribution. This delegates the non-scientific aspects of publication to a world-class commercial organization with appropriate expertise and access to the necessary capital resources. A Publications Management Committee, which comprises representatives of Blackwell, the editors, and the Society provide co-ordination. This partnership has led to the introduction of processes for the electronic submission of papers and execution of the scientific review process leading to early publication on web sites, as well as in paper editions. The Society benefits from the willingness of its editors and referees to perform their tasks as a natural part of their scientific work. Any fall in subscription income, such as may result from the availability of free repository copies, would reduce the resources available to the Society to put into the peer review process.

During 2005 *MNRAS*, under its Managing Editor Professor A. Fabian, introduced an online-only 'Letters' section'. The number of papers submitted for publication in *MNRAS* increased 14% while the average time taken from acceptance of a paper to its appearance as an electronic publication fell to 23 days. Circulation increased 48%, the impact factor achieved rose by 5.8% while a total of 323,322 papers were downloaded. *GJI*'s managing editorship passed from Dr R. Evans to Professor C. Ebinger. While, following the elimination of a backlog which was worked off through more rapid publication, the number of published articles declined by 4%, the impact factor improved by 23 % and 140,608 papers were downloaded. *Astronomy & Geophysics*, which was rebranded as 'A&G', continued to be edited by Dr S Bowler, and became available in over 3,000 institutions worldwide.

Pages printed for 1999-2005 and estimated numbers of pages to be published in 2006 and 2007

	1999	2000	2001	2002	2003	2004	2005	2006	2007
<i>MNRAS</i> (<i>Letters</i>)	11,200	12,250	10,500	11,000	12,500	13,508	14,071	15,340 (705)	16,880 (800)
<i>GJI</i>	3,950	4,050	3,900	3,426	3,852	4,620	4,448	4,500	4,880
<i>A&G</i>	248	248	248	248	248	264	264	264	264

Meetings

The Society continued to organize and sponsor a large number of meetings, at all levels, from those targeted at schoolchildren to Specialist Discussion programmes for the research community. 434 registered to attend the 5 day RAS National Astronomy Meeting (RAS NAM), which, under the leadership of Professor T. Ponman, met in Birmingham 4-8 April 2005, continued as the UK's premier annual astronomical event. The monthly programme of meetings in Burlington House between October and May, comprised parallel Specialist Discussion meetings (covering topics in astrophysics, solid-earth geophysics, solar-terrestrial physics, and planetary sciences), followed by the 'Ordinary' meeting, with a broader programme of more general interest. Highlights of the meetings programme in the calendar year 2005 included The Harold Jeffreys Lecture (Professor Paul Sliver); George Darwin Lecture (Professor Joe Silk) and the Presidential Address by Professor Kathryn Whaler. A list of all meetings is available on the RAS web site at www.ras.org.uk

Grants

The Society continued to offer grants to support research or study in any areas of astronomy and geophysics (including their history), encompassing, but not restricted to, study, research or educational projects, engagement of temporary help, overseas conference visits and the purchase of instruments. Applications were particularly encouraged for bursaries to enable undergraduates who are considering research as a career to work in a research environment for part of the summer before their 3rd or 4th year. RAS grants were targeted at people ineligible for grants from the Research Councils or equivalent overseas bodies (for example, postgraduate, undergraduate, and other students; individuals who were not in permanent academic posts; teachers and amateur scientists); and for work, or for sums, not normally directly supported by the Councils (e.g., undergraduate research bursaries).

A list of 2005 grantees is available on the RAS web site at www.ras.org.uk

Medals and Awards

The Society's awards and medals continued to be highly valued by their recipients representing, as they do, the recognition by their peers of outstanding achievement. In 2005 they included the award of 2 **Gold Medals** (the Society's highest honour). **Gold Medal for Astronomy** awarded jointly to Professors Eleanor Margaret Burbidge and to Geoffrey Burbidge; **Gold Medal for Geophysics** awarded to Professor Carole Jordan; **Eddington Medal** to Professor Rudolph Kippenhahn; **Price Medal** to Professor Gillian R. Foulger; **Fowler Award for Astronomy** to Dr Gordon Ogilvie; **Fowler Award for Geophysics** to Dr. Arwen Deuss and the **Award for Service to Astronomy and Geophysics** to Professor Alan Douglas.

A list of previous prizewinners is available on the RAS web site at www.ras.org.uk

Policy

In 2005 the RAS stepped up its level of engagement with the development and promotion of policy aimed at government and other decision taking bodies to help shape the future direction of publicly funded astronomy and geophysics. These included substantial reports on 'The PhD and Careers in Astronomy'; 'The Scientific Case for Human Space Exploration'; a 'Statement on the Proposed Abolition of Leap Seconds'; a 'Submission to the Science and Technology Committee of the House of Commons on Strategic Science Provision'; a 'Statement to OFCOM on Ultra Wideband' and a 'Statement on Open Repositories for Scientific Publications'. In addition the RAS, together with the Institute of Physics, the Particle Physics and Astronomy Research Council and the Engineering and Physical Sciences Research Council sponsored the Second International Review of UK physics and astronomy research

Copies of these reports and submissions can be downloaded from the RAS web site at www.ras.org.uk

Library

The RAS library receives some 300 current periodicals in astronomy and geophysics and has holdings of over 3,000 ceased titles. It contains more than 10,000 books from popular level to conference proceedings and in addition has the second-largest specialist collection of astronomical rare books in Britain with over 5,000 items published before 1851. The membership of the Society includes not only professional astronomers and geophysicists who normally have the use of institutional research libraries, but also a substantial proportion of non-professional astronomers, historians and others who may not have access to such depositories. In addition the RAS library holds journals and books not available in many university libraries. Accordingly, following a review which concluded in 2005, greater effort was made to promote the use of the library through the introduction of an online catalogue, by offering distance loans and by regular Saturday openings, though it was realised that the exploitation of the rare books would have to await the installation of proper storage and display facilities as part of the refurbishment of Burlington House (see below). As before, the willingness of volunteers to give their time was of great assistance.

Member Communications

A newly designed web site was rolled out in 2005 comprising an area restricted to fellows through a password system and another area available to the public. Its primary purpose was to improve communications with the membership by, for example, allowing fellows to maintain their own personal details, link to electronic versions of the Society's journals, contribute to discussion in the 'forum' and access the on-line library catalogue. An easy to use content management system allows staff to post news and Society business items on a daily basis.

A Fellows' pocket diary was produced containing useful information about the Society and astronomy. In addition members received a copy of 'A&G' and, where requested, an e-bulletin of topical news.

Burlington House

2005 saw the conclusion of the long dispute with the government over the basis on which the Society, and 4 other Learned Societies, should continue to occupy the courtyard apartments of Burlington House. This happened when the ODPM, on behalf of the First Secretary of State, offered the Society a lease for an initial term of 10 years at a non-profit rent (subject to future rent reviews but with an initial 2-year rent-free period), with options to renew every 10 years, subject to an overall maximum term of 80 years. Other terms were that the Society would be responsible for its own internal repairs and pay a service charge (with an initial 2-year free period) to include a proportion of the costs of external repairs (over and above an initial extensive programme of works started in 2005 and funded by the ODPM). This offer was accepted by the Society and a lease entered into in July, retrospectively dated to February 2005. Following this Council appointed a firm of architects to advise on internal refurbishment to restore the public rooms to a standard appropriate to their historical importance as a grade 2* listed building, up-grade the mechanical and electrical services (including the installation of a lift, to cater for disabled visitors, and air-conditioning), improve the conditions under which the Society's rare books were stored and above all, make the building 'fit for purpose' as the home of a professional scientific organisation. This would be effected by reinstating a lecture room, but with advanced features, and provide a suite of attractive meeting rooms and working spaces for the use of fellows and the science community.

5. FINANCIAL REVIEW

Reserves policy

The Society's investments are divided between unrestricted funds and restricted funds. All unrestricted funds are available as reserves and can be used to manage cash flow; solve single problems; generate income for charitable purposes; manage risks, including those associated with the refurbishment and maintenance of the premises; underwrite the final salary pension fund for its employees; sustain financial under-performance of the publications; comply with tax or regulatory requirements and, the ultimate risk, manage the wind up of the Society. The free reserves of the Society as at 31st December 2005, defined as being unrestricted, undesignated funds not represented by fixed assets, were, £1,568,000.

Other business risks such as employer's liability are covered by insurance. The Society holds interest-bearing cash accounts to satisfy normal turnover in the year. In addition it holds unrestricted or general funds, comprising mainly Common Investment Fund holdings as well as restricted funds (held to further particular objectives) and pension funds (which are subject to regulatory review). Finally there are other assets, including archives, rare books, scientific instruments (most of which are on long-term loan to museums) and the titles of its publications

Investment policy.

The Society holds cash on deposit, and investments (mostly in collective investment funds, including Common Investment Funds (CIFs) for charities which are backed by a stable asset, such as shares quoted on the stock exchange, bonds, property or cash). The mixture of investments is determined by the Investment Manager on the basis of the guidelines set by the Society's Finance Committee (in the case of restricted funds, to preserve purchasing power but invest for income; for the General Fund, to accept a medium risk since there is no immediate requirement for income). Investment performance is measured against the WM Benchmark Constrained by Income.

The Society's charter makes no restrictions on investments on ethical grounds though Council has ruled against investments which act against scientific, principally astronomical or geophysical, interests. In addition, as stated, the bulk of funds are held in CIFs, which themselves are structured as charities.

Review Process.

The Finance Committee regularly keeps the financial health of the Society under review through an Operations Plan drawn up by the Treasurer. Council, at its March meeting, sets the overall financial framework of the Society, based on the first draft of the annual accounts. It decides the Annual Contribution rates that will be proposed to the May AGM and confirms the subscription rates for the journals. For the latter, it is guided by recommendations from the Publications Management Committee. Council is advised about financial matters throughout the year by the Finance Committee, which in April each year reviews the accounts for the previous year and the reports on the year from both the auditors and the honorary auditors.

In general, the costs (including salaries and, for the first time, rental and external building maintenance costs,) of the Society continue to rise faster than RPI. At the same time the Society's range of activities continues to grow. The net result is that, in recent years, the Society's finances have shown a progressive reliance on surpluses generated by income from the journals. However, in order to limit future price increases to the journals, and to meet Council's requirement that, where possible, recurrent expenditure is contained within income, since 2003 there has been a steady rise in the level of members' contributions, which have been deliberately increased above RPI. The recent stock market recovery has made it possible to

implement the Burlington House refurbishment project out of reserves while still retaining the capacity to fund a further large-scale project.

REFER TO THE ACCOMPANYING DOCUMENT FOR THE 2005 ACCOUNTS

6. PLANS FOR THE FUTURE

In 2006, the focus is on continuing to develop the objectives listed in section 3 viz

- Continue to improve the performance of the Society's journals by completing the move to an on-line submission and tracking system for MNRAS and 'A&G' (already achieved for GJI). This will allow those editorial assistants who prefer it to work from home. The threat to subscription income from 'open access' and 'open repository' developments will continue to be monitored carefully.
- Explore the opportunities for co-publishing monographs and other books on astronomy
- Promote the Society's image archive by linking it to an established photo library
- Continue to organise a programme of scientific meetings including a National Astronomy Meeting in Leicester at which, for the first time, the President's Reception will be held, and encourage fellows to organise more out of London meetings (with the support of staff from Burlington House)
- Continue to provide grants while actively exploring the opportunities for investing the Society's reserves in large-scale projects which will materially advance the study of astronomy and geophysics or its public outreach
- Continue to recognise outstanding scientific achievement by awarding the Society's medals and awards at the National Astronomy Meetings and by proposing a new award for group achievement
- Continue to promote the interests of the professional community of astronomers and geophysicists by generating and promoting policy proposal to the research councils and government and by taking an active role, as the UK National Member, at the triennial General Assembly of the International Astronomical Union in Prague
- Review the Society's staffing complement to ensure it is appropriate to evolving needs, including the ability to support initiatives referred to in the preceding point. This will include the introduction of home- or tele-working for some staff.
- Continue to develop the services provided by the library by completing the transfer of manual records to the on-line catalogue and, by linking selected images owned by the Society to the Science Photo Library's web site, promote their use by authors and researchers.
- Continue to improve communications with the membership by developing the Society's web site including enabling electronic voting for elections to Council
- Initiate refurbishment works in the Burlington House apartments, taking into account the accommodation needs of the British Astronomical Association which for the past half century has occupied part of the Society's apartments
- Seek the agreement of Council to changes in the governance of the Society, including revised arrangements for more effective links with sister organisations, for implementation in 2007
- Increase education and public outreach activities acknowledging the power of astronomy to attract students into studying science at school and beyond

7. TRUSTEES' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

Charity law requires the Council, as trustees, to be responsible for the preparation of financial statements for each financial year, which give a true and fair view of the state of affairs of the RAS and of the surplus or deficit of the RAS for that year.

In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice 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 RAS will continue to operate.

The trustees are responsible for ensuring proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the RAS. They are also responsible for safeguarding the assets of the RAS and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Council of the Society believes that it has carried out these requirements.

Auditors

Baker Tilly have indicated their willingness to continue to act as auditors for the forthcoming financial year.

Approved by the Council and signed on its behalf by:

Prof. I.D. Howarth
Secretary
12th May 2006

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE ROYAL ASTRONOMICAL SOCIETY

We have audited the financial statements on pages 12 to 31.

This report is made solely to the charity's trustees as a body, in accordance with the Charities Act 1993. 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.

Respective responsibilities of trustees and auditors

The trustees' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Trustees' Responsibilities.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Practice of the state of the charity's affairs as at 31 December 2005 and of its incoming resources and application of resources in the year then ended and have been properly prepared in accordance with the Charities Act 1993.

BAKER TILLY
Registered Auditor
Chartered Accountants
1st Floor, 46 Clarendon Road
Watford, Herts WD17 1JJ
12th May 2006.

ROYAL ASTRONOMICAL SOCIETY

BALANCE SHEET AS AT 31ST DECEMBER 2005

	Notes	2005		2004 (as restated)	
		£	£	£	£
Fixed Assets					
Tangible assets	2		24,698		26,511
Investments	3(a),(b)		<u>6,488,200</u>		<u>5,545,079</u>
			6,512,898		5,571,590
Current Assets					
Debtors	4	230,160		159,686	
Cash at bank and in hand	5	<u>934,180</u>		<u>962,846</u>	
		1,164,340		1,122,532	
Creditors: amounts falling due within 1 year	6	<u>(826,843)</u>		<u>(669,832)</u>	
Net Current Assets			337,497		452,700
Net assets excluding pension scheme liability			<u>6,850,395</u>		<u>6,024,290</u>
Defined benefit pension scheme liability	1(p)		(68,000)		(128,000)
Net assets including pension scheme liability			<u><u>6,782,395</u></u>		<u><u>5,896,290</u></u>
Funds					
Unrestricted funds			1,568,466		1,158,646
Designated funds	7		<u>3,623,046</u>		<u>3,309,132</u>
			5,191,512		4,467,778
Restricted funds	14		1,590,883		1,428,512
	13		<u><u>6,782,395</u></u>		<u><u>5,896,290</u></u>

The financial statements of pages 12 to 31 were approved by Council on 12th May 2006 and signed on its behalf by

Prof. P.G. Murdin O.B.E.
Treasurer
12th May 2006

The notes on pages 15 to 31 form part of these financial statements

ROYAL ASTRONOMICAL SOCIETY
STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED
31ST DECEMBER 2005

	Note	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	2005 Total £	2004 Total (as restated) £
Incoming Resources						
Donations and Legacies		1,811	-	8,088	9,899	3,786
Activities in Furtherance of the Charity's Objects:						
Membership contributions		167,190	-	-	167,190	150,088
Publications' income		-	2,130,941	-	2,130,941	2,056,664
Investment Income	8	179,234		59,952	239,186	232,355
Other Incoming Resources:						
Miscellaneous income		13,374	-	-	13,374	18,953
Total Incoming Resources		361,609	2,130,941	68,040	2,560,590	2,461,846
Resources Expended						
Costs of Generating Funds	9(a)	3,596	-	-	3,596	3,231
Charitable Expenditure						
Grants		-	-	63,696	63,696	78,446
Costs of activities in furtherance of the charity's objects:						
Publications	9(a)	-	1,505,853	-	1,505,853	1,365,037
Other	9(a)	193,377	13,060	-	206,437	195,235
Support costs	9(a)	519,306	-	-	519,306	489,965
Management & administration	9(a)	107,947	-	-	107,947	129,517
Total Charitable Expenditure		820,630	1,518,913	63,696	2,403,239	2,258,200
Total Resources Expended		824,226	1,518,913	63,696	2,406,835	2,261,431
Net Incoming/(Outgoing) Resources before Transfers						
Transfers between Pubs' Admin. Funds:	10	(462,617)	612,028	4,344	153,755	200,415
Astronomy & Geophysics		373,434	(373,434)	-	-	-
Rep' & Maint'		(59,820)	59,820	-	-	-
Rep' & Maint'		(15,500)	15,500	-	-	-
Net Incoming/(Outgoing) Resources before Revaluations & Disposal of Investment Assets		(164,503)	313,914	4,344	153,755	200,415
Net Gain on the revaluation and disposal of investment assets:	13	634,323	-	158,027	792,350	341,551
Actuarial losses on defined benefit pension scheme	11(b)	(60,000)	-	-	(60,000)	(17,000)
Net Movement in Funds for the Year		409,820	313,914	162,371	886,105	524,966
Total Funds Brought Forward 1 January		1,158,646	3,309,132	1,428,512	5,896,290	5,371,324
Total Funds Carried Forward 31 December		1,568,466	3,623,046	1,590,883	6,782,395	5,896,290

The notes on pages 15 to 31 form part of these financial statements.
All gains and losses for the year are recognized in the above statement

ROYAL ASTRONOMICAL SOCIETY

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER 2005

	2005		2004	
	£		(as restated)	
	£	£	£	£
Net Incoming Resources before Revaluations & Disposal of Investment Assets			153,755	200,415
Adjusted for				
Depreciation Charge	13,062		19,468	
Loss on Disposal of Fixed Assets	484		97	
Investment Income	(239,186)		(232,355)	
Debtors/Payments in Advance:Increase	(70,474)		(1,968)	
Current Liabilities:Increase	157,011		484,828	
Difference between payments to defined benefit pension scheme and amount charged to expenditure	(120,000)		4,000	
			<u>(259,103)</u>	<u>274,070</u>
Net Cash (Outflow)/ Inflow from Operating Activities			(105,348)	474,485
Returns on Investment and Servicing of Finance				
Investment Income received	239,186		232,355	
Net Cash Inflow from Returns on Investment			239,186	232,355
Capital expenditure and financial investment				
Payments to acquire Investments	(632,957)		(1,159,570)	
Payments to acquire tangible fixed assets	(11,733)		(20,699)	
Receipts from Sale of Fixed Assets	-		-	
Receipts from sale of Investments	109,809		815,781	
Net movement in cash on deposit with broker	372,377		(116,473)	
			<u>(162,504)</u>	<u>(480,961)</u>
(Decrease)/Increase in Cash in the Year			<u>(28,666)</u>	<u>225,879</u>
Reconciliation of Net Funds				
(Decrease)/Increase in Cash			(28,666)	225,879
Net Funds at 1 January			<u>962,846</u>	<u>736,967</u>
Net Funds at 31 December			<u>934,180</u>	<u>962,846</u>

The notes on pages 15 to 31 form part of these financial statements.

ROYAL ASTRONOMICAL SOCIETY

Notes to the Financial Statements for the Year Ended 31st December 2005

1. ACCOUNTING POLICIES

The accounting policies adopted by the Society are as follows:

(a) **Accounting convention**

The accounts are prepared under the historical cost convention as modified by the inclusion of investments at market value. Applicable accounting standards and the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities', issued in October 2000, have been followed in preparing the annual report and financial statements of the charity.

During the period under review, the Royal Astronomical Society has adopted the accounting requirements of Financial Reporting Standard 17 'Retirement benefits' in full. This results in a reduction in net assets at the balance sheet date of £68,000 (2004 - £128,000). This is further explained in Note 13 to the financial statements.

(b) **Investments**

All investments in Common Investment Funds are valued at their market value ruling at the balance sheet date, which gives rise to unrealised gains and losses, which are included in the Statement of Financial Activities (SOFA). Investment income is taken into the financial statements including the tax credits recoverable. The Designated Funds are not allocated any investment income directly as they are just designated for the information of the trustees. Gains/losses on the revaluation and disposal of investment assets are separately identified in the SOFA. HSBC continues as investment manager, subject to on-going performance monitoring.

(c) **Fixed Assets**

Expenditure on furniture and fixtures is written off in the year of purchase. No value is included for the inalienable possessions of the Society (Library etc.); the Society does not hold up to date valuations owing to its intention to retain these assets. Technical equipment is being depreciated over four years.

(d) **Intangible Income and Gifts in Kind**

The Society occupies the apartments at Burlington House rent-free, paying rent from 2007. The Society is responsible for the condition of the building, internally and its utilities; Office of the Deputy Prime Minister (ODPM) is responsible for the condition of the building, externally. Following a High Court hearing in January 2004 and a mediation process, the Society and four others in the Burlington House courtyard signed lease agreements with the ODPM, in 2005, securing future occupancy on the basis of paying rent and being responsible for the external fabric of the building. It is expected that the renovation programme being carried out by the ODPM will be

ROYAL ASTRONOMICAL SOCIETY

Notes to the Financial Statements for the Year Ended 31st December 2005

1. ACCOUNTING POLICIES (Continued)

(d) Intangible Income & Gifts in Kind (Cont.)

completed in mid 2006. In autumn 2006, the Society plans to commence a refurbishment project on the apartments, which will mean temporary closure of the apartments and relocation within the Courtyard. (See note 15).

(e) Unrestricted Funds

It is a requirement of the SORP that restricted and unrestricted funds are shown separately. The Society regards the majority of the general fund as an expendable endowment and intends to keep it fully invested.

The Council as Trustees have confirmed that the following funds be continued as designated funds:

(i) Repairs and Maintenance Reserve Fund.

This fund was established in 1978 to provide a reserve to spread the cost evenly over the years for future major repairs and maintenance.

(ii) Library Reserve Fund.

The Library Fund was set up out of a series of legacies, to provide books for the Library. The fund is exhausted.

(iii) Printing and Publication Reserve Fund.

The Printing and Publication Reserve Fund has been designated as a fund, since 1995, to identify the contribution of the publishing activity of the Society, separately from the other general expenses of the Society.

(f) Restricted Funds

Council agreed to the Treasurer's proposals made in a paper, presented in December 2001, that the Restricted Funds should be consolidated into five groups, to better serve the Council's priorities, which address modern needs; Research & Grants, Benevolent, Library, Education and Lectures & Awards.

(g) Connected Charity

During 2001, the Society commenced acting as agents for the Trustees of FA Paneth

Meteorite Collection, in the administration of the Fund, as a charity connected to the Royal Astronomical Society. The fund's income supports research in Cosmochemistry, by graduate and postdoctoral students. The accumulated income less expenditure,

ROYAL ASTRONOMICAL SOCIETY

Notes to the Financial Statements for the Year Ended 31st December 2005

1. ACCOUNTING POLICIES (Continued)

(g) Connected Charity (Cont.)

£18,232 (£13,604 for 2004), is included in Other Creditors (Note 6). The investments were transferred to Nominee holding at HSBC in 2004 (4th quarter); thereafter, Investment Income less Management Fees has been credited to the Paneth Income Account at HSBC Investments.

(h) Contributions

No account is taken of members' contributions in arrears at 31st December 2005.

(i) Legacies and Donations

Legacies and cash donations (but not donations in kind) are credited to the SOFA in the year of receipt.

(j) Grants Payable

Grants payable are recognized in the financial statements as soon as the obligation has been authorized.

(k) Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the Balance Sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the SOFA.

(l) Other Support Costs

Expenses not separately shown under direct charitable expenditure in the SOFA represent such costs as the collection of subscriptions, the making of grants, the maintenance of Library and the arrangement of meetings.

(m) Taxation

The Society is a registered charity and no liability to taxation arises on the results of its activities as applied for charitable purposes, with the exception of investment income, which is taxed at source.

(n) Operating Leases

Rentals under operating leases are charged to the SOFA on a straight-line basis over the term of the lease.

ROYAL ASTRONOMICAL SOCIETY

Notes to the Financial Statements for the Year Ended 31st December 2005

1. ACCOUNTING POLICIES (Continued)

(o) Stocks

No value is included in the accounts for stocks of publications.

(p) Pension Costs

The Society operates two pension schemes for employees. The assets of the schemes are held separately from those of the Society.

It operates a defined benefits pension scheme for employees, who joined its service before 1st January 2002, providing benefits based upon final pensionable earnings. Scottish Life manages the pension scheme, with the investments held by Scottish Life and by Equitable Life.

In January 2004, a qualified actuary determined Contributions. The next review is in 2007.

For the defined benefit scheme the amount charged to the income and expenditure account in respect of pension costs is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. Current service costs, interest costs and expected return on assets are included within charitable expenditure, allocated on the same basis as the staff costs of the scheme members.

Actuarial losses arising from new valuations and from updating valuations to the balance sheet date are recognised in the Statement of Financial Activities under the heading of actuarial losses on defined benefit pension scheme.

A pension scheme liability is recognised on the balance sheet to the extent that the charity has a legal or constructive obligation to settle the liability.

The most recent actuarial valuation showed that the market value of the Scheme's assets as at 1st January 2004 was £341,000, which represents 70% of the benefits that accrued to members after allowing for expected future increases in earnings. In accordance with the Scheme Actuary's recommendation and following Council's approval, the Society paid a single premium of £115,000 in the 2005 scheme year; it is contributing to the Scheme at a rate of 19.3% of pensionable earnings until the 2014 scheme year (14.5% for 2004). Employees contribute at the rate of 5% (5% for 2004).

ROYAL ASTRONOMICAL SOCIETY

Notes to the Financial Statements for the Year Ended 31st December 2005

1. ACCOUNTING POLICIES (Continued)

(p) Pension costs (continued)

The latest FRS17 valuation, at 31st December 2005, shows a deficit of £68,000, owing to changes in the assumptions, since 1st January 2004, especially mortality and discount rates.

The Society, advised by Baker Tilly Financial Services Ltd., has established a second pension scheme (a targeted defined contribution scheme) for employees who began service with the Society after 1st January 2002. The amount charged in the Statement of Financial Activities in respect of pension costs is the contributions payable to Norwich Union in the year.

In November 2000, the Accounting Standards Board issued FRS 17 'Retirement Benefits', requiring disclosures that are included below.

Pension Disclosure under FRS17

Royal Astronomical Society Pension & Life Assurance Scheme (1975)

Year End 31st December 2005

A qualified independent actuary carried out a valuation of the liabilities at 31st December 2005. The major assumptions used by the actuary were:

	31/12/2005	31/12/2004	31/12/2003	31/12/2002
Rate of increases in salaries up to 31 st December 2006	4.0%	4.0%	4.0%	3.9%
Rate of increases in salaries from 31 st December 2006	2.9%	2.9%	2.9%	2.4%
Rate of increase in pensions in payment for service from and including 6 th April 1997	2.6%	2.7%	2.7%	2.2%
Discount rate	4.7%	5.2%	5.4%	5.4%
Inflation assumption	2.5%	2.9%	2.9%	2.4%
Rate of increases to deferred pensions in excess of the GMP	2.8%	2.9%	2.9%	2.4%

The value of the assets detailed below, has been taken as the full value that would have been available had all members retired on 31st December 2005. The value shown is not necessarily the value that would be available were the policy to be surrendered.

ROYAL ASTRONOMICAL SOCIETY

Notes to the Financial Statements for the Year Ended 31st December 2005

1. ACCOUNTING POLICIES (Continued)

(p) Pension costs (continued)

The assets in the scheme and the expected rate of return were:

	Long term rate of return expected at 31st Dec 2005	Value at 31 Dec 2005 £000	Long term rate of return expected at 31st Dec 2004	Value at 31 Dec 2004 £000
With-profits	6%	251	6%	232
Scottish Life	6%	421	6%	206
Cash Deposits	-	-	-	-
 Total market value of assets		 672		 438
 Present value of scheme liabilities		 <u>740</u>		 <u>566</u>
 <i>Deficit</i> in the scheme		 <u>(68)</u>		 <u>(128)</u>

The Society's intention is not to make up the deficit at present, unless the actuary advises to the contrary.

2. FIXED ASSETS

	Telephone & Security System £	2005 Computer ** Equipment £	Total £	2004 £
Cost at 1 st January	26,677	124,669	151,346	137,985
Additions	-	11,733	11,733	20,699
Eliminated on disposals	-	(21,758)	(21,758)	(7,338)
Cost at 31 st December	<u>26,677</u>	<u>114,644</u>	<u>141,321</u>	<u>151,346</u>
Depreciation at 1 st January	26,021	98,814	124,835	112,608
Charge for period	403	12,659	13,062	19,468
Eliminated on disposals	-	(21,274)	(21,274)	(7,241)
Depreciation at 31 st December	<u>26,424</u>	<u>90,199</u>	<u>116,623</u>	<u>124,835</u>
Net Book Value at 31 st December	<u>253</u>	<u>24,445</u>	<u>24,698</u>	<u>26,511</u>

** Includes a computer, purchased on the Sir Norman Lockyer Fellowship.

Apart from the equipment above, the Society uses Office furniture and fittings, which are valued in the region of £15,000 to £20,000.

ROYAL ASTRONOMICAL SOCIETY

Notes to the Financial Statements for the Year Ended 31st December 2005

3. INVESTMENTS

	<u>2005</u>	<u>2004</u>
	£	£
<u>(a) Quoted General Fund Investments</u>		
<u>(Common Investment Funds from 2002)</u>		
UK Fixed Interest Securities	711,421	698,474
UK Equities	3,253,277	2,768,311
Overseas Equities	851,489	425,920
Alternative Investment – Private Equity	75,650	-
Alternative Investment – Property	55,958	50,794
	<u>4,947,795</u>	<u>3,943,499</u>
 Movement in Quoted investments		
Market Value 1st January	3,943,499	3,207,739
Additions at cost	369,973	842,295
Disposals at opening market value	-	(390,708)
Net unrealised investment gains/losses	634,323	284,173
Market value 31st December	<u>4,947,795</u>	<u>3,943,499</u>
 Cash on Deposit with Broker	48,931	269,538
 Investments – Unrestricted Funds	<u>4,996,726</u>	<u>4,213,037</u>
 Historic Cost as at 31st December	3,741,468	3,371,495
<u>(b) Quoted Trust and Special Funds' Investments</u>		
<u>(Common Investment Funds from 2002)</u>		
UK Fixed Interest Securities	300,900	403,337
UK Equities	907,311	677,885
Overseas Equities – Other Overseas	264,830	80,617
Total Quoted Investments at Market Value	<u>1,473,041</u>	<u>1,161,839</u>
 Movement in Quoted investments		
Market value 1 st January	1,161,839	1,212,259
Additions at cost	262,984	317,275
Disposals at opening market value	(108,895)	(436,298)
Net unrealised investment gains/losses	157,113	68,603
Market value 31st December	<u>1,473,041</u>	<u>1,161,839</u>
 Cash on Deposit with Broker	18,433	170,203
 Investments - Restricted	<u>1,491,474</u>	<u>1,332,042</u>
 Historic Cost as at 31 st December	1,091,744	943,568
 Total Investments – Unrestricted + Restricted	<u>6,488,200</u>	<u>5,545,079</u>

ROYAL ASTRONOMICAL SOCIETY

Notes to the Financial Statements for the Year Ended 31st December 2005

3. INVESTMENTS (Cont.)

Total Investments includes the following which are greater than 5% of the portfolio valuation:

Fund	2005		2004	
	£	%	£	%
M&G: Charifund	1,662,816	25.6	1,408,072	25.4
Deutsche Asset Management: CAF Balanced Growth Fund	999,732	15.4	843,052	15.2
HSBC: Common Fund for Growth	781,371	12.0	681,797	12.3
Shroders Charity Equity Income Fund	663,300	10.2	513,250	9.3
Dresdner RCM: Chariguard Overseas Equity Fund	550,571	8.5	450,105	8.1
Merrill Lynch: Charinco	409,387	6.3	402,160	7.3
M&G Charibond	341,050	5.3	336,859	6.1

4. DEBTORS AND PREPAYMENTS

Trade Debtors	17,770	25,488
Prepayments and Accrued Income	186,458	101,578
Other debtors	25,932	32,620
	230,160	159,686

5. CASH AT BANK AND IN HAND

		2005	2004
		£	£
(a) At Bank - Treasury Reserve	- Restricted Funds	70,000	60,000
	- General Funds	765,000	765,000
- Bonus Saver Account	- General Fund	1,778	1,740
	- Restricted Funds	29,389	28,662
- Short Term Deposit		35,531	31,886
- Reserve Account	- General Fund	16,161	50,529
	- Restricted Funds	13,107	22,017
Giro account		2,630	2,484
Cash in Hand		584	528
		934,180	962,846

6. CREDITORS: Amounts falling due within 1 year

Trade Creditors	41,150	62,606
Accruals and Deferred Income	759,848	579,762
Other Creditors	25,845	27,464
	826,843	669,832

ROYAL ASTRONOMICAL SOCIETY

Notes to the Financial Statements for the Year Ended 31st December 2005

7. DESIGNATED FUNDS

	<u>Repairs and Maintenance</u>	<u>Publications</u>	<u>Total</u>
	£	£	£
Balance 1st January 2005	52,066	3,257,066	3,309,132
Incoming Resources			
Income	-	2,130,941	2,130,941
Transfers from Unrestricted Funds:	15,500	59,820	75,320
Total Incoming Resources	15,500	2,190,761	2,206,261
Resources Expended			
Charitable Expenditure	13,060	1,505,853	1,518,913
Transfers to Unrestricted Funds:			
Administration	-	373,434	373,434
Total Resources Expended	13,060	1,879,287	1,892,347
Balance 31st December 2005	54,506	3,568,540	3,623,046

8. INVESTMENT INCOME

	<u>General Fund</u>	<u>Trust Funds</u>	<u>2005 Total</u>	<u>2004 Total</u>
	£	£	£	£
<u>Dividends received:</u>				
UK Fixed Interest Securities	38,194	17,738	55,932	67,428
UK Equities	103,705	30,175	133,880	109,302
Overseas Equities	7,335	3,412	10,747	8,702
Alternative Investments – Property Fund	3,218	-	3,218	3,224
Sub-Total	152,452	51,325	203,777	188,656
Interest from Bank	19,853	4,128	23,981	30,090
Interest from Stockbroker	6,929	4,499	11,428	13,609
Totals	179,234	59,952	239,186	232,355

ROYAL ASTRONOMICAL SOCIETY

Notes to the Financial Statements for the Year Ended 31st December 2005

9. RESOURCES EXPENDED – GENERAL AND DESIGNATED FUNDS

(a) <u>Cost of Activities</u>	<u>General</u>	<u>Designated</u>	<u>2005</u>	<u>2004</u>
	£	£	<u>Total</u>	<u>Total</u>
			£	£
<u>Costs of Generating Funds</u>				
<u>Management Fees – Stockbroker</u>	3,596	-	3,596	3,231
<u>Cost of Activities in Furtherance of the Charity's Objects</u>				
Publications' Expenses	-	1,505,853	1,505,853	1,365,037
Repairs & Maintenance Expenses	-	13,060	13,060	15,297
Other:				
Scientific Meetings:				
Meeting Expenses	32,640	-	32,640	21,961
Joint Association for Geophysics	1,792	-	1,792	1,424
Library:				
Purchase Books & Periodicals	36,747	-	36,747	37,985
Binding & Other Expenses	15,664	-	15,664	11,607
Salaries	77,979	-	77,979	72,960
Fellows and Serials List	-	-	-	-
Services to Fellows and the Community	12,122	-	12,122	18,749
IAU Subvention	16,433	-	16,433	15,252
Total – Other	<u>193,377</u>	<u>13,060</u>	<u>206,437</u>	<u>195,235</u>

ROYAL ASTRONOMICAL SOCIETY

Notes to the Financial Statements for the Year Ended 31st December 2005

9. RESOURCES EXPENDED – GENERAL AND DESIGNATED FUNDS

(Cont.)

	General	Publishing Activity	2005 Total	2004 Total
	£	£	£	£
<u>Support Costs</u>				
Staff Costs	348,903	-	348,903	326,570
Establishment Costs	125,767	-	125,767	121,566
Operating Costs	44,636	-	44,636	41,829
Total – Support Costs (9 (b) refers)	519,306	-	519,306	489,965

Management and Administration

Exchange Difference	-1,177	-	-1,177	2,559
Staff Costs	38,671	-	38,671	39,028
Establishment Costs	13,974	-	13,974	13,507
Operating Costs	4,959	-	4,959	7,382
Professional Fees	51,520	-	51,520	67,041
Total Management and Admin. (9 (b) refers)	107,947	-	107,947	129,517

Included in the above are:

	Direct	Manage- ment	2005 Total	2004 Total
	£	£	£	£
<u>Establishment Costs</u>				
Printing & Stationery	26,626	2,958	29,584	26,708
Postage & Telephone	12,549	1,394	13,943	14,903
Travelling Expenses	22,774	2,530	25,304	26,413
Sundry Items	33,050	3,674	36,724	33,507
Office & General Equipment	3,847	427	4,274	4,330
Computer Equipment Depreciation	7,829	870	8,699	16,297
Telephone & Security Equip't Depreciation	362	40	402	1,163
Internet Running Costs	18,730	2,081	20,811	11,752
Total – Establishment Costs	125,767	13,974	139,741	135,073

Operating Costs

Heating & Lighting	4,614	513	5,127	5,304
Rates	9,289	1,032	10,321	13,343
Insurance	16,629	1,847	18,476	14,637
Sundry Items & Minor Maintenance	4,614	513	5,127	6,149
Maintenance Contracts	9,477	1,053	10,530	9,097
Courtyard Costs	13	1	14	681
Total – Operating Costs	44,636	4,959	49,595	49,211

ROYAL ASTRONOMICAL SOCIETY

Notes to the Financial Statements for the Year Ended 31st December 2005

9. RESOURCES EXPENDED – GENERAL AND DESIGNATED FUNDS **(Cont.)**

	<u>Direct</u>	<u>Management</u>	<u>2005</u>	<u>2004</u>
	£	£	£	£
<u>Services to Fellows and the Community</u>				
Block Subscription & Distribution:				
Observatory	2,628	-	2,628	950
National Astronomy Meeting 2005	10,367	-	10,367	7,000
President's Reception	-	-	-	2,675
Review of Geophysics Education in the UK	(1,855)	-	(1,855)	4,943
Herschel Archives	982	-	982	3,181
Total – Services to Fellows & the Community	12,122	-	12,122	18,749

(b) The Council has allocated indirect costs between Support to Activities in Furtherance of the Charity's Objects, Management and Administration on the following basis:

Support to Activities in Furtherance of the Charity's Objects

- Meetings and Services to Fellows and Library expenditure.
- Meetings arrangements - salary cost.
- Editorial Staff x 6 - publications.
- Membership Secretary - membership and computer.

Management and Administration

- Professional Fees
- Exchange difference

Apportioned

Staff Costs:

Accountant; 55% Support, including 10% to publications. 45% to Management and Administration.

Executive Secretary & Executive Secretary's P.A.; 75% Support, including 12.5% to publications. 25% to Management and Administration.

Establishment Expenses and Operating Costs are divided between Support and Management and Administration; apportioned in the ratio of staff employed and area utilized. Of the resources expended, £107,947 is for Management and Administration i.e. 4.5%.

ROYAL ASTRONOMICAL SOCIETY

Notes to the Financial Statements for the Year Ended 31st December 2005

10. NET INCOMING/(OUTGOING) RESOURCES FOR THE YEAR

The net incoming/(outgoing) resources for the year are stated after charging:

	2005	2004
	£	£
Depreciation	13,062	19,468
Auditors' Remuneration: Audit	10,162	10,695
Consultancy	4,960	-
Pension Scheme	2,871	2,085
Other Professional Fees: Final Salary Pension Scheme	1,565	1,726
Stakeholder Pension Scheme	1,178	192
Legal Fees	20,478	52,343
Stockbroker Fees	3,596	3,231
Refurbishment Consultancy	10,306	-
Operating Lease Rentals: Plant and Machinery	6,635	6,635

Note:

The amounts payable in the next year in respect of operating leases are shown below analysed according to the expiry date of the leases:

Lease expiring within two to five years	6,635	6,635
---	-------	-------

11. STAFF COSTS

Staff costs, including taxable benefits are:

	(as restated)	
Salaries and wages (including Press Officers & Astronomy & Geophysics Editor)	413,610	380,395
Taxable benefits (LVs)	1,612	1,689
Employer's National Insurance	36,636	35,705
Pension, Employer's Contributions:		
- Stakeholder Pension Scheme	5,535	5,616
- Death in service contributions	2,409	1,796
- Final Salary Scheme: Other pension costs	32,000	36,000
	491,802	461,201

Pension costs

Pension costs comprise £32,000 (2004 £36,000) in respect of the defined benefit pension scheme; £5,535 (2004 £5,616) in respect of the targeted defined contribution scheme and £2,409 (2004 £1,796) in respect of Death in Service contributions. The components of the defined benefit pension scheme costs are as follows:

ROYAL ASTRONOMICAL SOCIETY

Notes to the Financial Statements for the Year Ended 31st December 2005

11. STAFF COSTS (Cont.)

Pension costs (cont.)

Analysis of the amount charged to charitable activities

	2005	2004
	£000	£000
Current service cost	35	29

Analysis of the amount credited to other finance income (included within charitable expenditure)

Expected return on pension scheme assets	34	20
<i>Interest on pension scheme liabilities</i>	(31)	(27)
	3	(7)

During the year no individual employee of the Society earned more than £50,000. The average number of employees was 14 (Administration 5, Editorial 6, Library 2, House 1) (2004 was 14). The average number of self-employed staff was 3 (Press Officers 2, Astronomy & Geophysics Editor 1) (2004 was 3).

Pension Disclosure under FRS17

Movement in *deficit* during the year

	31/12/05	31/12/04
	£000	£000
Surplus/ <i>deficit</i> in scheme at beginning of the year	(128)	(107)
Movement in year:		
<i>Current service cost</i>	(35)	(29)
Contributions	152	32
Other finance income (note a)	3	(7)
<i>Actuarial loss</i> (note b)	(60)	(17)
<i>Deficit</i> in scheme at end of the year	(68)	(128)

(a) Analysis of the amount credited/*debited* to other finance income

	31/12/05	31/12/04
	£000	£000
Expected return on pension scheme assets	34	20
<i>Interest on pension scheme liabilities</i>	(31)	(27)
Net return	3	(7)

ROYAL ASTRONOMICAL SOCIETY

Notes to the Financial Statements for the Year Ended 31st December 2005

11. STAFF COSTS (Cont.)

(b) Analysis of actuarial costs

	31/12/05 £000	31/12/04 £000
Actual return less expected return on pension scheme assets (note c)	38	(5)
Experience gains and <i>losses</i> arising on the scheme liabilities (note c)	(8)	17
<i>Changes</i> in assumptions underlying the present value of the scheme liabilities	(90)	(29)
Total actuarial <i>loss</i> (note c)	(60)	(17)

(c) History of experience gains and losses

	31/12/05	31/12/04	31/12/03	31/12/02
Difference between the expected and actual return on scheme assets £000	38	(5)	(15)	(30)
<i>percentage of assets</i> %	6	(1)	(4)	(6)
Experience gains and losses on scheme liabilities £000	(8)	17	(56)	(5)
<i>percentage of the present value of scheme liabilities</i> %	(1)	3	(12)	(1)
Total actuarial loss £000	(60)	(17)	(105)	(71)
<i>percentage of the present value of scheme liabilities</i> %	(8)	(3)	(22)	(14)

12. TRANSACTIONS WITH TRUSTEES

The Trustees receive reimbursement for travel expenses actually incurred in attending meetings, the amounts reimbursed during the year for 21 Trustees was £12,874 (£10,539 for 2004). Remuneration, total £5,519, was paid to Trustees during 2005 (£6,592 for 2004).

ROYAL ASTRONOMICAL SOCIETY

Notes to the Financial Statements for the Year Ended 31st December 2005

13. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	<u>General & Designated Funds</u>	<u>Restricted</u>	<u>Total 2005</u>
	£	£	£
Fund Balances at 31st December 2004 are represented by:			
Tangible fixed assets	24,482	216	24,698
Investments	4,996,726	1,491,474	6,488,200
Current assets	1,036,790	127,550	1,164,340
Current liabilities	(798,486)	(28,357)	(826,843)
Defined benefit pension scheme liability	(68,000)	-	(68,000)
Total Net Assets	5,191,512	1,590,883	6,782,395

Unrealised gains included above

On investment assets

Total Unrealised Gains at
31st December 2005

	1,206,327	381,296	1,587,623
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Reconciliation of Movements in Unrealised gains on Investment Assets

Net gains arising on revaluations in year	634,323	163,023	797,346
Net movement in year	634,323	163,023	797,346
Unrealised gains at 1st January 2005	572,004	218,273	790,277
Unrealised Gains at 31st December 2005	1,206,327	381,296	1,587,623

Gains on the revaluation of Investment Assets:

Realised gains/(losses) during year	-	(4,996)	(4,996)
Movement in unrealised gains during year	634,323	163,023	797,346
Total per Statement of Financial Activities - Page 13	634,323	158,027	792,350

Total funds – prior year adjustment

	2005	2004
	£	£
Total Funds at 1 January 2005		
As originally stated	6,024,290	5,478,324
Prior year adjustment:		
Recognition of defined benefit pension scheme liability	(128,000)	(107,000)
	5,896,290	5,371,324
Net movement in funds for the year	886,105	524,966
Total funds as at 31 December 2005	6,782,395	5,896,290

ROYAL ASTRONOMICAL SOCIETY

Notes to the Financial Statements for the Year Ended 31st December 2005

14. CAPITAL AND ACCUMULATED INCOME

	Balance (excl. net gains) 01-Jan-05 £	Un- realised gains, losses on sales £	Balance (incl. net gains) 31-Dec-05 £	Income £	Exp'ture/ transfers £	Balance (incl. net gains, income, exp & transfers) 31-Dec-05 £
Research & Grants Fund	1,264,304	158,027	1,422,331	58,747	53,654	1,427,424
Benevolent Fund	50,087	-	50,087	1,893	921	51,059
Library Fund	9,163	-	9,163	346	346	9,163
Education Fund	40,790	-	40,790	2,772	1,982	41,580
Lectures & Awards Fund	64,168	-	64,168	4,282	6,793	61,657
GRAND TOTALS	1,428,512	158,027	1,586,539	68,040	63,696	1,590,883

Research & Grants Fund

AG Stillhamer Trust Fund (1937)
 EW Brown Trust Fund (1939)
 Plummer Bequest (1946)
 Victor Nadarov Fund (1950)
 Sir Norman Lockyer Memorial Trust (1990)
 Hosie Bequest (2000)
 Mrs. J.M. Jelley-Freeman Bequest (2000)
 CAG Bearpark Trust (2000)
 Special Purposes Fund
 General

Benevolent Fund

Lee & Jansen Trust Fund (1834/1879)
 Gerald Merton Fund (1986)
 Donald R. Barber Fund (2001)

Turnor Fund and Horrocks Memorial Fund (1853/1876)
 Harry Watson Memorial Fund (1923)

Education Fund

Newbigen Fund (1990)
 Michael Penston Memorial Fund (1991)
 Sir William Hunter McCrea Memorial Fund (2000)
 Education Committee

Lectures & Awards Fund

Hannah Jackson-Gwilt Trust Fund (1861/1893)
 George Darwin Lectureship Fund (1926)
 Ditto Support Fund
 AS Eddington Commemoration Fund (1948)
 Harold Jeffreys Lectureship Fund (1962)
 Roger Tayler Memorial Fund (1998)
 AT Price Medal Fund (1999)
 Gerald Whitrow Memorial Lecture Fund (2001)
 Fowler Prizes Fund (2004)

Library Fund

Warin Bushell Fund (1964)
 Gaythorp Bequest (1969)

15. EVENTS AFTER THE BALANCE SHEET DATE

The Society is proceeding with a project (expected to commence in November 2006) to refurbish the apartments and has appointed an architect and consultants. The value of the project is estimated to be £1.7m, of which £0.3m was contractually committed at the year end.