
Report of the Honorary Treasurer to the Annual

General Meeting, 7th May 2009

Ladies and Gentlemen, Fellows of the Society, I am honoured to present the Annual Report for 2008.

The year was characterised by two major developments.

The first of these relates to income from ongoing activities. In 2008 we, in the Society, were largely successful in developing our various sources of income and moving closer towards financial equilibrium from ongoing activities.

Our total income in 2008 showed a 31% increase over 2007. This positive result was attributable to the successful development of our various income streams. The elections of new Fellows and enhanced collections enabled us to increase income from subscriptions by 14%, despite subscription rates remaining unchanged during the year. Net income from the Journal registered an exceptionally strong performance owing to a combination of increased consortia sales and higher Rights revenue. Donations continued to improve. Almost 2/3rds of total donations was attributable to one donation for general purposes from Barclays Bank plc, to whom we would like to record our gratitude, along with our thanks to all our other donors during the year. Rental income showed the positive impact of rental receipts for a full year and revenue from the hire of facilities grew almost five-fold. It was only in the area of investment and interest income that a decline was recorded, with a fall in income of approximately 22% from 2007, reflecting reduced yields and dividends from bonds and equities, as well as lower interest rates. Despite the very testing macro-economic climate, our sources of income are varied, balanced and robust; that is the most pleasing feature of our overall revenue profile.

Costs in 2008 registered a slight, 2% decline, partly due to the non-recurrence of a few residual costs incurred in 2007, such as some storage costs and a raft of up-front legal and agency costs relating to the tenancy. After netting out the distortions in staff costs attributable to a donation in 2007, which was applied to funding the staff cost of one cataloguing project, staff costs actually rose by just under 11% in 2008. This was the product of a long overdue revision of overall staff remuneration and it brought consistency and standardisation to the Society's human resources regime, at the same time as confirming a proper value to the staff's contribution to the work of the Society. Other costs were contained and we managed to retain our focus on the thrifty management of our physical and administrative infrastructure.

In summary, a large increase in income and a stable cost base enabled the Society to record net outgoing resources of £87k in 2008, greatly reduced from the comparable figure of £163k recorded in 2007.

The second major development relates to the financial crisis in global markets, which experienced a fall in values unequalled in recent history. The effects of this financial crisis

were two-fold. I have already alluded to its adverse impact on our investment and interest income. It also served to reduce the market value of the Society's portfolio of long-term investment assets and cash, which was written down by 25% over the course of the year. This mirrors the situation in the vast majority of charities in a similar position to ours; only the exact quantum of the write-down will have varied. No heritage assets were sold in 2008 although cash holdings were reduced slightly by a £25,000 transfer in mid-2008 to meet a cash-flow need.

Every charity in the UK with an asset base including investments will have had the effectiveness of its investment policy severely stress-tested in 2008. In the Society's case, our portfolio with HSBC Investments is invested in accordance with a prudent asset allocation and a measured balance of risk and reward. That policy has held us in good stead in these difficult market conditions and we are confident that our investment policy remains a solid long-term basis for the Society's investments.

Finally, I would point out that the Royal Asiatic Society has no debt.

For the future, we are reasonably confident of the resilience and potential of our various income streams for the year ahead. The rental agreement with our tenants is in place until at least mid-2012. Income from the sales of our Journal is reasonably predictable, as are subscription revenues from Fellows. Our policy for hiring out the facilities at 14 Stephenson Way is based on pricing for value and should hold the Society in good stead when potential hirers are seeking to economise. We are also reasonably confident that we will effect a further reduction in the Society's deficit in the coming year, but this does depend to a large extent on how successful we are in enhancing the Society's income from donations and fundraising.

It is difficult to forecast future developments in such highly uncertain times, so it is prudent for the Society, firstly, to budget for reduced levels of investment and interest income and, secondly, to ensure that our financial assets are not sold into the bottom or near-bottom of the market. Thus we will maintain our concern on keeping adequate levels of cash for the coming year and avoiding the need to sell any financial assets or make any other major cash outlay which is not fully funded.

The goal for 2008 was to achieve an operating surplus for the year, before depreciation. While this has not been quite achieved in 2008, the operating deficit has been greatly reduced and we are confident of closing in on this goal in 2009, provided that we continue to combine income growth with effective cost control.

Let me just conclude with a word of thanks to you, our Fellowship. I have mentioned the importance of subscriptions as an element in our income and I thank you for your continuing support on this score and in some cases for contributing with extra donations. However, we welcome every form of support, such as introducing new Fellows or new donors, attending the Society's events, offering your time or, generally, by spreading the good news about what the Society does and acting as our Ambassadors. As a charity, the Society lives by the support of its Fellows and I thank you for that.

The Report and Accounts for 2008 have been examined and accepted by the Lay Auditors, the Finance Committee, Council and by our External Auditors. I recommend them for the approval of this meeting.

BRAMPTON MUNDY
Stephenson Way, May 2009