



LONDON
MATHEMATICAL
SOCIETY

**Report of the Trustees for the period
1 August 2011 – 31 July 2012**

London Mathematical Society
De Morgan House
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Charity registration number: 252660
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Members of Council during the period 1 August 2011 to 31 July 2012

President:	A.J. Macintyre (to 18th November) G. B. Segal (from 18 th November)
Vice-Presidents:	K.A. Brown J.P.C. Greenlees
Treasurer:	W.B. Stewart (to 18th November) R., T Curtis (from 18 th November)
General Secretary:	J.M.E. Hyland
Programme Secretary:	S.A. Huggett (to 18 th November) R. A. Wilson (from 18 th November)
Publications Secretary:	J.D.S. Jones
Education Secretary:	C.J. Budd (to 18 th November) A. D. Gardiner (from 18 th November)
Members-at-Large:	J.E. Barrow-Green A.V. Borovik D.E. Buck S.K. Donaldson J. R. Hunton (from 18 th November) W.S. Kendall A. Laptev E. L. Mansfield (from 18 th November) M. Marletta (to 30 th January) C. J. Mulvey (from 30 th March – Pro tem to the 2012 AGM) C.M. Roney-Dougal U.L. Tillmann B.J. Totaro R.A. Wilson (to 18 th November)

Executive Team during the period 1 August 2011 to 31 July 2012

Executive Secretary:	F.C. Nixon
Publisher:	S.P. Hezlet
Head of Accounting and Finance:	E. Belay
Head of Society Business:	A.C. Bennett
Group Head, Conferences & Building:	D. Clark
Group Head, Society & Grants:	I. Robinson (to 12 th August)

Auditors:	Kingston Smith LLP, Devonshire House, 60 Goswell Road, London EC1M 7AD
Investment Advisers:	Morgan Stanley, 20 Cabot Square, Canary Wharf, London E14 4QW
Bankers:	National Westminster Bank plc, 208 Piccadilly, London W1A 2DG
Solicitors:	Bates Wells & Braithwaite, 2-6 CannonStreet, London EC4M 6YH

The Society's aims and objectives

The Society is governed by a Royal Charter. It is a Registered Charity for the purposes of "promoting and extending mathematical knowledge". Copies of the Society's Charter and Statutes, and its current By-Laws, can be found at: <http://www.lms.ac.uk/content/royal-charter>.

The Council has agreed a set of strategic objectives for the Society to fulfil its role as a membership organisation for the advancement, dissemination and promotion of mathematical knowledge.

Objective 1: To work through its members and with the mathematical and broader scientific community worldwide to advance mathematics.

Objective 2: To advance mathematical knowledge by enabling mathematicians to undertake research and collaboration, and by supporting them in their efforts.

Objective 3: To disseminate mathematical knowledge and make it available worldwide, where appropriate seeking to create an income stream to support the Society's activities.

Objective 4: To promote mathematical research and its benefits to decision-makers, policy advisers, funders and the users of mathematics.

Objective 5: To support mathematical education in schools, colleges and universities, and encourage the public and young people to appreciate and engage with mathematics.

Objective 6: To manage the Society's affairs and resources effectively and efficiently, operating where appropriate to make a financial return on activities to support the Society's work.

Public benefit

The Council, comprising the Trustees of the Society, has referred to the Charity Commission's general guidance on Public Benefit when reviewing its aims and objectives and in planning the Society's future activities. In particular, the Council considers how planned activities will contribute to the aims and objectives it has set.

Council holds that the development and extension of mathematical knowledge, expanding mankind's ability to determine and affect the natural, man-made and social worlds, leads overwhelmingly to public benefit, providing for improved health and wealth for nations and individuals and providing for tools to understand and sustain the world in which we live. The Society's activities directly correlate with the six Objectives (above) and are focused on supporting mathematicians in their endeavours, through grants for collaboration, by sharing of knowledge through conferences and publications, by improving the quality of mathematics education for people of all ages, by promoting mathematics and its impact on everyday life to the general public, and by encouraging policies that will benefit mathematics. More detailed descriptions of the activities and the beneficial outcomes are contained in the Review of Activities in 2011/12 (below).

Members of the general public are able to participate without charge in all Society activities of a suitable level. Charges for events aimed at professional mathematicians, whether or not members of the Society, are kept low, a policy that is maintained when deciding on criteria for grant awards; publications are sold at prices that keep them competitive in the academic publishing world.

Governance and policy

The Society's governing body is its Council, and its Trustees are the members of the Council. The Council consists of 20 Members of the Society of whom eight are Officers (including the President) and twelve are Members-at-Large. The Officers of the Society, together with the Executive Secretary, comprise the Finance & General Purposes Committee (F&GPC), which is responsible for implementing Council's decisions, for financial management and for advising Council on policy and strategic matters.

All candidates for election to Council are provided with information on the roles and responsibilities of Trustees. Those elected are invited to a briefing session normally in advance of their first Council meeting (January) at which the work of Council, its strategies and plans, the operation of the financial systems, the administration of the Society and the responsibilities of a trustee are covered. All Council members, at their first Council meeting each year, are required to return a Declaration of Interests form, a Declaration as a Fit and Proper Person and sign up to the Society's Anti-Bribery policy.

Council met six times in the period, in October and November 2011 and in January, March, May and June 2012. (F&GPC met five times in the period, in September 2011 and in January, March, May and June 2011) An additional meeting of Council was held on 28 June 2012.

The Council has established several Standing Committees, which advise the Council, and to which the Council has delegated some decision making. A list of all committees and their membership is given in **Appendix A**. A review of the remits and terms of reference of the various committees is being undertaken, to ensure that the Society has an appropriate number of committees to effect its strategies and activities.

Council members, as Trustees, receive reimbursement only for expenses actually incurred in attending meetings or representing the Society. However, if a trustee works over and above normal trustees duties, the Society may pay for that service if there is a written agreement produced between the Society and the trustee outlining the work to be undertaken and stating the exact or maximum amount. Such agreements must be approved by Council in advance of the work being undertaken.

The Society depends heavily on the unpaid voluntary work of very many of its members, such as those who referee papers submitted to the Society's publications, those who edit those publications or serve on the Society's Editorial Advisory Boards, those who serve on the Society's Committees and those who represent the Society on other bodies, together with the members of the Council themselves, many of whom undertake heavy burdens for the Society. The Society appoints representatives on external bodies and committees; these are listed in **Appendix B**.

In the year from August 2011 to July 2012 Council reviewed and/or approved a number of policies: Reserves, Declaration for Fit and Proper Persons Test, LMS Newsletter advertising, Anti-bribery, and Data Protection.

In order to attract more voters, appeal to a wider range of members and offer a more modern approach to the election process the Council agreed that e-voting should be introduced as part of the Society's election processes and that provision of the voting element of the election procedures should move to the Electoral Reform Services (ERS) from 2012 onwards.

The Society's finances

Despite a poor return on its investments in the last few years the Society is in a strong position financially and has significant reserves to which it has added consistently. Given the continuing economic climate the Society will continue to keep under review where resources might best be used to further the Society's aims.

In the period 2011/12 income (excluding gains on investment assets) exceeded expenditure by £400K, against an expected budget of £163.5K. This was primarily due to increased income, also partly due to cost savings and partly to underspends in activities against budget. This is considered further below.

During the year, the value of the Society's assets rose from £12.6M to £12.9M.

TRUSTEES' ANNUAL REPORT AND ACCOUNTS 2011/2012

The main sources of income were: publication income (70.9%), investment income (13.9%), Conference facilities and rental income (7%), Grants and Contracts (4.3%) and members' subscriptions (3.2%). Expenditure (including support costs) broken down by objective was:

Advancing mathematics (membership, links with the mathematics community, library, prizes)	11.3%
Enabling mathematics (grants, appointments and courses)	26.3%
Disseminating mathematics (publishing)	29.9%
Disseminating mathematics (meetings and lectures)	4%
Promoting mathematics (decision and policy makers, education, public, media)	9.8%

Publications income is in steady state. The Society will continue to seek new opportunities for the expansion of the Society's publishing programme for the future. However, Council is acutely aware of the potential risk to Publications income from Open Access publishing (see the section on Risk management below).

Budgets are set by Council on the recommendation of the F&GPC, based on bids from budget holders, in line with the strategic objectives of the Society. Expenditure is monitored quarterly by F&GPC, which is responsible for recommending any variation in the budgets set by Council.

The full audited accounts of the Society, including the accounting policies, are annexed to this Report.

Risk management

The Council and F&GPC annually review the Society's risk register identifying and quantifying potential risks to the Society and its plans and objectives, and laying out systems and strategies for mitigating those risks. These are addressed under the following headings: Governance and Management, Law & Regulation, Reputation, External & Environment, Financial, and Operational. In certain cases Council has established Designated Funds to set against potential risks (see *Reserves* below); the risks or commitments that are covered by each fund are reviewed and revised annually.

The risk register includes the potential threat to Publications income from Open Access, which in the worst-case scenario could have a devastating effect on the income which the Society derives from its learned journals. This income contributes to the Society meeting its charitable objects. In the past year, Council has sought information and expert advice in order to be better prepared for possible future changes to the publishing models and income streams, and continues to keep this area under close consideration.

Reserves

Council reviews its policy on reserves on an annual basis. The unrestricted reserves comprise a General Fund and other Designated Funds. In addition there are several Restricted Funds.

Council has several specific Designated Funds to meet potential costs of activities, to set against risks relating to the building and to publishing (see above) and to meet grant awards made for projects or activities which span a number of years - these are given at **Annex E**.

The Society has a broad-ranging programme of activities in support of its strategic objectives as described in this report. While some activities are supported from Restricted Funds, all need continuity of funding. Due to the scale and future risks to academic publishing (a key part of the Society's income) Council continues to operate from the basis that it is prudent to hold a General Fund from which income can be drawn to maintain and extend its charitable activities. The General Fund acts both to provide income for activities not funded from Designated or Restricted Funds, and also as a 'free reserve', providing adequate working capital for the Society to operate effectively and efficiently, and for the pursuit of the Society's objectives as Council may from time to time determine.

The Society holds several Restricted Funds, as described in the audited accounts. These originate from various donations and bequests. These are invested and accounted for on an aggregated 'total return' basis.

Grant Awards and Commitments

Where the Society has contractual or constructive obligations to make grant payments these amounts are accrued in the accounts in accordance with the requirements of the SORP. Resources expended on grants shown in the SoFA, therefore, recognise (within the year the grant is awarded) both liabilities and provisions for grant commitments. Normally grant commitments will be claimed by the end of the financial year, although the claim period may be extended by a further year where the start or end date of the grant so requires.

The Society also awards some grants with conditions for payment (such as delivery of a specific level of service or other specific output). Such commitments are reserved in the Designated Funds, and the grants are only recognised in the SoFA when the recipient of the grant has provided evidence of the specific service or output.

Investments

Council continues to be concerned that the Society investment portfolio has underperformed in relation both to the Society's aspiration of 4% real growth and the agreed WM Performance Services benchmarks. The current investment strategy had been modelled to achieve a 7.5% per annum nominal return over five years (a 4% return in real terms after allowing for average service sector wage inflation). The investment climate has changed and for the foreseeable future it may be sensible to accept a lower than 4% return in order to reduce risks. A close review is kept of the investment policy and the performance of the investment managers.

The drawdown each year, as agreed by Council, follows the 'Yale model' and consists of 70% of the previous year's drawdown together with 3.5% of 30% of the current value of the portfolio. In recognition of the depressed state of the financial markets Council has agreed to change this 70:30 ratio to 50:50, thus allowing a more rapid response to a decline in the Society's holding, and reduce the figure of 3.5% to 3%. These changes will come into effect next year, and will be maintained until the market improves.

This drawdown (which may exceed the dividends and interest received) is shown in the SOFA as *Investment Income*. The growth in the value of the Society's investments (capital plus income) is the sum of this drawdown and the figure shown in the SOFA for *Gains on investment assets*. The scale of the Society's activities is designed to match this level of return through the annual budgeting process. As the Society has consistently shown a surplus the actual draw-down has been less than 3.5% this year.

The majority of the Society's reserves – both Restricted and Unrestricted – are invested and managed by the Society's investment managers, Morgan Stanley. Council has appointed an Investment Sub-committee to help it evaluate professional advice on its investments. Council has confirmed an investment mandate with discretionary powers with Morgan Stanley, based on a 'total return' basis, designed to maximise investment income while maintaining the real value of the investments. Over the coming year the Society will review the investment management contract.

The investment managers have discretion in both the mix and selection of investments in order to meet the growth targets for the portfolio, subject to bounds set in the mandate and without exposing to undue risk the Society's reserves, on which its future capacity to maintain its activities depends. The primary target is that the Society's portfolio produces a real return average of 4% pa. The portfolio is invested in a range of equity, cash and fixed-interest investments in both UK and overseas markets. A summary of the main categories of investments and the geographical split is provided in the notes to the financial statements in accordance with the Charities SORP. Morgan Stanley's management of the Society's portfolio is driven by two central strategies: investment in the world economy and hedging back into sterling to eliminate risk from exchange rate movements. This approach is considered by the Trustees to give optimum total return without exposing the Society's investments to undue risk; it is consistent with the principles set out in the Charity Commission guidelines *Investment of Charitable Funds, Basic Principles* (CC14) and conforms with the Trustee Act 2000.

External and public relations

The Society is a founder member of the Council for the Mathematical Sciences (CMS), together with the Institute of Mathematics and its Applications and the Royal Statistical Society. The CMS is chaired by Professor Frank Kelly FRS. The Edinburgh Mathematical Society and the Operational Research Society are also members of the CMS. The CMS provides a forum for the consideration of matters of joint interest, and responds and makes representations to Government and others on appropriate issues. The CMS has an annual meeting with senior members of the Engineering and Physical Sciences Research Council (EPSRC) and meets at other times of the year with officers of its Mathematical Sciences Programme. It also meets annually with the Higher Education Funding Council for England (HEFCE).

The Society is a member of the Science Council, the UK Parliamentary and Scientific Committee, British Science Association, Joint Mathematical Council, and Campaign for Science and Engineering (CaSE). The Society also works in association with the UK Heads of Departments of Mathematical Sciences. It is active through these bodies in ensuring the interests of Mathematics are represented in public debates and in informing Council of external policy issues. The Society is also represented on the Parliamentary Affairs Committee run by the Society of Biology in association with the Royal Society of Chemistry and the Institute of Physics.

Over the last year the Society has worked with the Department for Education (DfE) on matters regarding the *Review of the National Curriculum* and the teaching of mathematics in schools. In addition position statements and responses have been submitted to the following reports and consultations:

- Advisory Committee on Mathematics Education (ACME): *Bridging the Mathematics Gap*
- Royal Society: *Vision for Science and Mathematics 5-19*
- Teaching and Development Agency: *Review of Accreditation Criteria for ITT*
- DfE Consultations: *Study Programmes for 16-19 Year Olds*, and the *Funding Formula Review for 16-19*.

In addition, the Society made a submission to the House of Commons Education Select Committee inquiry on *How Should Examinations for 15-19 year olds in England be Run*, and also released a Position Statement on *Textbooks and Teacher Continuing Professional Development*.

The Society has submitted formal responses, as part of the Council for Mathematical Sciences (CMS), on: House of Lords Science and Technology Sub-Committee I Call for Evidence: *Higher Education in STEM subjects*; Higher Education Commission *Postgraduate Education Inquiry* and the EPSRC *Action Plan on the International Review of Mathematical Sciences*. CMS communicated with EPSRC about the mathematical community's concerns regarding funding for mathematical physics and the Shaping Capability agenda.

The Society and the IMA have continued their collaborations throughout the year. These include two awards made jointly: the Christopher Zeeman Award, which was presented to Professor John Barrow in March 2012, and the David Crighton Medal, the presentation for which will take place in early 2013. Joint press statements have been issued by the two Societies over the past year on A-level results and the Ofsted report on *Mathematics: made to Measure*.

Staff management

The Executive Secretary is responsible for staff-related issues with strategic overview provided by the Society's Personnel Committee. A list of staff in post during the period is at **Appendix C**. During the year an Employee Handbook was prepared and implemented. A review of all activities undertaken by the staff at De Morgan House was used to undertake an internal restructuring to ensure that an effective organisational structure was in place to deliver the charitable activities of the Society.

De Morgan House

The Society holds a long lease (to 2118) from Bedford Estates on De Morgan House, 57/58 Russell Square, London, WC1. It uses these premises (a) to house its administrative headquarters, (b) to hold its meetings and conferences in the promotion of Mathematics, (c) to let out offices on the upper floors to other organisations on a commercial basis, and (d) for function rooms which it lets to other organisations for their own purposes. The last category includes other mathematical and charitable organisations, where there is both a mathematical and financial benefit.

The use of the Conference Facilities for mathematical meetings and as a source of revenue was slightly down on the previous year which had been the busiest year since the operation began in 2006. This was partly due to building closures for redecoration. The facilities provide a return to the Society and the long-term profitability will be kept under review.

There were several changes during the period in the letting of office space, with one tenant moving floors within the building and negotiating a new lease, one tenant vacating due to financial difficulties, two tenants remaining in situ and one new tenant secured for the third floor. This has left only one room available for letting and the building almost at full occupancy.

A complete external redecoration and repair project for the building was completed in July and internal redecoration of the lower ground floor was completed in June.

Review of activities against charitable objects

Below is a report on the Society's activities during 2011/12 specific to the charitable objects, together with proposed plans for the future.

Objective 1: To work through its members and with the mathematical and broader scientific community worldwide to advance mathematics

General Overview

Below is a table showing membership numbers for the Society over the last five years.

	July 2008	July 2009	July 2010	July 2011	July 2012
Ordinary Members (inc. reciprocity)	2320	2252	2162	2115	2133
Associate Members	145	143	147	120	74
Institutional Members	14	13	10	10	9
Honorary Members	28	29	28	30	31

As part of a general drive to encourage more members into the Society the following initiatives were implemented:

- In March 2012, as a means of updating members regularly on Society news, events and grants deadlines alongside the Society's *Newsletter*, the Society began sending fortnightly *LMS eUpdates* to its members.
- A network of LMS Representatives is being put in place to help promote the Society at individual institutions across the UK. Currently there are 40 LMS Representatives in place 25 of whom attended an Induction Event in May 2012 hosted by the Society.
- At the end of July 2012, the Society launched an online survey of its membership on *Criteria for Membership of the LMS* and invited all members to participate. Council will be considering the feedback received through the survey and will use this to inform future discussions.

The Society, in conjunction with the Heads of Departments of Mathematics (HODoMs), has developed a Good Practice Scheme with the aim of helping departments of mathematics to take practical actions to improve the participation of women and to share examples of good practice with other departments. The Scheme will also offer support in applying for an Athena SWAN award for those departments seeking recognition for their work in this area.

As part of the Scheme the Society commissioned a UK wide survey of mathematics departments. The survey started in early June 2012. The purpose of the survey is to collect examples of good practice in mathematics and to benchmark departments on their working practices, processes and procedures. This exercise will identify the current strengths and weaknesses across the UK and will enable departments to assess themselves in relation to the national picture.

The Society recognised that there was currently no single body which was co-ordinating, managing and funding the collection and analysis of such data for mathematics on a national scale and Council agreed that such data was important, not only to assist in encouraging the careers of women within mathematics but also in the representation of mathematics to Government and other national policymakers and funders (also meeting charitable Objective 4). There will be a national launch of the results of the benchmarking survey in February 2013.

Another successful LMS Women in Mathematics Day was held this year. This is an annual event organised by the Society for women in mathematics to meet together for a day of talks and discussion groups. The event is aimed in particular at postgraduates, final year undergraduates and those at an early stage in their career, and provides a valuable opportunity to meet and talk with women who are active and successful in mathematics. Both women and men are encouraged to attend this day. Over 65 people attended the event and there was a successful poster competition.

A Computer Science Colloquium on the theme of *High Performance Scientific Computing at the Exascale* was held and attracted 40 attendees. Speakers came from both the UK and overseas. The Computer Science Committee was able to obtain further funding from the Centre for Numerical Algorithms and Intelligent Software to support the event. The day was regarded as a success and the Society looks forward to hosting similar events in support of the Computer Science–Mathematics interface in future years.

In July 2012 the Society was represented at the 6th European Congress of Mathematicians in Kraków, Poland and prior to that sent a delegation to the Council Meeting of the European Mathematical Society (EMS) also held in Kraków. Many interested mathematicians from the UK and around the world visited the LMS stand in Kraków to discuss the Society, and mathematics in the wider world. A formal Society meeting was also held there during which the Programme Secretary gave a presentation about the Society's activities before a talk was given on the theme of *Mathematics of Planet Earth 2013*. The Meeting was followed by a reception. Over 100 mathematicians and those interested in mathematics from around the world attended. Five members took the opportunity to sign the Members' book.

Key objectives and achievements over the period:

- the Society's prizes and medals for excellence in mathematics were awarded
- two Honorary members were elected in July: Professors C Voisin (Institut de mathématiques de Jussieu, University of Paris VI: Pierre et Marie Curie, France) and Dr J. Simons (Renaissance Technologies, USA)
- 88 new members joined the Society during the year.

Targets and objectives for the future:

- to finalise the review of membership eligibility criteria with a view towards openness, in line with public benefit criteria
- to introduce in the coming year an online payments system for members' subscriptions
- to continue to develop the Society's website to meet the needs of the community of mathematicians and members of the public seeking information on the Society and mathematics
- to increase membership of the Society
- to work closely with the new network of LMS Representatives.

Objective 2: To advance mathematical knowledge by enabling mathematicians to undertake research and collaboration, and by supporting them in their efforts*General Overview*

Below is a table showing the value of the grants awarded by the Society over the last five years. The Society's grant-giving policies and summaries of its grant schemes are detailed in **Appendix D**. Council, through its Programme Committee, reviewed the types of grants advertised and agreed to increase the maximum awards for Schemes 1-5, with a view to encouraging more applications. These increases will take effect from 2012/2013 onwards.

	2007-08	2008-09	2009-10	2010-2011	2011-12
Conference (Scheme 1)	£159,972	£165,761	£161,865	£121,481	£177,617
Visitors to the UK (Scheme 2)	£23,100	£31,396	£28,973	£29,427	£29,054
Joint Research Groups (Scheme 3)	£24,466	£28,675	£27,831	£29,593	£32,235
Research in Pairs (Scheme 4)	£18,655	£14,660	£17,766	£21,920	£23,599
International Short Visits (Scheme 5)	£3,777	£5,875	£14,084	£6,992	£4,700
Computer Science Grants (Scheme 7)	£0	£2,742	£3,437	£4,617	£5,429
Postgraduate Conferences (Scheme 8)	N/A	£9,355	£16,064	£13,450	£35,557
Young Researchers in Mathematics	-	-	-	-	£3,000
Prospects in Mathematics	-	-	-	£5,000	£6,638
Education Grants	£3,570	£4,188	£7,146	£5,790	£7,030
Women in Mathematics	£714	£969	£637	£3,275	£3,289
Young British/Russians	-	£1,500	£3,000	£1,500	£2,450
Supporting Maths in Africa	-	£17,662	£13,500	£6,000	£16,490
LMS Workshop- Symposia	-	-	-	£15,900	£11,600
Total	£234,254	£282,783	£294,303	£259,945	£358,688

The Society has continued its support for the *Mentoring African Research in Mathematics* programme through provision of the administration and management of the project and part-funding a facilitator whose role is to provide a link for all mentors and to investigate new sources of funding for the project, as the Nuffield Foundation and Leverhulme Trust funding ends in December 2012. The Society has also held discussions on ways of supporting the *Mathematics of Planet Earth 2013* initiative, the internationally co-ordinated global programme to promote mathematics, which is aimed at making 2013 a special year of emphasis on the *Mathematics of Planet Earth*, interpreted as broadly as possible.

The Society also provided funding for the Young Researchers in Mathematics Conference, held at the University of Bristol in December 2011. This is a national conference specifically for postgraduate students, planned, organised and run by the students themselves. In addition the Society funded the LMS Prospects in Mathematics event, also held at the University of Bristol, though separately organised from the Young Researchers Conference, and is aimed at final year undergraduates interested in pursuing a PhD in Mathematics. Both of these events are held annually and are supported by the Society, moving around different institutions across the UK. These meetings are important events that encourage and support students in the pursuit of research in mathematics.

Two LMS-EPSC Short Courses for postgraduates were held in the last year, attracting over 50 participants. The purpose of the Short Courses is to provide training at the research frontier. An important feature of the programme is the wide range of mathematical topics. These topics are either of very general interest or are in areas where it is of strategic importance to boost the national strength. Course participants are given the rare opportunity at the start of their research apprenticeships/careers of attending lectures delivered by distinguished and world-renowned academics. Most course organisers arrange for international speakers to attend which makes the Short Course Scheme particularly attractive and unique in its format. Such training prepares the students for engagement in the international research arena, ensuring that the UK is able to both maintain and further develop its place globally with respect to world-class research.

Key objectives and achievements over the period:

- a total of £358.7k awarded from the Society's own resources in grants to support mathematical activities, with a success rate (by number) of 91% for most grants.
- applicants notified of grant decisions in a timely manner.

Targets and objectives for the future:

- to complete work on an online system for grant applications and reports
- to promote the grant schemes more widely through further advertising and use of the LMS Representatives network
- to support a pilot scheme, set up by the Young Researchers in Mathematics Committee, to provide a network of meetings for young researchers in 2012-13.

Objective 3: To disseminate mathematical knowledge and make it available worldwide, where appropriate seeking to create an income stream to support the Society's activities

General Overview

Below is a table showing figures over the last five years for publications income and the number of Society meetings held for which the Society provided grants.

	2007-08	2008-09	2009-10	2010-11	2011-12
LMS periodicals income	£818,681	£775,499	£913,802	£1,151,632	£1,202,567
Income from joint ventures and royalties	£490,544	£544,273	£588,138	£612,000	£654,828
Society meetings held (inc. joint)	8	8	8	10	8

During the last year Council endorsed a Publications Strategy having as a key part the protection of publishing income whilst allowing the flexibility to explore new opportunities in publishing.

Over the year Society meetings were held in Exeter and Newcastle as well as three meetings in London, including the Mary Cartwright Lecture, a meeting to mark the 100th Anniversary of the death of Poincaré and the General Meeting at which the Hardy Fellow 2012, Etienne Ghys, gave a talk. A Society Meeting was also held at the British Mathematical Colloquium in Kent.

The 2012 LMS Invited Lecturer Alexei Borodin visited Glasgow in March. The lectures were filmed by the University of Glasgow.

Following the agreement with the New Zealand Mathematical Society to introduce the Aitken Lectureship, to run in conjunction with the Forder Lectureship, the inaugural Aitken Lecturer was announced as Professor Geoff Whittle (Wellington). Professor Whittle visited the UK in October 2011 to give a series of lectures at the Universities of St Andrews, Manchester, Cambridge, London (QMUL) and Oxford.

Key objectives and achievements over the period:

- the number of pages published by the *Journal*, *Proceedings* and *Mathematika* increased by 17%; for the *Bulletin* the increase was 8%; this increased research output will boost the Society's ability to sustain its income from publishing
- the Society's web-based article management system for authors, reviewers and editors, introduced in 2011, has streamlined the paper flow and over the past year has led to reduced durations for peer review and journals production, benefiting both mathematics and mathematicians.

Targets and objectives for the future:

- carry out the objectives of the new Publications Strategy
- increase the focus on journal development and further improve communications with editors, editorial boards and the LMS's publishing partners
- keep abreast of technological advances in publishing and offer modern tools to authors, reviewers and readers
- continue to seek new opportunities for publishing high-quality mathematical research
- put in place an ethics policy for the LMS journals and its authors, referees and editors.

Objective 4: To promote mathematical research and its benefits to decision-makers, policy advisers, funders and the users of mathematics.

General Overview

Below is a table showing the number of press releases and policy statements issued over the last five years.

	2007-08	2008-09	2009-10	2010-211	2011-2012
Press releases issued (inc.joint)	6	10	10	9	7
Policy statements issued	11	13	3	8	1
Number of consultation responses	12	4	3	7	10

The Society has undertaken extensive public affairs work over the last year in promoting mathematics to decision-makers and policy advisers within what has been a challenging political and economic climate. See the section above on **External and public relations** for further details.

Key objectives and achievements over the period

- responded to various consultations by the Department for Education
- responded to various inquiries by the House of Commons Education Select Committee and the House of Lords Scientific Select Committee
- responded to consultations by the Royal Society, ACME, TDA, and EPSRC
- responded to the RCUK Proposed Policy on Access to Research Outputs

Targets and objectives for the future

- to bring to the attention of decision makers and policy advisers national data on mathematics and the UK mathematics landscape
- to continue to represent mathematics research and education to Westminster, Whitehall and other national funding bodies and ensure that mathematics is explicitly considered during discussions regarding STEM subject areas.

Objective 5: To support mathematical education in schools, colleges and universities, and encourage the public and young people to appreciate and engage with mathematics.

	2007-08	2008-09	2009-10	2010-2011	2011-2012
Popular lectures attendance	440	450	950	650	1,050
Education Grants	£3,570	£4,240	£7,146	£5,790	£7,030

General Overview

During the period Society Officers and members actively assisted the Department for Education with its review of the National Curriculum for mathematics.

Key objectives and achievements over the period:

- the Popular Lecture held at the Institute of Education in London on 26 June had an audience of some 800 people
- The Maths Zone at the Big Bang Young Scientists and Engineers Fair held in March 2012 once again proved to be very popular
- The MPU produced three leaflets in conjunction with exhibitors and the Royal Society at the Royal Society's Summer Science Exhibition in July 2012

Targets and objectives for the future:

- to award a greater number of Education Small Grants to support mathematical education at all levels
- to issue further LMS policy position statements to support mathematics Higher Education and education in schools
- to use the LMS website and develop content regarding education which is of interest in the wider world of mathematics as well as to those involved in higher education.

Statement of Trustees' Responsibilities

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice.)

The law applicable to charities in England & Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 1993, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Royal Charter. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

For and on behalf of Council of the London Mathematical Society:


.....
Dr Graeme Segal
(President)


.....
Date

Membership of Committees at 31 July 2012

Finance & General Purposes Committee: President (*Chair*), Vice-Presidents, General Secretary, Treasurer, Programme Secretary, Publications Secretary, Education Secretary, Executive Secretary.

Investment Subcommittee: Treasurer (*Chair*), Members of Finance & General Purposes Committee, M. Davis, J. Dodd, L. Hughston, S. Mossaheb, M. Penington, W. Shaw.

Personnel Committee: K.A. Brown (*Chair*), Publications Secretary, J.E. Barrow-Green, F. A. Rogers, A. Truman, Executive Secretary.

Nominating Committee: C.M. Series (*Chair*), A. Etheridge, F. C. Kirwan, M. Liebeck, M. Prest, M. A. Singer, P. J. Davies (*pro tem to 2012 AGM*), J. R. Hunton (*Council*).

Computer Science Committee: T. Melham (*Chair*), M. Ainsworth, N Alechina, J. Cooke (BCS-FACS), A. Czumaj, J. Davenport (IMA), K. Paterson, V. Sassone, F. Moller (Academy of Computing), C. Turner (EPSRC observer).

Education Committee: Education Secretary (*Chair*), Vice-President (K.A. Brown), F. Berkshire, A. Borovik, R. Emanuel, A. Gillespie, J. Levesley (HoDoMS), N McKay, D. Mond, P. Ransom, vacancy.

International Affairs Committee: President (*Chair*), Publications Secretary, J.M. Ball (RS-ICSU), A. Laptev, A. Fitt (IMA), M. Prest, C. Roney-Dougal, C. Budd (UK representative to ICMI), President of the Edinburgh Mathematical Society, N. Walkey (RSS), R. Sutherland (JMC)

Library Committee: Librarian (J.E. Barrow-Green) (*Chair*), J. D. S Jones, R.W. Kaye.

Prizes Committee: President (*Chair*), K. Ball, A. Carbery, C. Drutu, H.M. Byrne, M. Green, B. Green, B. Niethammer, V Smyshlyayev.

Programme Committee: Programme Secretary (*Chair*), S. Donaldson, W. S. Kendall, A. Laptev, I. Roulstone, B.J. Totaro, E. L. Mansfield.

Publications Committee: Publications Secretary (*Chair*), Vice-President (J.P.C. Greenlees), J. Anderson (Deputy Publications Secretary), T. Browning, S. Hall, P. Hurst, P. Jørgensen, C.M. Roney-Dougal, A. Sobolev, T. Ward, S. Hezlet (Publisher).

Publishing Nominating Group: J.D.S. Jones (Publication Secretary, *Chair*), C. J. K Batty, J. Brodzki, D.M.J. Calderbank, S. Hezlet (Publisher), F. C. Kirwan, A. Sobolev, S. A. R. Stevens, J. Wright.

Journals Editors Group: Publications Secretary (*Convenor*), Editors for the *Bulletin*, *Journal and Proceedings*, 3 members of the *BJP* Advisory Board, Book Reviews and Obituaries Editors of the *Bulletin*, Managing Editor for the *Journal of Topology*, member of the *Journal of Topology* Editorial Board, Editors of *Journal of Computation and Mathematics*, member of the *JCM* Advisory Board, Publisher, Managing Editor.

Research Meetings Committee: U Tillmann (*Chair*), Vice-President (J.P.C. Greenlees), V. Blackstone (EPSRC observer), J. Parker (Durham representative), J. Chapman, D. Buck, B. Hambly, I. Smith, I. Gordon, J. Woolf.

Research Policy Committee: Vice-President (K.A. Brown, *Chair*), Vice-President (J.P. C. Greenlees), P.J. Davies, D. Abrahams, M. Bridson, vacant, H.G. Dales, A. Etheridge, M. MacCallum.

Women in Mathematics Committee: G.M. Stallard (*Chair*), D.E. Buck, H. Byrne (IMA), P. Clarkson, F.C. Kirwan, A.H. Marshall, B. Pelloni, S. Pitts, S. Pott, J. Scott (EWM).

Good Practice Scheme Steering Group : C Hobbs (*Chair*), G.M. Stallard (*Co-Chair of WiM Committee*), J. Greenlees (LMS Vice President and Co-Chair of WiM Committee), P. Clarkson, D. Arrowsmith (HoDoMS), J. Levesley (HoDoMS).

Ad hoc COMMITTEES AND APPOINTMENTS at 31 July 2012

LMS–IMA Joint Working Group (LMS members): President (*Chair*), Vice-President (J. Greenlees), Executive Secretary, *ad hoc* member.

LMS–IMA David Crighton Medal Committee (2012) (LMS members): President (*Chair*), E. L Mansfield, C. Series.

LMS Web Working Group: S.A. Huggett (Programme Secretary, *Chair*), J. E. Barrow-Green (Librarian), A.V. Borovik, P. Cameron, J. Greenlees (Vice President), Executive Secretary, R. Wilson (Council Webmaster), Operational Webmaster.

Mathematics Promotion Unit (MPU) Steering Group: J.P. C. Greenlees (Vice-President, *Chair*), General Secretary, Education Secretary, N. Steele (IMA), A. Stevens (IMA), vacant, Executive Secretary, Society Communications Officer

National Curriculum Writing Team: A. D. Gardiner, T. Barnard, R. Browne, D. Rayner, R. Emanuel, M. Ledwick

Newsletter Editorial Board: A. Mann (General Editor), C. Roney-Dougal (Reviews Editor), Programme Secretary (Reports Editor), R. A. Wilson (Council Webmaster), vacant (Member of Council).

Council Diarist: J. Barrow-Green

Council Webmaster: R. A. Wilson

Representatives on external committees and boards at 31 July 2012

British Science Association (Mathematics Section): Education Secretary

British Mathematical Colloquium (BMC) Scientific Committee, P. Rippon, J. R. Hunton, vacant

International Council for Industrial and Applied Mathematics (ICIAM): President

Council for the Mathematical Sciences: President, Vice-President (K. Brown), Executive Secretary

Council for the Mathematical Sciences (EPSRC Liaison Group): Vice-President (J. Greenlees), Executive Secretary

European Mathematical Society (Council): President, Programme Secretary, C. Roney-Dougal, W. Kendall

Heads of Departments of Mathematical Sciences (Committee): General Secretary

International Centre for Mathematical Sciences (Board): M Kim

International Centre for Mathematical Sciences (Programme Committee): D. Rand, A. Stuart.

International Commission on Mathematical Instruction (ICMI) – UK representative: C. Budd

Isaac Newton Institute (Management Committee): J.W. Bruce

Isaac Newton Institute (Scientific Steering Committee): J. Ball, M-F Roy

Isaac Newton Institute (Correspondents): Chair of Research Meetings Committee

Joint Mathematical Council: Education Secretary

Parliamentary & Scientific Committee: President, P. T. Saunders

Science Council (Council): President, Executive Secretary

Staff in post in the period 1 August 2011 to 31 July 2012**Executive Secretary's Office**

Executive Secretary	F.C. Nixon
PA to the Executive Secretary	L. Marshall
Head of Accounting and Finance	E. Belay
Accounts Assistant	B. Graczyk
Administrative Editor, LMS Newsletter ◇	S.M. Oakes*
MARM Facilitator ◇	J. Elgin*

Publications

Publisher	S.P. Hezlet
Assistant Editor	P. Acheampong (to 9 th March)
	T. Corless (from 15 th March)
Assistant Editor	B. Holmes
Managing Editor	O. Törnkvist

Head of Society and GrantsI. Robinson (to 12th August)**Society Business (from May 2012)**

Head of Society Business	A.C. Bennett
Education & Research Officer	D. Turton
Membership and Activities Officer	E. Fisher
Society Communications Officer	J. Johnston
Grants Administrator ◇	S. Daly
Short-course Facilitator ◇	R. Ahmad*

Conferences & Building Group

Group Head	D. Clark
Receptionist & Facilities Coordinator	L. Parker
Facilities Assistant ◇	A. Waidson

◇ Part-time posts

* staff not based at De Morgan House

The Society's grant schemes to support mathematics**General policy on grant-making**

The grant schemes are funded from the Society's resources received from its endowments, investments and publishing activities and are one of the primary mechanisms through which the Society achieves its central purpose, namely to 'promote and extend mathematical knowledge'. The principles for its grant-giving are:

- As a charity the Society is able, and wishes, to take advantage of different opportunities and to work within a different regulatory framework from other funding bodies, such as the EPSRC. Its grant schemes are focused accordingly.
- The Society's funds are under pressure, and it is not able to make awards as often or as fully as it would like.
- The Society does not normally meet the full cost of an activity. Rather it aims to give added value to an event largely funded by other means, or to bridge the gap between cost and the resources that might reasonably be made available by a university department.
- It does not pay Full Economic Costs.
- It does not make grants to cover departmental overheads, secretarial costs, etc., which could be seen as part of normal departmental provision.
- The Society does not normally make grants to cover room hire, although consideration will be given to cover room hire charges at De Morgan House
- Applicants are expected to make economical travel arrangements where possible.
- The Society expects that organisers of conferences and activities who are seeking grants from the Society will invite both male and female speakers (or explain why this is not appropriate or possible) and give consideration to the provision of mechanisms to enable participation by people with children or family responsibilities, in line with the Society's policy on Women in Mathematics
- The Society will not allow its limits for individual grant schemes to be exceeded by artificially subdividing an application into a number of separate requests under different headings.
- The Society considers it to be the responsibility of the institution to which the grant is paid to check receipts in accordance with its normal financial procedures.

The Society's committees assessing applications for grants are made up of mathematicians with a wide spread of research interests. Under most schemes, proposals are judged by the committees themselves, although they may seek advice. The committees judge each application on its merits.

Any mathematician working in the UK is eligible to apply for a grant but for some schemes if they are not a member of the Society, then the application must be countersigned by a member who is prepared to support the application.

Summary of grant schemes*Conference Grants (Scheme 1)*

Grants are made to the organisers of conferences to be held in the United Kingdom. Priority is given to the support of meetings where an LMS grant can be expected to make a significant contribution to the viability and success of the meeting. Support of larger meetings of high quality is not ruled out, but for such meetings an LMS grant will normally cover only a modest part of the total cost.

Under this scheme grants are made for meetings held to promote the new appointments of lecturers at UK universities.

Visitors to the UK (Scheme 2)

To provide a grant to a mathematician based within the UK to support partially a visitor to the UK; the visitor should give lectures in at least three separate institutions.

Support of Joint Research Groups (Scheme 3)

The scheme is to provide support for groups of mathematicians, working in at least three different locations (of which at least two must be in the United Kingdom), who have a common research interest and who wish to engage in collaborative activities.

Research in Pairs (Scheme 4)

To provide a small grant to a mathematician within the UK to help support a visit for collaborative research.

International Short Visits (Scheme 5)

To provide a grant to a mathematician within the UK to support a visit for collaborative research either to or from a country in Africa, or countries in which mathematics is in a similar position.

Computer Science Small Grants (Scheme 7)

The aim of the scheme is to provide small grants within the United Kingdom to help support a visit for collaborative research at the interface of Mathematics and Computer Science.

British Colloquium for Theoretical Computer Science

The Society supports the annual meeting which provides a forum in which researchers in the theoretical computer science can meet, present research findings, and discuss developments in the field.

Postgraduate Research Conferences (Scheme 8)

The aim of this scheme is to support research conferences, organised by and for research students, to be held in the United Kingdom.

Support for Young Mathematicians

The Society supports young mathematicians through the LMS Prospects in Mathematics event and through a grant to the Young Researchers in Mathematics Committee, to provide a network of meetings for young researchers.

Support for Mathematics in Africa

The Society awards grants to contribute to the travel costs of postgraduates attending conferences organised, or supported, by the African Mathematics Millennium Science Initiative (AMMSI). Additionally, in the past year, grants have been made to support research students attending a Joint International Congress of the South African and American Mathematical Societies, and to the EMS-CDC Committee to support their work donating books and journals to developing countries.

Young British and Russian Mathematicians

Each year, the scheme will allow up to three young Russian mathematicians to spend a few weeks in Britain giving a series of survey lectures on the work of their Russian seminar, and up to three young British mathematicians to spend a few weeks in Russia giving a series of survey lectures on the work of their school.

LMS Workshop-Symposia

The Society supports research workshops, which may be held anywhere in the UK and are an opportunity for a small group of active researchers to work together for a concentrated period on a specialised topic. Applications to support development of research in an area not ready for a larger-scale application are welcomed; applications for partial support for larger events will only exceptionally be supported.

LMS Grace Chisholm Young Fellowship

These fellowships, named after Grace Chisholm Young, aim to provide some support when a mathematical career is interrupted by family responsibilities, relocation of partner, or other similar circumstance, making possible some continuous mathematical activity and so enabling the fellow to be in a position to apply for posts when circumstances allow. Each holder will be based in a specific Mathematics Department in a University or Research Institute in the UK; the host is expected to provide an email address, use of library and IT facilities and access to research literature. The normal duration of a fellowship will be one year.

LMS Childcare Grants

The Society recognises that parents are sometimes prevented from attending conferences and meetings and making research visits because there is no provision for the extra costs incurred in looking after children either at home or (when necessary) at the place visited. It is the LMS view that institutions should make provision for childcare costs but, while this is not largely the case, the Society is willing to make a supplementary grant as a contribution to the costs.

Small Educational Grants

These support such activities as popular lectures, exhibitions, masterclasses, mathematical competitions, etc., that help to encourage joint mathematical ventures between higher education institutions and schools, or the development of projects that would improve the 'Public Image of Mathematics'.

Further information on all the Society's grant schemes, including detailed criteria and application forms to download, is on the LMS website <http://www.lms.ac.uk/content/grants>

Reserve Funds***General Fund***

The General Fund is to provide for the general operation of the Society including its charitable activities not funded from Designated or Restricted Funds. Within the Society's reserves, the General Fund is deemed an expendable reserve to be used in pursuit of the Society's objectives as Council may from time to time determine. At present the fund exists to assure the availability of resources for the Society's grant schemes and other continuing charitable activities in future years. This manages the risk to the Society's ability to generate income to provide for such activities and offers a contingency against threats such as open access.

Council takes a long term view with regard to the General Fund, in respect of helping both current and future beneficiaries. There is a need to rebuild the investment portfolio and guarantee a real return. Over the last ten years the portfolio has reduced by approximately 25%. Council considers that the present level of the General Fund should (if possible) be increased to the level of £15m – £20m by 2020.

General Fund	£9,084,658
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Building & Development Reserve Fund

This reserve, originally built up for the Society to purchase or rent its own property was utilised in part in the purchase of a leasehold property. The agreed purposes and recommended levels as from the next financial year would be:

Rehousing and re-establishing the administration for one year were DMH to be lost through fire etc.	£194,239
Costs of venue hire for all LMS meetings held in DMH	£13,171
Costs of re-establishing our work	£10,189
Dilapidations, were the Society to leave DMH	£22,973
External redecoration	£33,444
Internal redecoration	£43,238
Major modifications and developments, unexpected repairs/replacement	£273,492
	£590,746

Printing & Publication Reserve Fund

This fund was originally established to cover forward publication commitments against the possibility of no matching income for the continuing costs of the Society's LMS periodicals. More recently it was agreed that it would also hold excess of income over expected surpluses (and conversely meet the shortfalls when the surplus does not match the anticipated level). The agreed purposes and recommended levels are:

Repaying subscriptions income if we ceased to trade, and other commitments	£1,708,979
Buffer against over/under shooting the budget	£164,094
New ventures. Based on the costs of launching and producing a new journal, but its failing to gain subscriptions	£820,472
Insurance against breach of copyright and libel (including legal fees)	£273,491
	£2,967,036

Grants Payable Reserve Fund

This fund is set aside for grant awards to mathematical projects or activities which span a number of years. Such grants are reviewed annually and be paid once the recipient of the grant has provided a progress report with satisfactory performance of the project.

Grants awarded and approved by Council to be paid in future accounting periods	£50,000
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Special Activities Reserve Fund

Gifts and bequests received by the Society to be used for diverse activities in support of the Society's objectives	£30,928
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Independent Auditors' Report to the Trustees of The London Mathematical Society

We have audited the financial statements of London Mathematical Society for the year ended 31 July 2012 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. 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 any party other than the charity and charity's trustees as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement the trustees are responsible for the preparation of financial statements which give a true and fair view. We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 July 2012, and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



Kingston Smith LLP
Statutory auditor

Date: 17/10/2012

Devonshire House
60 Goswell Road
London EC1M 7AD

Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

TRUSTEES' ANNUAL REPORT AND ACCOUNTS 2011/2012

STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 31st July 2012

	Notes	Unrestricted		Restricted	2012	2011
		General	Designated	Funds	Total	Total
		Funds	Funds	Funds	Funds	Funds
		£	£	£	£	£
Incoming resources						
Incoming resources from generated funds:						
Voluntary income						
Gifts, Donations, Legacies		2,581	-	-	2,581	8,957
Activities for Generating funds						
Conference facilities		108,601	-	-	108,601	115,675
Rental income		76,261	-	-	76,261	63,443
Advertising in Newsletter		10,382	-	-	10,382	10,073
Investment income	2	358,399	754	6,405	365,558	336,388
Incoming resources from Charitable activities:						
Membership subscriptions		83,493	-	-	83,493	73,501
Publications – LMS Periodicals	6a	1,202,567	-	-	1,202,567	1,151,632
Publications – Ventures and Royalties	6c,d	268,535	386,293	-	654,828	612,000
Grants and contracts	19	31,386	-	82,104	113,490	112,618
Other incoming resources						
Sundry income		2,852	-	-	2,852	611
Total Incoming Resources		2,145,057	387,047	88,509	2,620,613	2,484,898
Resources expended						
Cost of generating funds:						
Costs of DMH Conference facilities	3	107,789	-	-	107,789	160,259
Services for tenants		67,760	-	-	67,760	46,412
Investment Management fees		38,375	-	-	38,375	41,098
Charitable activities						
Advancing the interests of Mathematics	4	244,111	-	6,000	250,111	202,862
Enabling Mathematicians to undertake research & collaboration	5	443,082	44,000	97,257	584,339	496,391
Disseminating Mathematical knowledge						
Costs of publications	6b,c,d	381,872	281,443	-	663,315	607,434
Conference and meeting programmes	7	88,993	-	-	88,993	81,361
Promoting Mathematical research and its benefits	8	218,640	-	-	218,640	229,313
Governance	9	201,234	-	-	201,234	186,864
Total Resources Expended		1,791,856	325,443	103,257	2,220,556	2,051,994
Net incoming/(outgoing) resources before transfers		353,201	61,604	(14,748)	400,057	432,904
Transfers between funds	17,18	85,697	(104,850)	19,153	-	-
Net incoming/(outgoing) resources after transfers		438,898	(43,246)	4,405	400,057	432,904
Gains/(Losses) on investment assets	21	(110,949)	-	(3,547)	(114,496)	467,889
Net movement in funds		327,949	(43,246)	858	285,561	900,793
Fund balances at 1 st August 2011		8,756,709	3,681,956	195,044	12,633,709	11,732,916
Fund balances at 31st July 2012		£9,084,658	£3,638,710	£195,902	£12,919,270	£12,633,709

TRUSTEES' ANNUAL REPORT AND ACCOUNTS 2011/12

BALANCE SHEET
as at 31st July 2012

	Notes	2012 £	£	2011 £	£
Fixed Assets					
Fixed Asset Investments					
Quoted Investments	13	9,041,256		9,282,096	
			9,041,256		9,282,096
Tangible Fixed Assets					
Leasehold Property	14	1,568,610		1,613,427	
Fixtures, Fittings and Equipment	14	16,192		16,401	
			1,584,802		1,629,828
			10,626,058		10,911,924
Current Assets					
Medals in stock		4,082		4,082	
Debtors	15	283,998		319,476	
Cash at bank and in hand		511,100		400,550	
Bank Deposits		2,081,589		1,540,014	
		2,880,769		2,264,122	
Liabilities:					
Creditors: Amounts falling due within one year					
Creditors	16	463,096		421,461	
Deferred Income	16	124,461		120,876	
		587,557		542,337	
Net current assets			2,293,212		1,721,785
Net Assets			£12,919,270		£12,633,709
Represented by :					
General Funds	18	9,084,658		8,756,709	
Designated Funds	18	3,638,710		3,681,956	
Restricted Funds	17	195,902		195,044	
			£12,919,270		£12,633,709

Approved on behalf of Council and authorised for issue on:

Robert Curtis

Professor Robert Curtis
(Treasurer)

12/10/12

Date

The notes on pages 25 to 40 form part of these financial statements

TRUSTEES' ANNUAL REPORT AND ACCOUNTS 2011/12

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st July 2012

1. Accounting Policies

The accounting policies adopted by the Society are as detailed below:

a) **Accounting Convention**

The financial statements comply with the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" published in March 2005 and the Charities Act 2011 and are prepared under the historical cost convention as modified by the revaluation of investments and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

b) **Taxation**

The Society is a registered charity and no liability to taxation arises on the results of its business activities in support of its charitable purposes.

The Society has partial exempt status in respect of VAT, based on the split of its business and non-business activities. The proportion of VAT that cannot be recovered because of partial or fully exempt status of the activity is redistributed to the activities on the same basis as support costs.

c) **Investments**

All investments are valued at their market value at the balance sheet date, giving rise to unrealised gains and losses which are included in the Statement of Financial Activities. The market value is determined as follows:

- i) Listed securities are valued at mid-market value ruling at the balance sheet date;
- ii) Unit trust and managed fund investments are stated at the mid-point of the latest prices quoted by the investment managers immediately prior to the balance sheet date;
- iii) Investments held in foreign currencies have been valued on the relevant basis and translated into sterling at the rate ruling at the balance sheet date.

The portfolio is invested in a range of equity, cash and fixed-interest investments in both UK and overseas markets. The key objective of the Society's portfolio is to produce a real return (capital growth) of at least 4% pa, and to provide an investment income determined by 'total return policy' of 3.5% pa (based on Yale model).

The Society in its total returns policy treats all cash withdrawals from the investment portfolio as investment income. This is analysed in the notes to the financial statements as investment income split between the various categories of investment based on information provided by the investment managers and the proportion of total return drawn down relating to gains. The balance of unrealised gains and losses on revaluation of investments, and realised gains and losses arising on disposal of investments are separately identified in the notes to the Financial Statements and on the SoFA.

d) **Fixed Assets**

Depreciation is provided on all tangible fixed assets at rates calculated to write off, on a straight-line basis, the cost less estimated residual value over their expected useful lives as follows:

Leasehold Property	Over 50 years
Fixtures, Fittings and Office Equipment	20%
Computer equipment	33.33%

The Society operates a policy of capitalising assets whose unit cost exceeds £1,000, with expenditure below this level written off as incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st July 2012

1. Accounting Policies (continued)

e) **Publications**

- i) Income from the Society's contracts with printers for the production, distribution and sales of its journals is determined as the best estimate for that proportion of the income (i.e. subscriptions less costs of printing, distribution, sales and commission) relating to the number of issues published before the Balance Sheet date. (*Proceedings* 7 issues out of 12, *Journal* and *Bulletin* 3 issues out of 6, *Compositio* 3 issues out of 6.) A proportionate adjustment has been made for unexpired subscriptions received direct by the Society relevant to subsequent publications. No account has been taken of costs incurred or sales proceeds received in respect of publication after the Balance Sheet date.
- ii) Publications income from LMS periodicals is recorded based on an estimated accrued basis; all other publications income is treated on a cash basis which is considered to be the most appropriate and prudent approach given the information available.
- iii) No valuation for accounting purposes is taken of any stocks of publications unsold at the Balance Sheet date.
- iv) The cost of publishing rights and subscribers' lists are written off in the year of acquisition.
- v) Royalties are taken into the Statement of Financial Activities as declared due by the relevant printers and publishers.

f) **General Fund**

The Unrestricted reserves are analysed between the General Fund and other Designated Funds. The General Fund, detailed in note 18 to the financial statements, is to provide for the general operation of the Society including its charitable activities not funded from Designated or Restricted Funds. Within the Society's reserves the General Fund is deemed an expendable reserve to be used in pursuit of the Society's objectives as Council may from time to time determine. At present it is managed to provide the income to be used to ensure the availability of resources for its grant schemes and other continuing charitable activities in future years.

g) **Designated Funds**

The Unrestricted reserves are analysed between general and designated funds. The Trustees have created the following designated funds:

- (i) **Building & Development Reserve Fund**
This reserve is to meet the costs of (a) consequences of the temporary loss of De Morgan House, (b) periodic internal and external decoration and maintenance, (c) major modifications, developments or repairs. The value of these reserves is recalculated annually to allow for increase in the costs of covering the relevant risks.
- (ii) **Printing & Publication Reserve Fund**
This reserve is to meet the costs of (a) consequential costs were the Society to cease publishing, (b) unpredictable annual fluctuations in the surplus, (c) costs of breaches of copyright or libel actions against the Society, (d) exploration and start-up costs of new ventures. The value of these reserves is recalculated annually to allow for increase in the costs of covering the relevant risks.
- (iii) **Grants Payable Reserve Fund**
This fund has been established to cover grants awarded and approved by Council to be paid in future accounting periods, subject to available finance and satisfactory report.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st July 2012

1. Accounting Policies (continued)

(iv) Special Activities Reserve Fund
This fund contains gifts and bequests received by the Society to be used for diverse activities in support of the Society's objectives.

(v) Compositio Fund
This fund holds the transaction relating to, and any year-end excess of income over expenditure, relating to the Society's joint venture with the Foundation Compositio to produce the journal Compositio.

h) Restricted Funds

The income of these restricted funds is to be used for the following purposes:

(i) A. J. Cunningham Research Fund
To support the cost of publication of work on the factorisation of large numbers.

(ii) The J. H. C. Whitehead Prize Fund
To support the cost of the Annual prizes awarded for lecturing and mathematical work.

(iii) Lord Rayleigh's Fund
To support the general activities of the Society.

(iv) The Berwick Prize Fund
To support the Annual prize for mathematical work published by the Society.

(v) De Morgan Medal Fund augmented by the Sir Joseph Larmor Prize Fund
To support the award of the De Morgan Medal and the Larmor Prize, awarded every three years.

(vi) Fröhlich
To support the cost of the Annual prizes awarded for lecturing and mathematical work.

(vii) Grants and Contracts
The Society has been awarded contracts and grants for some of its activities. These comprise: a contract with the EPSRC for running short instructional courses and grants from the Nuffield Foundation and Leverhulme Trust to support mentoring activities with mathematicians in Africa. It also shares the costs of some activities with sister societies. The income and expenditure relating these are handled through this Fund.

i) Joint Ventures

The results of joint ventures are included in the accounts up to the year end indicated.

j) Members' Subscriptions

Subscription income from members is recognised in the year to which it relates. No account is taken of members' subscriptions in arrears at the balance sheet date. No time apportionment of subscriptions is calculated as members who join or leave during the year are not entitled to partial payments or refunds.

k) Donations

Cash donations are credited to the General Fund in the year of receipt but donations in kind are not recognised in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st July 2012

1. Accounting Policies (continued)

l) Recognition of grant liabilities

Where the Society has contractual or constructive obligations to make grant payments these amounts are accrued in the accounts in accordance with the requirements of the SORP. The liability will be recognised within the year the grant is awarded. The unpaid grant commitments should normally be claimed by the end of the following financial year. However, the claim period may need to be extended for a further year (award year + 2) if the grant cannot be claimed by the end of the year following the award due to constraints on the start or end date of a grant, or due to other circumstances outside the control of the Society.

The Society also awards some grants with conditions for payment being a specific level of service or specific output to be delivered. Such grant awards (commitments) will be reserved in the Designated funds, and the grants are only recognised in the SoFA once the recipient of the grant has provided evidence of the specific service or output. Such grants are therefore reviewed annually and the grant payments subject to the condition of a progress report with satisfactory performance. If the project spans a number of years and satisfactory progress reports are received after year one, the first stage of the grant will be released from the Designated fund and that part of the grant expenditure will be recognised in the SoFA at that point.

Grants unclaimed by the end of award year +2 will be released back to the Society's general funds.

m) Grants payable

Grants payable out of existing revenues are provided for in full in the accounts. Those payable out of future resources are held in the Grant payable Reserve Fund (see also note 1(g) (iii)).

n) 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 Statement of Financial Activities.

o) Support costs

Expenses not separately shown under direct charitable expenditure in the Statement of Financial Activities represent costs associated with the promotion of the main objects of the Society including collection of subscriptions, the making of grants and maintenance of the library. These have been apportioned to the various charitable activities on the basis set out in note 10. They include irrecoverable VAT which has been apportioned to activities on the basis set out in note 11.

p) Pension costs

The pension costs charged in the financial statements represent the contributions payable by the Society for the defined contribution personal pension plan during the year in accordance with FRS17.

The USS is a multi-employer scheme where the share of assets and liabilities applicable to each employer is not identified. The Society therefore accounts for the costs on a defined contribution basis as permitted by FRS17.

TRUSTEES' ANNUAL REPORT AND ACCOUNTS 2011/12

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st July 2012

2. Investment Income

	Unrestricted	Designated	Restricted	2012	2011
	£	£	£	£	£
a) Investment income receivable:					
Fixed income (bond) interest	51,147	-	-	51,147	43,169
Equities dividends	107,546	-	-	107,546	94,877
Other interest receivable	670	-	-	670	693
Proportion of total returns drawn down relating to investment gains	159,031	-	4,946	163,977	182,441
Net investment income receivable	318,394	-	4,946	323,340	321,180
b) Interest receivable:					
Treasury Reserve deposits	39,835	754	1,459	42,048	15,150
Other deposits	170	-	-	170	58
Total interest receivable	40,005	754	1,459	42,218	15,208
Total investment income	£358,399	£754	£6,405	£365,558	£336,388

3. Costs of DMH conference facilities

	2012		2011	
	£	£	£	£
Costs of goods/refreshments	39,566		34,939	
Other expenditure	6,260		14,867	
		45,826		49,806
Apportioned support costs & irrecoverable VAT		61,963		110,453
Total		£107,789		£160,259

4. Charitable activities:

Advancing the interests of Mathematics

	2012		2011	
	£	£	£	£
Members' services:				
<i>LMS Newsletter</i>	21,202		20,845	
Other costs	4,190		1,446	
Unrecoverable subscriptions	1,998		1,663	
		27,390		23,954
Activities to support Women in Mathematics		18,245		3,308
Activities to support Maths-Computer Sciences		1,777		268
Library, binding and archives		14,809		5,207
EMS, IMU, ICIAM subscriptions & ICM costs		20,278		37,896
Prizes		9,103		7,668
Apportioned support costs & irrecoverable VAT		158,509		124,561
Total		£250,111		£202,862

TRUSTEES' ANNUAL REPORT AND ACCOUNTS 2011/12

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st July 2012

5. Charitable activities: Enabling Mathematicians to undertake research and collaboration

	2012		2011	
	£	£	£	£
Awarded (committed) Grants				
Scheme 1 – 5 and 8	312,400		222,863	
Young British and Russian Mathematicians	2,450		1,500	
Support for Mathematics in Africa	16,490		6,000	
Computer Science grants	5,429		4,617	
Small Educational grants	7,030		5,790	
LMS Workshops - Symposia	11,600		15,900	
Child care and related grants	3,289		3,275	
	<u>358,688</u>		<u>259,945</u>	
Less: cancellation and refunds	(39,465)		(30,313)	
		319,223		229,632
INI/ICMS/ACME Grants (Designated)		44,000		44,000
Mentoring African Research in Mathematics (Restricted)		33,486		31,791
Other (non-committed) Grants				
Durham Symposia	-		3,269	
Other grants (UK & international)	12,232		16,400	
	<u>12,232</u>		<u>19,669</u>	
Training				
Short courses		37,938		49,237
Apportioned support costs & irrecoverable VAT		137,460		122,062
Total		<u><u>£584,339</u></u>		<u><u>£496,391</u></u>

Movement in obligation grant commitments during the year

	£
Grant commitments recognised at the start of the year	109,042
New grants commitments charged to the SoFA in year	358,688
Grants paid during the year	(312,929)
Grants not taken up ('out of date')	(13,260)
Amount of grant commitments recognised as at 31 July 2012	<u><u>£141,541</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st July 2012

6. Charitable activities: Disseminating
Mathematical Knowledge - Publications

	2012		2011	
	£	£	£	£
a) Net Income from LMS periodicals		<u>1,202,567</u>		<u>1,151,632</u>
b) Payments for LMS periodicals				
Other Costs	21,079		26,852	
<i>Journal of Computation and Mathematics</i>	<u>5,930</u>		<u>4,894</u>	
		<u>(27,009)</u>		<u>(31,746)</u>
Net LMS periodicals surplus before support costs and irrecoverable VAT		1,175,558		1,119,886
Apportioned support costs & irrecoverable VAT		<u>(350,416)</u>		<u>(325,866)</u>
Net LMS periodicals surplus after support costs and irrecoverable VAT		825,142		794,020
c) Ventures & Royalties (net income)				
<i>Nonlinearity</i>	116,392		116,494	
Russian journals (Turpion/RAS/LMS joint venture)	96,612		87,053	
TMMS (AMS/LMS joint venture)	23,321		15,665	
HMATH (AMS/LMS joint venture)	(15,745)		(12,768)	
LMS Books	6,334		4,243	
Book project (Cassells and Fröhlich)	5,117		7,718	
Royalties on the works of G.H. Hardy	3,004		3,714	
Royalties and licensing	<u>269</u>		<u>119</u>	
		235,304		222,238
<i>Compositio</i>				
Profit share & Management fee (see 6d)	104,850		110,387	
Costs of <i>Compositio</i> (LMS - only)	<u>(10)</u>		<u>(334)</u>	
		104,840		110,053
<i>Mathematika</i>		28,794		29,887
NET PUBLICATIONS SURPLUS		<u>£1,194,080</u>		<u>£1,156,198</u>

The Society was involved in the following publishing ventures in the year:

- (I) *Nonlinearity* – the journal is managed on a day-to-day basis at the Institute of Physics Publishing Ltd, Dirac House, Temple Back, Bristol BS1 6BE.
- (II) The following three translation journals are managed jointly by the Department of Mathematics, Russian Academy of Sciences, Turpion Ltd and the LMS. The main business address is Pion Ltd, 207 Brondesbury Park, London NW2 5JN. LMS is responsible for the quality of the translation work.
Russian Mathematical Surveys - 25% share
Sbornik - 25% share (the actual proportion in the accounts is 1/6 owing to a redefinition of 'surplus' agreed in 1994)
Izvestiya - 25% share (the actual proportion in the accounts is 1/6 owing to a redefinition of 'surplus' agreed in 1994)
- (III) The following Book Series and journal are managed on a day-to-day basis at the American Mathematical Society, 201 Charles Street, Providence, RI 02904 - 2294, USA.
History of Mathematics Book Series (HMATH) - 50% share
Transactions of the Moscow Mathematical Society (TMMS) - 50% share
- (IV) *Compositio Mathematica* – the journal is wholly owned by Foundation Compositio Mathematica and managed by the LMS. The LMS receives a share of the net profits, together with a management fee.
- (V) *Mathematika* – the journal is wholly owned by UCL and managed by the LMS. Cambridge University Press (CUP) is the publisher of the journal and pays to the LMS a share of the annual profit.

TRUSTEES' ANNUAL REPORT AND ACCOUNTS 2011/12

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st July 2012

6. Charitable activities: Disseminating Mathematical Knowledge – Publications (continued)

d) *Compositio* management account

	2012	2011
	£	£
<i>Income</i>	386,293	357,878
<i>Expenditure</i>		
Direct costs	(127,792)	(118,060)
Profit share to <i>Compositio</i> Foundation	(153,651)	(129,431)
	<u>(281,443)</u>	<u>(247,491)</u>
Net <i>Compositio</i> surplus before LMS fees and Profit share	104,850	110,387
Management fee to LMS	(39,000)	(39,000)
Profit share to LMS	<u>(65,850)</u>	<u>(71,387)</u>
Balance C/fwd on <i>Compositio</i> Fund	-	-

7. Charitable activities: Disseminating Mathematical knowledge – conference and meeting programmes

	2012		2011	
	£	£	£	£
Society meetings and regional workshops	36,519		23,368	
Spitalfields Days	500		283	
Hardy Lecturer	2,216		-	
Mary Cartwright Lecture	2,876		1,447	
Forder Lecturer	1,894		1,830	
Invited Lectures	5,492		6,866	
Women in Mathematics Conference	<u>-</u>		<u>1,264</u>	
		49,497		35,058
Apportioned support costs & irrecoverable VAT		39,496		46,303
Total		<u>£88,993</u>		<u>£81,361</u>

TRUSTEES' ANNUAL REPORT AND ACCOUNTS 2011/12

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st July 2012

8. Charitable activities: Promoting Mathematical research & its benefits

	2012		2011	
	£	£	£	£
Policy				
CMS	7,745		5,567	
Communication and External Relations	13,467		18,106	
Annual dinner	3,063		3,441	
Subscriptions to UK organisations	3,398		4,096	
			<u>4,096</u>	
		27,673		31,210
Education and young people, public engagement				
Holgate Lecturers	1,350		1,800	
Popular Lectures	10,527		9,282	
Education day	-		1,750	
Other educational activities	1,371		1,234	
Knowledge Transfer	417		1,250	
			<u>1,250</u>	
		13,665		15,316
Promoting Women in Mathematics activities		-		128
Apportioned support costs & irrecoverable VAT		177,302		182,659
Total		<u>£218,640</u>		<u>£229,313</u>

9. Governance

	2012		2011	
	£	£	£	£
Professional services				
Solicitors fees	3,415		3,972	
Audit and accountancy fees	10,000		10,140	
Other professional fees	35		35	
			<u>35</u>	
		13,450		14,147
Officers, Council and committees				
Internal committees	28,697		23,515	
External meetings (representatives & attendance)	3,172		5,495	
Retreat	-		3,875	
Catering, accommodation and other costs	14,828		17,842	
			<u>17,842</u>	
		46,697		50,727
Election of Trustees		1,709		1,779
Apportioned support costs & irrecoverable VAT		139,378		120,211
Total		<u>£201,234</u>		<u>£186,864</u>

TRUSTEES' ANNUAL REPORT AND ACCOUNTS 2011/12

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st July 2012

10. Support costs allocation by activity

	Direct staff costs	Premises & Office costs	Information Technology	General Management & Finance	Total 2012	Total 2011
	£	£	£	£	£	£
DMH conference facilities	20,100	30,222	3,215	8,058	61,595	108,849
Services for tenants	8,088	50,286	1,349	5,894	65,617	43,984
Advancing the interest of Mathematics	64,250	36,497	9,416	44,923	155,086	122,735
Enabling Mathematicians to undertake research and collaboration	61,427	24,345	11,237	39,362	136,371	120,447
Disseminating Mathematical Knowledge – Publications	191,342	73,466	38,380	45,511	348,699	323,621
Disseminating Mathematical Knowledge – Conference and meeting programmes	14,434	7,641	1,625	14,436	38,136	44,713
Promoting Mathematics research and its benefits	89,052	31,470	11,756	40,363	172,641	178,741
Governance	55,516	30,270	4,495	46,897	137,178	118,287
Total 2012	£504,209	£284,197	£81,473	£245,444	£1,115,323	£1,061,377
Total 2011	£509,383	£221,562	£83,498	£246,934		

Basis of apportionment

Support costs include (a) Direct staff costs (salaries, benefits, training, H&S, recruitment, etc.), (b) Office and Building Costs (rent, rates, services, cleaning, maintenance, telephones, postage, equipment, stationery, etc.) and (c) IT (computer hardware and software, network, internet access, websites, maintenance, software development, etc.). The costs of these are attributed to all the activities of the Society in proportion to (a) salary or f.t.e., (b) space occupied in De Morgan House, and (c) f.t.e. respectively, based on a time analysis undertaken by all staff.

The costs of services that cannot be directly attributed to an activity – such as general accounting and financial controls, HR and Executive Secretary's general management, etc. – comprise the category 'General Management and Finance' and are attributed to each area of activity on the same basis as the original elements (a)–(c).

Support costs for each area of the above activities can be higher or lower than last year due to staff time allocation. This changes from year to year and will have an effect on direct staff costs, office/premise use, IT use and general management costs.

11. Irrecoverable VAT allocation by activity

	2012	2011
	£	£
DMH conference facilities	368	1,604
Services for tenants	255	641
Advancing the interest of Mathematics	3,423	1,826
Enabling Mathematicians to undertake research and collaboration	1,089	1,615
Disseminating Mathematical Knowledge - Publications	1,717	2,245
Disseminating Mathematical Knowledge - Conference and meeting programmes	1,360	1,590
Promoting Mathematics research and its benefits	4,661	3,918
Governance	2,200	1,924
Total	£15,073	£15,363

The Society has partial exempt status in respect of VAT, based on the split of its business and non-business activities. The proportion of VAT that cannot be recovered because of partial or fully exempt status of the activity is redistributed to the activities on the same basis as support costs.

TRUSTEES' ANNUAL REPORT AND ACCOUNTS 2011/12

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st July 2012

12. Employment Costs

	2012	2011
	£	£
Total employment costs of all staff including taxable benefits for the year comprise:		
Salaries and Wages	609,265	590,443
Employer's National Insurance Contributions	53,410	48,629
Employer's Pension Contributions	86,478	84,273
	<hr/>	<hr/>
Total	£749,153	£723,345
	<hr/> <hr/>	<hr/> <hr/>

The number of employees earning £60,000 per annum or more was:

	2012	2011
	No.	No.
£60,000 - £70,000	1	1
£100,000 - £110,000	1	1

The pension payments for the above members of staff amounted to £26,869 (2011: £26,536). These contributions were paid into a defined benefits pension scheme.

The average number of employees over the year (and full time equivalent) was:

	2011/2012		2010/2011	
	Total	FTE	Total	FTE
Management and administration	14.2	10.7	15.3	10.8
Publishing and editorial	4.0	3.9	4.0	4.0
	<hr/>	<hr/>	<hr/>	<hr/>
Total	18.2	14.6	19.3	14.8
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

TRUSTEES' ANNUAL REPORT AND ACCOUNTS 2011/12

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st July 2012

13. Fixed Asset Investments	2012		2011	
	£	£	£	£
Quoted investments	<i>Investment assets in the UK</i>	<i>Investment assets outside the UK</i>	<i>Total</i>	
Total Market value at 31st July 2012	1,445,338	7,595,918	9,041,256	9,282,096

Reconciliation of opening and closing market values:

Market value at 1 st August 2011			9,282,096	8,783,286
Additions at cost			4,488,754	8,517,234
Disposals proceeds			(4,606,077)	(7,829,946)
Realised & Unrealised (losses)/gains (note 21)			(114,496)	467,889
Movement in cash			(9,021)	(656,367)
Total Market value at 31st July 2012			£9,041,256	£9,282,096

Analysis by Fund:

Restricted Funds			£136,088	£136,688
Unrestricted Funds			£8,905,168	£9,145,408

% value of portfolio

Details of material investments are as follows:

Global Select corporate Bond XXVIII	7.78%
Neuberger Berman High Yield Bond Fund	5.64%
Global Brands Morgan Stanley	10.25%
Aurora Offshore Funds – (Hedge Fund)	9.74%
Bluebay Bond Fund	5.40%

TRUSTEES' ANNUAL REPORT AND ACCOUNTS 2011/12

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st July 2012

14. Tangible Fixed Assets	Leasehold Property	Fixtures Fittings and Equipment	Total
	£	£	£
Cost			
Brought forward at 1 st August 2011	2,175,353	110,287	2,285,640
Additions	-	7,411	7,411
	<hr/>	<hr/>	<hr/>
Carried forward at 31 st July 2012	2,175,353	117,698	2,293,051
	<hr/>	<hr/>	<hr/>
Depreciation			
Brought forward at 1 st August 2011	561,926	93,886	655,812
Charge for the year	44,817	7,620	52,437
	<hr/>	<hr/>	<hr/>
Carried forward at 31 st July 2012	606,743	101,506	708,249
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 st July 2012	<u>1,568,610</u>	<u>16,192</u>	<u>1,584,802</u>
	<hr/>	<hr/>	<hr/>
At 31 st July 2011	<u>£1,613,427</u>	<u>£16,401</u>	<u>£1,629,828</u>
	<hr/>	<hr/>	<hr/>
<ul style="list-style-type: none"> • Part of the leasehold property is let out and the rental derived is shown on the SOFA under 'Activities for Generating Funds'. 			
15. Debtors	2012		2011
	£		£
Publications	156,436		163,584
Conference facilities	22,684		25,809
Other debtors	82,263		103,231
Income tax/VAT recoverable	-		803
Prepayments and accrued interest	22,615		26,049
	<hr/>		<hr/>
	<u>£283,998</u>		<u>£319,476</u>
	<hr/>		<hr/>
16. Creditors and Deferred Income	2012		2011
	£		£
Creditors: amounts falling due within one year			
Accruals	81,616		55,432
Grant creditors	141,541		109,042
Other creditors	239,939		256,987
	<hr/>		<hr/>
	<u>£463,096</u>		<u>£421,461</u>
	<hr/>		<hr/>
Deferred income:			
Unexpired publications' subscriptions:			
Balance brought forward	120,876		124,012
Amount released in year	(120,876)		(124,012)
Income deferred to future years	124,461		120,876
	<hr/>		<hr/>
Balance carried forward	<u>£124,461</u>		<u>£120,876</u>
	<hr/>		<hr/>

TRUSTEES' ANNUAL REPORT AND ACCOUNTS 2011/12

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st July 2012

17. Restricted Funds

	<i>Balance at 1.08.11 £</i>	<i>Other & Investment Income £</i>	<i>Expenditure £</i>	<i>Investment (gain/losses) £</i>	<i>Transfers £</i>	<i>Balance at 31.07.12 £</i>
<i>Prize (Capital) funds</i>						
Berwick Fund	30,035	751	-	-	-	30,786
De Morgan Medal & Larmor Fund	28,320	708	-	-	-	29,028
<i>Prize (Income) funds</i>						
Berwick Fund	20,578	745	(1,000)	(534)	-	19,789
De Morgan Medal & Larmor Fund	32,837	1,188	-	(852)	-	33,173
Lord Rayleigh's Fund	11,852	429	-	(308)	-	11,973
J.H.C. Whitehead Fund	-	-	(4,000)	-	4,000	-
Fröhlich Fund	14,236	515	(1,000)	(369)	-	13,382
<i>Other funds</i>						
A.J. Cunningham Research Fund	57,186	2,069	-	(1,484)	-	57,771
Grants and Contracts	-	82,104	(97,257)	-	15,153	-
Total Funds	<u>£195,044</u>	<u>£88,509</u>	<u>£(103,257)</u>	<u>£(3,547)</u>	<u>£19,153</u>	<u>£195,902</u>

- a) The transfer of £4,000 from the General Fund to Restricted Funds is to cover a shortfall in income for the Whitehead prizes.
- b) The transfer of £15,153 from the General Fund to the Grants and Contracts represents LMS's contribution to short courses and grants. (see note 19).

18. Unrestricted Funds

	<i>Balance at 01.08.11 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Gain/(loss) on investments £</i>	<i>Transfer £</i>	<i>Balance at 31.07.12 £</i>
General Fund: (see note 1(f))	<u>8,756,709</u>	<u>2,145,057</u>	<u>(1,791,856)</u>	<u>(110,949)</u>	<u>85,697</u>	<u>9,084,658</u>
Designated Funds:						
a) Building & Development Reserve Fund	590,746	-	-	-	-	590,746
b) Printing & Publication Reserve Fund	2,967,036	-	-	-	-	2,967,036
c) Grants Payable Reserve Fund	94,000	-	(44,000)	-	-	50,000
d) Special Activities Reserve Fund	30,174	754	-	-	-	30,928
e) Compositio Fund	-	386,293	(281,443)	-	(104,850)	-
	<u>3,681,956</u>	<u>387,047</u>	<u>(325,443)</u>	<u>-</u>	<u>(104,850)</u>	<u>3,638,710</u>
	<u>£12,438,665</u>	<u>£2,532,104</u>	<u>£(2,117,299)</u>	<u>£(110,949)</u>	<u>£(19,153)</u>	<u>£12,723,368</u>

- e) The transfer of £104,850 from the Compositio fund to General Fund represents the management fee and the LMS's profit share relating to the journal.

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19. Grants and Contracts Management account

	2012		2011	
	£	£	£	£
a)EPSRC short course contracts (Restricted)				
<i>Income</i>				
Short course actual income from EPSRC	49,607		33,908	
Short course b/f estimated income due	(42,755)		(38,746)	
Short course c/f estimated income due	19,249		42,755	
Income for Facilitator & Admin from EPSRC	15,803		24,702	
		41,904		62,619
<i>Expenditure</i>				
Short course actual expenditures	(61,273)		(116,222)	
Student fees	13,585		14,113	
Short course b/f estimated expenditures	9,750		62,622	
Short course c/f estimated expenditures	-		(9,750)	
Facilitator's and Admin costs	(18,283)		(24,702)	
		(56,221)		(73,939)
LMS's Contribution to Short Courses		£(14,317)		£(11,320)
b)Nuffield Foundation/Leverhulme Trust grant (Restricted)				
<i>Income</i>	39,536		38,228	
<i>Expenditure</i>	(39,536)		(38,228)	
		-		-
c) IMU grant (Restricted)				
<i>Income</i>	664		2,250	
<i>Expenditure</i>	(1,500)		(4,500)	
LMS's Contribution		£(836)		£(2,250)
d)UKRC grant for WIM Conference (Restricted)				
<i>Income</i>	-		1,264	
<i>Expenditure</i>	-		(1,264)	
		-		-
e)IMA&RSS contributions to the CMS (Unrestricted)				
<i>Income</i>	21,995		12,125	
Prior year adjustment (debit/(credit) to IMA &RSS)	4,391		(8,868)	
<i>Expenditure</i>	(39,665)		(19,067)	
LMS's Contribution to the CMS		£(13,279)		£(15,810)
f)IMA contribution to the MPU (Unrestricted)				
<i>Income</i>	5,000		5,000	
<i>Expenditure</i>	(32,243)		(36,431)	
LMS's Contribution to the MPU		£(27,243)		£(31,431)

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20. Analysis of net assets between funds

	Unrestricted funds		Restricted	Total	Total
	General	Designated	Funds	Funds	Funds
	2012	2011		2012	2011
	£	£	£	£	£
Fund balances are represented by					
Tangible fixed assets	1,584,802	-	-	1,584,802	1,629,828
Investments	5,297,386	3,607,782	136,088	9,041,256	9,282,096
Current assets	2,790,027	30,928	59,814	2,880,769	2,264,122
Current liabilities	(587,557)	-	-	(587,557)	(542,337)
Total net assets	£9,084,658	£3,638,710	£195,902	£12,919,270	£12,633,709

21. Gains and losses on investment assets

	Unrestricted	Restricted	2012	2011
	funds	funds		
	£	£	£	£
Realised (loss)/gain on sale of investments	(342,179)	(6,959)	(349,138)	409,871
Unrealised (loss)/gain in market value of investments	231,230	3,412	234,642	58,018
Realised and Unrealised gains (Fixed Assets investments: Note 13)	(110,949)	(3,547)	(114,496)	£467,889
Proportion of the total returns drawn down relating to gains (investment income: Note 2)	159,031	4,946	163,977	£182,441
	£48,082	£1,399	£49,481	£650,330

22. Transactions with Trustees and connected persons

Trustees receive reimbursement only for expenses actually incurred in attending meetings. No remuneration is paid to trustees except as disclosed below. The gross amount that has been reimbursed in respect of attendance of meetings in the period amounted to £16,833 (2011: £16,973) for 20 Trustees (2011:20).

As disclosed in the Trustees' Report, where grants are awarded to Trustees the payment is always made to the relevant institution.