



Trustees' report and financial statements 2018



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About us

We are the professional body for chemists in the UK with a global community of more than 50,000 members in 125 countries, and an internationally renowned publisher of high quality chemical science knowledge.

As a charity, we invest our surplus income to achieve our charitable objectives in support of the chemical science community and advancing chemistry. We are the largest non-governmental investor in UK chemistry education.

We connect our community by holding scientific conferences, symposia, workshops and webinars. We partner globally for the benefit of the chemical sciences. We support people teaching and practising chemistry in schools, colleges, universities and industry. And we are an influential voice for the chemical sciences.

Our global community – the beneficiaries of our charitable work – spans hundreds of thousands of scientists, librarians, teachers, students, pupils and people who love chemistry.

Our charter

Our Royal Charter was granted in 1980 and states that the object for which we are constituted is the general advancement of chemical science and its application and for that purpose:

- to foster and encourage the growth and application of such science by the dissemination of chemical knowledge
- to establish, uphold and advance the standards of qualification, competence and conduct of those who practise chemistry as a profession
- to serve the public interest by acting in an advisory, consultative or representative capacity in matters relating to the science and practice of chemistry
- to advance the aims and objectives of members of the Society so far as they relate to the advancement of the science or practice of chemistry



How the public benefits from the chemical sciences

Chemistry is the science of change. Chemical scientists investigate how and why atoms and molecules react, and use that knowledge to design and build new products useful to humankind, like medicine, fuel and advanced materials. Society uses these new products to improve our health and the way we live our lives. Modern chemistry is guided by principles of sustainability – the drugs and fuels of the future will be made with renewable starting materials and used with minimal environmental impact.

Our charitable work supports all chemical scientists – whether they're working on ensuring sustainable supplies of clean water, food and energy, advanced treatments and therapies for better health, using specialist skills to detect and remove contaminants, or answering the fundamental questions that unlock unforeseen new technologies – as they use chemistry to create a better future.

Welcome from our president

2018 marks the year in which I took up my full office as President of the Royal Society of Chemistry. I would like to reflect upon the very real progress we have made over this past year and the advances we have initiated that are already shaping our future direction, both as a professional body and as a learned society.

Particularly close to my own heart is our recognition of the role played by technicians and apprentices within the chemical sciences. Our partnership with the Institute for Apprenticeships, for example, enabling apprentices to work towards chartered status, will recognise and reward the contributions of this highly skilled group and will be an important driver in encouraging skilled professionals into our community.

Equally important in this goal is the promotion of women in the chemical sciences. Inequality, particularly gender inequality, dominated the headlines globally in 2018. Against this backdrop, we too examined how these issues affected our industry. The resulting reports, *Diversity landscape of the chemical sciences* and *Breaking the barriers*, sought to identify and eliminate barriers to the progression and retention of women in the chemical sciences and at the same time reaffirm our commitment to increasing diversity and inclusion to ensure that chemistry really is for everyone.

I was therefore honoured to be able to recognise all the talented chemists in the final of our annual Emerging Technologies Competition at flagship industry event Chemistry Means Business. As well as celebrating this year's winners, we also celebrated the achievements of previous winners who had gone on to attract follow-on funding and commercial investment. The competition entrants, as well as our excellent speakers and panellists, highlighted admirably the key role chemistry plays throughout society – from healthcare to food and drink and energy and environment to materials and enabling technologies.

Speaking with a unified voice for chemistry is an important role for the Royal Society of Chemistry. In 2018 that voice was heard loud and clear in the corridors of power. The UK's impending exit from the European Union raises many outstanding questions on the nature of that exit. For science we are particularly concerned to maintain research collaboration, mobility of scientists and regulation of chemicals. We know that those responsible for dealing with



these issues are doing so with the benefit of the expertise and insight we have provided throughout the year.

Before concluding this report, I would just like to mention one more real advance we have made over the last year – one which is particularly pertinent to my 'other' role as a research scientist. The facility to have immediate and unrestricted access to cutting-edge research is a major innovation, one that was started some twenty years ago with the Open Access movement. As a publisher, the Royal Society of Chemistry is one of the leaders in the field with a new open access initiative, Read & Publish, as well as newly announced partnerships with the American Chemical Society and German Chemical Society on ChemRxiv, the preprint server for chemistry.

In conclusion, 2018 has been an extremely productive year. We have addressed issues such as the recognition of apprentices, made major progress tackling inequality, including gender inequality, celebrated enterprise and innovation in partnership with commerce and industry, as well as actively working towards making chemical research more easily available to everyone. These are just some of the successes that the dedicated staff and wider chemical sciences community have successfully achieved in the past year. I would like to record here my grateful thanks to all these people for making these important events happen and look forward to leading the Royal Society of Chemistry into 2019, designated 'The International Year of the Periodic Table' by the UN and offering a fantastic opportunity to further advance and celebrate chemistry.



Our strategy: shaping the future of the chemical sciences

Chemistry changes the world

The chemical sciences are vital for the wellbeing of our world.

Chemical scientists change lives – and have been doing so in many ways, for many centuries.

They will enable enormous social and technological change in the future.

The chemical sciences will change too. Current trends indicate that by 2030:

- Chemistry will need to become more global, more interdisciplinary, and more collaborative
- New technologies will mean less work is done physically in a laboratory or classroom, and more is simulated on a screen
- There will be an enormous growth in scientific data, as well as the tools to manage, interrogate and analyse it
- The drive for openness will enable greater collaboration, and disrupt existing business models and regulatory frameworks for knowledge dissemination
- Funding structures and institutions will adjust to changes in how science is done, as well as addressing the implications of the UK leaving the EU

Chemistry is changing

For the chemical sciences to make their maximum impact, they need to change with the world.

By 2025 we want to see that:

- Chemical scientists have made faster progress in tackling global and societal challenges
- New business models mean chemical sciences research is more openly available
- Accreditation is a recognised and valued measure of chemistry expertise
- The UK chemistry community has made a step change in diversity and inclusion with a strong future pipeline, more routes into the profession and enhanced cross-over between academia and industry
- The UK chemistry community's ethical framework is influencing global standards
- Teachers have the resources and services they need to give their students a rich and inspiring chemistry education
- The UK is still a thriving environment for education, research and innovation in the chemical sciences

This is the future we want for the chemical sciences.

We can enable that change

The Royal Society of Chemistry's purpose is to advance excellence in the chemical sciences – to improve the lives of people around the world now and in the future.

We are the professional body for chemists in the UK, with more than 50,000 members in 125 countries, and an internationally renowned publisher of high quality chemical science knowledge.

As a not-for-profit organisation, we invest our surplus income to achieve our charitable objectives in support of the chemical science community and advancing excellence in the chemical sciences.

When we create plans and activities, we are guided by a shared set of organisational values:

- We are **professional**, holding ourselves accountable for the outcomes of our activity and demonstrating authoritative, evidence-based thinking
- We are **dedicated**, making a personal difference in all that we do, and valuing the purpose and heritage of our organisation
- We are **enabling**, building productive relationships and empowering others to achieve the best for the chemical sciences
- We are **respectful**, recognising people's diverse skills, knowledge and experience, embracing different styles and maintaining the dignity of others

We have a plan to enable that change

Our strategy to shape the future of the chemical sciences is based on our three core roles:

Champion the chemistry profession

As the UK's professional body for chemists, we will establish, uphold and advance professional standards, and inspire the next generation.

- We will set and maintain professional standards
- We will support practising chemists
- We will enrich the teaching and learning of chemistry

Disseminate chemical knowledge

As a knowledge provider, we will accelerate the growth, dissemination, application and impact of chemical science knowledge.

- We will increase our reputation for high quality impactful content supporting scientific priorities
- We will promote and enable the exchange of ideas
- We will facilitate collaboration across disciplines, sectors and borders

Use our voice for chemistry

As a trusted and authoritative voice, we will ensure that chemistry has a recognised and influential role in science and society.

- We will engage and enable our diverse community
- We will influence decision-makers in areas that impact the chemical sciences
- We will connect the chemical sciences with the wider world

We will change how we work

We're proud that our heritage spans more than 175 years – and it's our responsibility to ensure our legacy lasts just as long.

We will evolve our organisation's capabilities to meet the needs of the chemical science community, and to stay relevant in a changing world.

- We will understand our members and customers to make our products and services as tailored and relevant as possible
- We will strengthen our existing revenue streams as well as developing new sources of income to spend on our charitable work
- We will expand our digital capacity and capability to both manage our business and deliver world-leading services for the chemical sciences community



Delivering our core roles: successes in 2018

We focused much of our activity in 2018 on delivering our roles for the chemistry community. As a global and diverse organisation, our output and impact is wide-ranging. For each of our roles we offer a snapshot of our impact and progress against our strategy.



Champion for the chemistry profession

Establishing, upholding and advancing professional standards, and inspiring the next generation of chemists

Set and maintain professional standards

Professionalism depends on having a clear standard to measure against, and we have been setting that standard for chemical scientists since the birth of the profession in the 19th century.

We accredit an increasingly wide range of courses and recognise professional excellence for individuals, aiming to ensure that every chemical scientist has a way to demonstrate their professionalism to prospective employers and to take pride in their personal accomplishments.

In 2018 we particularly focused on our offer for chemists with technical roles and experience, including accrediting apprenticeships and other vocational training. These are highly skilled scientists who have been under-represented – and often under-appreciated – across the sector in recent years.

We now accredit nearly 500 high quality chemistry and chemistry-related degree programmes

We accredited 88 degree programmes at 16 UK and Ireland universities in 2018 – of particular note, the University of Lincoln successfully applied for the first time. We also accredited degrees at six universities in Malaysia and Indonesia. This brings the total to 491 at 86 universities.

Our criteria also proved robust against a series of interdisciplinary programmes from UCL – we now accredit MSc Pharmaceuticals, MSc Medicinal Natural Products and Phytochemistry, and MSc Pharmaceutical Formulation and Entrepreneurship based on their chemistry content.

We made it easier for apprentices to gain chartered status

We led work with the Royal Society of Biology and the Institute of Physics to align our respective chartered competencies to the learning outcomes of the proposed MSc Research Scientist Apprenticeship – this will allow apprentices to work towards chartered status at the same time. The Institute for Apprenticeships has endorsed our approach and we will work with them on their policy for alignment of the reformed apprenticeships to professional awards.

We secured our future ability to award Science Council professional statuses

We are licensed by the Science Council to award the professional statuses Registered Science Technician (RSciTech), Registered Scientist (RSci), Chartered Scientist (CSci) and Chartered Science Teacher (CSciTeach), and in 2018 they renewed our licence to award these for five further years.

This year we awarded 205 chartered statuses, including Chartered Chemist (CChem), CSci, CSciTeach and Chartered Environmentalist (CEnv), and 103 RSciTech and RSci awards.

Support and bring together practising chemists

Chemists are scientists – but they are also managers, entrepreneurs, mentors, teachers and so much more. We aim to support all chemical scientists, at every stage of their career – whether it's landing that first interview, growing a business, or celebrating a successful career in chemistry.

2018 saw impressive results of longer-term activity begun in previous years – including substantial investment in the companies of chemists we've supported – as well as exciting new initiatives to further strengthen the chemistry profession.

Our Prizes and Awards will have better gender balance

In 2018 we attracted 565 nominations for our Prizes and Awards, a 19% increase on last year's total. This also included a 13% increase in the number of female nominees, and 21% increase in the number of female nominators.



We helped chemists – and aspiring chemists – make better career choices

90,000 people visited our Future in Chemistry careers website, and we had 4,400 views of our careers webinars. At a more personal level, our careers specialists conducted 447 one-on-one member consultations, and we began 44 new mentoring partnerships, nearly doubling last year's total. Our 5th Early Career Symposium, this year held in Liverpool after the EuChemS Chemistry Congress, welcomed 170 early career chemists from 26 different countries to network, present their research and gain valuable career insights from senior leaders across all sectors in the chemical sciences. The event was host to more than 25 talks, 60 posters and a series of panel discussions including leaders from industry and academia.

To help teachers and careers advisors link post-16 curriculum learning to careers in the chemical sciences, we created guides that list job profiles categorised by A-level and Scottish Higher curriculum topics. They are designed to help teachers give their students real world examples of jobs in the chemical sciences, and support schools in meeting the requirements of the Department for Education careers strategy.

We helped chemical companies attract investment and collaborations

More than 200 delegates attended our flagship industry event, Chemistry Means Business, where we brought together speakers and attendees from Mondelēz, Unilever, BP, Pfizer, Diageo, Johnson Matthey, Croda and GE Healthcare, among others. We held our industry awards dinner at the event, celebrating success and excellence across chemical industry.

Ziylo, one of the companies we supported through our EnterprisePlus scheme, was sold in 2018 to Novo Nordisk for \$800 million. Ziylo is a spinout of University of Bristol, and enables the development of glucose-responsive insulins for a revolutionary new treatment of diabetes.



We invited a select group of SMEs from our EnterprisePlus community to pitch to 50+ private investors at our Investment Catalyst events. These SMEs use innovative chemistry to offer new methods of gas storage, food and packaging waste reduction and new cancer therapies. We learned that two companies who pitched at the previous Investment Catalyst events, MediSieve and Kymira, have raised over £1.5m to further their technologies.

“It’s a great service and the mentor match you have made for me is perfect for my professional needs at this point in time.”

Careers mentee

Our Emerging Technologies Competition is an impactful platform for innovators to attract investment and collaboration. Borealis, a leading fertilisers SME and past winner of the Emerging Technologies Competition, announced in 2018 that it will collaborate with Qpinch, whose revolutionary technology recovers industrial waste heat using an innovative chemical process, reducing carbon dioxide emissions by around 2,200 tonnes annually – the equivalent of 1,500 cars.

Improve and enrich the teaching and learning of chemistry

As children as young as six years old begin to make decisions about whether science is ‘for them’, teachers at all levels have a huge impact on the future of chemistry.

We believe every school pupil should have a chemistry education that is engaging, inspiring and relevant. By supporting their teachers with resources, training and networks, we help them to give their students the best possible experience of learning chemistry.

In 2018 we focused on making our teaching offer more accessible and more relevant than ever before. This resulted in better engagement with our services and, we hope, better-supported teachers delivering an even better chemistry education to pupils everywhere.

“[The RSC careers advisor] completely restored my confidence in my skills and gave me the opportunity to look at alternatives in a realistic and practical way.”

Careers consultation participant

“This is a fantastic resource... I have a number of students who enjoy science but aren’t sure what careers would suit them. This is so helpful.”

Teacher





More people used and enjoyed our education resources

Downloads from our Learn Chemistry education resource website increased, with total downloads in Q4 2018 reaching 60,000 – a 50% increase year-on-year. The site's Net Promoter Score (NPS) hit a high of +35 in 2018, a significant improvement on its 2017 peak of +7.

For our teaching magazine *Education in Chemistry*, numbers of registered users per month and total articles opened increased by 86% and 79% year-on-year respectively. The magazine's NPS hit an all-time high of +56, up from +41 in 2017 (37% year-on-year increase).

We improved the customer experience of our Learn Chemistry Partnership scheme

Changes to our school support service and underlying systems improved the overall customer experience.

In particular, we made it easier for teachers to claim the benefits of the service, which led to an increase in engagement with complimentary RSC membership and online CPD discounts.

We secured our continued delivery of government Initial Teacher Training scholarships

Following a competitive grant process, we were awarded a contract by the Department of Education to administer chemistry initial teacher training for the next three years – the first multi-year contract awarded since our first in

2012. In 2018 we awarded 109 chemistry teacher training scholarships, which include a government cash bursary with additional mentoring, networking and support from the Royal Society of Chemistry.

We brought future teaching leaders to London for an inspirational event

Ninety early career teachers from across the UK and Ireland took time out of their hectic schedules to join us in our London headquarters for an event whose aim was to celebrate, energise and support these future teaching leaders. Speakers included Nobel laureate Ben Feringa and Ofsted Chief Inspector Amanda Spielman, alongside networking, a panel discussion, and a suite of resources and support to help them become inspiring leaders in chemistry teaching.

Findings from education research we funded were reported in the media

The latest research from the RSC-funded Chemistry for All project has been published in the *International Journal of Science Education*. The paper was featured in the *Tes* and looks at how teachers can encourage students from disadvantaged backgrounds to engage more with science. For more information, please visit the Chemistry for All website.

“The pupils displayed more favourable attitudes towards science – and specifically chemistry – if they took part in hands-on learning and extra-curricular science clubs, finds [the Chemistry for All research]”

Tes.com 16 March 2018

“Knowing that the RSC and my school are supporting my development makes me feel more valued, and if [teachers] feel valued they will stay in the profession!”

Attendee



Provider of high quality chemical science knowledge

Accelerating the growth, dissemination, application and impact of chemical science knowledge

Maintain high publishing standards

With the volume and accessibility of scientific research increasing across the world, it has never been more important to uphold our role as an ethical and high quality publisher.

Our reputation for quality, built over more than 175 years, is hugely important to the scientists who publish with us from around the world – and so through our journals, books, databases and everything we publish, we never compromise on that quality.

We published 35,000 high quality chemical research articles

We attracted 123,000 submissions – a 6% year-on-year increase – and published 35,000 articles across our journal portfolio.

We saw impact factor increases across our journals, with individual highlights including *Journal of Materials Chemistry A* to 9.9 (up 12% on 2017), *Materials Horizons* to 13.2 (up 23% on 2017), category-leading *Energy & Environmental Science* to 30.1 (up 2% on 2017) and our flagship, open access journal *Chemical Science* to 9.1 (up 4.5% on 2017).

Our *Frontiers* series of journals, jointly run in partnership with the Chinese Chemical Society, became a fully established series, with the impact factor of *Inorganic Frontiers* reaching 5.1 – higher than leading competitors such as *Inorganic Chemistry*.

And our journal *Nanoscale Horizons*, published in partnership with the National Center for Nanoscience and Technology (NCNST) in Beijing, China, gained our highest ever first impact factor of 9.4.

We celebrated 50 years of book publishing

We've published more than 1,000 books in the last 50 years, from leading professional reference texts to more

accessible titles like *Molecules of Murder*, *The Secret Science of Superheroes*, and *Kitchen Chemistry* with triple Michelin-starred chef Heston Blumenthal.

2018 was a year of many series anniversaries too: our 20th book in *New Developments in NMR*, 30th book in *Monographs in Supramolecular Chemistry*, 50th book in *Nanoscience & Nanotechnology*, 60th book in *Green Chemistry*, and 70th book in *Drug Discovery*.

“This book will no doubt stand as the definitive work in this field for some time to come... you will be able to give it to every future PhD student on their first day and say ‘start here’.”

Review of *Dynamical Astrochemistry* published in *The Observatory* magazine

We expanded our agreement with Publons

Publons is a third-party reviewer recognition service and, following a successful 12-month trial with positive feedback from our community, we made the service available across all of our journals on an ongoing basis.

Promote and enable the exchange of ideas

Since we began sharing chemistry knowledge in 1841, the expectations of how scientists can share and promote their research have changed enormously. We consider it vital to continually challenge ourselves to meet the changing needs of our community.

In 2018 we made concrete progress towards making chemistry research more accessible, more social, and more welcoming of diverse people and ideas.

We partnered with other leading chemistry societies on preprint server ChemRxiv

In March 2018 we announced our partnership with the

American Chemical Society and German Chemical Society. It's a free submission, distribution and archive service for unpublished preprints in chemistry and related areas, which reached 500,000 downloads in 2018 and supports one-click submission to our journals.

We developed and launched to 48 customers our new Read & Publish deal

Read & Publish is a new model that gives customers full access to our archive of 1m+ research articles, as well as making all newly published articles from that institution freely available through open access. Throughout 2018 we made Read & Publish agreements with 48 research institutions and libraries, including the first of its kind in North America with the Massachusetts Institute of Technology (MIT).

“This is an important move toward the kind of transformation we want to see in the scholarly communication landscape. Working with a partner like the Royal Society of Chemistry, which shares many of our values, helps us evolve toward new business models that better align with our mission.”

Chris Bourg, director of MIT Libraries

We launched a new gold open access journal, *Nanoscale Advances*

Nanoscale Advances showcases interdisciplinary advances across the breadth of nanoscience and nanotechnology, in partnership with leading nanoscience research centre the National Center for Nanoscience and Technology (NCNST), in Beijing, China. We have waived its publication fees for two years, making it free to read and publish until 2021.

We held our most successful annual Twitter Poster Conference

With delegates from more than 40 countries displaying scientific posters using the hashtag #RSCPoster, 6,230 tweets made 9.1 million unique impressions and a potential reach of 1.9 million users.



Poster Conference tweets

Matt Baker @ChemistryBaker
Amazing level of contributions from all sections of the #rscposter. I don't think I have been able to access such a wide variety them research at a single conference before
59 09:40 - 6 Mar 2018
[See Matt Baker's other Tweets](#)

Samson Lai @samson_lai
The #RSCPoster conference is probably my favorite excuse to use Twitter at work today.
14:16 - 6 Mar 2018
[See Samson Lai's other Tweets](#)

Edward Randviir @EdwardRandviir
Strap yourself in. Posters ready. Coffee to hand. It's #RSCPoster time!!!! Please ensure you use the hashtags in all discussion and most of all, enjoy the day! Let's get to the science...
7 09:00 - 6 Mar 2018
[See Edward Randviir's other Tweets](#)

Laurie Points @LauriePoints
#RSCPoster is blowing my mind
2 09:51 - 6 Mar 2018
[See Laurie Points's other Tweets](#)

Nadine Borduas-Dedekind @nadineborduas
Heads up #RSCPoster #RSCEnv participants: I expect chemical structures to have correct bond angles and relative bond length. Respect hybridized orbitals for the win! (Cc @ChemDraw)
9 08:14 - 6 Mar 2018
[See Nadine Borduas-Dedekind's other Tweets](#)

We brought together thousands of chemical scientists at hundreds of events

We and our members ran more than 200 scientific events, attracting 14,500 delegates in total. These events were held in dozens of countries and covered a wide range of topics and disciplines, facilitating international networking and collaboration.

We ran many successful joint events and symposia with many of our international partner chemical societies, including the Chemical Research Society of India, the Chemical Society of Japan, the Chinese Chemical Society, the German Chemical Society and the European Chemical Society.

We hosted 1,500 delegates from 60 countries at the 7th EuChemS Chemistry Congress in Liverpool

Having won our bid to the European Chemical Society more than five years ago to host the congress, the five-day event included more than 450 talks, plenary lectures and satellite events, and more than 650 presenters at our poster exhibition. Speakers included Nobel laureates Professor Ben Feringa and Professor Frances Arnold, as well as our President Professor Dame Carol Robinson.

“As active members of EuChemS, it is a real honour to bring the EuChemS Chemistry Congress to the UK for the first time, continuing the EuChemS traditions of collaboration, advancement and communication.”

Dr Robert Parker, CEO Royal Society of Chemistry

“The Royal Society of Chemistry has been, from the very beginning, at the heart of EuChemS and has always provided full support to its initiatives... The fact that so many European and worldwide chemists will be meeting precisely in Liverpool can be regarded as a symbol of the close links that exist between UK and EU researchers that everyone hopes will remain after Brexit.”

Professor Pilar Goya Laza President of EuChemS



Delegate quotes:

“I learned a lot at this inspiring and well-organised conference.”

“Great experience for my first event. Perfectly organised between sessions, networking, talks and leisure. Thank you!”

“I will definitely recommend the next EuChemS.”

“Great city, great venue, great speakers, great people. Inspirational for me as PhD student [working out] what to do after my defense.”

“That was the scientific Woodstock! Fabulous!”



Facilitate collaboration across disciplines, sectors and borders

Science has always been about pushing boundaries. Some of the most profound and beneficial scientific discoveries have been the product of people in different fields combining their expertise to understand a problem or design a solution.

Headlines around the world report the rhetoric of protectionism and isolation, but the global scientific community proudly continues to collaborate – and we proudly enabled that throughout 2018.

We celebrated the first recipients of our international student research bursaries

Our pilot programme gives students from institutions outside the UK at which we accredit chemistry courses an opportunity to travel to another Royal Society of Chemistry-accredited institution in the UK or Ireland, in support of the international knowledge-sharing and collaboration that leads to so many important developments in the chemical sciences. Our CEO Dr Robert Parker welcomed the recipients to a celebration event at our headquarters in Burlington House, London.

We hosted an initial forum for Commonwealth chemistry representatives

Participants from 24 countries representing more than 20 chemical societies, scientific academies and federations across the Commonwealth enthusiastically concluded that there are significant opportunities to create a Federation of Commonwealth Chemical Societies. The uniqueness of bringing this group of diverse countries together as an umbrella organisation will mirror the concept of the Commonwealth as being aspirational, inspirational and providing strong role models.



“[Winning] this bursary was simply the most wonderful thing that happened to me at university... there is no other way for me to have such an amazing opportunity like this one, which gives me the unique chance of working in a laboratory at a university in the UK.”

Pâmela Bernardini bursary recipient from Brazil

We re-signed Memoranda of Understanding (MoU) with several international partners

We have many MoUs and co-operation agreements with chemistry societies across the globe, and in 2018 we reaffirmed our commitment to collaboration and friendship with the Brazilian Chemical Society (SBQ), the Royal Australian Chemical Institute (RACI) and the South African Chemical Institute (SACI).

With our partners, we launched the 7th Chemical Sciences and Society Summit (CS3) report

Launched at a press conference at the American Chemical Society meeting in New Orleans, the report presents discussions and recommendations from the summit on Solar Energy and Photonics for a Sustainable Future in Dalian, China, last September. The CS3 initiative is a five-nation partnership between the chemical societies and

funding agencies from China, Germany, Japan, UK and USA. We and the Engineering and Physical Sciences Research Council (EPSRC) co-ordinated a delegation of leading UK-based scientists to participate in the summit, all of whom contributed to the report.

We brought together academia and industry to stimulate collaboration

Through our Synergy programme we support the chemistry community to solve chemical science-based challenges that concern multiple industry sectors. In 2018 we held workshops to identify opportunities for collaboration on our pilot topic, “a circular economy for polymers in liquid

formulations”, with 25 experts from multinationals, SMEs, and representatives from NGOs and government agencies. The participants came from multiple industry sectors including pharma, personal care, speciality chemicals, oil and gas, paints and coatings, agrochemicals and water. They highlighted possible next steps including wider expert engagement, closing knowledge gaps and further collaboration.



Influential voice for the chemical sciences

Ensuring that chemistry has a recognised and influential role in science and society

Engage and enable our diverse community

Chemistry and society benefit immensely from being as accessible and inclusive as possible: both by including the highest quality ideas and skills and by encouraging a culture of fairness and equality. Through our activities and initiatives, we aim to make sure that chemistry is for everyone.

We took great steps forward in 2018 to both discover the true equality issues in chemistry and to galvanise our community to act. Particularly in women's progression in academia we found evidence of alarming and widespread problems – and by publishing and promoting our findings, we built pride and trust in our intent to level the playing field in chemistry.

We supported LGBT+ scientists through networks and events

We joined the Institute of Physics and the Royal Astronomical Society to expand their previous physics and astronomy network, the steering group comprises representatives from all three learned societies as well as the South East Physics Network (SEPNET) and Stonewall, and aims to connect the LGBT+ physical sciences community.

On behalf of the network we began collecting evidence for what the climate is like for LGBT+ physical scientists in the UK and Ireland through our *LGBT+ physical sciences work and study climate survey*.

The network also supported the 2018 LGBT+ STEMinar, the largest meeting of LGBT+ STEM professionals in the UK, in January. We will host the 2019 event.

“It’s a really important event for me. I know very few other ‘out’ scientists, and it’s one of the few opportunities I have to meet them.”

Charlie Gell PhD student and LGBT+ STEMinar attendee

We published our report on the diversity landscape of the chemical sciences

To begin designing a new strategy to support inclusion and diversity in the chemical sciences, we conducted a preliminary research project to understand the diversity landscape. Although the report collates the available data and trends, we found a significant lack of robust data and research, as well as a great number of opportunities to make faster, more concrete progress in ensuring chemistry is for everyone.

Our landscape report set out our commitments to conduct more research, review how we work with our community, and develop a new evidence-informed inclusion and diversity strategy based on these outputs, and was strongly welcomed by our wider community as a statement of intent.

We conducted and published research into women’s progression in academia

In *Breaking the barriers – women’s retention and progression in the chemical sciences* we published our research findings that talented women, interested in an academic career, are leaving the sector before reaching their full potential, and that many excellent female scientists who stay in academia are not progressing to senior grades in the same proportion as their male peers.

On International Women’s Day we invited participation in a survey to begin the research, receiving a very positive response from the community and generating a great sample as a basis for further research.

We launched the report and five-point action plan at our London headquarters with our president Professor Dame Carol Robinson, Vicky Ford MP, and an audience of high profile figures from the chemical sciences, academia, government, industry and diversity. Along with national online, radio and print coverage of the launch – particularly our commitment to set up a bullying and harassment support helpline – the event trended on Twitter, reaching an audience of 2.66m people.



“I’m prouder than ever to have my Royal Society of Chemistry badge on my lab coat today. The work the RSC is doing right now will help get the right people into the right places, shaping chemistry for generations.”

Twitter user commenting on *Breaking the Barriers* launch

Influence decision makers

We have worked closely with government, Parliament and other decision-making bodies throughout 2018 to ensure policy that affects or is affected by the chemical sciences is informed by high quality evidence and expertise.

We contributed expertise and evidence to parliamentary and government business

We submitted evidence to 24 policy consultation responses across the areas of research, sustainability, regulation and education, as well as holding dozens of meetings with civil servants and decision-makers in these areas.

The issues of funding and collaboration, movement of people, and regulation are some of the most vital issues to science as the nature of the UK’s exit from the European Union is decided. On all of these we proactively influenced through consultations, enquiries, direct contact with civil servants, and targeted media coverage. Examples include:

- The House of Commons Science & Technology Select Committee’s report from their inquiry ‘An immigration system that works for science and innovation’ strongly reflected the views that we presented in our own evidence, and quotes our evidence regarding the

need to make short-term visits to the UK by non-EEA scientists easier than the current system. Following this report *Research Professional* published an op-ed from our director of Science & Communities, Dr Jo Reynolds, outlining our views on how important mobility of people is for chemistry



- Stephen Metcalfe, Conservative MP and Science and Technology and Select Committee member, quoted our stats and policy objectives in his speech in Parliament as part of a debate on Brexit, Science and Innovation
- The UK Chemical Stakeholder Forum, run by the Department for Environment, Food and Rural Affairs (DEFRA), welcomed our policy document *Principles for the management of chemicals in the environment*, which provides an overview of principles our community considers essential for managing chemicals in the environment – an area that will need new laws and regulation once the UK leaves the EU



“The Royal Society of Chemistry... says that the UK must continue to work in an uninterrupted full partnership with the European Chemicals Agency from March 2019 onwards.”

Stephen Metcalfe MP Science & Technology Select Committee

We engaged with the devolved UK administrations and communities

We held our 7th annual Science and Stormont event in Belfast, which brought together 100 delegates including Members of the Legislative Assembly (MLAs) and featured two panels of external speakers and a panel of three MLAs, an exhibition with 25 exhibitors, and networking opportunities.

In Wales, scientists and Welsh Assembly members met at the Senedd and Pierhead for our annual Science and the Assembly meeting, which is designed to foster close relations with the National Assembly and the Welsh Government. We organise it on behalf of, and in cooperation with, the Welsh science and engineering community, and it is sponsored by Assembly Members David Rees, Nick Ramsay and Simon Thomas.

“Really enjoyed taking part in the ‘Science and Stormont’ MLA panel discussion this evening on the ‘Impact of Brexit on STEM and industry’ Good discussion [including] on valuing science & role of evidence in policy-making.”

Caoimhe Archibald MLA

“It was encouraging to see the high level of engagement and discussion between delegates, Assembly Members and exhibitors.”

Sarah Maddocks Cardiff Metropolitan University

We hosted the Director-General of the Organisation for the Prohibition of Chemical Weapons (OPCW)

His Excellency Ahmet Üzümcü gave a lecture on the importance of science in the implementation of the Chemical Weapons Convention. Distinguished guests joined us at Burlington House, including representatives of the Turkish Embassy in London, universities and industry, and UK government departments. Following the lecture our Council hosted a dinner discussion with senior members of OPCW, the Foreign and Commonwealth Office, Heads of Chemistry UK, and the Chemical Weapons Convention Advisory Committee, on a wide range of issues including the credibility of chemical evidence, international scientific collaboration and the ethical use of chemistry in the context of the Chemical Weapons Convention.

Connect the chemical sciences with the wider world

We opened our doors to the public for Open House London 2018

In one day we welcomed more than 2,000 people through the doors of our London headquarters, Burlington House, as part of the Open House London architecture festival. Visitors enjoyed looking around the building, seeing the rarer books and artefacts from our library collection, and also talking to volunteer members of staff about the building and about the everyday value of chemistry – many had never knowingly met a chemical scientist before.

We supported science communication from Mount Everest

With support from our outreach fund, adventurer Dr Melanie Windridge made a film about the chemistry of high-performance clothing as part of a series of scientific videos to accompany her attempt to climb Everest. Having completed her climb in May, successfully summiting the world’s highest mountain, she has used the experience and videos in a campaign to inspire an interest in science in girls.

Our members led fantastic public engagement efforts during Chemistry Week

RSC members from across the UK led events to inspire people with chemistry in December during our annual Chemistry Week. Schools, Scouts, Guides, Cubs, Brownies and community groups all got involved with a wide variety of activities including hands-on chemistry experiments, quizzes, talks, and chemistry-based messy play for younger children.

“Now, I know I want to be a scientist.”

Younger attendee of a Chemistry Week event

Volunteer members have also been involved in showcasing chemistry at bluedot festival at Jodrell Bank and the Lambeth Country Show, London’s largest family music and performance event. Activities at our stands highlighted the problems of plastics in our oceans, water safety and also included the science of glowsticks, building sugar molecules and the chemistry of smell.

Fundraising

As a fundraiser the Royal Society of Chemistry takes great care to ensure our fundraising activity is lawful, ethical and professional. We have donated to the Fundraising Regulator and our activities meet the Code of Fundraising Practice.

All professional fundraisers we employ are members of the Institute of Fundraising. They are all monitored through direct line management and performance management processes, as they are all office-based members of staff.

The majority of our charitable income in 2018 came from our business operations, including publishing subscriptions and charges, membership fees and conference delegate fees. We also brought in £1,076k through activities that would be considered fundraising, including:

- strategic corporate partnerships
- legacies and bequests
- individual giving

Our approach to legacies, bequests and individual giving was primarily reactive in 2018. However, we take out listings in a small number of legal gazettes inviting bequests, and on membership renewal forms we offer an option to support our general charitable purposes, including to donate to the Chemists' Community Fund (working name of the Royal Society of Chemistry Benevolent Fund).

In 2018 we did not proactively solicit donations from individuals, vulnerable or otherwise. In general, by giving our fundraisers professional development, ensuring they are professionally qualified, and monitoring their performance and behaviour, we protect vulnerable people from behaviour that is intrusive, persistent or exerts undue pressure.

No complaints were brought against our fundraising approach or activities in 2018, and there were no failures to comply with the Code of Fundraising Practice.

Chemists' Community Fund

The Chemists' Community Fund (CCF) is the working name of the Royal Society of Chemistry Benevolent Fund, a linked charity to the Royal Society of Chemistry.

The work of the Fund is managed on a daily basis by a specialist team. The members of the Royal Society of Chemistry's Council are the CCF Trustees, and they have delegated their authority for decisions within defined criteria to the Chemists' Community Fund Grants Committee (CCFGC), including decisions on financial support. The CCFGC reports to the Member Communities Board (MCB).

The primary purpose of the Chemists' Community Fund is the relief and prevention of poverty for members or past members of the Royal Society of Chemistry; as well as support for their partners, children and other dependants, including those of deceased RSC members. We use the Charity Commission's definition of "poverty" and have complied with our duty as a charity to have regard to "public benefit".

Our 2018 priorities under this remit were to:

- Provide holistic support, advice and guidance
- Research and develop new services to increase our impact
- Expand our reach by raising awareness of our services
- Develop our network of volunteers to support the Fund
- Provide and increase financial support
- Integrate our support through RSC established networks

Overview

We increased our charitable impact in 2018 as we expanded the services we offer, increased the number of new beneficiaries receiving support, increased the levels of financial and non-financial support, and made significant developments towards increasing the future impact of the Fund.

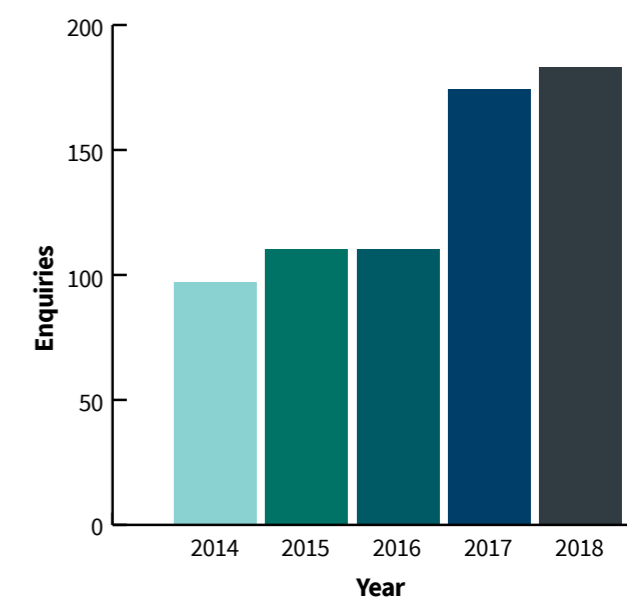
We provided holistic support to 183 people

Holistic tailored support and advice is provided to every individual to meet their particular needs and to foster independence. This extends beyond important financial support and involves referrals to specialist services or support visits from volunteers. The variety and complexity of enquiries can involve caseworkers undertaking detailed research into the options of support provided by other specialist organisations, to which we can introduce or signpost our beneficiaries.

"I would say, do not hesitate in contacting the fund as you are given so much help and support, both emotionally and financially, it's the best thing I did."

CCF beneficiary

Throughout 2018 our caseworkers made regular 'keeping in touch' calls to individuals with ongoing health concerns or simply to help combat isolation, offering a listening ear and enabling us to offer further support.



All of these enquiries were given a level of signposting advice and support by a caseworker.

In recent years we have introduced diverse new services, following benchmarking against other occupational benevolent fund services. This continued in 2018, when we introduced support for those with autism and referrals for independent expert advice for beneficiaries applying for state benefits.

We expanded our reach

We have promoted the Fund more widely to fulfil our responsibility to publicise our services. In 2018 the number of new beneficiaries approaching the Fund and then receiving financial support increased by 88% year-on-year.

We ran campaigns linked to initiatives such as Mental Health Awareness Week and National Volunteers Week, theming them on employment, wellbeing or financial support, using a wide range of tactics including printed materials, Royal Society of Chemistry publications, the rsc.org website and social media channels.

We collected more case studies to demonstrate our impact, generating the highest ever number of website views and social media impressions for Fund-related content.

193 individuals benefited directly from the Fund through financial support, a service referral, volunteer visit, receiving *Talking Chemistry World* or attending one of our newly introduced workshops on wellbeing and retirement planning.

This is a significant increase on previous years, mainly owing to the introduction of the workshops, which attracted 142 attendees in total. The first of these events was fully booked within the first hour of promoting to local members. We delivered further workshops in collaboration with local sections, reaching a wider sector of members and

strengthening the Fund's links with our member networks. The RSC library – accessible to all members – now holds the books referenced in the workshops.

“It was a highly informative and very interactive session. The trainer’s knowledge of the subject was beyond question but his way of getting over a particular point was sensitive. I would definitely recommend this to my colleagues.”

Workshop attendee

We developed three, more focused volunteer roles – Visitor, Local Section Coordinator and Ambassador – to increase our impact through volunteer support. In 2018, our 76 volunteers assisted members with 36 visits to either support a potential beneficiary with an application or providing a befriending visit. They also assisted members with retired member lunches and helped to send over 7,000 Christmas cards to retired members in their area.

“The volunteer visitor was a great help to me and I found his thoughtful and friendly discussion very beneficial.”

Volunteer visit recipient

We provided financial support

The Fund awarded a total of £46,213 in grants in 2018 – an increase of £5,000 from 2017, primarily due to more regular grants paid to individuals, as part of our one-year packages of support. We have continued to successfully use our grant-making model to assess need against published data for minimum income standards. After a year of applying this to our applicants outside the UK, we are being approached by other charities in our sector who wish to learn from our approach with this model.

£200

Smallest financial grant



£6,117

largest financial grant



Genevieve's story

Genevieve was diagnosed with a functional neurological disorder in her final year of undergraduate study. She became dependent on a wheelchair – a serious impediment to her completing her degree as she couldn't stand in the lab.

The NHS couldn't fund an electric wheelchair that could raise and support her to a standing position. Having been a member of the Royal Society of Chemistry since starting her undergraduate studies, she was eligible for support from the Chemists' Community Fund, which covered most of the cost of the wheelchair.

Genevieve's new chair enabled her to complete her undergraduate degree and move on to postgraduate studies.

Genevieve is now studying for a PhD in mesoporous photocatalytic films at Cardiff University.

See our video covering Genevieve's story at <https://www.rsc.org/news-events/articles/2018/dec/chemists-community-fund-genevieve>

“I have a promising career as a chemist ahead of me. It is something I had come to believe was an unachievable pipe dream, but is now a reality thanks to the generosity you have showed me. You have all changed the course of my life in an amazing way and I cannot be more grateful.”

“The funding has made a huge impact on my ability to make it through the hard time following an unexpected redundancy. Being the sole breadwinner of a family with a young child, I was in a constant battle to financially support me and my family.”

Grant recipient



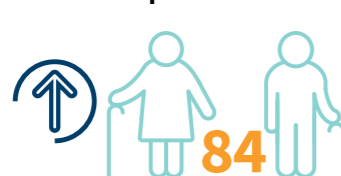
We planned for the future

We are initiating new mechanisms of support for both our youngest and oldest members, and relaxing the criteria requiring three years of membership in exceptional instances, where students or apprentices may have faced illness, bereavement or other circumstances leading to unforeseen hardship. We are also introducing supplementary grants for care home top-up fees, where beneficiaries are unable to meet reasonable costs through statutory funding routes.

Youngest support recipient



Oldest support recipient



We have also been considering the needs of our members who might be adversely impacted by the UK leaving the EU. Planned interventions include partnering with specialists to provide the latest legal information on immigration status through a helpline and online workshops. We will also consider financial support where appropriate.

The combination of generous contributions from our community and investment growth over nearly 100 years means that the Fund is in a strong financial position and the CCF Trustees have been seeking to ensure we continue to increase our charitable impact. The demand from our community on our primary purpose of the prevention and relief of poverty has remained relatively low, so we have sought specialist counsel and guidance from the Charity Commission on appropriate wider charitable use, as described through the Trust Deed. The CCF Trustees have agreed principles to expand the scope of our charitable activity aligned with the ethos of supporting individuals with the most need. Planning and implementation of this will continue in 2019 with direct input from CCF Trustees.

“I was treated so well and with such kindness and understanding. The caseworkers were so supportive and they instantly put me at ease. I will never ever forget their help and kindness. I had hit the bottom, but I knew they were there for me, emotionally I felt so relieved to have their support.”

CCF beneficiary

Financial review

We undertake a diverse range of activities to fulfil our charitable mission to advance excellence in the chemical sciences. We aim to deliver these activities in an effective and sustainable way, supported by a long-term approach to financial planning.

Key activities in 2018

Our publishing operations are central to achieving our charitable objectives in support of the chemical science community and advancing excellence in the chemical sciences. Our publishing revenues grew by 1.3% year-on-year, generating 85.4% (2017: 84.3%) of our total income.

Overall, our publishing operations generated a net surplus of £18.4m (2017: £17.4m). A portion of this surplus has been invested in the continued development of our publishing products and services, while the majority has been used to fund our other charitable activities and our running costs.

In 2018 we continued to support the exchange of knowledge through our events programme. We spent £3.8m (2017: £4.0m) on organising and sponsoring conferences and symposia in 2018. The decrease on 2018 expenditure was due to the cyclical nature of many of our key conferences. We anticipate a higher spend in this area in 2019 with several major biennial events due to be held during the year.

We continued to invest in education and professional practice programmes to help secure a strong, diverse and sustainable supply of chemists at all levels. We spent £6.4m (2017: £5.7m) on our education and professional practice programmes in 2018.

In addition, we continued to support chemical science professionals through our member services, with total spend on membership of £4.9m (2017: £4.6m).

We also supported a range of activities to engage policymakers and the public with the chemical science community. Overall, we spent £4.0m (2017: £3.6m) on advocacy and awareness programmes in 2018.

Definitions

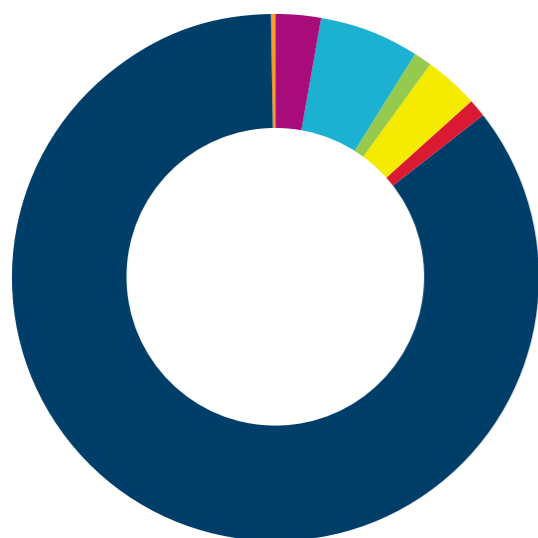
Usable funds	Unrestricted funds made up of our general funds, funds retained within non-charitable subsidiaries and designated funds.
Unusable funds	The pension reserve, which represents the RSC's defined benefit pension liabilities as at year end. The pensions reserve is reduced by payments made against the agreed recovery plans in the year.
General funds	Unrestricted funds representing monies earned primarily from publishing activities and membership subscriptions.
Designated funds	Unrestricted funds that have been internally 'ring fenced' for a specific purpose and consist of earmarked funds, member network funds and various trust and lecture funds.
Restricted income funds and endowment funds	Grants, financial or other gifts bequeathed in a will or trust deed to the RSC with a specific direction as to use by a third party. These are not available for the general purposes of the charity and consist of the Chemists' Community Fund, various trust and lecture funds, restricted grants, Royal Chemistry India Foundation and Friends of the RSC, Inc.
Free reserves:	The amount of general funds after deducting the balances held within our fixed assets. The portion of 'available reserves' freely available to spend and use on any of our charitable activities.
Intangible and tangible fixed assets	Assets purchased for long-term use, and not likely to be quickly converted into cash. This includes buildings, equipment, software and intellectual property.
Investments	Funds held by investment managers on behalf of the Royal Society of Chemistry (RSC) for the purpose of generating income and capital gains over the long-term.
Debtors	Amounts owed from third parties.
Creditors	Amounts owed to third parties.
Deferred liabilities	Income received / invoiced in advance for journal and membership subscriptions relating to future periods. This is held on the balance sheet and only recognised as income when the subscriptions fall due.
Cash	Includes cash held at the bank and short-term highly liquid investments.
Working capital	The capital, which is used in our day-to-day operations, calculated as current assets (ie cash, stock and debtors) less current liabilities (ie creditors and deferred liabilities).
Defined benefit pension liability	The net deficit on our pension scheme, representing the difference between valuations of the pension scheme assets and liabilities.

Financial Performance

Overview

We have continued to review and prioritise our activities according to strategic impact, and as a result we generated £63.6m of income across the group in 2018, representing an increase of £0.1m on income recognised in 2017 (2017: £63.5m). Total group expenditure in 2018 was £59.7m, representing an increase of £1.7m on 2017 expenditure (2017: £58.0m).

The breakdown of our sources of income and areas of expenditure are shown in the charts below.



Total income

Fundraising and other income	£1.8m
Membership	£4.0m
Chemistry World	£0.7m
Scientific conferences and events	£2.1m
Education and professional practice	£0.6m
Publishing	£54.3m
Advocacy and awareness	£0.1m

Total expenditure

Fundraising and other expenditure	£2.0m
Membership	£4.9m
Chemistry World	£2.6m
Scientific conferences and events	£3.8m
Education and professional practice	£6.4m
Publishing	£35.9m
Advocacy and awareness	£4.0m

The activities undertaken in the year were carried out within the budget approved by our Trustees, and all the income of the charity has been spent on our charitable activities, raising funds or retained in our charitable reserves (see notes 25 and 26).

Overall we achieved a net operating surplus of £3.9m (2017: net operating surplus of £5.5m) and a net deficit of £0.7m after investment movements (2017: net surplus of £12.1m). The table below reconciles this back to the operating surplus of £3.7m reported in our internal management accounts.

'Real' operating surplus As reported in internal management accounts	£3.7m
Add: investment income Not included in the management accounts as the income was reinvested in the portfolio rather than used to fund operating expenditure. The income is shown in the Consolidated Statement of Financial Activities (SoFA) as required by accounting rules.	£1.0m
Less: defined benefit pension fund interest Not included in the management accounts because this is a notional cost that accounting rules require to be shown in the SoFA.	(£0.8m)
Net operating surplus (net income before investment gains) Per the SoFA	£3.9m
Less: investment movements Not included in the management accounts because investment portfolio movements do not form part of operational budgeting.	(£4.7m)
Net expenditure Per the SoFA	(£0.7m)

Our usable reserves, consisting of general funds, funds retained in non-charitable subsidiaries and designated funds, remain healthy with a balance of £91.5m (2017: £92.2m).

Our working capital position remains strong, with a net current asset position of £8.4m (2017: £10.6m) owing to the

large cash and debtors balances offsetting the creditor balances and advance payments received for journal subscriptions.

Overall, our financial position remains healthy, with substantial usable reserves readily available to fund future activities. We will continue to focus on allocating our resources to deliver our strategy in a sustainable and effective way.

Investments

We hold financial investments to maximise the security of our reserves and generate returns. Our investment portfolio is designed to ensure long-term growth and to provide additional funding to support our charitable objectives.

Following review and amendment in 2018, the long-term investment objectives for general funds and restricted funds are to achieve an annual rate of return of 2.0% (2017: 4% and 2.5% respectively) in excess of the rate of UK inflation, as measured by the Retail Price Index (RPI), after fees and costs at an acceptable level of risk for the investment portfolio.

Trustees adopt an investment time horizon of at least 10 years, over which they aim to achieve their objectives and expect the portfolio to remain substantially invested. The Trustees accept that investment performance objectives may not be achievable every year and that there will be occasional temporary adverse movements. As a result, we will review investment performance over relevant timeframes.

Responsibility for investment strategy resides with the Council of Trustees, acting under advice from the Finance and Resources Board. Investment parameters are agreed with our investment managers, whilst monitoring performance in the context of long-term objectives and external benchmarks.

JP Morgan primarily manages our investments, with a small residual private equity investment maintained by Schroders Investment Management (UK) Limited. Our investment portfolio is split between general funds and restricted funds to maintain appropriate governance and stewardship of funds, while minimising management fees. Risk is managed through diversification of the portfolio between different asset classes and geographic markets.

We transferred £6.0m of surplus cash into our investment portfolio in 2018 and achieved total investment income of £1.0m in 2018 (2017: £1.0m) which was reinvested. Together with adverse investment movements of £4.7m (2017: gain of

£6.6m), £6.0m purchase of investments, cash distributions of £0.4m (2017: £nil) and investment management costs of £0.8m (2017: £0.4m) the value of our investments increased overall to £98.9m (2017: £97.7m), an increase of £1.2m during the year.

Due to heightened geo-political risk, major stock indices incurred significant losses in 2018, with the Dow Jones falling 5.6%, the S&P500 falling 6.2% and FTSE100 falling 12.5%. This was reflected in adverse revaluations of the RSC portfolio and a combined annual net loss of 4.5%. However, occasional adverse variances are expected and, due to large gains in 2017, over the past two years our portfolio has delivered an overall return of 2.9%, slightly ahead of our selected external benchmarks which returned 2.2% over the same period.

Reserves policy

We review our reserves policy regularly. Our aim is to

maintain our reserves at a sufficient level to ensure our financial resilience and sustainability, including protecting us against risks identified in the Risk Register.

Our reserves policy sets out the target reserves level and the key principles by which we will manage any excesses or deficits compared to the target. Our aim is to strike the appropriate balance between ensuring a sustainable financial position and using our funds to fulfil our charitable mission.

Free reserves represent unrestricted general funds of the RSC and exclude both the restricted funds held and funds that have been designated by our Trustees. The free reserves also exclude any funds that could only be realised by disposing of fixed assets held for charitable use.

In 2018, our policy was to maintain free reserves of at least £65.9m consisting of:

Free reserves element	Purpose for reserve	Target amount
Contingency reserve	<ul style="list-style-type: none"> Ensure short term solvency and stability in case of an extreme event Buy some time in the event of a serious income shock Enable the organisation to function while action is taken Ensure charitable commitments can be met 	£17.1m
Financial management reserve	<ul style="list-style-type: none"> Smooth out volatility Provide coverage for permanent changes in circumstances Enable adjustments to be phased in over a longer time period Insulate usable reserves from adverse fluctuation in the investment portfolio 	£13.0m
Strategic initiatives fund	<ul style="list-style-type: none"> Enable delivery of RSC strategy Fund the non-recurring costs of major projects, initiatives and investment, without having to afford this from day-to-day budgets (Repositioned as a designated fund as noted below) 	£15.0m
Pension fund reserve	<ul style="list-style-type: none"> Ensure affordability of the deficit recovery plan Provide surety to the Pension Fund, underpinning the employer covenant (Partially repositioned as a designated fund as noted below) 	£20.8m
Total		£65.9m

Free reserves were maintained in excess of the £65.9m target throughout the 2018 year.

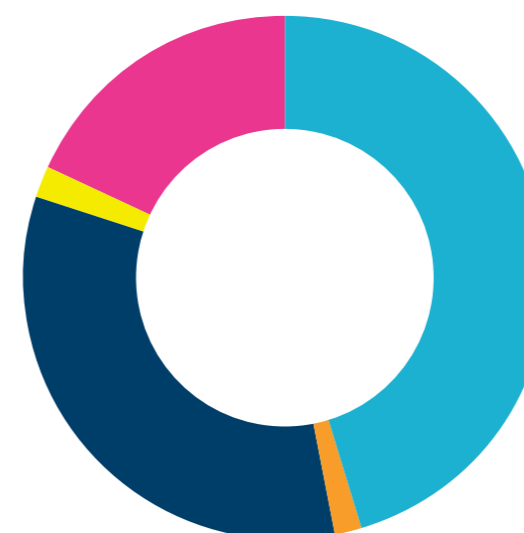
The Council approved the transfer of £30.0m from free reserves to designated funds in December 2018, details of which are noted as follows:

Designated Fund	Purpose for designated fund	Target amount
Strategic initiatives fund	The strategic initiatives fund will be used to deliver impactful charitable activities over the next five years and to enable the delivery of the RSC's Strategy by funding the non-recurring costs of major projects without having to afford this from day-to-day operating budgets.	£8.9m
Commercial strategy fund	The commercial strategy fund will enable investment into new revenue generating activities, including commercial acquisitions, over the duration of the Commercial Strategy (until 2025).	£5.0m
Pension deficit strategy fund	A capital sum of £15m has been earmarked to facilitate a buyout transaction of £30m in 15 years. Investing £15m securely now would ensure a sum of £30m would be available by 2033, which will provide a permanent resolution to the deficit and fully discharge the organisation's employer obligations to the DB pension fund.	£15.0m
TGH repairs fund	A building condition survey suggests major capital repairs to the value of £1.1m will be needed during the next five years. Designating these monies now will enable the repairs to be funded without having to afford this from the in-year operating budgets.	£1.1m
Total		£30.0m

These designations took place in 2018, resulting in an overall transfer of £30.0m from the charity's unrestricted general funds to designated funds.

The level of accumulated usable funds held at 31 December 2018 was £91.5m (2017: £92.2m). Of this, £51.9m (2017:

£82.2m) relates to the charity's unrestricted general funds and £37.8m (2017: £8.4m) relates to designated funds, which have been earmarked for specific purposes. The balance of £1.9m (2017: £1.5m) relates to funds retained within the group's non-charitable subsidiaries.



Total usable and restricted funds

General funds	£51.9m
Funds retained within non-charitable subsidiaries	£1.9m
Designated funds	£37.8m
Restricted income funds	£2.2m
Endowment funds	£20.6m

Free reserves analysis

Contingency reserve	£18.3m
Financial management reserve	£11.7m
Pension fund reserve	£10.7m
Remaining 'free reserves' available to the charity	£4.2m

A portion of the unrestricted general fund balance is locked up within fixed assets. After deducting intangible and tangible assets of £0.4m and £6.6m respectively from the unrestricted general fund balance of £51.9m, £44.9m remains as the 'free reserves' available to the charity.

For 2019, a revised target level of available reserves has been adopted. The revised target is £40.7m, a lower figure than the 2018 target of £65.9m, reflecting the transfers made to designated funds in 2018 and increased confidence in financial planning and risk management. After deducting the target of £40.7m from our 'free reserves' of £44.9m, the remaining 'free reserves' available to the charity amounts to £4.2m.

The Reserves Policy states that any excess of free reserves above the target level should be used to fund impactful charitable activities, consistent with strategic goals, within a five year period. The RSC will evaluate options in 2019.

Designated funds

The designated funds consist of earmarked funds totalling £31.0m (2017: £1.1m), designated trust and lecture funds totalling £4.8m (2017: £5.3m) as well as reserves totalling £2.0m (2017: £2.0m) held by branches of the Royal Society of Chemistry including our local sections, regions and interest groups. Each of these branches is managed by a committee, which organises activities to advance the chemical sciences in local and specialist areas. Earmarked funds are specific amounts set aside for future contingency or policy purposes. Earmarked funds are established by appropriating amounts out of the general funds and are subject to Council approval.

Restricted funds

The total restricted funds, including restricted income and endowment funds, held at 31 December 2018 were £22.8m (2017: £24.1m) and represents income for restricted purposes specified by the donor that are not available for the general purposes of the charity.

Of this, £15.7m (2017: £16.5m) relates to the Chemists' Community Fund, which provides a flexible range of financial and non-financial help to members and their dependants. The remainder comprises other restricted income and endowment trust funds totalling £1.7m (2017: £1.8m) and £5.4m (2017: £5.8m) respectively.

Our strategy for all of our restricted funds is to maintain capital over the long-term while generating income to meet current and expected expenditure levels.

Pensions

Employees who joined from January 2003 are entitled to join a defined contribution pension scheme. For employees who joined prior to that date, we operate a defined benefit scheme, which commits to pay a pension based on the number of years worked and the final salary of the members. This was closed to new members in 2002 and the scheme was closed to future accrual for existing members in 2011.

The Defined Benefit Pension Scheme therefore represents a commitment by the Royal Society of Chemistry to pay members a pension (scheme liability), which is paid from a fund managed by the Pension Fund Trustees (the scheme asset).

We agreed a recovery plan with the Pension Fund Trustees to address the deficit, following the triennial valuation of the pension scheme as at 31 December 2016. The funding valuation method is used to determine the recovery plan and the annual deficit payments made by the RSC, and therefore this method has a direct impact on the actual costs falling upon the RSC. This has resulted in annual payments of £1.9m from 1 January 2018 each year to 2025 inclusive, when the shortfall is expected to be eliminated.

Accounting rules require the use of an accounting valuation method, which measures the pension fund's assets and liabilities on a different basis to the funding valuation method, and results in a larger deficit. FRS 102 is the accounting standard that dictates how the scheme is presented in the financial statements and the valuation is determined by an actuary. The FRS 102 valuation (accounting valuation) of the deficit on the Defined Benefit Pension Scheme was £29.9m at the end of 2018 (2017: £31.2m). This followed a decrease in the liabilities of the scheme of £11.7m, attributable to changes in the actuarial assumptions, most notably the increase in the discount rate from 2.5% to 2.8%, as well as a corresponding decrease in the assets of the scheme of £10.4m.

The accounting valuation results in a notional deficit that does not directly impact on the actual costs falling upon the RSC. The funding valuation is considered the real figure and this, along with the agreed recovery plan, will remain until the next triennial valuation process in 2020.

The differences between the 2018 accounting valuation and 2016 funding valuation measures of the pensions fund deficit are summarised in the table below:

Details	Accounting valuation 31 Dec 2018 <i>For use in the 2018 financial statements</i>	Funding valuation 31 Dec 2016 <i>For use in the recovery plan agreed in October 2017</i>	Difference
Scheme assets	£92.7m	£97.7m	(£5.0m)
Scheme liabilities	(£122.6m)	(£115.6m)	(£7.0m)
Net deficit	(£29.9m)	(£17.9m)	(£12.0m)

Over time, the deficit will vary in line with market interest rates and equity returns and may ultimately become a surplus. Given the length of time over which the scheme will exist, the FRS 102 figures represent only a best estimate of the final position if existing market factors remain unchanged.

During 2018, an English High Court ruling set out that Guaranteed Minimum Pensions (GMPs) must equalise for the differences of these GMPs between men and women. The case gave some guidance on the methods of equalisation that deemed to meet both legal requirements and the minimum requirements in equality. Our actuaries have calculated our GMP equalisation impact on the scheme as an increase of 0.02% of the total value of scheme liabilities as at 31 December 2018, equating to £25k.

Risks

Our leadership team regularly review risks to our ability to deliver our strategy and to the organisation, and oversee plans for mitigating these risks. These risks are detailed in the Strategic Risk Register, which is a standing item on the Audit and Risk Committee agenda, to ensure thorough

oversight on behalf of our Trustees. The most recent update to the register was received by the Audit and Risk Committee in March 2019.

The key risks faced by the RSC, along with their associated mitigations, are detailed in the table below:

Strategic risk	Mitigation
General compliance failure	Maintain appropriate knowledge and skills to ensure compliance with our domestic and international regulatory and statutory obligations, including the Bribery Act, Charity Commission requirements, Data Protection, EU GDPR, employee rights, health and safety regulations, international trade sanctions, Modern Slavery Act, Safeguarding Children & Vulnerable Adults, statutory financial reporting, and tax legislation.
Defined benefit pension scheme deficit increase	A triennial valuation process was completed in 2017 with an agreed deficit recovery plan that is affordable to RSC. This risk is mitigated until 2020 when the valuation process will be repeated. Furthermore, following Council approval, a designation of £15m has taken place in 2018 to help facilitate a buyout transaction in 2033. Sufficient funds are being held in compliance with the Reserves Policy to ensure that any future disruption to the operating budget is avoided. Refer to page 34 for more detail.
Publishing surplus decrease	The RSC publishes significant volumes of journal content, providing flexibility and economies of scale. The RSC's developing Commercial Strategy seeks to identify additional revenue streams. Increasing proportions of open access (OA) content/revenues within our publishing portfolio reduces the exposure to content piracy or illegitimate sharing, since we do not own the intellectual property for OA content. Regular scenario planning and financial planning exercises provide assurance over the organisation's capacity to respond to market adjustments.
Business continuity and disaster recovery	The RSC maintains a comprehensive Business Continuity Plan (BCP), which was last tested in March 2019, highlighting several areas for improvement. Related mitigations include setting up a staff helpline and a collection of 'emergency kits' for use by the Crisis Management Team in the event of a major incident.
Cyber security	Externally validated back-up procedures, anti-virus software, firewall penetration testing, security penetration-testing of services and redundancy built-in to application services. Access to best practice cyber security provisions through the use of specialist outsourced IT services.
Organisational focus	Clear cascade of RSC strategy through management meetings and staff briefings. Business Planning practices to prioritise activities and assess new initiatives in line with organisational strategy. Adoption of strategy-focused management reporting, including the adoption of a balanced scorecard to monitor overall organisational health.
Workforce management	Investment in Change Management capabilities. On going monitoring of staff turnover. Measurement of morale through employee engagement surveys, including participation in the Best Companies survey published by the Sunday Times. Provide effective performance management through annual objective setting.
Banking and investments failure	The organisation's use of bank accounts continues to operate in accordance with the banking policy, setting out how cash funds will be distributed between banks to ensure security and liquidity. RSC Council approved revised Investment Strategy targets in July 2018, which intend to strike an appropriate balance between risk and return. The position is kept under close review, including a formal fortnightly review by the Finance Director and reports to each meeting of the Finance & Resources Board.
Brexit impact on RSC	Campaign work on UK science and Brexit policy, voicing our concerns and recommendations on key issues. Director of Human Resources and Organisational Development is liaising with senior HR contacts on access to skilled workers. Medium-term financial planning to reflect expected movements in foreign exchange rates.

Structure, governance and management

The Royal Society of Chemistry is a registered charity governed by a Royal Charter that was granted on 15 May 1980, following the amalgamation of the Chemical Society, the Royal Institute of Chemistry, the Faraday Society, and the Society for Analytical Chemistry.

We are governed by our Council, members of which act as our Board of Trustees and are elected or appointed in accordance with our charter and by-laws.

Our Council comprises:

- President
- President Elect or Immediate Past President
- Honorary Treasurer
- Nine Ordinary Members of Council elected by the Membership
- Up to six appointed members, who may be chairs of our boards or other persons appointed by Council

In accordance with the by-laws of the Society, the Trustees are elected to position at the Annual General Meeting. Any member of the RSC may stand for election as an Ordinary Member of Council and any Fellow may stand for election

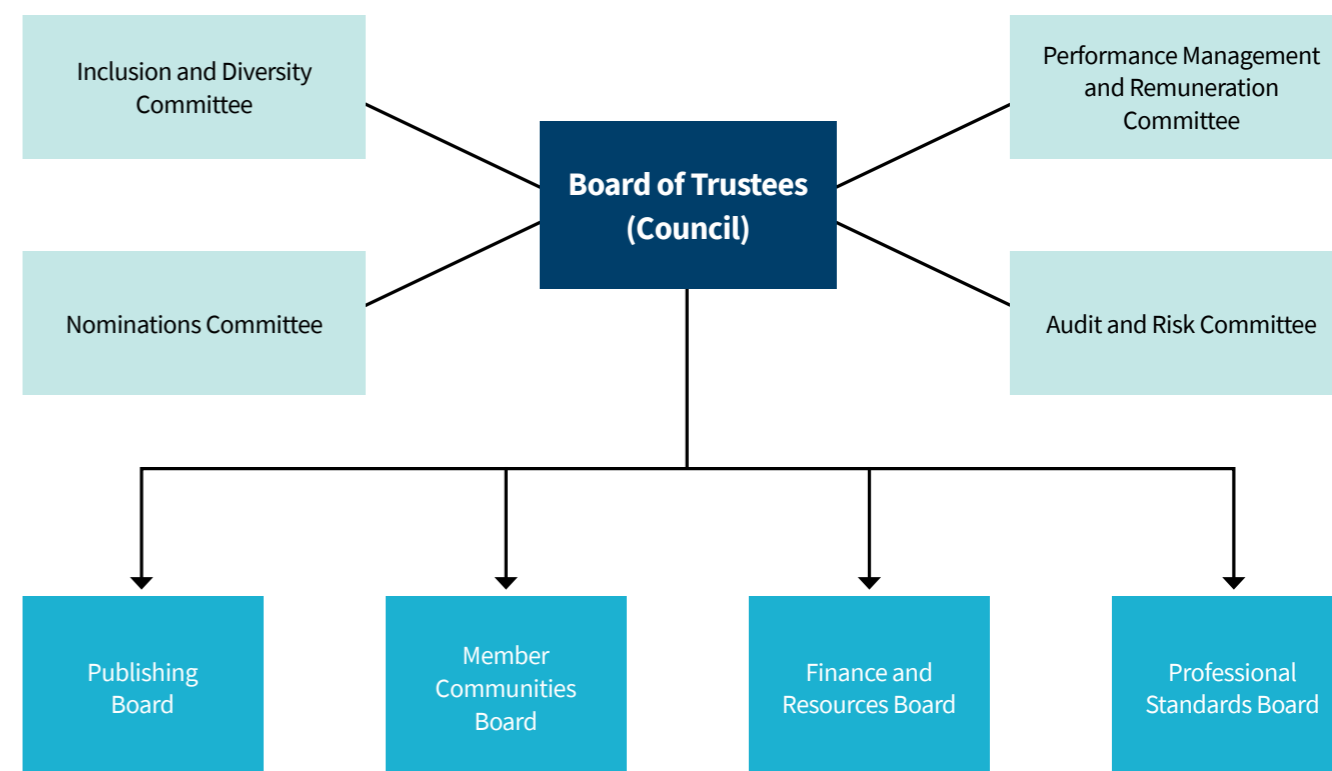
as President or Honorary Treasurer. All members are eligible to nominate candidates and vote in elections. Council itself may also make nominations. Voting takes place by post or electronically and is managed by an external provider approved by Council. Election of Ordinary Members of Council normally takes place every two years. The next election will be for Ordinary Members to take office after the 2019 Annual General Meeting (AGM).

Our governance structure

Our governance boards and committees develop strategic planning and policies with the support of staff and subject to approval by Council, which delegates the day-to-day management of the organisation and strategy implementation to the Chief Executive Officer (CEO) and staff. Members of staff provide updates on progress to the governance bodies, which, in turn, report to Council on performance against our strategy.

Each board and committee has a chair appointed by Council. More details on the current structure and membership of each board can be found on our website: <https://www.rsc.org/about-us/our-structure/#boards-committees>

Council has oversight of the RSC's involvement in the Science Council, European Chemical Society (EuChemS) and the European Technology Platform for Sustainable Chemistry (SusChem).



Remuneration of key management personnel

Our Leadership Team, led by the Chief Executive Officer (CEO), manages the implementation and operational delivery of the RSC's agreed strategy, programmes of activity by promoting leadership and direction, and works closely with Council to ensure we are governed effectively. The Performance Management and Remuneration Committee is responsible for:

- Setting objectives for and reviewing the performance of the CEO, and determining his or her salary in accordance with the organisation's performance management procedures
- On the basis of recommendations from the CEO, discussing and agreeing any major changes to the duties of senior staff ie the Deputy Chief Executive Officers (DCEOs) and the leadership team (LT), their annual remuneration and any change in the number of such posts
- Ensuring that appropriate benchmarking is in place to understand how the salary and remuneration packages of the CEO, DCEOs and LT members compare to those in similar organisations
- Providing general advice to the CEO on people management issues, in accordance with by-law 74

Remuneration for the CEO, DCEOs and the LT is reviewed on an annual basis at the same time as the annual pay review for all staff. Please refer to disclosure note 7 for more information on LT remuneration.

Trustees

At the date of signing the Trustees' Report, the Council Members are the Trustees of the Royal Society of Chemistry. A list of the Trustees for the period from January 2018 to the date of this report is shown on page 43.

All Council members are required to attend Trustee training sessions covering the responsibilities of Trustees, including financial and business planning and strategy development. Trustees are also offered external training and are provided with a governance handbook and Trustee induction pack that they are asked to familiarise themselves with.

We also conduct an annual skills audit to ensure that Council includes the right skills to provide effective strategic direction and oversight for the organisation.

In shaping our objectives for the year and planning our activities, the Trustees have considered the Charity Commission's guidance on public benefit, including the guidance 'public benefit: running a charity (PB2)'. The Trustees are satisfied that the RSC's activities provide public benefit by advancing chemical sciences through publishing chemistry books, journals and magazines; informing and influencing policy makers; supporting and advancing chemical science education; recognising and regulating professional standards in the chemical sciences; organising meetings, conferences and networking events and informing and engaging the public.

All members of Council and its boards and committees give their time voluntarily to the RSC.

Subsidiary companies

Overview

The RSC has two wholly owned UK registered subsidiaries, Chemistry Limited and RSC Worldwide Limited. The profit before taxation for Chemistry Limited was £199k (2017: £307k). The profit before taxation for RSC Worldwide Limited was £595k (2017: £566k).

The principal activity of RSC Worldwide Limited is to facilitate the RSC's activities overseas. It also holds the ChemSpider asset, a database providing fast text and structure search access to over 71 million chemical structures from hundreds of data sources.

In 2018, RSC Worldwide Limited continued to facilitate operations in the US, China, India, Japan, Brazil and Germany, representing activities to advance the chemical sciences internationally.

The principal activity of Chemistry Limited is to promote Burlington House as a unique venue for both chemistry and non-chemistry related events and to carry out any non-primary purpose trading on behalf of the RSC.

Consolidation shown on page 46

We have reflected in the Consolidated Statement of Financial Activities and Balance Sheet the following entities covered by the Royal Society of Chemistry charity registration:

- Chemistry Limited
- RSC Worldwide Limited
- RSC Worldwide (US) Inc
- RSC (Beijing) Chemical and Science Technology Company Limited

- Royal Chemistry India Private Limited
- Royal Chemistry India Foundation
- Royal Society of Chemistry Japan KK
- Friends of RSC Inc.

Connected charities

The RSC jointly administers the Sir George Beilby Memorial Fund. An annual prize of £1,000 is awarded and sustained by a trust fund commemorating Sir George Beilby FRS, President of the Society for Chemical Industry (SCI) (1898-99), the Institute of Chemistry (1909-12) and The Institute of Metals (1916-1918) and founding Chairman of the Fuel Research Board.

The award is administered in rotation by the RSC, the Institute of Materials, Minerals and Mining and the SCI. It recognises substantial work of exceptional practical significance in chemical engineering, applied materials science, energy efficiency or related field, and is made to scientists or engineers. The assets of the fund are held in a named portfolio with Schroders Investment Management Limited. The RSC's share of the fund has not been consolidated within the Consolidated Balance Sheet and Statement of Financial Activities on the basis of materiality.

The RSC works with a broad range of UK and international charities. Details are available on request.

Reference and administrative Details

Charity registration number

The Royal Society of Chemistry's charity registration number is 207890 and this registration encompasses the RSC Chemists' Community Fund, the Royal Society of Chemistry and its trust and lecture funds and member networks.

Leadership team for the year 1 January 2018 to 31 December 2018

Chief Executive Officer

Dr Robert Parker CSci CChem FRSC

Deputy Chief Executive

Dr Helen Pain CSci CChem FRSC

Deputy Chief Executive

Paul Lewis FRSA FInstLM (from 23 March 2018)

Finance Director

Stephen Joyce FCPFA

Director of Science and Communities

Jo Reynolds

Director of Human Resources and Organisation Development

Karen Roberts MCIPD

Director of Education and Professional Practice

Sarah Robertson MSc

Director of Publishing, Journals and Databases

Dr Emma Wilson MRSC

Director of Technology

Dr Frank Gibson

Commercial Director

Dan Dyer (to 27 July 2018)

Director of Communications and Marketing

Kate Tonge (to 30 June 2018)

Auditors, bankers and other professional advisors

Auditors

RSM UK Audit LLP

25 Farringdon Street
London
EC4A 4AB

Bankers

National Westminster Bank plc

Market Street Branch
23 Market Street
Cambridge
CB2 3PU

Nationwide Building Society

Nationwide House
Pipers Way,
Swindon
SN38 1NW

Goldman Sachs Asset Management Global Services Limited

Peterborough Court
133 Fleet Street
London
EC4A 2BB

Citizens

One Citizens Plaza,
Providence, RI 02903
USA

Barclays Bank plc

1 Churchill Place
London
E14 5HP

Lloyds Bank plc

25 Gresham Street
London
Ec2V 7HN

Investment managers

J P Morgan

25 Bank Street
Canary Wharf
London
E14 5JP

Schroder Investment Management (UK) Limited

1 London Wall Place
London
EC2Y 5AU

Actuary

JLT Employee Benefits

The St Botolph Building
138 Houndsditch
London
EC3A 7AW

Pension advisors

BBS Consultants & Actuaries Ltd

Canard Court
23-25 St George's Road
Bristol
BS1 5UU

Legal advisors

Charity, technology, intellectual property and employment matters:

Taylor Vinters

Merlin Place
Milton Road
Cambridge
CB4 0DP

Commercial, compliance and employment matters:

Mills & Reeve LLP

Botanic House
100 Hills Road
Cambridge
CB2 1PH

Commercial property matters:

Bristows LLP

100 Victoria Embankment
London
EC4Y 0DH

Publishing matters:

Farrer & Co.

66 Lincoln's Inn Fields
London
WC2A 3LH

Chemists' Community Fund and Data Protection matters:

Eversheds

Kett House
Station Road
Cambridge
CB1 2JY

Trust Law

Smee & Ford

5th Floor, 10 Whitechapel High Street
London
E1 8QS

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Principal office

Royal Society of Chemistry

Burlington House
Piccadilly
London
W1J 0BA

Royal Society of Chemistry Council

Patron

Her Majesty The Queen

Council members for the year 1 January 2018 to 31 December 2018

Honorary Officers

President

Professor Dame Carol Robinson DBE HonFRSC FRS
(from July 2018)

Immediate Past President and Chair, Member Communities Board

Professor Sir John Holman CChem FRSC

Honorary Treasurer and Chair, Finance & Resources Board

Dr Paul Satchell CChem FRSC

Appointed members

Chair, Publishing Board

Professor Geoffrey Maitland CChem CEng FRSC
FICHEM FREng

Chair, Professional Standards Board

Professor Tom Welton OBE CChem FRSC

Chair, Science, Education and Industry Board (defunct)

Professor Mike Ashfold CChem FRSC FRS
(retired 11 July 2018)

Professor Dr Ben Feringa CChem HonFRSC
(retired 11 July 2018)

Ordinary members

Professor Polly Arnold OBE CChem FRSC FRSE

Professor Sabine Flitsch CChem FRSC

Professor Melissa Hanna-Brown CChem FRSC

Dr David Rees CChem FRSC

Dr Janette Waterhouse EurChem CChem FRSC

Professor Andrew Bell CChem FRSC

Ms Julia Hatto BEM CSci CChem FRSC

Dr Elizabeth Rowsell FRSC

Professor Tom Simpson CChem FRSC FRS FRSE

The Council members named above are the Trustees as at
the date of signing the Trustees' Report.

Responsibilities of the Trustees

Statement of Trustees' responsibilities in respect of the Trustees' Report and the accounts

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 and Wales requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the group and the charity and of the incoming resources and application of resources of the group for that period. In preparing those financial statements, the Trustees are required to

- Select suitable accounting policies and apply them consistently
- Observe the methods and principles in the Charities Statement of Recommended Practice (SORP)
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK 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 Royal Society of Chemistry 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 group and the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Royal Charter. They are also responsible for safeguarding the assets of the group and the charity, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Trustees


25/4/2019

Professor Dame Carol Robinson DBE HonFRSC FRS

Independent Auditors' report to the Trustees of the Royal Society of Chemistry

Opinion on the financial statements

We have audited the financial statements of the Royal Society of Chemistry (the 'charity') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the Consolidated Statement of Financial Activities, the Consolidated and charity Balance Sheets, the Consolidated and charity Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and charity's affairs as at 31 December 2018 and of their incoming resources and application of resources for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the requirements of the Charities Act 2011

Basis for opinion

We have been appointed as auditors under section 151 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Financial Statements and Trustees' Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 43 the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the group's and charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the group or charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at

<http://www.frc.org.uk/auditorsresponsibilities>.

This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees as a body, in accordance with 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 anyone other than the charity and the charity's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

Date 26 April 2019

RSM UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Consolidated statement of financial activities for the year ended 31 December 2018

	Note	Unrestricted funds				Restricted funds			Total	Total	
		General funds	Designated funds	Total general and designated funds	Pension reserve	Total unrestricted funds	Restricted income funds	Endowment funds			Total restricted funds
		2018	2018	2018	2018	2018	2018	2018			2018
		£000	£000	£000	£000	£000	£000	£000	£000	£000	
Income and endowments from:											
Donations and legacies	1	25	57	82	-	82	-	44	44	126	242
Other trading activities	2	661	-	661	-	661	-	-	-	661	637
Investment income	3	763	39	802	-	802	202	-	202	1,004	1,041
Charitable activities											
Membership		3,985	-	3,985	-	3,985	7	-	7	3,992	3,856
Chemistry World		737	-	737	-	737	-	-	-	737	1,188
Scientific conferences and events		999	965	1,964	-	1,964	153	-	153	2,117	2,265
Education and professional practice		216	-	216	-	216	391	-	391	607	588
Publishing		53,869	-	53,869	-	53,869	406	-	406	54,275	53,576
Advocacy and awareness		45	-	45	-	45	-	-	-	45	62
Other income		27	-	27	-	27	-	-	-	27	64
Total income and endowments		61,327	1,061	62,388	-	62,388	1,159	44	1,203	63,591	63,519
Expenditure on:											
Raising funds											
Donations and legacies		644	144	788	13	801	-	-	-	801	512
Other trading activities		462	-	462	-	462	-	-	-	462	330
Investment management costs		541	27	568	-	568	11	174	185	753	395
Charitable activities											
Membership		3,936	410	4,346	74	4,420	478	-	478	4,898	4,565
Chemistry World		2,564	-	2,564	37	2,601	-	-	-	2,601	2,758
Scientific conferences and events		2,537	1,100	3,637	24	3,661	153	-	153	3,814	3,963
Education and professional practice		5,826	56	5,882	81	5,963	391	-	391	6,354	5,748
Publishing		35,068	1	35,069	475	35,544	377	-	377	35,921	36,167
Advocacy and awareness		3,933	64	3,997	52	4,049	-	-	-	4,049	3,551
Total expenditure	8	55,511	1,802	57,313	756	58,069	1,410	174	1,584	59,653	57,989
Net income/(expenditure) before investment gains/(losses)		5,816	(741)	5,075	(756)	4,319	(251)	(130)	(381)	3,938	5,530
(Losses)/gains on investment assets	16	(3,465)	(260)	(3,725)	-	(3,725)	(54)	(896)	(950)	(4,675)	6,600
Net income/(expenditure)		2,351	(1,001)	1,350	(756)	594	(305)	(1,026)	(1,331)	(737)	12,130
Transfer between funds	25, 26	(32,344)	30,359	(1,985)	1,924	(61)	152	(91)	61	-	-
Net group (expenditure)/income before other recognised gains		(29,993)	29,358	(635)	1,168	533	(153)	(1,117)	(1,270)	(737)	12,130
Remeasurement on defined benefit pension scheme	12	-	-	-	128	128	-	-	-	128	9,781
Movement on forward contracts	22	-	-	-	-	-	-	-	-	-	1,261
Net movement in funds (decrease) /increase		(29,993)	29,358	(635)	1,296	661	(153)	(1,117)	(1,270)	(609)	23,172
Reconciliation of funds											
Fund balances brought forward		83,714	8,443	92,157	(31,205)	60,952	2,394	21,712	24,106	85,058	61,886
Fund balances carried forward		53,721	37,801	91,522	(29,909)	61,613	2,241	20,595	22,836	84,449	85,058

Notes 1 - 33 form an integral part of these financial statements. Refer to note 33 for the accounting policies that have been used in preparing these financial statements.

A separate statement of financial activities has not been presented for the charity alone. Refer to note 24 for further disclosure on the charity's financial outturn for 2018.

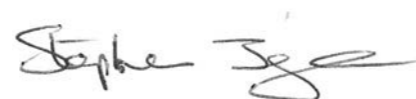
Consolidated and charity balance sheets as at 31 December 2018

	Note	Group 2018 £000	Group 2017 £000	Charity 2018 £000	Charity 2017 £000
Fixed assets					
Intangible assets	14	446	649	446	649
Tangible assets	15	6,603	7,327	6,596	7,317
Investments	16	98,871	97,704	98,871	97,704
Total fixed assets		105,920	105,680	105,913	105,670
Current assets					
Stock – books and paper		445	496	445	496
Debtors	18	13,653	11,854	13,829	12,730
Cash at bank and in hand		22,151	24,034	19,947	21,943
Total current assets		36,249	36,384	34,221	35,169
Current liabilities					
Creditors	19	(7,000)	(5,307)	(6,901)	(5,703)
Deferred income					
Journal subscriptions	20	(19,419)	(19,025)	(19,384)	(19,004)
Membership subscriptions	20	(1,392)	(1,469)	(1,391)	(1,469)
Total current liabilities		(27,811)	(25,801)	(27,676)	(26,176)
Net current assets		8,438	10,583	6,545	8,993
Long-term liabilities					
Defined benefit pension liability	12	(29,909)	(31,205)	(29,909)	(31,205)
Total long-term liabilities		(29,909)	(31,205)	(29,909)	(31,205)
Net assets	21	84,449	85,058	82,549	83,458
Accumulated funds					
Unrestricted funds:					
Usable funds					
General funds	26	51,861	82,182	51,861	82,182
Funds retained within non-charitable subsidiaries	26	1,860	1,532	-	-
Designated funds	26	37,801	8,443	37,801	8,443
Total usable funds		91,522	92,157	89,662	90,625
Unusable funds					
Pension reserve	12, 26	(29,909)	(31,205)	(29,909)	(31,205)
Total unusable funds		(29,909)	(31,205)	(29,909)	(31,205)
Total unrestricted funds		61,613	60,952	59,753	59,420
Restricted funds:					
Restricted income funds	25	2,241	2,394	2,201	2,326
Endowment funds	25	20,595	21,712	20,595	21,712
Total restricted funds		22,836	24,106	22,796	24,038
Total charity funds		84,449	85,058	82,549	83,458

Approved by Council and authorised for issue on 25 April 2019



Professor Dame Carol Robinson President



Stephen Joyce Finance Director

Notes 1 - 33 form an integral part of these financial statements.

Consolidated and charity statements of cash flows for the year ended 31 December 2018

	Note	Group 2018 £000	Group 2017 £000	Charity 2018 £000	Charity 2017 £000
Reconciliation of net income to net cash outflow from operating activities					
Net income for the reporting period		(737)	12,130	(1,037)	11,761
Adjustments for:					
Depreciation and amortisation		1,536	2,357	1,532	2,330
Loss on disposal of fixed assets		-	49	-	49
Proceeds from the sale of fixed assets		(2)	(9)	(2)	(9)
Losses/(gains) on investments		4,675	(6,600)	4,675	(6,600)
Investment income	3	(1,004)	(1,041)	(1,004)	(1,041)
Investment management fees deducted from investments		750	370	750	370
Decrease in stock		51	76	51	76
(Increase)/decrease in debtors		(1,799)	3,479	(1,099)	4,105
(Increase)/decrease in creditors and accruals		1,690	(2,337)	1,195	(3,210)
Movement on forward exchange contracts taken directly to the hedge reserve		-	1,261	-	1,261
Increase/(decrease) in deferred income		317	(2,404)	302	(2,400)
Receipt of endowment		(44)	(105)	(44)	(105)
Exchange rate movements on cash and cash equivalents		(245)	580	(202)	589
Employer's contributions payable to the defined benefit pension scheme	12	(1,924)	(1,017)	(1,924)	(1,017)
Net pension interest expense	12	756	1,089	756	1,089
Net cash inflow from operating activities		4,020	7,878	3,949	7,248
Cash flows from investing activities					
Investment income	3	1,004	1,041	1,004	1,041
Investment income reinvested	16	(885)	(1,041)	(885)	(1,041)
Purchase of investments	16	(6,065)	-	(6,065)	-
Proceeds from sale of investments	16	358	-	358	-
Proceeds from the sale of fixed assets		2	9	2	9
Purchase of intangible fixed assets	14	(85)	(85)	(85)	(85)
Purchase of tangible fixed assets	15	(521)	(453)	(520)	(450)
Net cash (outflow)/inflow from investing activities		(6,192)	(529)	(6,191)	(526)
Cash flows from financing activities					
Receipt of endowment		44	105	44	105
Net cash inflow from financing activities		44	105	44	105
(Decrease)/increase in cash and cash equivalents		(2,128)	7,454	(2,198)	6,827
Cash and cash equivalents at the beginning of the reporting period		24,034	17,160	21,943	15,705
Change in cash and cash equivalents due to exchange rate movements		245	(580)	202	(589)
Cash and cash equivalents at the end of the reporting period		22,151	24,034	19,947	21,943

Notes 1 - 33 form an integral part of these financial statements.

Notes to the financial statements

1. Donations and legacies

	General funds £000	Designated funds £000	Restricted income funds £000	Endowment funds £000	Total 2018 £000	Total 2017 £000
Donations	25	57	-	20	102	134
Bequests and legacies	-	-	-	24	24	108
Total	25	57	-	44	126	242

Note 6 to these financial statements provides additional analysis on funding activity and the costs on raising funds.

2. Income from other trading activities

Income from other trading activities consists entirely of turnover from Chemistry Limited, a wholly owned trading subsidiary of the RSC. Its principal activity is to promote Burlington House as a unique venue for both chemistry and non-chemistry related events and to carry out any non-primary purpose trading on behalf of the RSC. All the profit from the trading subsidiary is passed to the charity under the gift aid scheme.

3. Investment income

	General funds £000	Designated funds £000	Restricted income funds £000	Total 2018 £000	Total 2017 £000
Assets in the UK					
Fixed interest	46	-	-	46	-
Interest	-	-	-	-	4
Assets outside the UK					
Fixed interest	33	1	8	42	381
Unit trusts	299	19	94	412	-
Equities	103	9	47	159	65
Interest	282	10	53	345	591
Total	763	39	202	1,004	1,041

4. Government grants

The RSC receives grant funding from national and international governmental bodies. In 2018 £647k of government funding was recognised in the statement of financial activities (2017: £163k) for education-related and teaching training programmes and for chemical database services.

Funds have been used for the RSC's Initial Teacher Training scholarship scheme which offers tax-free

funding and packages of support to individuals who want to become exceptional chemistry teachers. Funding has also been used for the continuation of the RSC's National Chemical Database Service which brings together tools and resources for UK researchers in chemistry and related fields. Finally the Spectroscopy in a Suitcase programme which gives school students the chance to learn about spectroscopy through hands-on experience has been supported for Ireland and Wales.

5. Analysis of grant expenditure (group and charity)

	Grants to institutions 2018 £000	Grants to individuals 2018 £000	Total 2018 £000	Grants to institutions 2017 £000	Grants to individuals 2017 £000	Total 2017 £000
Hardship	-	46	46	-	41	41
Prizes and awards	-	308	308	-	303	303
Travel and divisions	6	266	272	4	189	193
Research	178	302	480	100	469	569
Diversity	15	132	147	1	100	101
Education & outreach	142	238	380	158	245	403
Industry	-	190	190	-	429	429
International engagement	131	4	135	202	4	206
Member Network Grants	347	3	350	349	-	349
Total	819	1,489	2,308	814	1,780	2,594

The RSC provides grants through the Chemists' Community Fund to help alleviate the hardship of members.

To help promote excellence in chemistry, the RSC also funds a number of prizes and awards as well as providing grants to fund travel to events and conferences.

The RSC operates a research fund which provides grants to promote original research in the science of chemistry, as explained in note 28. No individual institution was awarded more than £5k for research, with the £178k (2017: £100k) of total research grants to institutions split between multiple beneficiaries.

6. Funding activities outturn analysis

	Note	General funds	Designated funds	Restricted income funds	Endowment funds	2018 Total	2017 Total
		£000	£000	£000	£000	£000	£000
Funding activity income							
Donations and legacies	1	25	57	-	44	126	242
Restricted grant income	25	-	-	950	-	950	540
Total		25	57	950	44	1,076	782
Funding activity costs							
Direct staff costs	8	(323)	-	-	-	(323)	(197)
Direct and support costs	8	(334)	(144)	-	-	(478)	(315)
Total		(657)	(144)	-	-	(801)	(512)
Net income/(expenditure) from funding activities		(632)	(87)	950	44	275	270

The RSC receives donations and legacies as well as restricted income including grants as part of its funding activities. This table provides an outturn analysis of the

income generated through our funding activities and the associated costs incurred on raising funds.

7. Total staff costs

	2018	2017
	£000	£000
Gross wages and salaries	21,635	19,476
National insurance	2,205	1,997
Pension and related cost	1,883	1,650
Redundancy payments	60	54
Other payments	601	539
Temporary staff and contractors	72	97
Total	26,456	23,813

As required by FRS 102, an amount of £253k (2017: £198k) relating to holiday pay owed to staff at 31 December 2018 has been accrued for.

An amount of £41k (2017: £33k) was paid in relation to compensation for loss of earnings under an agreed settlement agreement. There were no outstanding obligations at year end.

In 2018 the RSC paid a total of £60k (2017: £54k) in respect of statutory and other employment severance-related payments.

7. Total staff costs (continued)

The number of employees across the group who earned more than £60k during the year (including taxable benefits in kind, but excluding employer pension costs) is shown below:

Number of employees	2018	2017
Employee earnings:		
£60,000 - £69,999	23	15
£70,000 - £79,999	6	6
£80,000 - £89,999	1	4
£90,000 - £99,999	3	1
£100,000 - £109,999	3	7
£110,000 - £119,999	7	3
£120,000 - £129,999	1	2
£130,000 - £139,999	1	-
£140,000 - £149,999	-	1
£150,000 - £159,999	1	-
£180,000 - £189,000	-	1
£200,000 - £209,999	1	-
£240,000 - £249,999	-	1
£250,000 - £259,999	1	-
Total	48	41

The number of employees who earned more than £60k, for whom pension benefits are accruing under the RSC defined contribution scheme is 43 (2017: 35). 5 employees (2017: 6 employees) did not accrue pension benefits under the RSC defined benefit contribution scheme.

The key management personnel of the RSC comprises the Trustees and the leadership team. Key management personnel are in charge of directing and controlling the charity and running and operating the charity on a

day-to-day basis. All Trustees give their time freely and no Trustee remuneration was paid in the year. Details of Trustee expenses and related party transactions are disclosed in note 31 to the accounts. Total employee benefits of £1,570k (2017: £1,493k) were paid to the RSC's leadership team personnel in 2018. Employer national insurance contributions of £170k (2017: £158k) were paid over to HM Revenue & Customs in respect of RSC leadership team personnel. The leadership team consisted of 11 personnel in 2018 (2017: 11 personnel).

Average monthly headcount (number of staff employed)

	2018	2017
Membership	37	38
Chemistry World	17	17
Scientific conferences and events	13	11
Education and professional practice	49	36
Publishing	258	248
Advocacy and awareness	25	21
Support	159	155
Fundraising	6	3
Total	564	529

The increase in education and professional practice headcount is due to Education coordinators moving on

to payroll in 2018. The coordinators were previously contractors.

Average monthly FTE

	2018	2017
Total average FTE	544	509

8. Total expenditure

Unrestricted funds								
	General funds				Designated funds			Total 2017
	Direct staff	Direct	Support	Total general	Direct	Total designated	Total	
	Costs	Costs	Costs	fund costs	Costs	fund costs	2018	
	£000	£000	£000	£000	£000	£000	£000	£000
Expenditure on raising funds								
Donations and legacies	323	33	301	657	144	144	801	498
Other trading activities	72	385	5	462	-	-	462	330
Investment management costs	-	541	-	541	27	27	568	303
Total	395	959	306	1,660	171	171	1,831	1,131
Charitable activities								
Membership	1,374	926	1,710	4,010	410	410	4,420	4,029
Chemistry World	764	982	855	2,601	-	-	2,601	2,758
Scientific conferences and events	345	1,659	557	2,561	1,100	1,100	3,661	3,744
Education and professional practice	1,807	2,236	1,864	5,907	56	56	5,963	5,248
Publishing	11,151	13,416	10,976	35,543	1	1	35,544	35,935
Advocacy and awareness	1,386	1,392	1,207	3,985	64	64	4,049	3,532
Total	16,827	20,611	17,169	54,607	1,631	1,631	56,238	55,246
Total expenditure	17,222	21,570	17,475	56,267	1,802	1,802	58,069	56,377

Direct costs include an increase to the stock provision of £129k (2017: £249k) and cost of sales for stock of £51k (2017: £194k). Stock related costs are charged against

publishing. Direct costs also include a foreign exchange charge of £509k (2017: charge of £171k) and doubtful debt expenditure of £587k (2017: £384k).

Restricted funds								
	Restricted income funds			Endowment funds		Total 2018	Total 2017	
	Direct staff	Direct	Total restricted	Direct	Total endowment			
	Costs	Costs	income fund costs	Costs	fund costs			
	£000	£000	£000	£000	£000	£000	£000	
Expenditure on raising funds								
Donations and legacies	-	-	-	-	-	-	14	
Investment management costs	-	11	11	174	174	185	92	
Total	-	11	11	174	174	185	106	
Charitable activities								
Membership	155	323	478	-	-	478	536	
Scientific conferences and events	13	140	153	-	-	153	219	
Education and professional practice	55	336	391	-	-	391	500	
Publishing	33	344	377	-	-	377	232	
Advocacy and awareness	-	-	-	-	-	-	19	
Total	256	1,143	1,399	-	-	1,399	1,506	
Total expenditure	256	1,154	1,410	174	174	1,584	1,612	

Defined contributions and other pension related costs totalling £1,883k (2017: £1,650k) are included within

direct staff costs charged to general funds and restricted income funds.

9. Support costs – general fund

Basis of allocation	Management	Finance	Information technology	Comms	Human resources	Accomm	Governance	Total 2018	Total 2017
	£000	£000	£000	£000	£'000	£000	£000	£000	£000
	Head count	Head count	Head count	Head count	Head count	Head count	Head count		
Donations and legacies	17	58	106	26	36	53	5	301	155
Other trading activities	-	-	-	-	-	-	5	5	3
Membership	98	330	599	150	205	302	26	1,710	1,805
Chemistry World	49	165	300	75	102	151	13	855	877
Scientific conferences and events	32	107	194	49	66	98	11	557	517
Education and professional practice	107	359	652	163	223	329	31	1,864	1,189
Publishing	631	2,113	3,843	961	1,313	1,938	177	10,976	10,738
Advocacy and awareness	69	233	423	106	145	213	18	1,207	1,031
Total	1,003	3,365	6,117	1,530	2,090	3,084	286	17,475	16,315

10. Governance costs

	Note	2018	2017
		£000	£000
Trustee expenses	31	16	37
Legal fees		3	11
Audit and accounting fees	See below	80	94
Support staff costs		187	100
Total		286	242

Analysis of auditor's remuneration

	2018	2017
	£000	£000
Fees payable to:		
RSM UK Audit LLP for audit of the current year RSC and consolidated accounts	55	53
RSM UK Audit LLP for other audit work, including grant audits	10	17
RSM UK Tax and Accounting Limited for tax advisory services	7	15
Auditors other than RSM UK Audit LLP	8	9
Total	80	94

The RSC's internal policy on the 'use of external auditors to provide non-audit services', limits the amount of non-audit services that can be commissioned without Audit Committee pre-approval to 50% of the average of the

previous three years' audit fee. A total of £7k (2017: £15k) of non-audit services have been billed in 2018, which is below the policy threshold for 2018 of £30k.

11. Outturn per charitable activity

	2018			2017		
	Income	Expenditure	Total	Income	Expenditure	Total
	£000	£000	£000	£000	£000	£000
Donations and legacies	126	(801)	(675)	242	(512)	(270)
Other trading activities	661	(462)	199	637	(330)	307
Investments	1,004	(753)	251	1,041	(395)	646
Membership	3,992	(4,898)	(906)	3,856	(4,565)	(709)
Chemistry World	737	(2,601)	(1,864)	1,188	(2,758)	(1,570)
Scientific conferences and events	2,117	(3,814)	(1,697)	2,265	(3,963)	(1,698)
Education and professional practice	607	(6,354)	(5,747)	588	(5,748)	(5,160)
Publishing	54,275	(35,921)	18,354	53,576	(36,167)	17,409
Advocacy and awareness	45	(4,049)	(4,004)	62	(3,551)	(3,489)
Other	27	-	27	64	-	64
Total	63,591	(59,653)	3,938	63,519	(57,989)	5,530

12. Pension fund

Group and charity

The RSC operates a defined benefit scheme in the UK. This is a fund, administered by independent and separate trustees, holding the pension scheme assets to meet long term pension liabilities. A full actuarial valuation was carried out at 31 December 2016 and updated to 31 December 2018 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown in this note. The most recent actuarial valuation showed a deficit of £17,900k. The RSC has agreed with the trustees that it will aim to eliminate the deficit by annual payments of £1,924k for a period of 8 years from 1 January 2018 to 31 December 2025. In addition, the RSC earmarked £15m in 2018 to facilitate a buyout transaction in 2033, which will provide a permanent resolution to the deficit and fully discharge the RSC's obligations to the defined pension fund. Refer to note 26 for more detail.

The difference of £12,009k between the triennial actuarial valuation net liability of £17,900k and the FRS 102 net liability of £29,909k shown in these financial statements arises due to differences in the dates at which the respective valuations took place and the differences in the valuation basis applied. The triennial actuarial valuation (carried out at 31 December 2016) allows for the actual investments in which the Scheme is invested, and these expected returns are used to discount the liabilities. In contrast the FRS 102 valuation (carried out as at 31 December 2018) discounts the liabilities using the yield on high quality corporate bonds as required

by accounting standards. The Scheme's investments would be expected to return more than corporate bonds, allowing a higher discount rate to be used, resulting in lower obligation liabilities compared to the FRS 102 accounting basis of valuation.

The English High Court ruling published on 26 October 2018 held that UK pension schemes with Guaranteed Minimum Pensions (GMPs) accrued from 17 May 1990 must equalise for the different effects of these GMPs between men and women. The benefit obligations of the RSC's defined benefit scheme have been adjusted assuming a) the minimum allowable method will be applied to past and future benefit payments, b) there will be no limit on the 'look-back' period for retribution and c) no allowance is made for members who no longer have GMP liabilities within the scheme. The allowance for GMPs has been estimated based on average impacts for schemes with similar benefit structure, allowing for the profile of the membership. These assumptions have yet to be agreed with the trustees of the RSC Pension Scheme after taking appropriate legal advice, but in the meantime, the estimated GMP equalisation impact for the RSC defined benefit scheme is an increase of 0.02% of the total value of scheme liabilities on the FRS 102 basis as at 31 December 2018, valued at £25k, which is considered immaterial.

The RSC also operates a defined contribution scheme. The contributions are administered by investment managers on behalf of the employees. The cost for the year to the employer was £1,835k (2017: £1,605k).

Defined benefit scheme: employee benefit obligations		
	2018	2017
	£000	£000
Present value of funded obligations	(122,602)	(134,310)
Fair value of scheme assets	92,693	103,105
Net liability	(29,909)	(31,205)

Defined benefit scheme: Statement of Financial Activities impact		
	2018	2017
	£000	£000
Net interest cost	(756)	(1,089)
Total expense	(756)	(1,089)

Defined benefit scheme: amount recognised in the Statement of Financial Activities after net (expenditure)/income		
	2018	2017
	£000	£000
Remeasurement on defined benefit scheme liability	128	9,781
Net cumulative actuarial losses	(25,097)	(25,225)

12. Pension fund (continued)

Defined benefit scheme: reconciliation of fair value of the defined benefit obligation and fair value of plan assets		
	2018	2017
	£000	£000
Change in the present value of the defined benefit obligation:		
Opening defined benefit obligation	(134,310)	(139,162)
Interest expense	(3,277)	(3,718)
Actuarial gains/(losses)	8,533	5,387
Benefits paid	6,452	3,183
Closing defined benefit obligation	(122,602)	(134,310)
Change in the fair value of plan assets:		
Opening fair value of plan assets	103,105	98,248
Interest income	2,521	2,629
Return on plan assets less interest income	(8,405)	4,394
Contributions by employer	1,924	1,017
Benefits paid	(6,452)	(3,183)
Closing fair value of plan assets	92,693	103,105

The actual return on the plan assets over the period ended 31 December 2018 was (£5,884k) (31 December 2017: £7,023k).

Defined benefit scheme: principal actuarial assumptions at the balance sheet date		
	At	At
	31/12/18	31/12/17
	%	%
Rate of discount	2.80	2.50
Inflation (RPI)	3.25	3.25
Inflation (CPI)	2.25	2.25
Salary increases	3.25	3.25
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	2.25	2.25
Allowance for revaluation of deferred pensions of CPI or 2.5% p.a. if less	2.25	2.25
Allowance for pension in payment increases of RPI or 5% p.a. if less	3.15	3.15
Allowance for pension in payment increases of RPI or 5% p.a. if less, min 3% p.a.	2.85	2.85
Allowance for commutation of pension for cash at retirement	90% take-up	90% take-up

Defined benefit scheme: the mortality assumptions adopted at 31 December imply the following life expectancies:		
	Life expectancy at age 60	Life expectancy at age 60
	(years)	(years)
	at	at
	31/12/18	31/12/17
Male retiring in 2018 (2017)	27.2	27.3
Female retiring in 2018 (2017)	29.2	29.2
Male retiring in 2038 (2037)	28.4	28.5
Female retiring in 2038 (2037)	30.5	30.5

12. Pension fund (continued)

Defined benefit scheme: assets in the plan as a percentage of total plan assets		
	At 31/12/18	At 31/12/17
Equities and diversified growth funds	61%	63%
Bonds	38%	36%
Cash	1%	1%

Defined benefit scheme: movement in net liability during the year		
	2018 £000	2017 £000
Net liability at beginning of the year	(31,205)	(40,914)
Movement in year		
Employer's contributions	1,924	1,017
Interest income	2,521	2,629
Actuarial (losses)/gains	(8,405)	4,394
Interest on pension liabilities	(3,277)	(3,718)
Experience gains arising on the plan liabilities	223	2,419
Changes in assumptions underlying the plan liabilities	8,310	2,968
Total movement	1,296	9,709
Deficit in plan at end of the year	(29,909)	(31,205)

Defined contribution scheme		
	2018 £000	2017 £000
Employer contributions	1,835	1,605

13. Operating leases

Charges under operating leases to the Statement of Financial Activities during the year was £83k (2017: £68k).

Group and charity		
	2018 £000	2017 £000
Leases payments:		
Within a year	66	68
Within two to five years	16	18
Later than five years	1,091	1,094
Total	1,173	1,180

The RSC, along with the four other courtyard societies, continues to be in negotiation with the landlord on the renewal of the lease of Burlington House. The accounts have been prepared on the assumption that the RSC will

At 31 December the RSC was committed to making the following payments for each of the following periods:

retain use of the property for the foreseeable future, but the financial commitments have not yet been finalised and therefore are not included above.

14. Intangible fixed assets

Group	Index and databases	Web platform	Total
	£000	£000	£000
Cost			
Balance at 1 January 2018	1,737	3,540	5,277
Additions	-	85	85
Balance at 31 December 2018	1,737	3,625	5,362
Accumulated amortisation			
Balance at 1 January 2018	1,677	2,951	4,628
Charge for year	60	228	288
Balance at 31 December 2018	1,737	3,179	4,916
Net book value at 31 December 2018	-	446	446
Net book value at 31 December 2017	60	589	649

Charity	Index and databases	Web platform	Total
	£000	£000	£000
Cost			
Balance at 1 January 2018	695	3,540	4,235
Additions	-	85	85
Balance at 31 December 2018	695	3,625	4,320
Accumulated amortisation			
Balance at 1 January 2018	635	2,951	3,586
Charge for year	60	228	288
Balance at 31 December 2018	695	3,179	3,874
Net book value at 31 December 2018	-	446	446
Net book value at 31 December 2017	60	589	649

The intangible asset index relates to the intellectual property rights of the Merck Index acquired for \$750k by the RSC during 2012.

The intangible asset database relates to ChemSpider owned by RSC Worldwide Limited and Marin Lit owned by the RSC. RSC Worldwide Limited is a wholly owned subsidiary of the RSC.

The web platform provides access to RSC online purchases of journal articles, books, CPD courses and other ecommerce purchases and is owned by the RSC.

The amortisation charge for the year is included as part of support costs which in turn are allocated across expenditure headings in the consolidated statement of financial activities, as detailed in notes 8 and 9.

15. Tangible fixed assets

Group	Leasehold land and buildings		Fixtures, fittings and equipment		Total
	£000	£000	£000	£000	
Cost					
Balance at 1 January 2018	8,435	13,678			22,113
Additions	-	524			524
Disposals	-	(559)			(559)
Balance at 31 December 2018	8,435	13,643			22,078
Accumulated depreciation					
Balance at 1 January 2018	5,059	9,727			14,786
Disposals	-	(559)			(559)
Charge for year	263	985			1,248
Balance at 31 December 2018	5,322	10,153			15,475
Net book value at 31 December 2018	3,113	3,490			6,603
Net book value at 31 December 2017	3,376	3,951			7,327
Charity					
Group	Leasehold land and buildings		Fixtures, fittings and equipment		Total
	£000	£000	£000	£000	
Cost					
Balance at 1 January 2018	8,433	13,398			21,831
Additions	-	523			523
Disposals	-	(558)			(558)
Balance at 31 December 2018	8,433	13,363			21,796
Accumulated depreciation					
Balance at 1 January 2018	5,059	9,455			14,514
Disposals	-	(558)			(558)
Charge for Year	263	981			1,244
Balance at 31 December 2018	5,322	9,878			15,200
Net book value at 31 December 2018	3,111	3,485			6,596
Net book value at 31 December 2017	3,374	3,943			7,317

As one of the foremost chemical societies in the world, the RSC is the guardian of an extensive historical collection of over 3,500 books, the oldest of which dates back to 1505, and over 2,000 journals. The collection is primarily composed of materials from the Chemical Society, further augmented by the collections of other societies and further added to by donations, bequests and loans.

The library provides access to items of interest to walk-in visitors, whilst other, older and more valuable items are kept securely elsewhere throughout Burlington House. Many of the items within the collection are irreplaceable originals to which no reliable value can be attributed.

Reliable cost information or comprehensive valuations are not readily available for these assets and such information cannot be obtained at a cost commensurate with the benefit to the users of the accounts and to the RSC. Accordingly, these assets are not capitalised in the financial statements. The Trustees take the view that any further and detailed particulars of the numerous items making up this collection would unduly clutter the accounts and thus detract from their primary purpose.

Due to the importance of the collection the RSC has a policy to not dispose of any items held within it.

There were no disposals in the year, however we received a donation of 341 books which have been added to the collection (2017: 0 additions).

16. Fixed asset investments

Group and charity	Unrestricted funds		Restricted funds		Total	Total
	General funds	Designated funds	Restricted income funds	Endowment funds		
	£000	£000	£000	£000	2018	2017
	£000	£000	£000	£000	£000	£000
Investments listed on recognised stock exchange in the UK						
Mixed funds	11,479	3,799	646	5,386	21,310	4,266
Investments listed on recognised stock exchange outside the UK						
Fixed income	17,057	5,629	452	5,840	28,978	21,328
Equities	13,093	4,313	303	3,873	21,582	42,433
Mixed funds	15,457	5,101	533	4,065	25,156	26,207
Total investments listed on recognised stock exchange	57,086	18,842	1,934	19,164	97,026	94,234
Cash held for investment	1,214	395	66	840	2,515	2,703
FX hedging	(395)	(130)	(10)	(135)	(670)	767
Total liquid investments	819	265	56	705	1,845	3,470
Total investments	57,905	19,107	1,990	19,869	98,871	97,704
Movement in market value						
	Unrestricted funds		Restricted funds		Total	Total
	General funds	Designated funds	Restricted income funds	Endowment funds		
	£000	£000	£000	£000	2018	2017
	£000	£000	£000	£000	£000	£000
Investments listed on recognised stock exchange						
Market value at 1 January	69,066	4,288	1,716	19,164	94,234	88,862
Realised and unrealised (losses)/gains	(2,520)	(97)	(30)	(589)	(3,236)	6,100
Add: purchases at cost including share exchanges	6,065	-	-	-	6,065	-
Transfers through designation of funds	(15,000)	15,000	-	-	-	-
Net transfers to cash held for investment	(525)	(349)	248	589	(37)	(728)
Market value at 31 December	57,086	18,842	1,934	19,164	97,026	94,234
Cash and liquid assets held for investment						
Market value at 1 January	1,271	107	152	1,940	3,470	1,571
Transfers from investments listed on recognised stock exchange	525	349	(248)	(589)	37	728
Investment management costs	(541)	(27)	(11)	(174)	(753)	(395)
Add back: Investment management costs paid externally	2	-	-	1	3	25
Investment income	763	39	202	-	1,004	1,041
Less: Investment income distributions	(119)	-	-	-	(119)	-
Less: Capital distributions	(137)	(40)	(15)	(166)	(358)	-
Movements on FX hedging	(945)	(163)	(24)	(307)	(1,439)	500
Market value at 31 December	819	265	56	705	1,845	3,470
Total investments at 31 December	57,905	19,107	1,990	19,869	98,871	97,704

During the year the Society transferred an additional £6.1m of surplus cash balances into the investment portfolio (2017: £nil). During the year, £358k was withdrawn from investment portfolios (2017: £nil).

The sum of 'realised and unrealised (losses)/gains' of £3,236k and 'Movements on FX hedging' of £1,439k

equates to a total investment loss of £4,675k (2017: gain of £6,600k).

The historical cost of investments held at fair value as at 31 December 2018 is £93,117k (2017: £87,247k).

17. Investment in subsidiaries

Charity	Investment	Capital and reserves
	£	£000
RSC Worldwide Limited*	100	529
RSC Worldwide (US) Inc**	6,431	382
Chemistry Limited*	2	320
RSC (Beijing) Chemical and Science Technology Consulting Co., Ltd.**	120,000	455
Royal Chemistry India Private Limited***	157,272	376
Royal Society of Chemistry Japan K.K.**	69,729	152
Royal Chemistry India Foundation****	151	7
Friends of the RSC, Inc.	-	33

* RSC owns 100% of the Issued Share Capital.

** RSC Worldwide Limited owns 100% of the Issued Share Capital.

*** RSC Worldwide Limited owns 99.99% of the Issued Share Capital.

**** Royal Chemistry India Private Limited owns 100% of the Issued Share Capital.

The primary purpose of all subsidiaries with the exception of Chemistry Limited is to promote the RSC and its charitable objectives in different territories of the world.

The activities of RSC Worldwide Limited span across publishing, scientific conferences and events.

The principal activity of Chemistry Limited is to promote Burlington House as a unique venue for both chemistry and non-chemistry related events and to facilitate the non-primary purpose trading of the RSC.

The Consolidated Balance Sheet incorporates the above balance sheets of these subsidiary companies after elimination of the intercompany debtor and creditor balances due to and from the RSC.

2018 profit and loss and balance sheet for the charity's controlled subsidiaries

	RSC Worldwide Limited Registered no. 6702733		Chemistry Limited Registered no. 3801760	
	2018 £000	2017 £000	2018 £000	2017 £000
Profit and loss account				
Gross income	5,274	4,949	661	637
Total expenditure	(4,679)	(4,395)	(462)	(330)
Profit for the financial year	595	554	199	307
Gift aid distributed	(513)	(344)	(307)	(334)
Balance sheet				
Aggregate assets	1,252	1,424	609	817
Aggregate liabilities	(722)	(975)	(289)	(389)
Total funds	530	449	320	428

The directors of RSC Worldwide Limited and Chemistry Limited have passed a resolution to pay any taxable profits made to the RSC under Gift Aid within 9 months of the year end. In 2018 a total of £820k (2017: £678k) was paid over to the RSC under Gift Aid.

18. Debtors

	Group 2018 £000	Group 2017 £000	Charity 2018 £000	Charity 2017 £000
Trade debtors				
Journal subscriptions	9,349	6,490	9,349	6,490
Journal covers	340	644	340	644
Open access	318	725	318	725
Advertising	274	381	243	313
Book distribution	395	386	395	386
Venue hire	141	80	-	-
Other trade debtors	192	101	161	76
Total trade debtors	11,009	8,807	10,806	8,634
Other debtors	887	1,680	699	1,477
Amounts due from group undertakings	-	-	678	1,345
Prepayments and accrued income	1,757	1,367	1,646	1,274
Total	13,653	11,854	13,829	12,730

Trade debtors are shown net of doubtful debt provision which totals £890k (2017: £1,328k) for the Group and £634k (2017: £1,193k) for the Charity. Total bad debt write-offs of £1,025k (2017: £nil) were charged to expenditure during 2018.

The bulk of trade debtors relates to journal subscriptions, which total £9,349k (2017: £6,490k). The main reason for the increase in journal subscription debtors is due to timing differences in billings, with more invoices billed closer to year end in 2018 compared to 2017.

19. Creditors

Amounts falling due within one year

	Group 2018 £000	Group 2017 £000	Charity 2018 £000	Charity 2017 £000
Trade creditors	(1,272)	(1,018)	(1,219)	(923)
Other creditors	(832)	(487)	(685)	(407)
Taxation and social security	(568)	(470)	(516)	(458)
Amounts due to group undertakings	-	-	(476)	(793)
Accruals	(4,328)	(3,332)	(4,005)	(3,122)
Total	(7,000)	(5,307)	(6,901)	(5,703)

20. Deferred income

Amounts falling due within one year

	Group 2018 £000	Group 2017 £000	Charity 2018 £000	Charity 2017 £000
Journal subscriptions				
Balance at 1 January	(19,025)	(21,257)	(19,004)	(21,232)
Amounts released in year	18,919	21,017	18,897	20,992
Amounts deferred in year	(19,313)	(18,785)	(19,277)	(18,764)
Balance at 31 December	(19,419)	(19,025)	(19,384)	(19,004)
Membership subscriptions				
Balance at 1 January	(1,469)	(1,641)	(1,469)	(1,641)
Amounts released in year	1,469	1,641	1,469	1,641
Amounts deferred in year	(1,392)	(1,469)	(1,391)	(1,469)
Balance at 31 December	(1,392)	(1,469)	(1,391)	(1,469)
Total	(20,811)	(20,494)	(20,775)	(20,473)

21. Analysis of net assets between funds

Group	Unrestricted funds			Restricted funds		Total
	General funds	Designated funds	Pension reserve	Restricted income funds	Endowment funds	
	£000	£000	£000	£000	£000	
Fund balances at 31 December 2017 are represented by:						
Tangible fixed assets	7,327	-	-	-	-	7,327
Intangible fixed assets	649	-	-	-	-	649
Investments	70,337	4,394	-	1,868	21,104	97,703
Net current assets/(liabilities)	5,401	4,049	-	526	608	10,584
Pension liability	-	-	(31,205)	-	-	(31,205)
Total net assets	83,714	8,443	(31,205)	2,394	21,712	85,058

Fund balances at 31 December 2018 are represented by:

Tangible fixed assets	6,603	-	-	-	-	6,603
Intangible fixed assets	446	-	-	-	-	446
Investments	57,905	19,107	-	1,990	19,869	98,871
Net current (liabilities)/assets	(11,233)	18,694	-	251	726	8,438
Pension liability	-	-	(29,909)	-	-	(29,909)
Total net assets	53,721	37,801	(29,909)	2,241	20,595	84,449

Charity

Charity	Unrestricted funds			Restricted funds		Total
	General funds	Designated funds	Pension reserve	Restricted income funds	Endowment funds	
	£000	£000	£000	£000	£000	
Fund balances at 31 December 2017 are represented by:						
Tangible fixed assets	7,317	-	-	-	-	7,317
Intangible fixed assets	649	-	-	-	-	649
Investments	70,337	4,395	-	1,868	21,104	97,704
Net current assets/(liabilities)	3,879	4,048	-	458	608	8,993
Pension liability	-	-	(31,205)	-	-	(31,205)
Total net assets	82,182	8,443	(31,205)	2,326	21,712	83,458

Fund balances at 31 December 2018 are represented by:

Tangible fixed assets	6,596	-	-	-	-	6,596
Intangible fixed assets	446	-	-	-	-	446
Investments	57,905	19,107	-	1,990	19,869	98,871
Net current (liabilities)/assets	(13,086)	18,694	-	211	726	6,545
Pension liability	-	-	(29,909)	-	-	(29,909)
Total net assets	51,861	37,801	(29,909)	2,201	20,595	82,549

22. Financial derivatives

Forward exchange contracts and forward exchange options are used to manage exposure to currency exchange risk.

Forward contracts to the value of US\$8,250k were entered into during the year ended 31 December 2018 (2017: US\$14,400k). Forward contracts totalling US\$16,900k (2017: US\$18,000k) matured during 2018. As at 31 December 2018 there were forward contracts totalling US\$5,750k which will mature in 2019 (2017: US\$14,440k). The year end valuation on the open

contracts resulted in a fair value loss of £74k (2017: gain of £547k).

Forward options were purchased during the year for a combined premium of £77k (2017: £nil) to provide protection for the sale of US\$8,250k (2017: US\$nil). During the year, options to sell US\$2,500k lapsed (2017: US\$nil) without being exercised due to better spot rates being available at the time of maturity. As at 31 December 2018, the Society held options to sell US\$5,750k in 2019 at protected rates.

23. Financial assets and liabilities

	Group 2018 £000	Group 2017 £000	Charity 2018 £000	Charity 2017 £000
Financial assets measured at fair value through income and expenditure	98,871	98,251	98,871	98,250
Financial assets measured at amortised cost	11,790	9,737	12,122	10,751
Financial liabilities measured at fair value through income and expenditure	(74)	-	(74)	-
Financial liabilities measured at amortised cost	(6,228)	(4,833)	(6,198)	(5,229)

Fixed Asset Investments are valued at quoted prices through the recognised stock exchange in the UK and outside the UK.

The RSC uses forward foreign currency contracts to reduce exposure to foreign exchange rates. The fair value of the forward currency contracts is calculated by reference to current forward exchange contracts with similar maturity profiles.

24. Royal Society Of Chemistry

Included in the accounts is income of £62,499k (2017: £62,439k) from the RSC as a single entity and a deficit of £1,037k (2017: £11,761k surplus).

25. Restricted funds

Group – movement in funds

	Restricted income funds					Total restricted income funds £000	Endowment funds		Total endowment funds £000	Total restricted funds £000
	Chemists' Community Fund	Trust and lecture funds	Grant income	Friends of the RSC, Inc.	Royal Chemistry India Foundation		Chemists' Community Fund	Trust and lecture funds		
	£000	£000	£000	£000	£000		£000	£000		
Balance at 1 January 2017	655	1,320	593	35	-	2,603	14,990	5,702	20,692	23,295
Income	176	109	540	-	181	1,006	105	-	105	1,111
Expenditure	(210)	(332)	(835)	(2)	(146)	(1,525)	(64)	(23)	(87)	(1,612)
Gains/(losses) on investment assets	-	77	-	-	-	77	836	334	1,170	1,247
Transfers	-	233	-	-	-	233	-	(168)	(168)	65
	621	1,407	298	33	35	2,394	15,867	5,845	21,712	24,106
Income	141	68	801	-	149	1,159	44	-	44	1,203
Expenditure	(229)	(260)	(744)	-	(177)	(1,410)	(129)	(45)	(174)	(1,584)
Gains/(losses) on investment assets	-	(54)	-	-	-	(54)	(664)	(232)	(896)	(950)
Transfers	-	202	(50)	-	-	152	-	(91)	(91)	61
Balance at 31 December 2018	533	1,363	305	33	7	2,241	15,118	5,477	20,595	22,836

Charity – movement in funds

	Restricted income funds			Total restricted income funds £000	Endowment funds		Total endowment funds £000	Total restricted funds £000
	Chemists' Community Fund	Trust and lecture funds	Grant income		Chemists' Community Fund	Trust and lecture funds		
	£000	£000	£000		£000	£000		
Balance at 1 January 2017	655	1,320	593	2,568	14,990	5,702	20,692	23,260
Income	176	109	540	825	105	-	105	930
Expenditure	(210)	(332)	(835)	(1,377)	(64)	(23)	(87)	(1,464)
Gains/(losses) on investment assets	-	77	-	77	836	334	1,170	1,247
Transfers	-	233	-	233	-	(168)	(168)	65
	621	1,407	298	2,326	15,867	5,845	21,712	24,038
Income	141	68	801	1,010	44	-	44	1,054
Expenditure	(229)	(260)	(744)	(1,233)	(129)	(45)	(174)	(1,407)
Gains/(losses) on investment assets	-	(54)	-	(54)	(664)	(232)	(896)	(950)
Transfers	-	202	(50)	152	-	(91)	(91)	61
Balance at 31 December 2018	533	1,363	305	2,201	15,118	5,477	20,595	22,796

As required by the Statement of Recommended Practice, investment income attributable to endowments cannot be added to endowment capital and instead the income is allocated to restricted income funds. Endowment related expenses, with the exception of investment management fees, are charged to restricted income funds.

Chemists' Community Fund

Note 27 to these financial statements provides a memorandum account disclosing the Chemists' Community Fund income and expenditure for the year ended 31 December 2018.

Trust and lecture funds

Note 28 to these financial statements provides a breakdown of Trust and lecture funds.

Transfers

A transfer from expendable endowment funds to restricted income funds takes place to match the expenditure funded from expendable endowments. The £91k transfer from endowment trust funds to restricted income trust funds was required to meet the expenditure incurred within restricted income. The £50k reclassification transfer from restricted grants to trust and lecture funds relates to the Michael Lappert Memorial Lecture Fund; required to better reflect its purpose. The balance of £152k was transferred from general funds into restricted income to meet expenditure incurred in excess of the income generated on the RSC's permanent endowments. Refer to note 26 and note 28 for more detail.

26. Unrestricted funds

Group and charity

Movement in unrestricted funds						
	General funds	Funds held within non-charitable activities	Designated funds	Hedge reserve	Pension reserve	Total
	£000	£000	£000	£000	£000	£000
Balance at 1 January 2017	72,466	1,196	7,104	(1,261)	(40,914)	38,591
Income	52,270	9,106	1,032	-	-	62,408
Expenditure	(44,848)	(8,770)	(1,670)	-	(1,089)	(56,377)
Gains on investment assets	5,039	-	314	-	-	5,353
Transfers	(2,745)	-	1,663	-	1,017	(65)
Losses on forward contracts	-	-	-	1,261	-	1,261
Actuarial loss	-	-	-	-	9,781	9,781
Balance at 31 December 2017	82,182	1,532	8,443	-	(31,205)	60,952
Income	51,501	9,826	1,061	-	-	62,388
Expenditure	(46,013)	(9,498)	(1,802)	-	(756)	(58,069)
Gains/(losses) on investment assets	(3,465)	-	(260)	-	-	(3,725)
Transfers	(32,344)	-	30,359	-	1,924	(61)
Actuarial gain	-	-	-	-	128	128
Balance at 31 December 2018	51,861	1,860	37,801	-	(29,909)	61,613

Hedge reserve

The RSC discontinued the application of hedge accounting in 2017 so that all gains and losses were recognised in the SoFA. Prior to 2017, any fair value gains and losses on derivative financial instruments were recognised in the hedge reserve until the hedge relationship ended.

Pension reserve

The RSC operates a defined benefit scheme in the UK. Refer to note 12 of these financial statements for more detail.

Group and Charity

Designated funds - movement in funds								
	Strategic initiatives fund	Commercial strategy fund	Pension long term strategy fund	TGH repairs fund	Earmarked funds	Member networks	Trust and lecture funds	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 January 2017	-	-	-	-	-	1,986	5,118	7,104
Income	-	-	-	-	-	972	60	1,032
Expenditure	-	-	-	-	(142)	(1,352)	(176)	(1,670)
Gain on investment assets	-	-	-	-	-	-	314	314
Transfers from general funds	-	-	-	-	1,300	363	-	1,663
Balance at 31 December 2017	-	-	-	-	1,158	1,969	5,316	8,443
Income	-	-	-	-	-	1,022	39	1,061
Expenditure	-	-	-	-	(236)	(1,290)	(276)	(1,802)
Losses on investment assets	-	-	-	-	-	-	(260)	(260)
Transfers from general funds	8,900	5,000	15,000	1,100	-	349	10	30,359
Balance at 31 December 2018	8,900	5,000	15,000	1,100	922	2,050	4,829	37,801

Strategic initiatives fund

The fund will be used to deliver impactful charitable activities over the next five years (up to 2023) and to enable the delivery of the RSC's strategy by funding the non-recurring costs of major projects without having to afford this from day-to-day operating budgets.

Commercial strategy fund

The fund will enable investment into new revenue generating activities, including commercial acquisitions, over the duration of the Commercial Strategy (until 2025).

Pension long term strategy fund

A capital sum of £15m has been earmarked to facilitate a buyout transaction of £30m in 15 years (2033), which will provide a permanent resolution to the deficit and fully discharge the RSC's employer obligations to the defined benefit pension fund.

Thomas Graham House (TGH) repairs fund

Future capital repairs planned on the TGH building over the next 5 years (up to 2023) will be funded from this designated fund.

Earmarked funds

Earmarked funds are unrestricted funds that have been internally 'ring fenced' to primarily meet demand for the RSC's grant programmes ending in 2019 and to fund customer insights research. Earmarked funds are established by appropriating amounts out of the general funds and are subject to Council approval.

Member networks

Each Member Network has, as its objectives, those that are embodied in the RSC's Charter. There is no time frame for usage of the funds. The groups can use the funds as needed for their ongoing activities.

Trust and lecture funds

Note 28 to these financial statements provides a breakdown of trust and lecture funds. There is no time frame for usage of the funds.

Transfers

Transfers between funds arise when there is a charge from unrestricted general funds to other funds.

The £1,924k transfer from general funds to the pensions reserve (2017: £1,017k) reflects the employer defined benefit recovery plan contributions paid in the year. The £349k transfer from general funds to designated funds (2017: £363k) reflects the grants made by the RSC to Member networks to support activities at that level of £349k. The £61k (2017: £65k) transfer from general funds to restricted income funds was required to meet expenditure incurred in excess of the income generated on the RSC's permanent endowments. The £10k transfer from general funds to designated trust funds was required to meet expenditure incurred in excess of the income generated on the RSC's designated trust funds. The remaining £30,000k (2017: £1,300k) transfer from general funds to designated funds with respect to the strategic initiatives fund, the commercial strategy

fund, the pension long term strategy fund and the TGH repairs fund, was agreed at Council in December 2018. These funds are committed and will remain designated and available for the intended purposes when the expenditure is incurred.

Refer to the reserves policy section of the Trustees' Report (page 34) for more detail.

27. Chemists' Community Fund memorandum account

The RSC Chemists' Community Fund was established to provide financial relief of its beneficiaries, and insofar as the income is not required for such relief, to carry out such other legally charitable purpose as the RSC shall in its absolute discretion think fit. The Chemists' Community Fund operates within a well defined strategy to provide a flexible range of financial and non-financial help to members and their dependants to relieve poverty. We have a network of volunteers predominantly

in the UK. Some are actively involved in visiting existing or potential beneficiaries to help them with the application process. Others provide peer support, and are a local point of contact for isolated members of our community.

This memorandum account discloses the Chemists' Community Fund income and expenditure for the year ended 31 December 2018.

	2018			2017		
	Restricted income funds	Expendable endowment funds	Total	Restricted income funds	Expendable endowment funds	Total
	£000	£000	£000	£000	£000	£000
Income						
Casual donation	-	20	20	-	23	23
Legacies and bequests revenue	-	24	24	-	82	82
Investment income	141	-	141	176	-	176
Total income	141	44	185	176	105	281
Expenditure						
Grants awarded	(46)	-	(46)	(41)	-	(41)
Investment & banking fees	-	(129)	(129)	-	(64)	(64)
Staff costs	(155)	-	(155)	(143)	-	(143)
Volunteer expenses	(4)	-	(4)	(7)	-	(7)
Member expenses	(3)	-	(3)	(6)	-	(6)
Other	(21)	-	(21)	(13)	-	(13)
Total expenditure	(229)	(129)	(358)	(210)	(64)	(274)
Net (expenditure)/income before investment gains	(88)	(85)	(173)	(34)	41	7
(Losses)/gains on investment assets	-	(664)	(664)	-	836	836
Net (expenditure)/income	(88)	(749)	(837)	(34)	877	843
Reconciliation of funds						
Fund balances brought forward	621	15,867	16,488	655	14,990	15,645
Fund balances carried forward	533	15,118	15,651	621	15,867	16,488

28. Trust and lecture funds

Trust and lecture funds with either an opening or closing cumulative balance over £100k are disclosed in the table below together with the movements that have taken

place during 2018. All other trust and lecture funds that fall below the £100k threshold have been grouped together for each fund type.

Fund balances as at 31 December 2018							
	2018	2018	2018	2018	2018	2018	2017
	Opening balance	Income	Expenditure	Accumulated investment movement	Transfers	Closing balance	Closing balance
	£000	£000	£000	£000	£000	£000	£000
Designated funds							
Research Fund	1,623	10	(160)	(84)	-	1,389	1,623
Saville Fund	139	1	(3)	(7)	-	130	139
Ludwig Mond Trust	108	1	(4)	(6)	-	99	108
Industrial Division Endowment Lecture Fund	146	1	(3)	(8)	-	136	146
A Spinks Symposia Fund	134	1	(1)	(7)	-	127	134
Marriot Legacy	236	2	(8)	(12)	-	218	236
W A Waters	247	2	(6)	(13)	-	230	247
C Sulzbacher	100	1	(2)	(5)	-	94	100
Colman-Porter Fund	375	2	(8)	(19)	-	350	375
Memorial Fund	126	1	(3)	(7)	-	117	126
Sir Derek Barton Fund	1,621	14	(18)	(68)	-	1,549	1,621
Other designated trust funds	461	3	(60)	(24)	10	390	461
Total	5,316	39	(276)	(260)	10	4,829	5,316
Restricted income							
Tilden Lecture Fund	161	1	(20)	(6)	-	136	161
A Robertson Bequest	229	2	(2)	(9)	-	220	229
A Albert	697	12	(29)	(27)	-	653	697
P Meares Legacy	103	1	(3)	(4)	-	97	103
Other restricted income trust funds	217	52	(206)	(8)	202	257	217
Total	1,407	68	(260)	(54)	202	1,363	1,407
Expendable endowment							
William Briggs Fund	222	-	(2)	(9)	(2)	209	222
R A Robinson Memorial Fund	206	-	(2)	(8)	(1)	195	206
J O Cutter	818	-	(6)	(32)	(24)	756	818
Charles Rees Award	120	-	(1)	(5)	(1)	113	120
Other expendable endowment trust funds	470	-	(4)	(18)	(63)	385	470
Total	1,836	-	(15)	(72)	(91)	1,658	1,836
Permanent endowment							
Centenary Fund	553	-	(4)	(22)	-	527	553
Corday Morgan Medal and Prize Fund	222	-	(2)	(9)	-	211	222
Corday Morgan Memorial Fund	868	-	(7)	(34)	-	827	868
Robert Robinson Lecture Fund	135	-	(1)	(5)	-	129	135
W J Hickinbottom Bequest	1,825	-	(13)	(73)	-	1,739	1,825
Sir Derek Barton Award Fund	251	-	(2)	(11)	-	238	251
Other permanent endowment trust funds	155	-	(1)	(6)	-	148	155
Total	4,009	-	(30)	(160)	-	3,819	4,009
Total trust funds	12,568	107	(581)	(546)	121	11,669	12,568

Further details regarding trust funds with an accumulated balance in excess of £250k are disclosed below.

A Albert

The fund was founded in 1962 by a bequest from Adrien Albert. The fund gives financial support to lecturers and prizes likely to promote interest in the study of the laws connecting chemical structure with biological activity.

Sir Derek Barton Fund and Award Fund

The fund was founded in 2000 following a bequest by Sir Derek Barton and is held for the advancement of public education in the field of chemistry and to award a prize for organic chemistry together with an annual dinner.

Centenary Fund

In July 1947 the Chemical Society and subsequently the RSC celebrated the centenary of its foundation, which was commemorated by the creation of a capital fund. The fund is administered by the Council of the Society and the interest earned on the capital investment is employed to further the objectives of the RSC, such as the promotion of international interchange of new chemical knowledge.

Colman-Porter Fund

The fund was founded in 1999 following a bequest from Mrs I V Colman-Porter for the purpose of helping needy but able post-graduate chemistry students. The capital is invested and the interest used to provide bursaries to students to allow their attendance at courses peripheral to their research but essential to their understanding of the world of business and current practices in industry.

Corday Morgan Memorial Fund

The fund was founded in 1940 following a bequest by Sir Gilbert Morgan. The funds are to be applied for the unification of the chemical professions formerly within the British Empire by grants or other awards to the Chemical Council or to any other representative body of British chemists in such a manner as the Chemical Society, subsequently the RSC, may in their absolute and uncontrolled discretion determine.

J O Cutter

The fund was founded in 1987 following a bequest by John Cutter. The income from the bequest is to establish and maintain a scholarship at a university approved by the RSC.

Hickinbottom Fund

The fund was founded in 1979 and incorporates the William Briggs Scholarship. The income from the funds are used to endow a prize for notable contributions to the practices of organic chemistry.

Research Fund

The fund has been established to promote original research in the science of chemistry. The fund is administered by the RSC and is awarded by the Research Fund Committee, which is authorised to make a limited number of awards in any one year.

29. Post balance sheet events

The financial statements were authorised for issue on 25 April 2019. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 December 2018, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There were no adjusted post balance sheet events for the 2018 financial statements.

Where events taking place before this date did not relate to conditions at the balance sheet date but provided information that is relevant to an understanding of the group's financial position, these events are disclosed as part of this note.

There were no non-adjusted post balance sheet events to disclose.

30. Connected charities

Sir George Beilby memorial fund		
	2018	2017
	£000	£000
Accumulated fund	58	58
Represented by:		
Investments	73	73
RSC creditor	(15)	(15)
Total	58	58

This fund is jointly administered by the RSC, the Society of Chemical Industry, and the Institute of Materials, Minerals and Mining. The RSC's share of the above figures

are not included in the Statement of Financial Activities, Charity's Balance Sheet or Consolidated Balance Sheet on the basis of materiality.

31. Transactions with Trustees and related parties

Trustees' remuneration

No Trustees received or waived remuneration for their role as a trustee during the 2018 year (2017: £nil).

Trustees' expenses

The total amount of expenses reimbursed to 12 (2017: 16) Trustees or paid directly to third parties in respect of travel to meetings and related expenses in 2018 was £15,905 (2017: £36,937).

Donations from Trustees

Total donations received without conditions from trustees was £72 in 2018 (2017: £83).

Trustees' Indemnity Insurance

The amount paid in 2018 for Trustees' Indemnity Insurance was £12,320 (2017: £19,040).

Related parties

The following transactions took place between the charity and its subsidiaries:

	2018	2017
	£000	£000
Service payments to RSC Worldwide Limited	(5,037)	(4,697)
Gift aid received from RSC Worldwide Limited	513	344
Gift aid received from Chemistry Limited	307	334
Debtor amounts due from subsidiaries		
Chemistry Limited	155	303
RSC Worldwide (US) Inc	512	1,031
Friends of the RSC, Inc.	11	11
Creditor amounts due to subsidiaries		
RSC Worldwide Limited	(471)	(781)
Royal Society of Chemistry Japan K.K.	(5)	(12)

There have been no other related party transactions in 2018.

Guarantees

The RSC operates a group registration for Value Added Tax (VAT) purposes, including the Charity, Chemistry Limited and RSC Worldwide Limited. Each entity within the VAT group is jointly and severally liable for any UK VAT liabilities present within the group. The VAT liabilities as at 31 December 2018 in respect of RSC Worldwide Limited and Chemistry Limited were £1k (2017: £nil) and £50k (2017: £10k) respectively.

32. Consolidated statement of financial activities for the year ended 31 December 2017

	Unrestricted funds						Restricted funds			Total
	General funds	Designated funds	Total general and designated funds	Hedge reserve	Pension reserve	Total unrestricted funds	Restricted income funds	Endowment funds	Total restricted funds	
	2017 £000	2017 £000	2017 £000	2017 £000	2017 £000	2017 £000	2017 £000	2017 £000	2017 £000	
Income and endowments from:										
Donations and legacies	67	42	109	-	-	109	28	105	133	242
Other trading activities	637	-	637	-	-	637	-	-	-	637
Investment income	729	56	785	-	-	785	256	-	256	1,041
Charitable activities										
Membership	3,850	4	3,854	-	-	3,854	2	-	2	3,856
Chemistry World	1,188	-	1,188	-	-	1,188	-	-	-	1,188
Scientific conferences and events	1,128	930	2,058	-	-	2,058	207	-	207	2,265
Education and professional practice	114	-	114	-	-	114	474	-	474	588
Publishing	53,554	-	53,554	-	-	53,554	22	-	22	53,576
Advocacy and awareness	45	-	45	-	-	45	17	-	17	62
Other income	64	-	64	-	-	64	-	-	-	64
Total income and endowments	61,376	1,032	62,408	-	-	62,408	1,006	105	1,111	63,519
Expenditure on:										
Raising funds										
Donations and legacies	352	136	488	-	10	498	14	-	14	512
Other trading activities	330	-	330	-	-	330	-	-	-	330
Investment management costs	283	20	303	-	-	303	5	87	92	395
Charitable activities										
Membership	3,630	278	3,908	-	121	4,029	536	-	536	4,565
Chemistry World	2,699	-	2,699	-	59	2,758	-	-	-	2,758
Scientific conferences and events	2,567	1,143	3,710	-	34	3,744	219	-	219	3,963
Education and professional practice	5,081	88	5,169	-	79	5,248	500	-	500	5,748
Publishing	35,213	5	35,218	-	717	35,935	232	-	232	36,167
Advocacy and awareness	3,463	-	3,463	-	69	3,532	19	-	19	3,551
Total expenditure	53,618	1,670	55,288	-	1,089	56,377	1,525	87	1,612	57,989
Net income/(expenditure) before investment gains	7,758	(638)	7,120	-	(1,089)	6,031	(519)	18	(501)	5,530
Gains on investment assets	5,039	314	5,353	-	-	5,353	77	1,170	1,247	6,600
Net income/(expenditure)	12,797	(324)	12,473	-	(1,089)	11,384	(442)	1,188	746	12,130
Transfer between funds	(2,745)	1,663	(1,082)	-	1,017	(65)	233	(168)	65	-
Net group income/(expenditure) before other recognised gains and losses	10,052	1,339	11,391	-	(72)	11,319	(209)	1,020	811	12,130
Remeasurement on defined benefit pension scheme	-	-	-	-	9,781	9,781	-	-	-	9,781
Losses on forward contracts	-	-	-	1,261	-	1,261	-	-	-	1,261
Net movement in funds increase/(decrease)	10,052	1,339	11,391	1,261	9,709	22,361	(209)	1,020	811	23,172
Reconciliation of funds										
Fund balances brought forward	73,662	7,104	80,766	(1,261)	(40,914)	38,591	2,603	20,692	23,295	61,886
Fund balances carried forward	83,714	8,443	92,157	-	(31,205)	60,952	2,394	21,712	24,106	85,058

33. Accounting policies

Accounting convention

The Royal Society of Chemistry (RSC) is a company established by Royal Charter and limited by guarantee, and domiciled in England and Wales, registration number RC000524. The principal office is Burlington House, Piccadilly, London, W1J 0BA.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015), Charities: Statement of Recommended Practice (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), and the Charities Act 2011.

The Royal Society of Chemistry meets the definition of a public benefit entity under FRS 102.

Going concern

The going concern basis of accounting is considered to be appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the RSC to continue as a going concern.

Basis of consolidation

The Consolidated Statement of Financial Activities (SoFA) and the Consolidated Balance Sheet include the financial statements of the charity and its subsidiaries consolidated on a line by line basis. Intra-group transactions and profits are eliminated fully on consolidation.

Accounting policies are consistent across the group.

Chemistry Limited and RSC Worldwide Limited are wholly owned subsidiaries of the RSC.

RSC Worldwide (US), RSC (Beijing) Chemical and Science Technology Consulting Co. Ltd., Royal Chemistry India Private Limited and Royal Society of Chemistry Japan K.K. are wholly owned subsidiaries of RSC Worldwide Limited.

Royal Chemistry India Foundation is a wholly owned subsidiary of Royal Chemistry India Private Limited. Both companies have a reporting date of 31 March.

Friends of the RSC, Inc. is registered in the US and receives donations to support the RSC's wider charitable objectives. As a Section 501(c)(3) corporation, it is not a wholly owned

subsidiary but all of the members and controlling officers are employees of the RSC group operating under the direction of the RSC and therefore the company has been included in the consolidated financial statements. The company has a reporting date of 30 November.

The local sections, regions, interest groups and Chemists' Community Fund are separately constituted by Trust Deeds. Their results and net assets are accounted as branches in these financial statements.

General funds

The general funds mainly represent undesignated monies earned from publishing activities. They also comprise financial or other gifts bequeathed in a Will without any restriction upon their use, or stated as being for 'general use'. The funds are managed in accordance with the RSC's reserves policy.

Designated funds

Designated funds are unrestricted funds which have been internally 'ring fenced' for a specific use/purpose. The purpose of these funds can be varied by internal resolution.

The member network designated funds relate to the large number of member led groups which allow the wider community to connect with fellow chemists based on either geographical location or subject interest. The geographical network consists of 35 local sections in the UK and Ireland and 23 sections based outside the UK. Regions and interest groups are subject specific covering the breadth of the chemical sciences research, education, innovation and policy. The groups are run by members and organise annual programmes of events, award portfolios and bursaries. The income within the designated funds is taken and held directly by the interest groups and used solely for the purposes of that group. As such it is classified as designated fund income and not recognised as general fund income.

Restricted funds

Restricted income funds can comprise grants restricted to specific projects, or a financial or other gift bequeathed in a Will or Trust Deed with a specific direction as to use.

An expendable endowment fund allows both the capital and income of the fund to be applied in accordance with specific conditions. Income generated from expendable endowment is spent in accordance with any restriction within a reasonable time of receipt. Capital is held in perpetuity unless expended at the discretion of Trustees.

A permanent endowment fund requires the permanent investment of the capital of the fund, with only the income being applied in accordance with any conditions

The RSC's restricted funds are the Chemists' Community Fund, various trust funds, restricted grants, Royal Chemistry India Foundation and Friends of the RSC, Inc.

The Chemists' Community Fund provides financial and non-financial assistance to the RSC's members, past members and their dependents. The Chemists' Community Fund holds contracts that allow it to nominate occupation of 22 units of sheltered housing. In accordance with FRS 102, the value is held as zero as these rights have no realisable value.

Various trust funds are restricted to specific aspects of the RSC's activities. The income of the various trust funds finances lectureships, awards, prizes, and research grants.

The restricted grants are restricted to specific projects by the donors that further the RSC's charitable activities. Income is recognised when the RSC is entitled to the grant, which is usually when the grant is received, except for performance related grants: income for these is recognised when a specified output is achieved.

Royal Chemistry India Foundation is a charitable foundation, registered in Delhi, India. Its primary purpose is to deliver educational programmes in chemistry within India, including teacher training and student outreach camps.

Friends of the RSC, Inc. is a US private foundation which was incorporated to offer a tax efficient way for US citizens to make donations to support scientific research and projects at educational institutions in the United Kingdom.

Income recognition

Income is measured at the fair value of the consideration received or receivable. The fair value of the consideration received or receivable takes into account the amount of any trade discounts, prompt settlement discounts and volume rebates. Income is shown net of Value Added Tax.

Voluntary income, including donations and legacies

Voluntary income, including donations and legacies, is recognised in the Statement of Financial Activities when any conditions for receipt have been met and when the entitlement is probable and measurable.

Trading income

Trading income relates to income generated by non-charitable subsidiaries. Profit from trading subsidiary undertakings is transferred to the charity under the gift aid scheme and included as investment income in the RSC's own accounts.

Investment income

Investment income is recognised on an accruals basis and apportioned between funds on the basis of the level of funds invested. Investment income is reinvested into the investment portfolio and not withdrawn to defray operating expenditure.

Deferred income

Income received in the year or invoiced in advance for journal and membership subscriptions relating to the following year is shown as deferred income in the balance sheet. The income is treated as income in the year the subscription covers.

Conference income received in advance is deferred and treated as income in the year the respective conference is held.

Membership

Membership subscription income is treated as income in the year the subscription covers. Any receipts in respect of future years are shown as deferred income on the balance sheet. Life membership subscriptions are accounted for on a received basis. In 2018 these subscriptions amounted to £11k relating to 18 members (2017: £13k, 20 members).

Conference income

Income for conferences is recognised in the year of the event.

Publishing income

Income from publishing activities, including Chemistry World, is recognised in two separate ways, dependent on the specific product:

- Income for the sales of institutional subscriptions, package subscriptions and consortium deals, is recognised in equal monthly proportions during the subscription year
- Income for the sales of journal archive and eBooks is recognised when access to the product is passed to the customer

Government grants

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

Intangible income

No value has been placed on the support given to the RSC by way of volunteer assistance. The RSC has not received any other intangible income or gifts in kind.

Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to a particular heading they have been allocated to activities on a basis consistent with the use of resource. Governance costs include expenditure on compliance with constitutional and statutory requirements.

Costs of raising funds include investment management fees and corporate fundraising costs. Fundraising costs include the salaries and overheads of the staff who directly undertake fundraising activities plus allocated support costs.

Staff costs

The costs of short-term employee benefits are recognised as a liability and an expense.

Employees are entitled to carry forward up to 5 days of any unused holiday entitlement at the reporting date. The cost of any unused entitlement is recognised in the period in which the employee's services are received.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the RSC is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Apportionment of support costs

Support costs are those which provide indirect support to front-line activities. Support costs not attributable to a single activity have been apportioned on the basis of head count for each of the respective departments. Refer to note 9 for details.

Grants

Grants made by RSC in relation to the Chemists' Community Fund are treated as expenditure as soon as they are approved by the Benevolent Fund Grants Committee as there is an expectation of receipt by the beneficiary. Other grants made from designated funds represent grants made to local sections, divisions and interest groups, which are treated on a cash payment basis.

Leases

Rentals under operating leases are charged to the SoFA on a straight-line basis over the lease term allocated to the charitable activities to which they relate.

Taxation

The RSC is registered as a charity (Charity Commission reference 207890) and as such the income arising from and expended on its charitable activities is exempt from corporation tax. It is also registered for Value Added Tax with HM Revenue and Customs and is subject to partial exemption rules. Any irrecoverable VAT is either included in fixed asset costs or in support costs that are then allocated to the charitable activities as applicable.

Foreign currency

Monetary assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction or at an exchange rate that approximates the actual rate. Exchange differences are taken into account in arriving at the operating result.

Forward exchange contracts are used to manage the exposure to foreign exchange rate risks related to US dollar income and cash balances.

The balance sheet values of subsidiaries have been translated at the closing rate on 31 December 2018. The profit and loss transactions have been translated at the rate of exchange ruling at the date of transaction or at an exchange rate that approximates the actual rate.

Intangible fixed assets

Intangible assets are capitalised at cost, including any directly attributable costs. These are currently amortised on a straight-line basis over a five year period, which is the useful economic life of the asset. A full impairment review is carried out in the year of acquisition with consideration given in subsequent years to whether any indicator of impairment exists.

Amortisation of the index and databases are charged to publishing activities. The web platform is used for activities across the whole organisation and therefore amortisation is apportioned across all charitable activities.

Tangible fixed assets and depreciation

Items of a capital nature are capitalised at cost if their individual purchase price or the project price exceeds £1,000. Purchased software is capitalised at cost. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:

Leasehold land and buildings:

Thomas Graham House 2%

Burlington House 5%

Fixtures, fittings and equipment:

Computer software 20%–33%

Personal computers 25%

Other computer hardware 20%

Other furniture 2%–25%

Fixed assets are written down to their realisable value if it is considered that there has been a permanent diminution in their value. Assets are reviewed annually for impairment.

Investments

Quoted investments are stated at market value, using quoted bid price, at the balance sheet date. Account is therefore taken of both realised and unrealised gains in the SoFA. Investment income is stated on an accruals basis.

Investment in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost, but are written down to their realisable value if it is considered that there has been a permanent diminution in their value.

Stocks

Stocks are valued at the lower of cost and net realisable value and include publications and paper stocks.

At each reporting date, the RSC assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell, is recognised as an impairment loss in the SoFA.

Reversals of impairment losses are also recognised in the SoFA.

Heritage assets

The RSC does not capitalise its heritage assets as neither reliable cost information nor comprehensive valuations are readily available and such information cannot be obtained at a cost commensurate with the benefit to the users of the accounts and to the charity. The RSC was founded in 1841 and the library collection has been built over time to contain a large number of unique and irreplaceable historical items. Therefore due to the number of books held and the lack of comparable market values these assets have not been recognised on the balance sheet as any value attributed to these assets would be purely subjective and of limited practical use.

Recognition of liabilities

Liabilities are recognised when an obligation arises to transfer economic benefit as a result of past transactions or events.

Derivative instruments

The RSC uses forward foreign currency contracts and forward options to reduce exposure to foreign exchange rates. Forward options involve buying a contract which would give the RSC the right but, unlike forward foreign currency contracts, not the obligation to exchange foreign currency for GBP at a pre-agreed rate on a specified date. Forward option premiums are expensed to the SoFA. Derivative financial instruments are initially measured at fair value on the date the derivative contract is entered into and are subsequently re-measured to fair value, at each reporting date. Fair value gains and losses are recognised in the SoFA.

The RSC has applied hedge accounting in respect of forward foreign currency contracts held to manage the cash flow exposures of highly probable forecast cash receipts from USD subscription sales. These derivative financial instruments are designated as cash flow hedges and, to the extent they are effective, their fair value gains and losses are recognised as other recognised gains in a separate hedge reserve until the hedge relationship ends. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedging instrument over the cumulative change in the fair value of the hedged item, both since inception) is recognised in the SoFA. When the hedge relationship ends, fair value gains or losses accumulated in the hedge reserve are reclassified to income or expenditure.

The RSC discontinued the application of hedge accounting in 2017 so that all gains and losses were recognised in the SoFA.

Pensions

The RSC has two types of pension scheme:

Defined contribution plan

The RSC operates a defined contribution scheme. The RSC's contributions are charged to the SoFA's general funds and restricted income funds during the period in which the employee is an active member of the scheme. The cost of administering the scheme and providing for death in service are met by the RSC.

Defined benefit plan

The RSC operates a defined benefit pension scheme. The defined benefit plan closed to new entrants on 31 December 2002 and was closed to future accrual on 30 November 2011.

The pension liability recognised in the balance sheet is the obligation of the RSC, being the present value of its defined benefit obligation at the reporting date minus the fair value at the reporting date of plan assets out of which the obligations are to be settled.

The pension costs for the scheme are recognised as follows: (i) the change in the net defined benefit liability arising from employee service rendered during the reporting period in the SoFA; (ii) net interest on the net defined benefit liability during the reporting period in the SoFA; (iii) the cost of plan introductions benefit changes, curtailments and settlements in the SoFA; (iv) remeasurement of the net defined benefit liability in other recognised gains or

losses on the SoFA. The net interest element is determined by multiplying the net defined benefit liability by the discount rate, at the start of the period taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in the SoFA as other revenue or apportioned in expenditure.

Remeasurement of the net defined benefit liability comprises: (i) actuarial gains and losses; and (ii) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability. Remeasurement of the net defined benefit liability recognised in other gains or losses on the SoFA shall not be reclassified to profit or loss in a subsequent period.

Financial assets and liabilities

The RSC has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the RSC becomes a party to the contractual provisions of the instrument, and are offset only when the RSC currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Fixed asset investments and forward exchange contracts are measured at fair value through the SoFA. All other financial instruments are measured at amortised cost.

Cash and cash equivalents

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

Key judgements and assumptions

The cost of the defined benefit pension plan has been determined by updating the results of the 31 December 2016 full actuarial valuation to 31 December 2018. This was carried out by a qualified actuary independent of the RSC. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of the scheme, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, the management considers the market

yields of AA corporate bonds consistent with the currency and term of the defined benefit obligation. The mortality rate is based on publicly available mortality tables, which uses data for UK self-administered pension schemes and allowing for expected future improvements in longevity. Future salary increases and pension increases are based on expected future inflation rates as determined by the Bank of England spot rate with a consistent term of the defined benefit obligation at the valuation date.

The English High Court ruling published on 26 October 2018 held that UK pension schemes with Guaranteed Minimum Pensions (GMPs) accrued from 17 May 1990 must equalise for the different effects of these GMPs between men and women. The allowance for GMPs has been estimated based on average impacts for schemes with similar benefit structure, allowing for the profile of the membership.

Further details are given in Note 12.

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