

Trustees' report 2022

Contents

Why chemistry matters	2	Removing barriers for an inclusive and diverse workforce	20
Our charter and purpose	2	Investing £1.5 million to tackle racial inequalities in science	20
We want to see a world where	3	Broadening horizons for Black and minority ethnic students	21
We will we get there by	3	Addressing LGBT+ underrepresentation in STEM	21
Our community	4	Year 12 chemistry students praise Destination STEMM	21
Our members	4	Lifelong support for teaching and learning	22
Our progress	5	Empowering leaders to support teacher well-being	22
Taking bold steps towards an open future	6	New professional development courses for teachers	22
A 100% open access future	6	Young people ‘take charge’ around the world	23
Increasing free, gold open access for authors	7	Partnership enables more Chartered Chemists in China	24
High impact publishing in 2022, by numbers	8	Accredited training at three new companies	24
A new UK-China journal to showcase low-carbon innovation	8	Connecting and engaging our community	25
Making a sustainable world for everyone	9	An engaged and proactive membership	25
The UN agrees to a new intergovernmental panel on chemicals and waste management	10	Introducing Subject Communities	25
Reducing our emissions	11	Embracing hybrid events for large multi-day conferences	26
Sustainability research gets a boost with three new journals	12	Chemists’ Community Fund	27
Bringing polymers into public debate	13	Financial review	28
Accelerating action on sustainable practices	14	Financial statements	63
Campaign shows a growing appetite for sustainable tech	15		
Sustainability and the chemistry curriculum	16		
Showcasing chemistry research and innovation	17		
Championing deep tech chemistry	17		
Four life-changing ideas get a boost	18		
A spotlight on Scottish innovation	19		

Why chemistry matters

Chemistry is the science of change. It helps us explore the world around us, and to design and make new medicines, fuels, advanced materials and so much more. Society uses these to protect and improve our health, to make life more sustainable, and uncountable other benefits. Chemistry also informs laws and regulations that keep us safe from harm, and shines light on where there's more work to do. And it inspires wonder in people of all ages: the joy of understanding together how and why the elements of our world interact.

Our charitable work supports the entire chemical science community: scientists, technicians, teachers, students, entrepreneurs, and so many more people who use their understanding of and passion for chemistry to make the world a better place.

Our charter and purpose

Our Royal Charter, first granted in 1848 by Queen Victoria, 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; and
- 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.”

Our modernised reflection of this in our strategy from 2021:

we are here to help the chemical science community make the world a better place.

We want to see a world where

- chemical scientists have adapted, innovated and succeeded
- the culture in science is inclusive and enabling of everybody
- science infrastructure, funding, policy and regulation enables chemical scientists to drive forward new research and innovation
- people worldwide recognise, trust and understand the value of the chemical sciences.

We will we get there by

- delivering impactful, accessible content in our journals, books and data products, and an excellent customer experience
- growing and supporting our membership to reflect the diversity of the chemical sciences
- empowering communities to offer an excellent chemistry education to all, driving greater diversity and improving skills in the chemical sciences
- increasing the diversity of people choosing and fulfilling their potential in the chemical sciences for a truly inclusive community
- using our voice and influence to lead and facilitate positive change across the chemical sciences

[Read more on the strategy pages of our website.](#)

Our community

We proudly include a broad and diverse set of people who draw on chemical knowledge, skills, experience and passion to make the world a better place, including people of all ages and backgrounds, across sectors and disciplines, all around the world. The people that make up our global community have varied backgrounds, experiences and roles. Research and development scientists, entrepreneurs, innovators, manufacturers, analysts, teachers, technicians, parents, students, librarians, policy makers, funders and regulators all play their part in advancing the chemical sciences.

Message from
our President
Gill Reid

Our members

Members are the core of our community, and the heart and soul of the Royal Society of Chemistry. We rely on them to collectively use their knowledge, skills, experience and passion to lead activities aligned with our strategy – whether that's in publishing, education, professional standards, or strong public advocacy. To help them do that, we are evolving and growing our networks and communities, to welcome even more people into our diverse, global and passionate membership. We're offering more grants, professional development and volunteering opportunities than ever before, and connecting them with like-minded people to collectively help make the world a better place.

Our progress

in helping the chemical science community make the world a better place

Through sustained, collective effort the chemical science community is making a difference to people and the planet. And we're here to help. Inside, we report on how the climate crisis and societal inequalities are shaping the decisions and actions we take.



Message from our
CEO Helen Pain

Taking bold steps towards an open future

Global emergencies and inequalities are driving the urgent need for unhindered access to scientific research. As a global academic publisher, we are leading the way in maximising the discovery of chemical knowledge and ideas.

A 100% open access future

The world of academic publishing is changing rapidly, with a shift towards open access, where research can be read for free. In 2022, we made a bold decision to make our journals fully open access within five years. Open sharing of scientific knowledge is crucial for making access to scientific information more equal, and for making the world a better place.

“The transition to Open Access will mean the RSC can ensure that everyone across the globe has the same ability to read and build upon all of the important research published in RSC journals while continuing to maintain the high quality standards and reputation our community relies on.”

Professor Duncan Graham, Chair of RSC Publishing Board

Increasing free, gold open access for authors

As part of the transition to open access, we signed a new agreement with Jisc. The deal means that authors at qualifying institutions can make articles publicly available in our hybrid portfolio, for free.

All 31 of our fully-owned hybrid journals were given “transformative” status by cOAlition S, an international consortium of research funding organisations. It takes us a step closer to making the journals open access within five years.

Hong Kong Baptist University became the first university in China to sign a Read & Publish agreement. The Read & Publish scheme enables authors to publish gold open access in our hybrid journals, free of charge. Three more institutions in Europe also joined the scheme. As of 2022, 347 institutions are covered by such deals.

Sara Bosshart on
our transition to full
open access

High impact publishing in 2022, by numbers

35,064
articles
published



by
168,628
authors



from
127
countries

across
52
journals

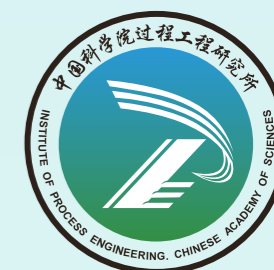


28.3%
of articles
open access



A new UK-China journal to showcase low-carbon innovation

We partnered with the Institute of Process Engineering, Chinese Academy of Sciences, to publish a new journal: *Industrial Chemistry & Materials*. It will cover significant research in all aspects of industrial chemistry and materials, with a particular focus on innovation towards a low-carbon chemical industry, energy and functional materials. The journal is gold open access, making the research freely and immediately available to scientists all over the world.



Making a sustainable world for everyone

Our strategy for sustainability is to enhance and promote chemistry's vital role in addressing global challenges. We want to ensure that scientists, governments, the public, and young people

choosing their careers know how they can contribute to the UN Sustainable Development Goals through the chemical sciences.



The UN agrees to a new intergovernmental panel on chemicals and waste management

Our multi-year campaign for better global chemicals management achieved another milestone.

In March, the UN agreed to the creation of a new global science panel. It will be on a par with the Intergovernmental Panel on Climate Change (IPCC) and the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (ISPRES). Our evidence and advocacy were fundamental in building support for the new panel, and we now sit on the working group designing the panel itself.

Watch: The Burlington Consensus

Watch: ‘The Burlington Consensus’, an international panel discussion we hosted with representatives of the global science and policy communities.



Reducing our emissions

When we joined the UN Race To Zero in 2021 we committed to halving our carbon emissions by 2030 and achieving zero emissions by 2040.

Since 2019, we have reduced emissions from gas and electricity use in our buildings by more than a third through changes including:

- improvements in heating and lighting control
- installing low energy LEDs in our historic Burlington House venue
- the national rollout of low carbon electricity generation.

Watch: John Broderick on our journey to Net Zero

Sustainability is a long-term organisational commitment. We are scrutinising all of our operations, including our supply chain and investment portfolio. Achieving net zero for all of our activities is challenging. However, the transition brings with it the opportunity to see and do things differently.

We recognise that some sectors are more exposed to the transition than others. But, by taking a leadership role, we want to show that it is possible.

[Read more on our progress](#)



Sustainability research gets a boost with three new journals

We added three new journals to our portfolio, dedicated to solving sustainability challenges. *RSC Sustainability*, *Sustainable Food Technology* and *EES Catalysis* will be gold open access, with article processing charges initially waived until mid-2025.

We recognise that some sectors are more exposed to the transition than others. But, by taking a leadership role, we want to show that it is possible.



Bringing polymers into public debate

We convened major players in the chemical industry to join our [sustainable polymers taskforce](#). Polymers in liquid formulations (PLFs) are valuable, ‘hidden’ ingredients found in millions of everyday products. Our campaign is a first in highlighting the environmental impact of PLFs and uniting industry to drive positive change in this area.

The PLF taskforce is: Unilever, BASF, Croda, Crown Paints, Scott Bader, Afton Chemical, Dow, Walgreens Boots Alliance, Northumbrian Water, United Utilities

As part of the polymers in liquid formulations (PLFs) campaign, we drew attention to the role of PLFs in household paint. Over 50 million litres of leftover paint is stashed away in UK households which poses major sustainability and environmental issues. We called on government and local authorities to make it easier for people to recycle paints. We also called for more investment in research into sustainable alternatives and asked consumers to write to their MP asking for change.



[Watch the video to learn more about PLFs.](#)



[Watch “Are you a #PaintStasher?”](#)

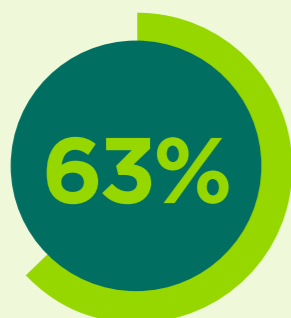
Accelerating action on sustainable practices

In a global survey, we asked researchers about the actions they are taking to reduce their carbon footprint. The majority know how their work impacts the environment and are taking steps to change this. But there are barriers to progress, which we highlighted in [our report](#).

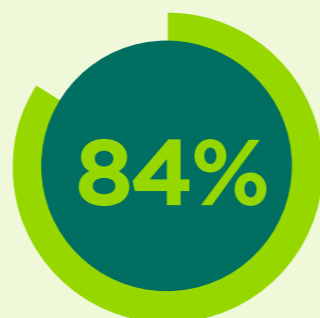
Moving towards more sustainable lab practices is complex and context-dependent, so we set up [Sustainable Laboratories](#), a long-term plan to help scientists, institutions and businesses on their journey to sustainable labs.



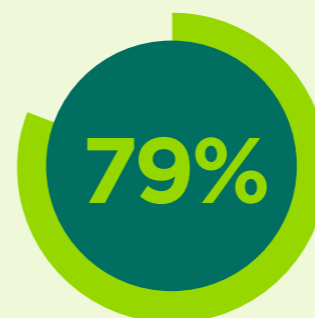
63% have, in the last 2 years, made changes to their own research activities, or those of their research group, team or department, in order to reduce the environmental impact of their work



84% agreed or strongly agreed they would like to do more to reduce the impact of their day-to-day scientific work on the environment



79% agreed or strongly agreed that they know how their actions in the laboratory impact the environment



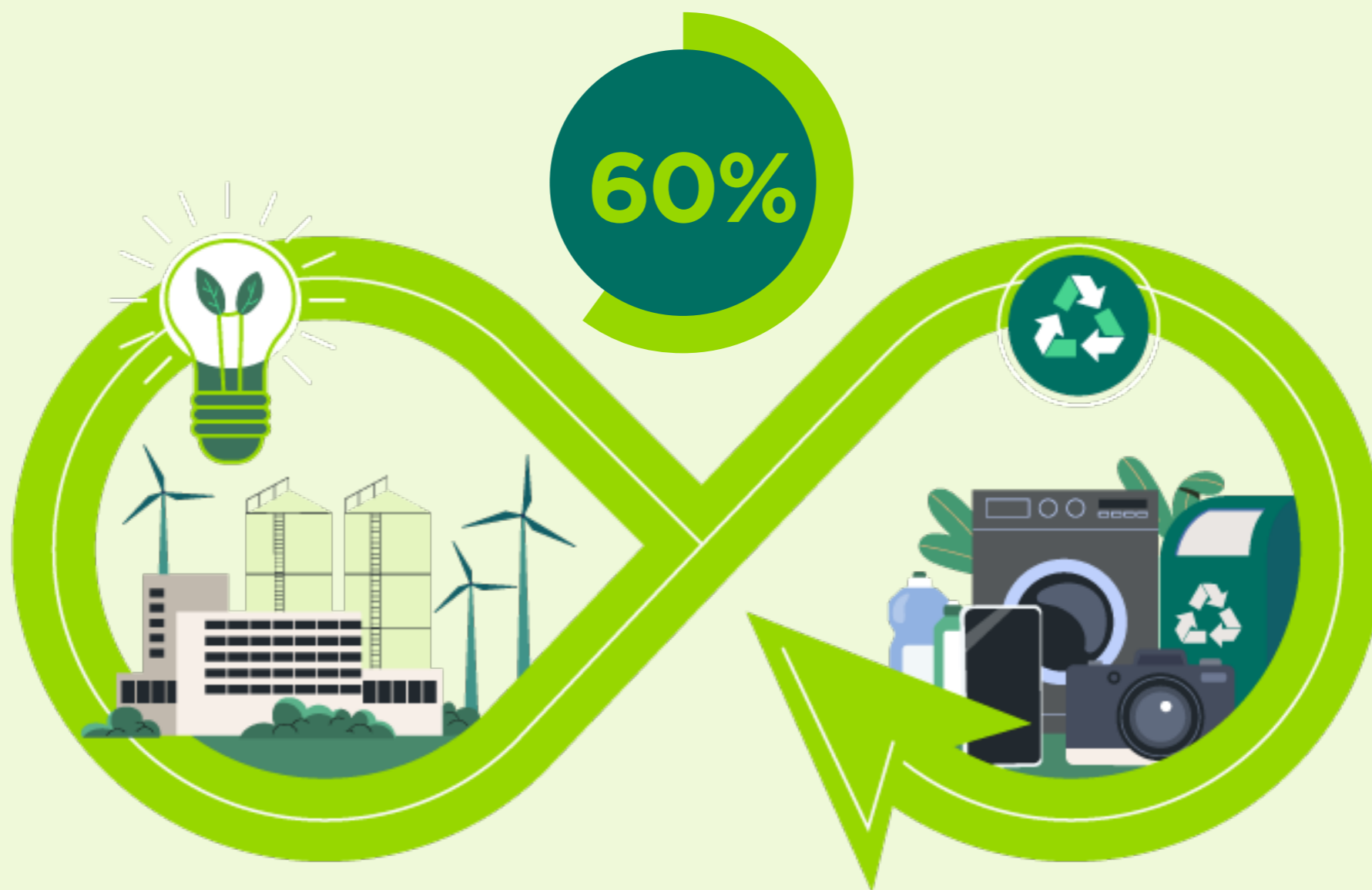
90% agreed or strongly agreed that it is important to consider sustainability in their day-to-day laboratory work



Campaign shows a growing appetite for sustainable tech

Nearly two thirds (60%) of consumers would switch to the rival of their preferred tech brand if goods were produced sustainably. In [an update to our 2019 Precious Elements campaign](#), we surveyed consumers around the world to gauge attitudes towards consumer electronics.

The story was covered in hundreds of media outlets worldwide, including [the BBC News website](#) and as a feature on the Radio 4 programme Inside Science. We were also invited to speak at the British Retail Consortium to push for more sustainable options for consumers.



Sustainability and the chemistry curriculum

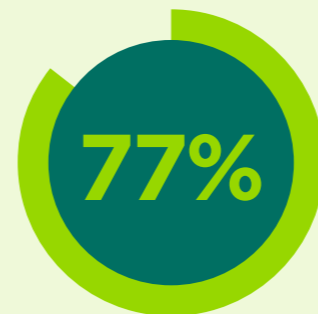
Practising chemists in academia and industry told us how they think the current chemistry curriculum should change. We published their views in [*part 2 of our Green shoots report*](#). Chemists said that the most important topics for children to understand before they leave school are:

- carbon literacy
- the lifecycle and impact of materials
- the finite nature of resources
- pollution
- the scientific consensus on climate change.

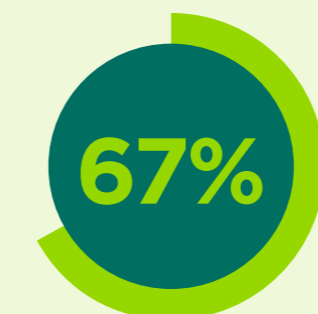
These changes are essential to give students the content and context they need.

To bring the debate to wider attention, we hosted a panel discussion with education and policy experts. Ninety people attended live and over 600 viewed the [recording of the discussion](#). The report was also featured in The Times, Edie, Nature and Circular Online.

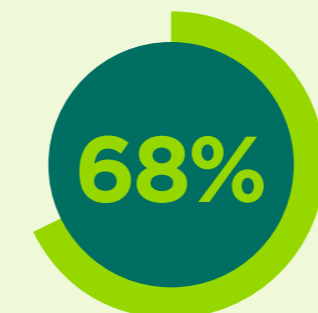
The UK Government has yet to make these vital changes and so we continue to lobby for a review of the chemistry curriculum.



say it is very important that the 5-19 school chemistry curriculum contains content that directly relates to sustainability and climate change, compared to 84% of 9-11 chemistry educators and 96% of 5-11 educators.



say sustainability and climate change in the chemistry curriculum should be a high priority for Government – the same percentage as 11-19 educators who say this.



say there is a gap in current chemical knowledge and skills and those needed for green jobs now and in the future.



Four life-changing ideas get a boost

The Emerging Technologies Competition – now in its tenth year – is one way that we highlight where innovation is unlocking new possibilities. The four chemistry applications that impressed the judges this year were:

- a handheld methanol detector for food control and medical diagnostics (Alivion AG)
- a fast electrochemical process to recover used hydrocarbons (Low Sulphur Fuels)
- a ruthenium antimicrobial platform technology to treat multi-drug resistant infections (MetalloBio Limited)
- porous liquid technology to enable low energy carbon capture (Porous Liquid Technologies).

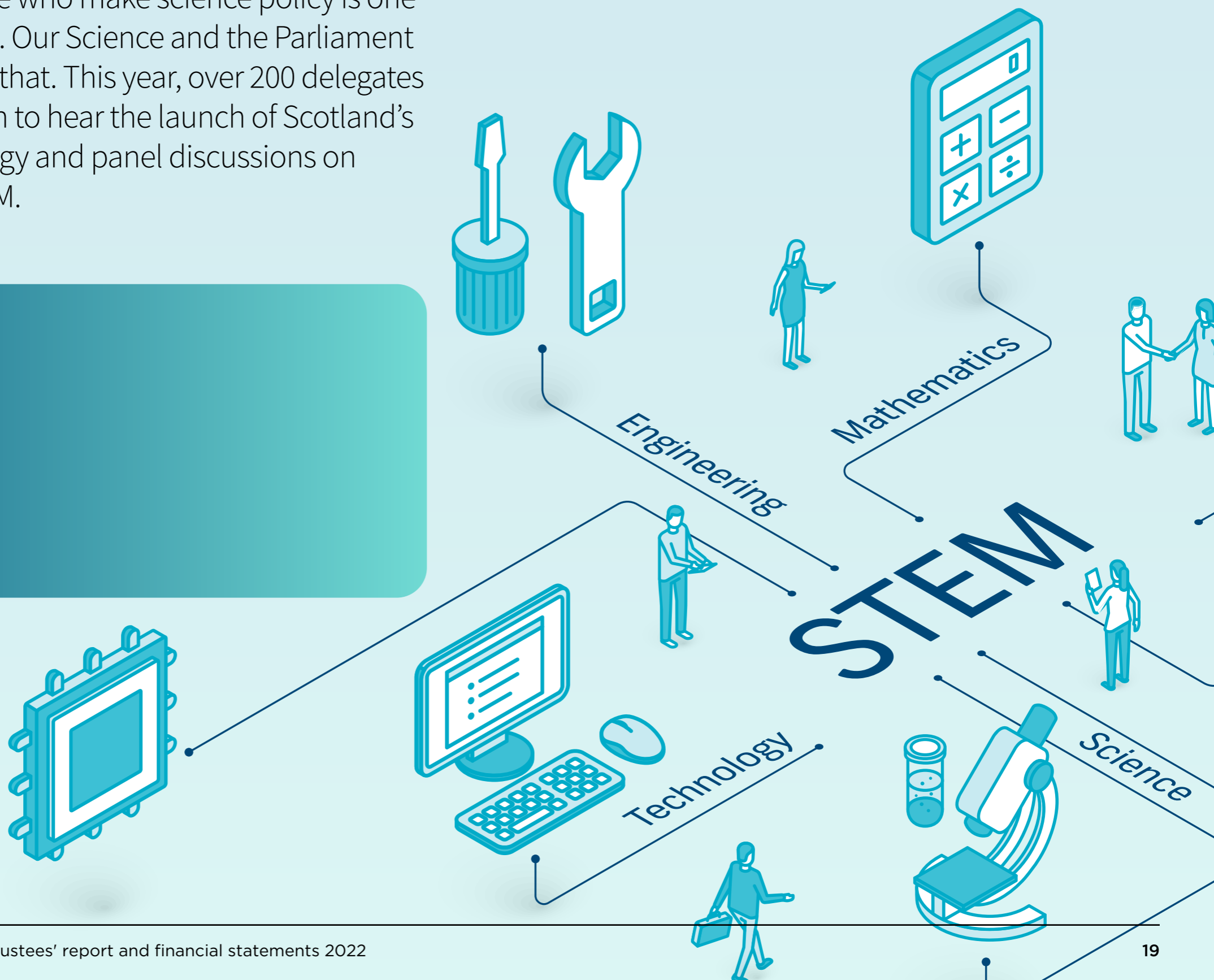
Each winner received £20,000 in prize money, mentoring, and a further £20,000 business acceleration grant.

Since it began, finalists and winners have gone on to raise £775 million in grant and equity funding.

A spotlight on Scottish innovation

Influencing the people who make science policy is one of our long-term aims. Our Science and the Parliament event allows us to do that. This year, over 200 delegates gathered in Edinburgh to hear the launch of Scotland's new innovation strategy and panel discussions on issues impacting STEM.

Watch:
Science and
the Parliament
2022



Removing barriers for an inclusive and diverse workforce

We have a long-term commitment to change the culture of chemistry and its ethical practice. It is important to us that we understand the lived experiences of those who work in the chemical sciences or want to pursue a chemistry career.

In 2022, we designed and launched a number of interventions to tackle inequalities in science. These are not 'one-offs'; they are a catalyst for accelerating positive, lasting change.

Investing £1.5 million to tackle racial inequalities in science

The findings of our report into racial and ethnic inequalities in the chemical sciences were a wake-up call for our profession. Missing elements revealed that we are losing Black chemists after undergraduate level at an alarming rate. And Black and minoritised ethnic people are underrepresented at senior levels in academia. We took immediate action.

We set up a Race and Ethnicity Unit with an initial investment of £1.5 million over three years, to push for systemic change.

Our research was widely reported in the media, including a BBC News interview with Professor Robert Mokaya, the UK's only Black chemistry professor (and an RSC Trustee).



Watch:
Chemists
share their
experiences

Broadening horizons for Black and minority ethnic students

Everyone should be given equal opportunity to pursue a career in the chemical sciences. But, as our [Missing Elements](#) report showed, that is not the case.

We teamed up with leading companies to launch a new programme, [Broadening Horizons in the Chemical Sciences](#). It gives Black and minority ethnic students access to mentoring, networking and industry experience to help them pursue careers in chemistry. [BBC News](#) covered the launch and interviewed two of the students from the first cohort.

Addressing LGBT+ underrepresentation in STEM

A brand new [£635,000 fund](#) will help us to investigate the attrition and retention of LGBT+ people within STEM in the UK and US. It is the first time that government agencies, NGOs, university administrations, researchers and funders have collaborated in this way. The Department of Business, Energy, Innovation and Skills contributed £600,000 to the fund.

Year 12 chemistry students praise Destination STEMM

Black and minority ethnic chemistry students from across the UK received mentoring through our [Destination STEMM](#) programme. Workshops have helped them with goal setting, career choices, teamwork, leadership, and interview techniques. Mentors are based in academia and industry, enabling students to gain insight into different career paths and working environments.

Mentors benefit too. University of Cambridge Research Fellow, Jenny Zhang, said: “I’ve gained a deeper understanding of the mental barriers holding back underrepresented students. This will help me professionally as an educator and recruiter of students.”

Lifelong support for teaching and learning

Empowering leaders to support teacher well-being

Staff well-being is crucial for job satisfaction and, ultimately, staff retention. But the legacy of lockdowns and workload pressures have impacted the mental health of many in the teaching profession. To coincide with Mental Health Awareness Week (9–15 May), we launched our [Teach Chemistry well-being toolkit](#). It is designed to give secondary science leaders guidance and resources for helping their staff adapt to the post-pandemic teaching environment.

New professional development courses for teachers

Launch of sustained professional development courses to help improve the knowledge and skills of this community, including those who are teaching chemistry 'out of subject'. Sustained Professional development courses have been awarded highly commended at the Teach Co Awards 2022 which means they have been recognised as outstanding in their field.

Professional Members of the CIESC who are also RSC members will be eligible for our Chartered Chemist award.

Young people 'take charge' around the world

British Science Week was an opportunity to get young people thinking about how we can achieve a more sustainable energy future. The need for bigger and better batteries was the inspiration for our [Take charge: global battery experiment](#).

Secondary school children and teachers around the world used our resources to make their own battery, at home or school. They also made a pledge to take action, like saving energy, reducing waste, cycling and discussing climate change with friends and family.

12,000
participants

6,000
batteries
made

37,000
website visits from
84
countries

8,800
teacher resources
downloaded

[Watch:](#)
[Take charge:](#)
[global battery](#)
[experiment](#)

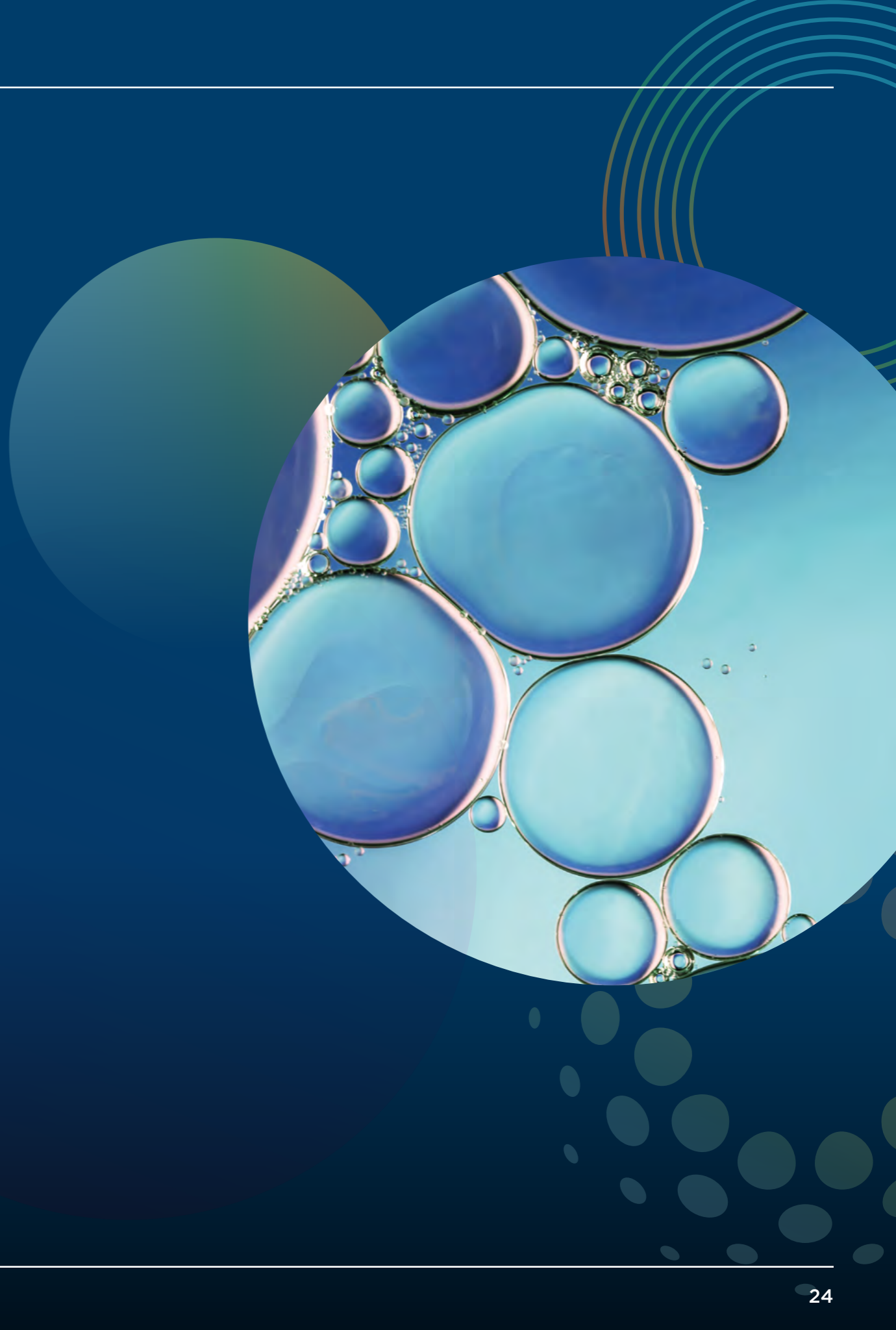


Partnership enables more Chartered Chemists in China

We signed a Memorandum of Understanding with the Chemical Industry and Engineering Society of China (CIESC) that underpins a professional standards mapping exercise. Through this agreement, Professional Members of the CIESC who are also RSC members will be eligible for our Chartered Chemist award.

Accredited training at three new companies

Johnson Matthey, Perrigo and Carbogen-Amcis all successfully completed a rigorous assessment process to have us accredit their company training. It gives employers and employees the reassurance that their training is high quality and provides the necessary skills and competencies for our profession.



Connecting and engaging our community

We are fortunate to have more than 50,000 members. Their backgrounds and careers are varied, making the chemical sciences a vibrant, interdisciplinary community.

An engaged and proactive membership

Our 2022 member survey revealed that 88% of members rate us as excellent or good. This is far above the 66% benchmark for similar organisations. Our Net Promoter Score is +31, a fantastic achievement compared with the membership sector normative figure of +1.

There are areas for improvement. We have more to do in making sure members feel they are contributing to our strategy, and that all members feel they truly belong to our community.

We're glad to see positive survey results overall. Our members' passion and engagement is apparent through the countless ways they give their time and energy to lead and support so many of our activities.

Introducing Subject Communities

In 2022 we made a number of changes to our scientific member networks, creating a new group of Subject Communities. They bring together people from different interest groups, career stages, sectors and disciplines to build consensus and provide holistic views of issues to achieve greater impact.

“By making it easier for members to collaborate within a particular subject community – whether that’s for members in industry, academia, education or beyond – we hope to better enable those valuable connections and greater cross-sector impact.”

Jonathan Oxley, RSC Trustee and Chair, Member Communities Board

Embracing hybrid events for large multi-day conferences

Against a backdrop of uncertainty within the events industry about the exact meaning of “hybrid”, we designed a fully integrated and interactive delegate experience, combining traditional face to face conferencing with cameras in theatres and live streaming to delegates at home who were able to ask questions in real time and take part in online networking and poster sessions.

In 2022 we held nine multi-day conferences in this hybrid format. All delegates were able to access scientific sessions, ask questions and interact with other delegates during sessions, as well as being invited to virtual networking and poster sessions, and could access recordings of scientific sessions after the event.

In-person attendance increased steadily throughout 2022, with an average of 36% of delegates attending our hybrid conferences virtually. 100% of delegates said they would attend a similar RSC event, with accessibility, sustainability, and time and cost savings noted as positives.

We are planning to deliver most of our 2023 scientific conferences in the hybrid format, and we continue to work on improvements suggested by 2022 delegates.



Chemists' Community Fund

The Chemists' Community Fund (CCF) is the benevolent fund for the Royal Society of Chemistry.

Many in our community have been deeply affected by the pandemic, the war in Ukraine, and the rising cost of living. These global events, in part, shaped our 2022-2025 strategy to support members in a broader number of ways. For example, this year, we helped members...

...when they lost income due to illness, accident or following surgery

...when they needed help with care home top-up fees

...in Ukraine and Ethiopia due to war and conflict.



1,779 individuals received financial or specialist support

"I am really short of appropriate words to convey the depth of my appreciation, gratitude and thanks for this unusual and life-saving gesture from the Chemists' Community Fund."

CCF grant recipient

[Read more about how the CCF helped members in 2022.](#)

£468,158
in grants awarded to members in need





**Financial
review**

Definitions

Unrestricted funds:	These are funds which are not held for any particular charitable purpose. They are split between usable and unusable funds.	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.
Usable funds:	These are unrestricted funds made up of our general funds, funds retained within non-charitable subsidiaries and designated funds.	Investments:	Funds held by investment managers on our behalf for the purpose of generating income and capital gains over the long-term.
Unusable funds:	These funds are made up of 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.	Cash:	Includes cash held at the bank and short-term highly liquid investments.
General funds:	These are unrestricted funds representing monies earned primarily from publishing activities, membership subscriptions and investment activity.	Debtors:	Amounts owed from third parties – mostly our customers.
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.	Creditors:	Amounts owed to third parties – mostly our suppliers.
Funds retained within non-charitable subsidiaries:	These are unrestricted funds held by the subsidiaries of the RSC and the International subsidiaries of RSC Worldwide. They have no charitable purpose and are retained in the subsidiaries to support their continued activities.	Deferred liabilities:	Income received / invoiced in advance for journal and membership subscriptions relating to future years. This is held on the balance sheet and only recognised as income in the year in which the services are provided e.
Designated funds:	These are 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.	Working capital:	The capital, which is used in our day-to-day operations, calculated as current assets (i.e. cash, stock and debtors) less current liabilities (i.e. creditors and deferred income).
Restricted income funds and endowment funds:	Represent grants, financial or other gifts bequeathed in a will or trust deed to the RSC with a specific direction as to use. 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.	Defined benefit pension liability:	The net deficit on our pension scheme, representing the difference between valuations of the pension scheme assets and liabilities.

The results shown in the financial review relate to the group activities.

Overview

Our finances have remained resilient to challenges posed by global events and economic volatility.

Our revenues are internationally diverse, such that we were not significantly impacted by the turbulence in the UK economy seen in the Autumn. We are vigilant to potential challenges arising from higher inflation and interest rates, but these did not cause significant impacts in 2022.

In 2022 all principal revenue streams were stable, with year-on-year growth, enabling us to plan and deliver activities with confidence.

We implemented plans to maintain and increase our support for the chemistry community, in addition to investing in our people, improved technology and service enhancement.

As such the accounts record an operating deficit in 2022 which reflects the planned use of our designated and restricted funds to deliver impact for chemistry and secure future prosperity, resilience and revenues growth.

Our balance sheet has been temporarily impacted by macro-economic factors resulting in a temporary reduction in the value of investments, however this did not cause any operational difficulty with cash flow remaining healthy throughout the year. We expect stability and growth to return in 2023.

The balance sheet was strengthened by a reduction in the pension fund deficit.

Overall, 2022 is a year in which our finances contributed to our ongoing financial resilience and investment in long term revenue growth, and we finished the year well placed to meet future challenges and opportunities.

Key group activities in 2022

To achieve our goals of supporting the chemical science community and fostering excellence in the field of chemical science, our publishing activities are essential. The majority of our income, or 86.5% (2021: 88.4%) of the total for the year, came from our publishing revenue of £57.1m (2021: £56.3m).

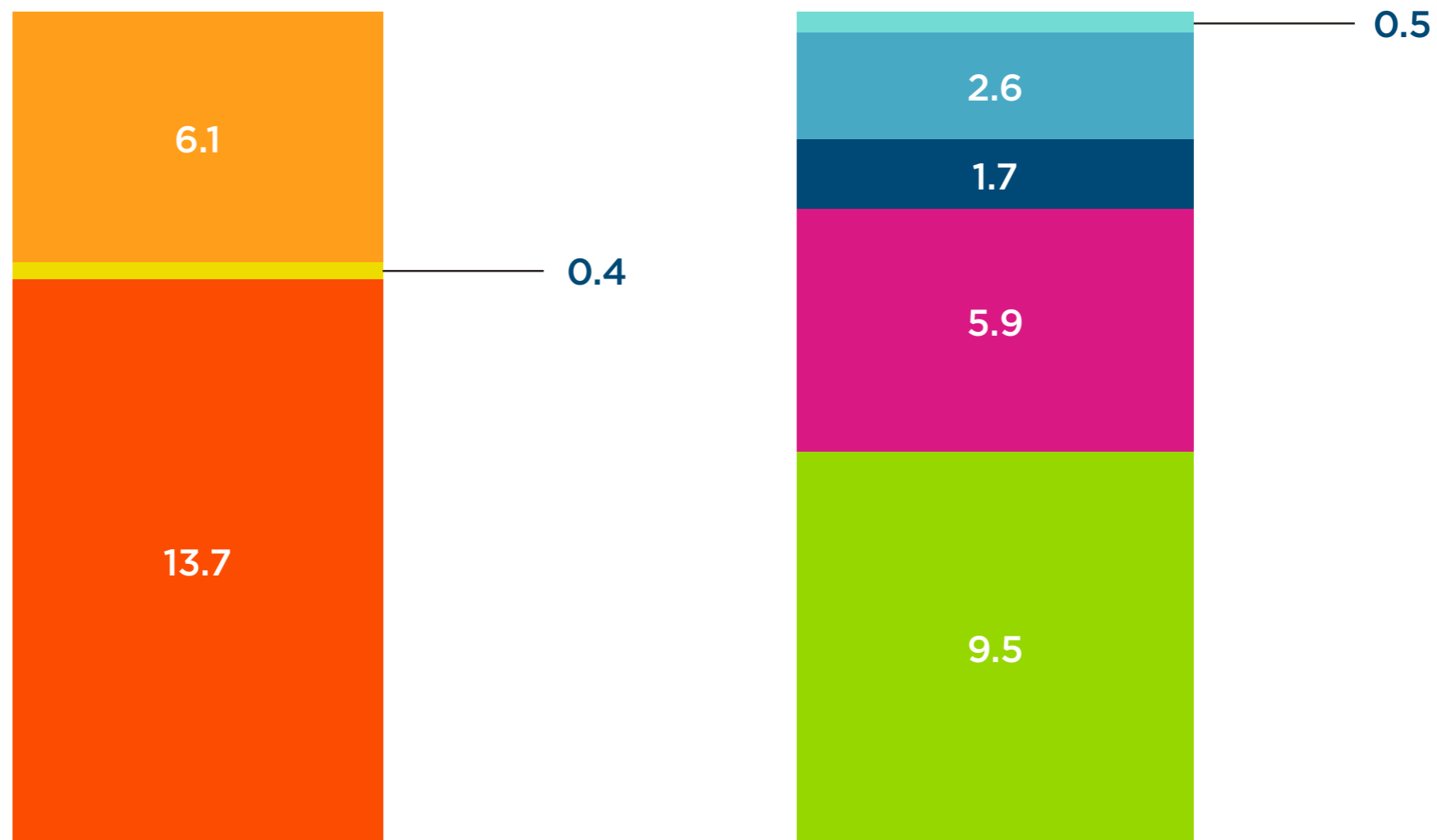
A key priority for the organisation is investing in the continued strength and long-term revenue growth potential of the publishing business as well as expanding other commercial income sources to achieve better revenues and surplus diversification. 2022 saw an increase in publishing spend accordingly to £43.4m (2021: £38.5m).

Overall, despite the increased spend in 2022, our publishing operations generated a net surplus of £13.7m (2021: £17.8m). 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. Refer to page 6 for more information on how we are making knowledge more open and accessible.

Membership revenues were stable in 2022 at just over £4m (2021: £4.1m) and during the year we began to implement a Membership growth strategy. We continued to support the exchange of knowledge through our events programme and 2022 saw an increase in events activities resulting in an increase in revenue from £0.5m in 2021 to £1.4m in 2022.

We have continued to review and prioritise our activities based on their strategic impact. We earned £66.0m in 2022, an increase of £2.3m above the income recorded in 2021 (£63.7m). The total spend in 2022 was £72.1m, an increase of £7.6m from 2021 (£64.5m).

Charitable activity outturn



Surplus generating activities

- Use of funds and reserves
- Fundraising and other
- Publishing

- Events & conferences
- Membership
- Chemistry World
- Education & profession
- Advocacy & awareness

Similar to 2021, we continued to foster the sharing of information through our events programme in 2022. We spent £2.0m (2021: £1.3m) on organising and sponsoring conferences and symposia, including those events which moved online.

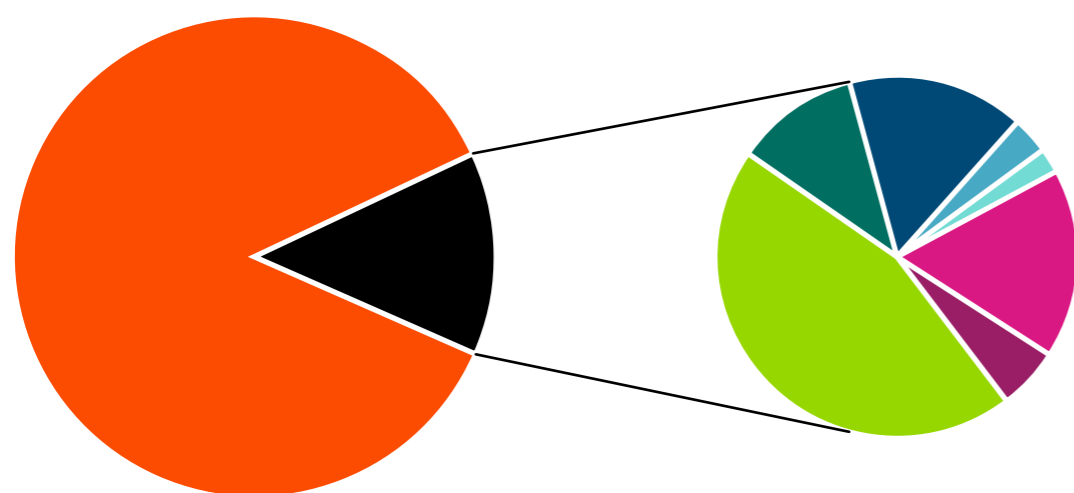
In order to ensure a strong, diversified, and sustainable pipeline of chemists at all levels, we continued to invest in education and professional practice programmes. In 2022, we invested £6.2m (2021: £6.2m) in our educational and professional practice initiatives. For additional information on how we have aided people in evolving and growing at each point of their chemistry journey, see page 22.

In addition, we continued our support of chemical science professionals and students through our member services, spending a total of £6.5m (2021: £5.5m) on membership activities. For details on how we have developed and supported our membership community, refer to page 25.

We invested a total of £9.6m (2021: £8.4m) on Advocacy and Awareness programmes in 2022. These programmes provided support on activities that are aimed at educating and engaging the public and policymakers on matters such as inclusion & diversity, Outreach work to foster awareness in all ages, grants & prizes which advocate excellence in the chemical sciences, engagement with Industries as well as wider international engagement activities.

Total income

The breakdown of our sources of income are shown in the chart below.



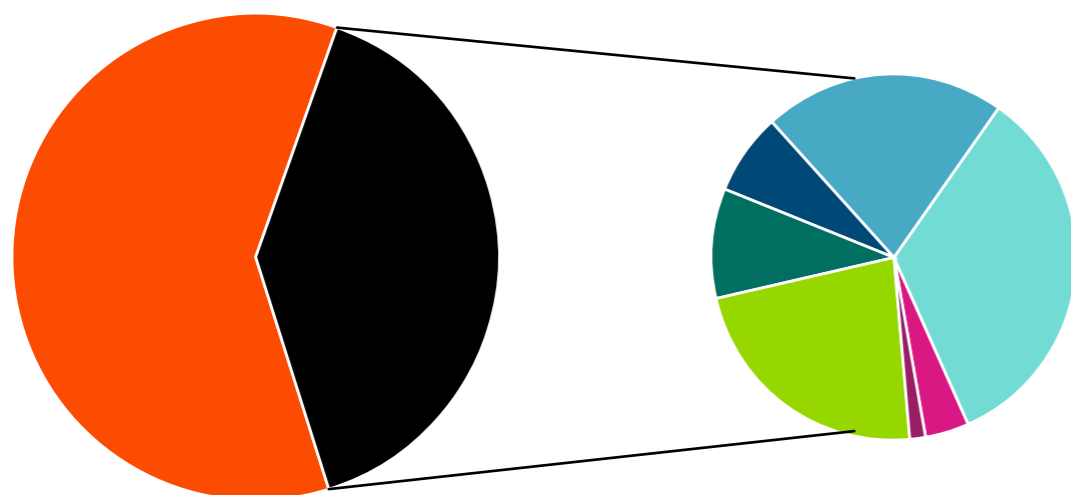
- Fundraising - £0.5m
- Membership - £4m
- Chemistry World - £1m
- Scientific conferences and events - £1.4m
- Education & professional practice - £0.3m
- Advocacy & Awareness - £0.2m
- Publishing - £57.1m
- Other income & trading activities - £1.5m

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 and fundraising activities or retained in our charitable reserves (see notes 25 and 26).

Overall, we saw a net operating deficit of £6.1m (2021: net operating deficit of £0.8m), and a net deficit of £14.4m after investment movements (2021: net surplus of £5.8m).

Total expenditure

The breakdown of our areas of expenditure are shown in the chart below.



Our usable reserves, consisting of general funds, funds retained in non-charitable subsidiaries and designated funds, remain healthy with a balance of £94.2m (2021: £108.4m).

Overall, we continue to be in a strong financial position with ample reserves readily available to ensure operational stability and fund future activities. We will continue to focus on allocating our resources to deliver our strategy in a sustainable and effective way.

The table below reconciles the net deficit of £14.4m in the financial statements to the operating deficit of £7.2m reported in our internal management accounts.

Real operating deficit As reported in internal management accounts	(£7.2m)
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.	(£0.5m)
Add: Foreign Exchange Not included in the Management accounts as notional revaluations do not form part of operational budgeting.	£1.0m
Less: Investment Management Costs Not included in the management accounts because investment portfolio costs do not form part of the operational budgeting.	(£0.7m)
Add: Member network grants Grant expenditure in respect of Member Networks is included within our internal management accounts but is represented as a transfer on the SOFA.	£0.2m
Add: Goodwill amortisation Included as expenditure in the management accounts but eliminated from the group SOFA as required by accounting rules.	£0.1m
Net operating deficit (net expenditure before investment movements) Per the SoFA.	(£6.1m)
Less: Investment movements Not included in the management accounts because investment portfolio movements do not form part of the operational budgeting.	(£8.3m)
Net expenditure Per the statement of financial activities	(£14.4m)

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.

The long-term investment objectives for general funds and restricted funds are to achieve an annual rate of return of 2.0% (2021: 2.0%) in excess of the rate of UK inflation, as measured by the Consumer Price Index (CPI), after fees and costs at an acceptable level of risk for the investment portfolio. Performance is also monitored in comparison against the ARC Cautious Index, which monitors the investment performance of UK charities in which historic variability of returns has been less than 40% of that recorded by world equities.

The portfolio generated investment income of £1.0m in 2022 (2021: £0.8m), all of which was reinvested. Together with temporary value reductions of £8.3m (2021: gain of £6.6m), investment management costs of £0.7m (2021: £1.5m) and net withdrawals of £4.0m (2021: £Nil) the value of our investments decreased overall to £111.0m (2021: £122.9m), a decrease of £11.9m during the year.

The withdrawal of £4.0m from the investment portfolio during 2022 supported the Designated funds activities undertaken during the year.

Overall this represented a 6.6% deficit (2021 – 5.1% gain), behind the long-term target gain of 13.5% (2021 – 6.0%) and ahead of ARC Cautious Index Performance of 8.1% deficit (2021 – 4.2% gain).

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 time frames.

Responsibility for investment strategy resides with the Board 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, and the wider social and environmental impact of the portfolio is monitored through independently provided Environmental, Social and Governance (ESG) Quality Scores where possible.

Reserves policy

Our reserves policy is continuously reviewed. Our goal is to keep our reserves at a sufficient level that ensures our financial sustainability and resilience, including safeguarding 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.

Free reserves are held to smooth volatility and minimise disruption to RSC activities and:

- Provide contingency funding in the event of temporary income disruption
- Pay for unbudgeted essential costs, where these cannot be funded by other means
- Smooth volatility by giving the organisation time (up to 3 years) to make structural changes on a strategic and phased basis

In 2022, our policy was to maintain free reserves within a target range of £27.8m to £30.8m (£29.3m +/- 5%) consisting of:

- Publishing surplus – 20% reduction for 3 years (£11.8m)
- Non-publishing income – 20% reduction for 3 years (£4.6m)
- Foreign exchange volatility - 10% USD devaluation for 2 years (£3.3m)
- Inescapable costs – 5% of operating budget (£3.6m)
- Investment volatility cushion (£6m)

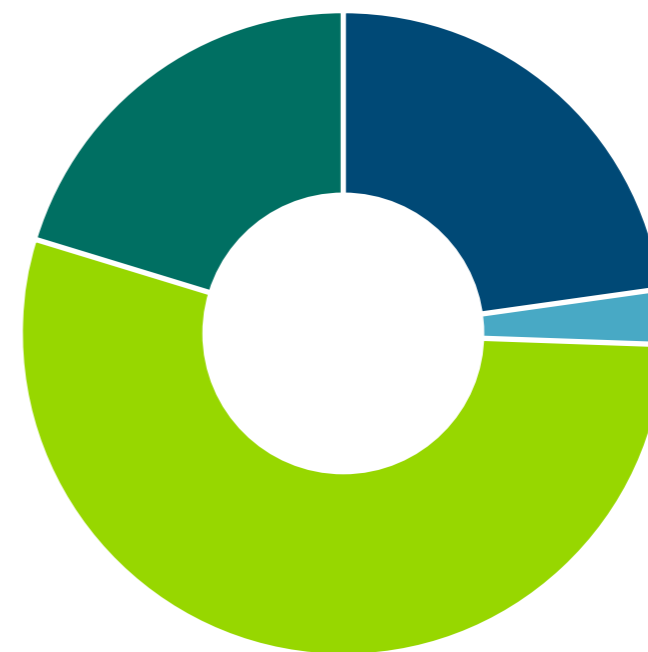
If free reserves fall below the target range, we will aim to address any deficits within 5 years. If free reserves are above the target range, we will transfer surpluses to designated funds and spend these within 5 years.

Reserves policy

The level of accumulated usable funds held at 31 December 2022 was £94.3m (2021: £108.4m). Of this, £26.9m (2021: £38m) relates to the Charity's unrestricted general funds and represents the 'free reserves' available to the group. Our designated funds total £64m (2021: £67.6m), which have been earmarked for specific purposes. The balance of £3.4m (2021: £2.8m) relates to funds retained within the group's non-charitable subsidiaries.

The free reserves figure as at 31 December 2022 is below the target range. This is due to the macro-economic factors that have affected our investment portfolio, and we expect this to stabilise and recover in 2023.

Total usable and restricted funds



- General funds (free reserves) - £26.9m
- Funds retained within non-charitable subsidiaries - £3.4m
- Designated funds - £64m
- Restricted income funds - £23.6m

Designated funds

The designated funds consist of earmarked funds totalling £56.9m (2021: £60.3m), designated trust and lecture funds totalling £4.8m (2021: £5.1m) as well as reserves totalling £2.3m (2021: £2.1m) 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 established by appropriating amounts out of the general funds and are subject to Board of Trustees approval. Please refer to note 26 for a full list of Designated Funds.

Restricted funds

The total restricted funds, including restricted income and endowment funds, held at 31 December 2022 were £23.6m (2021: £26.2m) 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 (2021: £17.6m) relates to the Chemists' Community Fund (CCF), which provides a flexible range of financial and non-financial help to members and their dependents. The target range for the CCF restricted funds is set at £14.0m to £16.0m. The remainder comprises other restricted income and endowment trust funds totalling £0.6m (2021: £0.6m) and £7.4m (2021: £8.1m) 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 fund is managed by a separate committee of Pension Fund Trustees.

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 2019. 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.

Pensions

In accordance with the recovery plan, the RSC will pay the following contributions per year to 2027 inclusive, when the shortfall is expected to be eliminated.

- January 1 to December 31 2021 : £1,924,000
- January 1 to December 31 2022 : £2,300,000
- January 1 to December 31 2023 : £2,500,000
- January 1 to December 31 2024 : £2,900,000
- January 1 to December 31 2025 : £3,200,000
- January 1 to December 31 2026 : £3,400,000
- January 1 to August 31 2027 : £2,400,000

In addition to these contributions, the RSC have agreed to make further contributions by income sharing each year from 2022 onwards. This will be based on Operating Income, 50% of any surplus above budget up to a maximum of £0.5m where applicable. Under this arrangement a payment of £0.5m was made in 2022 as 2021 revenues exceeded budget. No payment is due in 2023 as 2022 revenues did not exceed budget.

A new Recovery Plan, based on a funding valuation as at 31 December 2022, is due to be agreed with the Pension Fund Trustees in 2023. The commitments shown above may change from 2024 as a result of adopting a new Plan.

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 £14.4m at the end of 2022 (2021: £27.1m). This reduction in the overall net defined benefit pension liability followed a decrease in the liabilities of the scheme of £49.9m, attributable to changes in the actuarial assumptions, most notably the increase in the discount rate from 1.8% to 5.0%, as well as a corresponding decrease in the value of assets held with the scheme of £37.1m. Both these factors resulted in an overall reduction in the net defined benefit pension liability in 2022.

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 as at 31 December 2022 takes place in 2023.

Pensions

The differences between the 2022 accounting valuation and 2019 funding valuation measures of the pensions fund deficit are summarised in the table below:

Details	Accounting valuation 31 Dec 2022 <i>For use in the 2022 financial statements</i> £m	Funding valuation 31 Dec 2019 <i>As used in the recovery plan agreed in 2020</i> £m	Difference
Scheme assets	74.8	101.8	(27.0)
Scheme liabilities	(89.2)	(122.7)	33.5
Net deficit	(14.4)	(20.9)	6.5

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.

Risks

Our Leadership team regularly review the strategic risks facing the RSC, and oversee plans for mitigating these risks. Our Strategic Risk Register is updated regularly and the strategic risks and associated mitigations are a standing item in the Audit and Risk Committee agenda, to ensure thorough oversight on behalf of our Trustees

We are maintaining a separate designated fund, the pension long term strategy fund, with the objective of achieving a permanent settlement of our obligations by means of a buyout transaction. This is estimated to take place in or around the year 2032.

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

Risks

Details	Mitigation
<p>Publishing</p> <p>If we are not able to accelerate the growth, dissemination, application and impact of chemical science knowledge then we are at risk of not being able to generate a reliable income to support our work.</p>	<p>To accelerate our transition to Open Access and support an Open Science future we are investing in our digital and editorial capabilities. Allowing us to deliver compelling author and customer propositions to grow our content and manage our transition to an Open Access model. These investments mitigate the income risks associated with our Open Access transition as does the evolving commercial strategy which seeks to identify income streams to help diversify the sources of our surplus.</p>
<p>Business continuity</p> <p>Our organisational activities are at risk of being significantly disrupted if proportionate business continuity plans are not in place.</p>	<p>We continue to respond to the pandemic, adapting both our workspaces and workplace policies to ensure the safety and wellbeing of our employees, whilst providing continuity to our global operations. All our business continuity plans have been reviewed and updated to reflect our learning from the pandemic.</p>
<p>Cyber security</p> <p>Our IT systems, data and ability to operate effectively are at risk of being disrupted by cyber attacks.</p>	<p>Our IT systems, data and ability to operate effectively are all at risk of being disrupted by cyber attacks. During 2022 we completed CyberEssentials. We will now transition to the CIS framework allowing us to further build cybersecurity maturity. There is mandatory Cybersecurity training for all our staff to ensure knowledge is maintained and updated. The Information Security Manager ensures that an appropriate framework for managing security risks is in place, and that risks are recognised and understood, and mitigations implemented.</p>
<p>Focus</p> <p>Our ability to remain relevant and sustainable will be at risk if we do not have a clear understanding of our purpose and are unable to focus our resources accordingly.</p>	<p>Our current organisational strategy was approved in July 2021. This includes a clear link between our Charter, our purpose, our vision/mission, our business strategies and our implementation plans. The budget and financial plans support the priorities for transformation and growth within our strategy, alongside or continued commitment to support our community.</p>

Risks

Details	Mitigation
<p>Workforce</p> <p>There is high dependency on our staff being engaged, motivated and high performing. If capacity & capabilities are impacted our ability to deliver our strategy on an affordable basis is at risk.</p>	<p>We regularly review key employee metrics, including turnover and wellbeing, and benchmark reward against local markets to ensure that we retain and develop our talent. We are investing in key roles or the future to deliver against our people challenges and organisation ambitions.</p>
<p>Banking and investments</p> <p>We must ensure sufficient cashflow liquidity to meet all financial commitments & ability to preserve the capital value of our financial reserves.</p>	<p>Our use of bank accounts continues to operate in accordance with the Banking Policy, approved annually by the Finance & Resources Board, ensuring security and liquidity. Investments are managed with parameters defined in the Investment Strategy approved by the Board of Trustees. The position is kept under close review, including reports to each meeting of the FRB. The Investment Strategy was reviewed in 2022, to address emerging issues regarding environmental, social and governance considerations, and to ensure the right balance between risk, volatility and yield appropriate to the current and future needs of the organisation.</p>
<p>Estates</p> <p>Without access to appropriate workspaces & venues our staff, members & wider community are at risk of not being able to fulfill our purpose & undertake the business of the RSC.</p>	<p>An Estates Strategy is being developed to ensure that our estates meet our future needs.</p>

Risks

Details	Mitigation
<p>Global Sustainability</p> <p>If the chemical science community does not engage with global challenges to provide solutions then the value of chemical science as a discipline will no longer be recognised, resulting in an investment, skills & knowledge decline in the science, and the risk of the RSC's role being irrelevant.</p>	<p>The chemical sciences have a critical role to play in solving the global challenges associated with sustainability and developing a more circular economy. The RSC will only remain relevant if we fully engage with these challenges. We ran a programme in 2021-2022 focused on accelerating our commitment to sustainability, using COP26 as a springboard. Building on this, sustainability is a long term organisational commitment, including our operational activity. We have committed to the UN Race to Zero to reduce our net carbon emissions to zero by 2040. We continue to use our influence nationally and internationally, working alongside a wide range of global partners, to ensure we have the impact we want to make.</p>
<p>Financial resilience</p> <p>Effective management of financial volatility is essential to the success of our operating budget and so that spending can be planned with confidence.</p>	<p>During 2022 we embedded our rolling budget approach, enabling resilience through improved responsiveness to changes in cost and revenue drivers. A refreshed Reserves policy during 2022 provides for ample contingency funds sufficient to address any income shortfalls that may arise.</p>
<p>Regulatory compliance</p> <p>As an international organisation, it is essential that we comply with all applicable statutory requirements, risking exposure to financial & legal penalties.</p>	<p>Policies and procedures remain in place to ensure that current regulatory requirements are fulfilled in all material respects. New requirements are considered and addressed as appropriate. We 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.</p>

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

Our Board of Trustees comprises:

- President
- President Elect
- Honorary Treasurer
- Seven Elected Trustees
- Up to eight Appointed Trustees, who may be chairs of our boards or other persons appointed by The Board of Trustees.

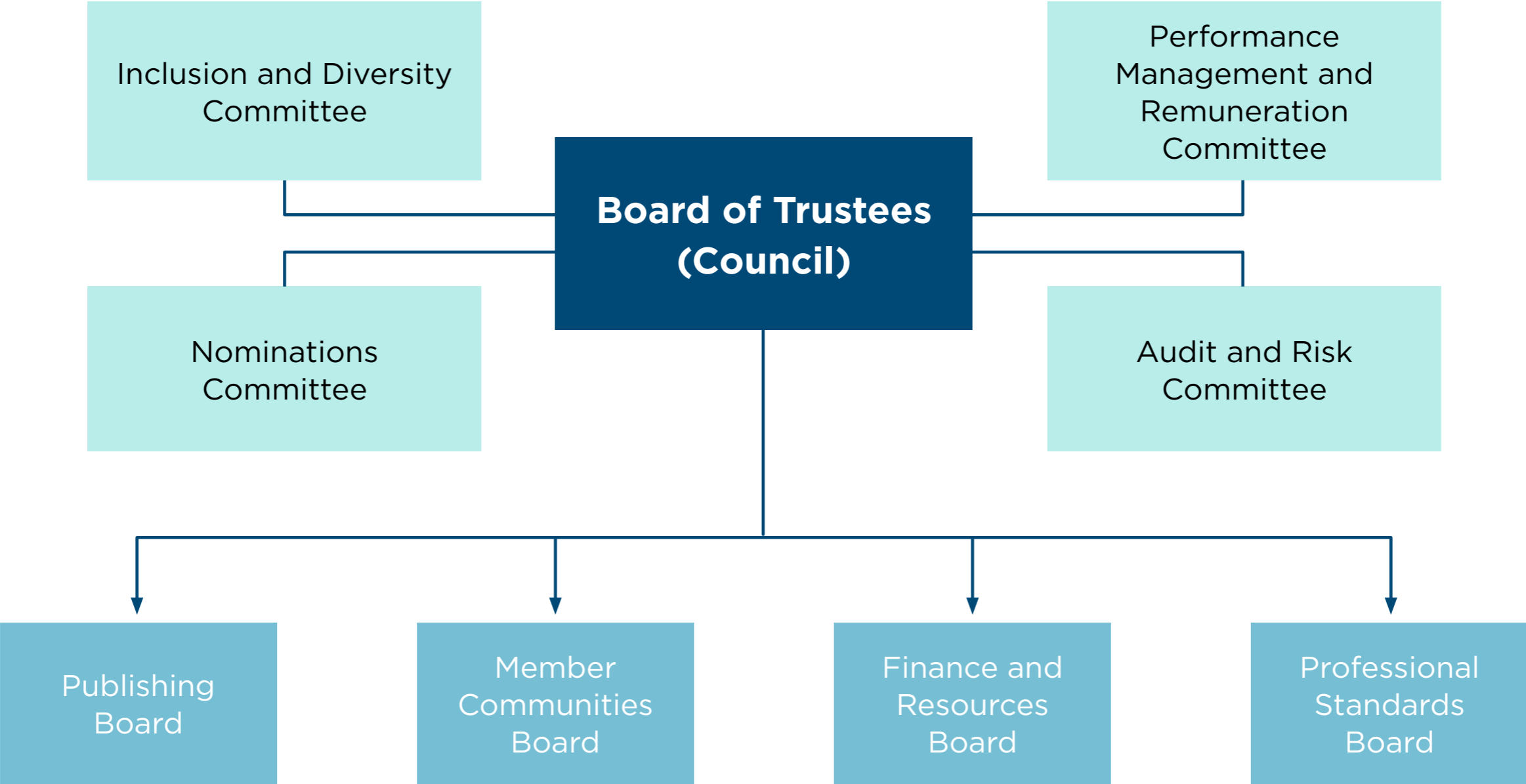
In accordance with the By-laws of the Society, the Trustees are elected to position at the Annual General Meeting. Any member of the RSC may stand for election as an Elected Trustee and any Honorary Fellow, Fellow or Member, may stand for election as President. All members are eligible to nominate candidates and vote in elections. Voting takes place electronically and is managed by an external provider approved by the Board of Trustees. Election of Elected Trustees for the Board of Trustees normally takes place every two years. The next election will be for Elected Trustees to take office after the 2023 Annual General Meeting (AGM).

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

Each board and committee has a chair appointed by the Board of Trustees. 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>

Our governance structure



Trustees

At the date of signing the Trustees' Report, the Board of Trustees are the Trustees of the Royal Society of Chemistry. A list of the Trustees for the period from January 2022 to the date of this report is shown on page 55.

All Board of Trustees 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 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 the Board of Trustees 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 the Board of Trustees and its Boards and committees give their time voluntarily to the RSC.

Remuneration of key management personnel

Our Leadership Team (LT) 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 the Board of Trustees 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 i.e. the Chief Operating Officer (COO) and the leadership team, 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, COO 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, COO 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.

Subsidiary Companies

The RSC has two wholly owned UK registered subsidiaries, Chemistry Limited and RSC Worldwide Limited. The profit before taxation for Chemistry Limited was £57k (2021: £23k). The profit before taxation for RSC Worldwide Limited was £788k (2021: £890k).

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 100 million chemical structures from hundreds of data sources.

In 2022, 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. The disruption in the events and hospitality sector precipitated by the outbreak of the COVID-19 virus in 2020 led to the temporary closure of the Burlington House venue in March 2020. Burlington House reopened as an events venue in September 2021 and has since seen an encouraging steady increase in event bookings, with a significant increase in hybrid events.

Consolidation shown on page 63

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.
- RSC Worldwide (Germany) GmbH

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 2022 to 31 December 2022

Chief Executive Officer

Dr Helen Pain CSci CChem FRSC

Chief Operating Officer

Paul Lewis FRSA FInstLM

Finance Director

Stephen Joyce FCPFA

Director of Science and Communities

Dr Jo Reynolds FRSC

Director of People and Culture

Rebekah Ayres (from November 2022)

Laura Hale – Interim Director (from January 2022 until November 2022)

Director of Education and Professional Practice

Sarah Robertson FRSC

Director of Publishing,

Dr Emma Wilson MRSC

Director of Technology

Dr Amanda Spencer

Auditors, Bankers and other Professional Advisors

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Grant Thornton UK LLP

30 Finsbury Square
London
EC2A 1AG

Principal Bankers

National Westminster Bank plc

Cambridge Petty Cury Branch
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Cambridge
CB2 3NE

Nationwide Building Society

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Swindon
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Goldman Sachs Asset Management International

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Citizens

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USA

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Lloyds Bank plc

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Actuary

Mercer Limited

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Pension Advisors

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Publishing matters:

Farrer & Co. LLP

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Charity, commercial, compliance, data protection and employment matters:

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Commercial property matters:

Harrison Clark Rickerbys Solicitors

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Malaysia

Safeguarding:

Mason Haynes and Curran

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Philadelphia - USA

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North Carolina 27612

Bangalore - India

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Nagar,
Brigade Gateway Campus, Bangalore –
560055

New Delhi - India

D-74, Diplomatic Enclave, Malcha Marg,
New Delhi – 110021

Berlin - Germany

C/o Satellite Office, Römischer Hof,
Unter den Linden 10, 10117 Berlin

Royal Society of Chemistry Trustees

Board of Trustees Members for the year 1 January 2022 to 31 December 2022

Honorary Officers

President

Professor Gill Reid CChem FRSC
(from July 2022)

Professor Tom Welton OBE CChem FRSC
(retired July 2022)

President Elect

Dr Annette Doherty OBE FRSC

Honorary Treasurer and Chair, Finance and Resources Board

Claire Gallery-Strong CSci CChem FRSC

Appointed Trustees

Chair, Publishing Board

Professor Duncan Graham CChem FRSC
FRSE

Chair, Member Communities Board

Jonathan Oxley CChem FRSC CMgr FCMI

Chair, Professional Standards Board

Professor David M Smith CChem FRSC
(from July 2022)

Dr Andy Rudge CSci CChem FRSC (retired
July 2022)

Chair, Inclusion and Diversity Committee

Professor Marina Resmini FRSC

Professor Saiful Islam CChem FRSC

Professor Robert Mokaya OBE FRSC

Elected Trustees

Dr Louise Armstrong-Denby CChem FRSC

Dr Amanda Cooke MRSC

Professor Richard Jackson CChem FRSC

Remya Norris CChem MRSC

Professor Annie Powell CChem FRSC

Dr Elizabeth Rowsell OBE CChem FRSC

Professor Jeremy K M Sanders CBE FRSC
FRS

All the members named above, except for those who retired or resigned in 2022, form the Board of 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' Annual Report and the financial statements in accordance with applicable law and regulations.

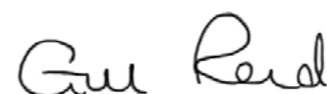
The Charities Act 2011 requires the Trustees to prepare financial statements for each financial year. The Trustees have to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and the group and of the incoming resources and application of resources, including the income and expenditure, of the group for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and apply them consistently;
- Observe the methods and principles in the Charities SORP (FRS 102);
- 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; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's and group's transactions and disclose with reasonable accuracy at any time the financial position of the charity and the group and 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 charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Trustees



Professor Gill Reid CChem FRSC

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

Opinion

We have audited the financial statements of the Royal Society of Chemistry (the 'parent charity') and its subsidiaries (the 'Group') for the year ended 31 December 2022, which comprise the Group Statement of Financial Activities, the Group and parent charity's Balance Sheets, the Group Cash Flow Statement 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 Financial Reporting Standard 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 parent charity's affairs as at 31 December 2022 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We have been appointed as auditor under sections 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 parent 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 are responsible for concluding on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent charity and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the parent charity or Group to cease to continue as a going concern.

In our evaluation of the trustees' conclusions, we considered the inherent risks associated with the parent charity's and Group's business model including effects arising from macro-economic uncertainties such as high inflation, we assessed and challenged the reasonableness of estimates made by the trustees and the related disclosures and analysed how those risks might affect the Group's and parent charity's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and parent charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Trustees' Report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Trustees' Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 themselves. 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 (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 56, the trustees are responsible for the preparation of the financial statements which 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 the parent 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 parent 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the parent charity and the Group. We determined that the following laws and regulations were most significant: the Charities Act 2011, the Charity SORP, The Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102), and current UK corporation tax legislation.

-
- We understood how the parent charity and the Group is complying with these legal and regulatory frameworks by making inquiries of management and those charged with governance. We enquired of management and those charged with governance whether there were any instances of non-compliance with laws and regulations, or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of the board minutes.
 - We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur and the risk of material override of controls. Audit procedures performed by the engagement team included:
 - o Identifying and assessing the design effectiveness of certain controls management has in place to prevent and detect fraud
 - o Challenging assumptions and judgments made by management in its significant accounting policies
 - o Identifying and testing of unexpected journal entries
 - o Identifying and testing unexpected related party transactions
 - o Inspecting the board minutes
 - o Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item
 - These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
 - The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - o Understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation
 - o Knowledge of the sector in which the charity operates, and
 - o Understanding of the legal and regulatory requirements specific to the entity including the provisions of the applicable legislation.

- The team communications in respect of potential non-compliance with laws and regulations and fraud included the potential for fraud in revenue recognition.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - o The parent charity and the Group's operations, including the nature of its revenue sources, to understand the classes of transactions, accounts balances, expected financial statement disclosures and business risks that may result in risks of material misstatement, and
 - o The parent charity and the Group's control environment, including:
 - ◆ Management's knowledge of relevant laws and regulations and how the parent charity and the Group is complying with those laws and regulations
 - ◆ The adequacy of procedures for authorisation of transactions and review of management accounts, and
 - ◆ Procedures to ensure that possible breaches of laws and regulations are appropriately resolved

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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 Part 4 of the Charities (Accounts and Reports) Regulations 2008 and section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Grant Thornton UK LLP

Statutory Auditor
Chartered Accountants
London

Date: 27/04/2023

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

Financial statements

Consolidated statement of financial activities for the year ended 31 December 2022

	Note	Unrestricted funds				Restricted funds				Total 2022	Total 2021
		General funds 2022	Designated funds 2022	Total general and designated funds 2022	Pension reserve 2022	Total unrestricted funds 2022	Restricted income funds 2022	Endowment funds 2022	Total restricted funds 2022		
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Income and endowments from:											
Donations and legacies	1	26	22	48	-	48	156	293	449	497	588
Other trading activities	2	406	-	406	-	406	-	-	-	406	49
Investment income	3	579	182	761	-	761	214	-	214	975	805
Charitable activities											
Membership		3,998	29	4,027	-	4,027	5	-	5	4,032	4,104
Chemistry World		1,027	-	1,027	-	1,027	-	-	-	1,027	959
Scientific conferences and events		493	846	1,339	-	1,339	60	-	60	1,399	467
Education and professional practice		174	11	185	-	185	99	-	99	284	358
Publishing		57,129	-	57,129	-	57,129	-	-	-	57,129	56,300
Advocacy and awareness		75	-	75	-	75	79	-	79	154	26
Other income		69	-	69	-	69	-	-	-	69	19
Total income and endowments		63,976	1,090	65,066	-	65,066	613	293	906	65,972	63,675
Expenditure on:											
Raising funds											
Donations and legacies		318	106	424	3	427	-	-	-	427	400
Other trading activities		349	-	349	-	349	-	-	-	349	26
Investment management costs		432	121	553	-	553	2	157	159	712	1,505
Charitable activities											
Membership		4,182	1,163	5,345	48	5,393	1,196	-	1,196	6,589	5,527
Chemistry World		2,665	82	2,747	17	2,764	-	-	-	2,764	2,604
Scientific conferences and events		1,830	81	1,911	11	1,922	63	-	63	1,985	1,283
Education and professional practice		5,362	594	5,956	46	6,002	206	-	206	6,208	6,201
Publishing		41,139	1,983	43,122	276	43,398	-	-	-	43,398	38,528
Advocacy and awareness		8,514	984	9,498	62	9,560	79	-	79	9,639	8,388
Total expenditure	8	64,791	5,114	69,905	463	70,368	1,546	157	1,703	72,071	64,462
Net (expenditure)/income before investment gains/(losses)		(815)	(4,024)	(4,839)	(463)	(5,302)	(933)	136	(797)	(6,099)	(787)
(Losses)/gains on investment assets	16	(4,977)	(1,542)	(6,519)	-	(6,519)	(27)	(1,732)	(1,759)	(8,278)	6,622
Net (expenditure)/income		(5,792)	(5,566)	(11,358)	(463)	(11,821)	(960)	(1,596)	(2,556)	(14,377)	5,835
Transfer between funds	25, 26	(4,735)	1,935	(2,800)	2,800	-	983	(983)	-	-	-
Net group (expenditure)/income before other recognised gains and losses		(10,527)	(3,631)	(14,158)	2,337	(11,821)	23	(2,579)	(2,556)	(14,377)	5,835
Remeasurement on defined benefit pension scheme	12	-	-	-	10,414	10,414	-	-	-	10,414	11,455
Net movement in funds (decrease)/increase		(10,527)	(3,631)	(14,158)	12,751	(1,407)	23	(2,579)	(2,556)	(3,963)	17,290
Reconciliation of funds											
Fund balances brought forward		40,797	67,608	108,405	(27,156)	81,249	557	25,618	26,175	107,424	90,134
Fund balances carried forward		30,270	63,977	94,247	(14,405)	79,842	580	23,039	23,619	103,461	107,424

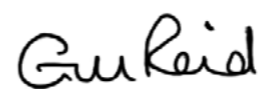
Notes 1 - 33 form an integral part of these Financial Statements. Refer to note 33 for the accounting policies that have been used in preparing these financial statements.

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 2022.

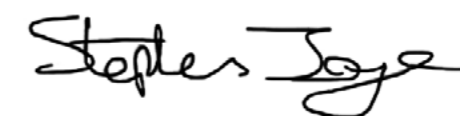
Consolidated and Charity balance sheets as at 31 December 2022

	Note	Group 2022 £000	Group 2021 £000	Charity 2022 £000	Charity 2021 £000
Fixed assets					
Intangible assets	14	28	64	28	64
Tangible assets	15	4,506	4,960	4,490	4,913
Investments	16	111,016	122,946	111,016	122,946
Total fixed assets		115,550	127,970	115,534	127,923
Current assets					
Debtors	18	17,245	15,237	17,403	15,934
Cash at bank and in hand		19,506	21,570	16,073	19,111
Total current assets		36,751	36,807	33,476	35,045
Current liabilities					
Creditors	19	(8,387)	(7,907)	(8,727)	(9,037)
Deferred income	19	(25,410)	(21,599)	(25,340)	(21,568)
Total current liabilities		(33,797)	(29,506)	(34,067)	(30,605)
Net current assets		2,954	7,301	(591)	4,440
Long-term liabilities					
Deferred income	20	(638)	(691)	(638)	(691)
Defined benefit pension liability	12	(14,405)	(27,156)	(14,405)	(27,156)
Total long-term liabilities		(15,043)	(27,847)	(15,043)	(27,847)
Net assets	21	103,461	107,424	99,900	104,516
Accumulated Funds					
Unrestricted funds:					
Usable funds					
General funds (free reserves)	26	26,883	38,010	26,883	38,010
Funds retained within non-charitable subsidiaries	26	3,387	2,787	-	-
Designated funds	26	63,977	67,608	63,977	67,608
Total usable funds		94,247	108,405	90,860	105,618
Unusable funds					
Pension reserve	12, 26	(14,405)	(27,156)	(14,405)	(27,156)
Total unusable funds		(14,405)	(27,156)	(14,405)	(27,156)
Total unrestricted funds		79,842	81,249	76,455	78,462
Restricted Funds					
Restricted income funds	25	580	557	406	436
Endowment funds	25	23,039	25,618	23,039	25,618
Total restricted funds		23,619	26,175	23,445	26,054
Total Charity Funds		103,461	107,424	99,900	104,516

Approved by Board of Trustees and authorised for issue on 27 April 2023



Gill Reid President



Stephen Joyce Finance Director

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.

Consolidated and Charity statements of cash flows for the year ended 31 December 2022

	Note	Group 2022 £000	Group 2021 £000	Charity 2022 £000	Charity 2021 £000
Reconciliation of net income to net cash outflow from operating activities					
Net (expenditure)/income for the reporting period		(14,377)	5,835	(15,030)	5,221
Adjustments for:					
Depreciation and amortisation		676	787	635	752
Loss on disposal of fixed assets		22	-	22	-
Proceeds from the sale of fixed assets		(11)	-	(11)	-
Loss/(Gains) on investments		8,278	(6,622)	8,278	(6,622)
Investment income	3	(975)	(805)	(975)	(805)
Investment management fees deducted from investments	16	627	1,471	627	1,471
Increase in debtors		(2,008)	(2,083)	(1,469)	(2,621)
Increase/(Decrease) in creditors and accruals		480	2,036	(310)	3,552
Increase/(Decrease) in deferred income		3,758	(1,847)	3,719	(1,816)
Receipt of endowment		(293)	(62)	(293)	(62)
Exchange rate movements on cash and cash equivalents		(818)	9	(636)	21
Employer's contributions payable to the defined benefit pension scheme	12	(2,800)	(1,924)	(2,800)	(1,924)
Net pension interest expense	12	463	547	463	547
Net cash (outflow) from operating activities		(6,978)	(2,658)	(7,780)	(2,286)
Cash flows from investing activities					
Investment income	3	975	805	975	805
Investment income reinvested	16	(975)	(805)	(975)	(805)
Purchase of investments	16	-	(30)	-	(30)
Proceeds from sale of investments	16	4,000	-	4,000	-
Proceeds from the sale of fixed assets		11	-	11	-
Purchase of tangible fixed assets	15	(208)	(51)	(198)	(45)
Net cash inflow/(outflow) from investing activities		3,803	(81)	3,813	(75)
Cash flows from financing activities					
Receipt of endowment		293	62	293	62
Net cash inflow from financing activities		293	62	293	62
(Decrease) in cash and cash equivalents		(2,882)	(2,677)	(3,674)	(2,299)
Cash and cash equivalents at the beginning of the reporting period		21,570	24,256	19,111	21,431
Change in cash and cash equivalents due to exchange rate movements		818	(9)	636	(21)
Cash and cash equivalents at the end of the reporting period		19,506	21,570	16,073	19,111
Analysis of changes in net debt					
		Group 2022 £000	Group 2021 £000	Charity 2022 £000	Charity 2021 £000
Cash and Cash Equivalents					
Cash and cash equivalents at the start of the reporting period		21,570	24,256	19,111	21,431
Cash flows		(2,882)	(2,677)	(3,674)	(2,299)
Non cash flows		818	(9)	636	(21)
Cash and cash equivalents at the end of the reporting period		19,506	21,570	16,073	19,111

A reconciliation of net debt is required per the Charities SORP (FRS 102). There was no debt within the group during 2022 (2021: Nil), and there were no non-cash flows to reflect other than the change in cash and cash equivalents due to exchange rate movements.

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.

Notes to the financial statements

1. Donations and legacies

	General funds £000	Designated funds £000	Restricted income funds £000	Endowment funds £000	2022 Total £000	2021 Total £000
Donations	16	22	156	11	205	439
Bequests and legacies	10	-	-	282	292	149
Total	26	22	156	293	497	588

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.

The disruption in the events and hospitality sector precipitated by the outbreak of the COVID-19 virus in 2020 led to the temporary closure of the Burlington House venue from March 2020 through to September 2021. The venue re opened for bookings from September 2021 and 2022 has seen continued progress in returning to normal operations, and as at the year end Chemistry Limited has seen a small profit (see note 17).

3. Investment income

	General funds £000	Designated funds £000	Restricted income funds £000	2022 Total £000	2021 Total £000
Assets in the UK					
Fixed interest	-	-	-	-	8
Assets outside the UK					
Interest	58	18	21	97	-
Fixed income	375	118	139	632	632
Equities	77	24	29	130	90
Alternative Investments	69	22	25	116	75
Total	579	182	214	975	805

4. Government grant

The RSC receives grant funding from national and international governmental bodies. In 2022 £98k of government funding was recognised in the statement of financial activities (2021: £190k) for education related and teaching training programmes.

Funds have been used for the RSC's Initial Teacher Training Scholarship scheme which offers packages of support to eligible trainee chemistry teachers. Year on year reduction due to 2021 including one off funding received to support a UK-India Innovation and Sustainable Chemistry Consortium project.

5. Analysis of grant expenditure (Group and Charity)

	Grants to institutions 2022 £000	Grants to individuals 2022 £000	Total 2022 £000	Grants to institutions 2021 £000	Grants to individuals 2021 £000	Total 2021 £000
Hardship	-	291	291	-	365	365
Prizes & Awards	80	251	331	100	222	322
Travel & Divisions	13	23	36	-	-	-
Research	-	1,472	1,472	-	1,497	1,497
Diversity	89	246	335	-	188	188
Education & Outreach	144	535	679	371	372	743
Industry	87	-	87	162	-	162
Intl Engagement	31	-	31	33	20	53
Member Network Grants	186	-	186	160	-	160
Total	630	2,818	3,448	826	2,664	3,490

The RSC provides grants through the Chemists' Community Fund, with its primary purpose being the prevention and relief of poverty of its members. As a secondary purpose, the Chemists' Community Fund is used for the benefit of other legally charitable purposes insofar as funds not being required for the primary purpose.

To help promote excellence in chemistry, the RSC also funds a number of prizes and awards as well as providing grants to fund education, outreach, diversity, industry, international engagement activities and travel to events and conferences.

During 2022, no single individual research grant awarded was over the value of £10k (2021: £10k)

6. Funding activities outturn analysis

Note	General funds £000	Designated funds £000	Restricted income funds £000	Endowment funds £000	2022 Total £000	2021 Total £000
Funding activity income						
Donations and legacies	1	26	22	156	293	497
Restricted grant income	25	-	-	395	-	395
Total	26	22	551	293	892	913
Funding activity costs						
Direct staff costs	8	(197)	-	-	-	(197)
Direct and support costs	8	(124)	(106)	-	-	(230)
Total	(321)	(106)	-	-	(427)	(400)
Net income from funding activities	(295)	(84)	551	293	465	513

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

	2022 £000	2021 £000
Gross wages and salaries	28,452	24,921
National insurance	3,117	2,547
Pension and related cost	2,661	2,536
Redundancy payments	2	-
Other payments	944	654
Temporary staff and contractors	708	140
Total	35,884	30,798

Number of employees		
Employee earnings	2022	2021
£60,000 - £69,999	62	39
£70,000 - £79,999	34	18
£80,000 - £89,999	13	4
£90,000 - £99,999	5	5
£100,000 - £109,999	3	2
£110,000 - £119,999	-	2
£120,000 - £129,999	1	3
£130,000 - £139,999	2	1
£140,000 - £149,999	3	1
£150,000 - £159,999	1	1
£160,000 - £169,999	-	1
£170,000 - £179,999	-	1
£190,000 - £199,999	1	-
£210,000 - £219,999	1	1
£220,000 - £229,999	1	-
£280,000 - £289,999	1	-
Total	128	79

Average monthly headcount (number of staff employed)		
	2022	2021
Membership	47	45
Chemistry World	16	16
Scientific conferences and events	13	14
Education and professional practice	56	59
Publishing	307	287
Advocacy and awareness	61	54
Support	148	145
Fundraising	4	4
Total	652	624

Average monthly FTE		
	2022	2021
Total average FTE	624	597

As required by FRS 102, an amount of £278k (2021: £299k) relating to holiday pay owed to staff at 31 December 2022 has been accrued for. A total of £3k (2021: £26k) was paid in relation to compensation for loss of earnings under agreed settlement agreements. There were no outstanding obligations at year end.

In 2022 the RSC paid a total of £2k (2021: £Nil) in respect of statutory and other employment severance-related payments. 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 in the employee earnings table.

The total number of employees earning more than £60k in 2022 was 128 (2021: 79), an increase of 49 compared to the prior year. This increase is primarily due to pay exceeding the £60k+ threshold in 2022 for certain employees following the annual base salary increases plus additional bonus and commission payments.

The number of employees who earned more than £60k, for whom pension benefits are accruing under the RSC defined contribution scheme is 112 (2021: 71). 16 employees (2021: 8 employees) did not accrue pension benefits under the RSC defined 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 £1,279k (2021: £1,361k) were paid to the RSC's leadership team personnel in 2022. Employer national insurance contributions of £139k (2021: £127k) were paid over to HMRC in respect of RSC leadership team personnel. The leadership team consisted of 8 personnel in 2022 (2021: 9 personnel).

8. Total expenditure

Unrestricted funds										
	General funds				Designated funds				2022 Total	2021 Total
	Direct staff costs	Direct costs	Support costs	Total general fund costs	Direct staff costs	Direct costs	Support costs	Total designated fund costs		
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Expenditure on raising funds										
Donations and legacies	197	-	124	321	-	91	15	106	427	400
Other trading activities	42	298	9	349	-	-	-	-	349	26
Investment management costs	-	432	-	432	-	121	-	121	553	1,190
Total	239	730	133	1,102	-	212	15	227	1,329	1,616
Charitable activities										
Membership	1,575	876	1,779	4,230	3	929	231	1,163	5,393	4,602
Chemistry World	1,007	1,042	633	2,682	-	-	82	82	2,764	2,604
Scientific conferences and events	423	1,023	395	1,841	29	1	51	81	1,922	1,207
Education and professional practice	2,195	1,513	1,700	5,408	151	222	221	594	6,002	5,962
Publishing	15,312	15,766	10,337	41,415	206	436	1,341	1,983	43,398	38,528
Advocacy and awareness	2,955	3,328	2,293	8,576	220	466	298	984	9,560	8,388
Total	23,467	23,548	17,137	64,152	609	2,054	2,224	4,887	69,039	61,291
Total expenditure	23,706	24,278	17,270	65,254	609	2,266	2,239	5,114	70,368	62,907

Direct costs and support costs include a foreign exchange gain of £1,040k (2021: Charge of £873k). Direct costs also include debt write offs totaling £169k (2021: £1,204k) and doubtful debt provision charges of £469k (2021: Release of £1,188k).

Restricted funds										
	Restricted income funds				Endowment funds				2022 Total	2021 Total
	Direct staff costs	Direct costs	Support costs	Total restricted income fund costs	Direct staff costs	Direct costs	Support costs	Total endowment fund costs		
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Expenditure on raising funds										
Investment management costs	-	2	-	2	-	157	-	157	159	315
Total	-	2	-	2	-	157	-	157	159	315
Charitable activities										
Membership	413	783	-	1,196	-	-	-	-	1,196	925
Scientific conferences and events	-	63	-	63	-	-	-	-	63	76
Education and professional practice	59	146	1	206	-	-	-	-	206	239
Advocacy and awareness	36	43	-	79	-	-	-	-	79	-
Total	508	1,035	1	1,544	-	-	-	-	1,544	1,240
Total resources expended	508	1,037	1	1,546	-	157	-	157	1,703	1,555

Defined contributions and other pension related costs totalling £2,662k (2021: £2,536k) are included within direct staff costs charged to general funds and restricted income funds.

9. Support costs

	Management £000	Finance £000	Information technology £000	Comms £000	Human resources £000	Accomm. £000	Governance £000	2022 Total £000	2021 Total £000
Basis of allocation	Head count	Head count	Head count	Head count	Head count	Head count	Head count		
Donations and legacies	6	11	60	10	29	21	2	139	137
Other trading activities	-	-	-	-	-	-	9	9	6
Membership	93	162	862	149	416	295	33	2,010	1,963
Chemistry World	33	58	306	53	148	105	12	715	730
Scientific conferences and events	21	36	191	33	92	66	7	446	547
Education and professional practice	89	155	824	142	397	282	33	1,922	2,054
Publishing	538	938	5,006	863	2,411	1,713	209	11,678	11,199
Advocacy and awareness	120	208	1,112	192	536	381	42	2,591	2,326
Total	900	1,568	8,361	1,442	4,029	2,863	347	19,510	18,962

10. Governance costs

	Note	2022 £000	2021 £000
Trustee expenses	31	8	2
Legal fees		2	2
Audit and accounting fees	See below	111	137
Governance support costs		226	215
Total		347	356

Analysis of auditor's remuneration

	2022 £000	2021 £000
Breakdown of audit and accounting fees:		
RSC charity and consolidated accounts external audit fees	60	60
Other RSC charity external audit work, including grant audits	5	5
Tax and advisory services	12	21
International external audit work	9	12
Internal audit and risk assurance services	25	39
Total	111	137

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 £12k (2021: £21k) of non-audit services have been incurred in 2022, which is below the policy threshold for 2022 of £31k.

11. Outturn per charitable activity

	2022			2021		
	Income £000	Expenditure £000	Net income/ (expenditure) £000	Income £000	Expenditure £000	Net income/ (expenditure) £000
Donations and legacies	497	(427)	70	588	(400)	188
Other trading activities	406	(349)	57	49	(26)	23
Investments	975	(712)	263	805	(1,505)	(700)
Membership	4,032	(6,589)	(2,557)	4,104	(5,527)	(1,423)
Chemistry World	1,027	(2,764)	(1,737)	959	(2,604)	(1,645)
Scientific conferences and events	1,399	(1,985)	(586)	467	(1,283)	(816)
Education and professional practice	284	(6,208)	(5,924)	358	(6,201)	(5,843)
Publishing	57,129	(43,398)	13,731	56,300	(38,528)	17,772
Advocacy and awareness	154	(9,639)	(9,485)	26	(8,388)	(8,362)
Other	69	-	69	19	-	19
Total	65,972	(72,071)	(6,099)	63,675	(64,462)	(787)

12. Pension fund

Defined benefit scheme: employee benefit obligations

	2022	2021
	£000	£000
Present value of funded obligations	(89,207)	(139,114)
Fair value of scheme assets	74,802	111,958
Net liability	(14,405)	(27,156)

Defined benefit scheme: Statement of financial activities impact

	2022	2021
	£000	£000
Net interest cost	(463)	(547)
Total expense	(463)	(547)

Defined benefit scheme: Amount recognised in the Statement of financial activities after net income/(expenditure)

	2022	2021
	£000	£000
Remeasurement on defined benefit scheme liability	10,414	11,455
Net cumulative actuarial losses	(15,729)	(26,143)

Defined benefit scheme: Reconciliation of fair value of the defined benefit obligation and fair value of plan assets

	2022	2021
	£000	£000

Change in the present value of the defined benefit obligation:

Opening defined benefit obligation	(139,114)	(145,680)
Interest expense	(2,468)	(2,016)
Actuarial gains	48,395	5,150
Benefits paid	3,980	3,432
Losses due to benefit changes	-	-
Closing defined benefit obligation	(89,207)	(139,114)

Change in the fair value of plan assets:

Opening fair value of plan assets	111,958	105,692
Interest Income	2,005	1,469
Return on plan assets less interest income	(37,981)	6,305
Contributions by employer	2,800	1,924
Benefits paid	(3,980)	(3,432)
Closing fair value of plan assets	74,802	111,958

The actual loss on the plan assets over the period ended 31 December 2022 was £35,976 (31 December 2021: return of £7,774k).

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 2019 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 £20,922k. The RSC has agreed with the trustees that it will aim to eliminate the deficit by annual payments as per an agreed recovery plan for a period of 7 years and 8 months from 1 January 2021 to 31 August 2027. Furthermore, from 2022 the RSC has agreed to make further contributions by income sharing. Based on operating income, 50% of any surplus up to a maximum of £0.5m will be payable following the approval of the prior year accounts.

As per the Recovery plan, the RSC made an additional payment of £0.5m during 2022 relating to the surplus attributed to operating revenue reported in the 2021 Financial Statements. The RSC does not expect to make any additional payments in 2023 based on these approved Financial Statements.

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.

In 2020 the RSC transferred a further £9m to a new designated fund to ensure we can meet our remaining contractual commitments in the recovery plan. Refer to note 26 for more detail.

The difference of £6,517k between the triennial actuarial valuation net liability of £20,922k and the FRS 102 net liability of £14,405k 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 2019) 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 2022) discounts the liabilities using the yield on high quality corporate bonds as required by accounting standards.

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 £2,613k (2021: £2,502k).

12. Pension fund (continued)

Defined benefit scheme: Principal actuarial assumptions at the balance sheet date

	At 31/12/2022	At 31/12/2021
	%	%
Rate of discount	5.00	1.80
Inflation (RPI)	3.25	3.45
Inflation (CPI)	2.25	2.45
Salary increases	n/a	n/a
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	2.25	2.45
Allowance for revaluation of deferred pensions of CPI or 2.5% p.a. if less	2.25	2.45
Allowance for pension in payment increases of RPI or 5% p.a. if less	3.00	3.25
Allowance for pension in payment increases of RPI or 3.5% p.a. if less	2.55	2.75
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 (Years) At 31/12/2022	Life expectancy at age 60 (Years) At 31/12/2021
Male retiring in 2022 (2021)	27.1	27.0
Female retiring in 2022 (2021)	29.0	28.9
Male retiring in 2042 (2041)	28.6	28.5
Female retiring in 2042 (2041)	30.5	30.5

Defined benefit scheme: assets in the plan as a percentage of total plan assets

	At 31/12/2022	At 31/12/2021
Equity instruments and Other	74%	80%
Debt instruments	25%	18%
Cash	1%	2%

Defined benefit scheme: Movement in net liability during the year

	2022	2021
	£000	£000
Net liability at beginning of the year	(27,156)	(39,988)
Movement in year		
Employer's contributions	2,800	1,924
Interest Income	2,005	1,469
Return on plan assets less interest income	(37,981)	6,305
Interest on pension liabilities	(2,468)	(2,016)
Experience gains arising on the plan liabilities	(6,357)	(358)
Changes in assumptions underlying the plan liabilities	54,752	5,508
Total movement	12,751	12,832
Deficit in plan at end of the year	(14,405)	(27,156)

Defined contribution scheme

	2022	2021
	£000	£000
Employer's contributions	2,613	2,502

13. Operating leases

Charges under operating leases to the Statement of Financial Activities during the year was £35k (2021: £74k).

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

Group and charity	2022	2021
	£000	£000
Leases payments:		
Within a year	34	83
Within two to five years	15	15
Later than five years	1,076	1,079
Total	1,125	1,177

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 retain use of the property for

the foreseeable future. Current rent payments are made up to date however, future financial commitments have not 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 2022	1,768	3,651	5,419
Balance at 31 December 2022	1,768	3,651	5,419
Accumulated amortisation			
Balance at 1 January 2022	1,752	3,603	5,355
Charge for Year	3	33	36
Balance at 31 December 2022	1,755	3,636	5,391
Net book value at 31 December 2022	13	15	28
Net book value at 31 December 2021	16	48	64
Charity			
	Index and databases	Web platform	Total
	£000	£000	£000
Cost			
Balance at 1 January 2022	726	3,651	4,377
Balance at 31 December 2022	726	3,651	4,377
Accumulated amortisation			
Balance at 1 January 2022	710	3,603	4,313
Charge for Year	3	33	36
Balance at 31 December 2022	713	3,636	4,349
Net book value at 31 December 2022	13	15	28
Net book value at 31 December 2021	16	48	64

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 £000	Fixtures, fittings and equipment £000	Total £000
Cost			
Balance at 1 January 2022	9,051	13,758	22,809
Additions	60	148	208
Disposals	(10)	(4,205)	(4,215)
Balance at 31 December 2022	9,101	9,701	18,802
Accumulated depreciation			
Balance at 1 January 2022	5,910	11,939	17,849
Disposals	(10)	(4,183)	(4,193)
Charge for year	248	392	640
Balance at 31 December 2022	6,148	8,148	14,296
Net book value at 31 December 2022	2,953	1,553	4,506
Net book value at 31 December 2021	3,141	1,819	4,960
Charity			
	Leasehold land and buildings £000	Fixtures, fittings and equipment £000	Total £000
Cost			
Balance at 1 January 2022	9,051	13,596	22,647
Additions	60	138	198
Disposals	(10)	(4,205)	(4,215)
Balance at 31 December 2022	9,101	9,529	18,630
Accumulated depreciation			
Balance at 1 January 2022	5,910	11,824	17,734
Disposals	(10)	(4,183)	(4,193)
Charge for Year	248	351	599
Balance at 31 December 2022	6,148	7,992	14,140
Net book value at 31 December 2022	2,953	1,537	4,490
Net book value at 31 December 2021	3,141	1,772	4,913

The RSC has not adopted a revaluation accounting policy and the asset classes disclosed in this note are capitalised at cost. During 2021, a valuation of the Thomas Graham House (TGH) building in Cambridge took place for internal management purposes, and determined that the market value of TGH as at July 2021, assuming a sale with vacant possession, was £20,000k.

The 2021 audit identified a need for the RSC to review its Fixed Asset Register. During 2022 a full review was completed on the register held by the RSC charity, any assets deemed to no longer be in service were subsequently disposed of. The majority of these assets carried a Nil Book Value (NBV), and any carrying value still present for disposed assets was recognised as an expense on the SOFA (£23k). Furthermore, due to the completion of the Spectrometer in a Suitcase project, 2 of these assets were sold to the participating Universities. The revenue of £11k was recognised in the SOFA.

Heritage Assets

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.

During 2022 a donation of 350+ books was made to the RSC. The books were mostly contemporary however the collection did contain 4 books dating back to the mid/late 1800s. A donation was also received of an early 20th century notebook (2021: Nil additions)

There were no disposals (2021: Nil)

16. Fixed asset investments

Group and charity

	Unrestricted funds		Restricted funds		2022 Total £000	2021 Total £000
	General funds £000	Designated funds £000	Restricted income funds £000	Endowment funds £000		
Investments listed on recognised stock exchange in the UK						
Mixed funds	13,032	4,360	285	6,045	23,722	29,567
Investments listed on recognised stock exchange outside the UK						
Fixed income	19,033	6,389	483	7,476	33,381	38,991
Equities	7,577	2,528	161	2,937	13,203	21,459
Mixed funds	16,985	5,675	419	5,206	28,285	33,218
Total investments listed on recognised stock exchange	56,627	18,952	1,348	21,664	98,591	123,235
Cash held for investment	7,388	2,459	369	2,407	12,623	1,276
FX hedging	(115)	(39)	(2)	(42)	(198)	(1,565)
Total liquid investments	7,273	2,420	367	2,365	12,425	(289)
Total investments	63,900	21,372	1,715	24,029	111,016	122,946

Movement in market value

	Unrestricted funds		Restricted funds		2022 Total £000	2021 Total £000
	General funds £000	Designated funds £000	Restricted income funds £000	Endowment funds £000		
Investments listed on recognised stock exchange						
Market value at 1 January 2022	72,937	22,899	1,341	26,058	123,235	113,746
Realised and unrealised (losses)/gains	(5,789)	(1,792)	(30)	(2,032)	(9,643)	10,519
Net transfers to cash held for investment	(10,521)	(2,155)	37	(2,362)	(15,001)	(1,030)
Market value at 31 December 2022	56,627	18,952	1,348	21,664	98,591	123,235
Cash and liquid assets held for investment						
Market value at 1 January 2022	(263)	(49)	189	(166)	(289)	3,214
Transfers from investments listed on recognised stock exchange	10,521	2,155	(37)	2,362	15,001	1,030
Investment management costs	(432)	(121)	(2)	(157)	(712)	(1,505)
Cost accrual movements	56	3	-	26	85	34
Investment income	579	182	214	-	975	806
Add: Capital Contributions	-	-	-	-	-	30
Less: Capital distributions	(4,000)	-	-	-	(4,000)	-
Movements on FX Hedging	812	250	3	300	1,365	(3,897)
Market value at 31 December 2022	7,273	2,420	367	2,365	12,425	(289)
Total investments at 31 December 2022	63,900	21,372	1,715	24,029	111,016	122,946

During the year, £4,000k was withdrawn from investment portfolios (2021: £Nil), and £Nil was deposited in the investment portfolios (2021: £Nil).

The sum of 'realised and unrealised gains/(losses)' of (£9,643k) and 'movements on FX hedging' of £1,365k equates to a total investment loss of £8,278k for 2022 (2021 Gain: £6,622k).

The historical cost of investments held at fair value as at 31 December 2022 is £90,709k (2021: £94,709k).

17. Investment in subsidiaries

Charity

	Investment £	Capital and Reserves £000
RSC Worldwide Limited*	100	842
RSC Worldwide (US) Inc**	6,431	651
RSC Worldwide (Germany) GmbH**	21,869	225
Chemistry Limited*	2	104
RSC (Beijing) Chemical and Science Technology Consulting Co., Ltd.**	120,000	1,095
Royal Chemistry India Private Limited***	157,272	668
Royal Society of Chemistry Japan K.K.**	69,729	215
Royal Chemistry India Foundation****	151	144
Friends of the RSC, Inc.	-	30

* 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 Consolidated Balance Sheet incorporates the above balance sheets of these subsidiary companies after elimination of intercompany debtor and creditor balances and any goodwill that has arisen within the group.

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.

2022 profit and loss and balance sheet for the charity's controlled subsidiaries

	RSC Worldwide Limited Registered no. 06702733		Chemistry Limited Registered no. 03801760	
	2022 £000	2021 £000	2022 £000	2021 £000
Profit and loss account				
Gross income	6,318	5,141	406	49
Total expenditure	(5,530)	(4,251)	(349)	(26)
Profit for the financial year	788	890	57	23
Gift aid distributed	(883)	(513)	-	-
Balance sheet				
Aggregate assets	3,689	3,641	496	296
Aggregate liabilities	(2,847)	(2,703)	(392)	(249)
Total funds	842	938	104	47

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 2022 a total of £883k (2021: £513k) was paid over to the RSC under Gift Aid.

18. Debtors

	Group 2022 £000	Group 2021 £000	Charity 2022 £000	Charity 2021 £000
Trade debtors				
Journal subscriptions	11,673	10,734	11,673	10,734
Journal covers	228	355	228	354
Open access	249	163	249	163
Advertising	234	203	201	156
Book distribution	286	274	286	274
Venue hire	70	29	-	-
Other trade debtors	252	299	252	295
Total trade debtors	12,992	12,057	12,889	11,976
Other debtors	2,024	1,464	1,493	1,015
Amounts due from group undertakings	-	-	858	1,296
Prepayments and accrued income	2,229	1,716	2,163	1,647
Total	17,245	15,237	17,403	15,934

Trade debtors are shown net of doubtful debt provision which totals £725k (2021: £255k) for the Group and £609k (2021: £207k) for the Charity. A total of £469k was charged to the SOFA in 2022 (2021: £1,188k released to the SOFA) which reflects the net value of bad debts not provided for in prior years. In addition, total bad debt write-offs of £169k (2021: £1,204k) were charged to expenditure during 2022. The largest individual provision amounting to £418k relates to a journal subscriptions debt held with a South American consortia which has remained outstanding since 2021.

The bulk of trade debtors relates to journal subscriptions, which total £11,673k (2021: £10,734k). The main reason for the increase in journal subscription debtors compared to the prior financial year is due to the timing of the annual contract negotiations and billing cycle where for the 2023 subscription year these progressed earlier than the 2022 subscription year process that took place in 2021. As a result, more orders were billed in 2022 compared to 2021 and resulted in an increase in debtors raised as well as an associated increase in deferred revenue at at year end.

19. Creditors: Amounts falling due within one year

	Group 2022 £000	Group 2021 £000	Charity 2022 £000	Charity 2021 £000
Trade creditors	(1,865)	(1,882)	(1,705)	(1,809)
Other creditors	(725)	(1,012)	(651)	(897)
Taxation and social security	(940)	(692)	(936)	(687)
Amounts due to group undertakings	-	-	(942)	(1,593)
Accruals	(4,857)	(4,321)	(4,493)	(4,051)
Total creditors	(8,387)	(7,907)	(8,727)	(9,037)
Deferred income	(25,410)	(21,599)	(25,340)	(21,568)
Total	(33,797)	(29,506)	(34,067)	(30,605)

Deferred revenue in short term creditors represents income from subscriptions relating to the 2023 financial year. Revenue held in short term deferred revenue will be recognised in full during the 2023 financial year. The bulk of deferred revenue falling due within one year relates to journal subscriptions which total £24,045k (2021: £20,139k) for the Group and £24,044k (2021: £20,136k) for the Charity. Substantially all of the deferred revenue as at 31 December 2021 was released to the Statement of Financial Activities in the year ended 31 December 2022.

Deferred revenue has increased by £3,811k compared to 2021. The main reason for the increase is due to the completion of contracts for the 2023 subscription year being more advanced as at 31 December compared with the prior year.

20. Creditors: Amounts falling due after more than one year

	Group 2022 £000	Group 2021 £000	Charity 2022 £000	Charity 2021 £000
Deferred income	(638)	(691)	(638)	(691)
Total	(638)	(691)	(638)	(691)

Deferred revenue in long term creditors represent income from subscriptions relating to the 2024 financial year and beyond and the associated revenue will be recognised in the financial years to which they relate.

21. Analysis of net assets between funds

Group	Unrestricted funds			Restricted funds		Total £000
	General funds	Designated funds	Pension reserve	Restricted income funds	Endowment funds	
	£000	£000	£000	£000	£000	
Fund balances at 31 December 2021 are represented by:						
Tangible fixed assets	-	4,960	-	-	-	4,960
Intangible fixed assets	-	64	-	-	-	64
Investments	72,674	22,850	-	1,530	25,892	122,946
Net current (liabilities)/assets	(31,186)	39,734	-	(973)	(274)	7,301
Long term creditors	(691)	-	-	-	-	(691)
Pension liability	-	-	(27,156)	-	-	(27,156)
Total net assets	40,797	67,608	(27,156)	557	25,618	107,424
Fund balances at 31 December 2022 are represented by:						
Tangible fixed assets	-	4,506	-	-	-	4,506
Intangible fixed assets	-	28	-	-	-	28
Investments	63,900	21,372	-	1,715	24,029	111,016
Net current (liabilities)/assets	(32,992)	38,071	-	(1,135)	(990)	2,954
Long term creditors	(638)	-	-	-	-	(638)
Pension liability	-	-	(14,405)	-	-	(14,405)
Total net assets	30,270	63,977	(14,405)	580	23,039	103,461
Charity						
	Unrestricted funds			Restricted funds		Total £000
	General funds	Designated funds	Pension reserve	Restricted income funds	Endowment funds	
	£000	£000	£000	£000	£000	
Fund balances at 31 December 2021 are represented by:						
Tangible fixed assets	-	4,913	-	-	-	4,913
Intangible fixed assets	-	64	-	-	-	64
Investments	72,674	22,850	-	1,530	25,892	122,946
Net current (liabilities)/assets	(33,973)	39,781	-	(1,094)	(274)	4,440
Long term creditors	(691)	-	-	-	-	(691)
Pension liability	-	-	(27,156)	-	-	(27,156)
Total net assets	38,010	67,608	(27,156)	436	25,618	104,516
Fund balances at 31 December 2022 are represented by:						
Tangible fixed assets	-	4,490	-	-	-	4,490
Intangible fixed assets	-	28	-	-	-	28
Investments	63,900	21,372	-	1,715	24,029	111,016
Net current (liabilities)/assets	(36,379)	38,087	-	(1,309)	(990)	(591)
Long term creditors	(638)	-	-	-	-	(638)
Pension liability	-	-	(14,405)	-	-	(14,405)
Total net assets	26,883	63,977	(14,405)	406	23,039	99,900

Tangible and intangible assets are represented within designated funds from 2020 onwards due to a Board of Trustees' resolution to move the balance held within tangible and intangible assets to a specific designated fund to aid transparency of usable general funds.

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\$16,500k were entered into during the year ended 31 December 2022 (2021: US\$16,000k). Forward contracts totalling US\$16,000k (2021: US\$8,750k) matured during 2022. As at 31 December 2022 there were forward contracts totalling US\$12,500k which will mature in the next financial year (2021: US\$11,500k). The year end valuation on the open forward contracts resulted in a fair value gain of £308k (2021: loss of £419k).

Forward options were purchased during the year for a combined premium of £Nil (2021: £Nil) to provide protection for the sale of US\$Nil (2021: US\$Nil). During the year, options to sell US\$Nil (2021: US\$4,250k) were exercised whilst options to sell US\$Nil lapsed (2021: US\$1,500k) without being exercised due to better spot rates being available at the time of maturity. As at 31 December 2022, the Society held options to sell US\$Nil at protected rates (2021: US\$Nil).

23. Financial Assets and Liabilities

	Group 2022 £000	Group 2021 £000	Charity 2022 £000	Charity 2021 £000
Financial assets measured at fair value through income and expenditure	111,324	122,946	111,324	122,946
Financial liabilities measured at fair value through income and expenditure	-	(419)	-	(419)

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 £57,888k (2021: £70,533k) from the RSC as a single entity and a deficit of £15,030k (2021: £5,220k surplus).

25. Restricted funds

Group – movement in funds

	Restricted income funds					Endowment funds			Total restricted funds	
	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	Total endowment funds		
	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Balance at 1 January 2021	-	1,482	19	30	77	1,608	17,395	6,151	23,546	25,154
Income	122	51	262	-	63	498	62	-	62	560
Expenditure	(820)	(121)	(266)	-	(49)	(1,256)	(221)	(78)	(299)	(1,555)
Gains on investment assets	-	71	-	-	-	71	1,025	365	1,390	1,461
Transfers	698	(1,062)	-	-	-	(364)	(698)	1,617	919	555
Balance at 31 December 2021	-	421	15	30	91	557	17,563	8,055	25,618	26,175
Income	146	72	238	-	157	613	293	-	293	906
Expenditure	(1,017)	(180)	(245)	-	(104)	(1,546)	(109)	(48)	(157)	(1,703)
Losses on investment assets	-	(27)	-	-	-	(27)	(1,209)	(523)	(1,732)	(1,759)
Transfers	871	112	-	-	-	983	(871)	(112)	(983)	-
Balance at 31 December 2022	-	398	8	30	144	580	15,667	7,372	23,039	23,619

Charity – movement in funds

	Restricted income funds			Endowment funds			Total restricted funds	
	Chemists' Community Fund	Trust and lecture funds	Grant income	Chemists' Community Fund	Trust and lecture funds	Total endowment funds		
	£000	£000	£000	£000	£000	£000	£000	
Balance at 1 January 2021	-	1,482	19	1,501	17,395	6,151	23,546	25,047
Income	122	51	262	435	62	-	62	497
Expenditure	(820)	(121)	(266)	(1,207)	(221)	(78)	(299)	(1,506)
Gains on investment assets	-	71	-	71	1,025	365	1,390	1,461
Transfers	698	(1,062)	-	(364)	(698)	1,617	919	555
Balance at 31 December 2021	-	421	15	436	17,563	8,055	25,618	26,054
Income	146	72	238	456	293	-	293	749
Expenditure	(1,017)	(180)	(245)	(1,442)	(109)	(48)	(157)	(1,599)
Losses on investment assets	-	(27)	-	(27)	(1,209)	(523)	(1,732)	(1,759)
Transfers	871	112	-	983	(871)	(112)	(983)	-
Balance at 31 December 2022	-	398	8	406	15,667	7,372	23,039	23,445

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 2022.

Trust and lecture funds

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

Transfers

Transfers from expendable endowment funds to restricted income funds take place to match the expenditure funded from expendable endowments. The transfer of £871k out of the CCF endowment funds to the CCF restricted income fund was required to meet expenditure incurred within restricted income. A £110k transfer out of expendable endowment trust funds to restricted income trust funds was also required to meet expenditure incurred within restricted income.

Transfers from general funds to restricted income funds takes place where expenditure incurred is in excess of income generated and brought forward available funds. There were £3k of transfers into restricted income funds from general funds in 2022.

Refer to note 26 and note 28 for more detail on transfers between funds.

26. Unrestricted funds

Group and Charity

Movement in unrestricted funds					
	General funds (free reserves) £000	Funds held within non-charitable activities £000	Designated funds £000	Pension reserve £000	Total £000
Balance at 1 January 2021	37,567	2,187	65,214	(39,988)	64,980
Income	57,711	4,989	415	-	63,115
Expenditure	(54,360)	(4,389)	(3,611)	(547)	(62,907)
Gains on investment assets	3,912	-	1,249	-	5,161
Transfers	(6,820)	-	4,341	1,924	(555)
Actuarial gain	-	-	-	11,455	11,455
Balance at 31 December 2021	38,010	2,787	67,608	(27,156)	81,249
Income	57,249	6,727	1,090	-	65,066
Expenditure	(58,664)	(6,127)	(5,114)	(463)	(70,368)
Losses on investment assets	(4,977)	-	(1,542)	-	(6,519)
Transfers	(4,735)	-	1,935	2,800	-
Actuarial gain	-	-	-	10,414	10,414
Balance at 31 December 2022	26,883	3,387	63,977	(14,405)	79,842

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											
	Balance at 1 January 2021 £000	Income £000	Expenditure £000	Gains on investment assets £000	Transfers £000	Balance at 31 December 2021 £000	Income £000	Expenditure £000	Losses on investment assets £000	Transfers £000	Balance at 31 December 2022 £000
Fixed assets reserve	5,760	-	-	-	(783)	4,977	-	-	-	(459)	4,518
Pension scheme recovery fund	9,000	-	-	-	-	9,000	-	-	-	(2,800)	6,200
Strategic alignment reserve	3,000	-	(61)	-	5,000	7,939	-	(1,188)	-	(5,100)	1,651
Strategic initiatives fund	12,018	1	(763)	-	(200)	11,056	14	(1,150)	-	-	9,920
New ventures fund	2,484	-	(23)	-	2,700	5,161	-	(47)	-	-	5,114
Technology roadmap fund	6,851	-	(2,126)	-	(2,000)	2,725	-	(1,430)	-	-	1,295
Pension long term strategy fund	17,491	121	(219)	992	-	18,385	148	(96)	(1,266)	-	17,171
TGH repairs fund	1,100	-	-	-	-	1,100	-	-	-	-	1,100
Publishing Business Modernisation	-	-	-	-	-	-	-	(206)	-	10,100	9,894
Member networks	2,079	221	(334)	-	161	2,127	894	(947)	-	191	2,265
Trust and lecture funds	5,431	72	(85)	257	(537)	5,138	34	(50)	(276)	3	4,849
Total	65,214	415	(3,611)	1,249	4,341	67,608	1,090	(5,114)	(1,542)	1,935	63,977

26. Unrestricted funds (continued)

Fixed assets reserve

The Fixed Assets Reserve mirrors the current balance held in fixed assets. Fixed assets represent a portion of the free reserves which are locked and not readily available and historically have been deducted from general funds when calculating the free reserves number. Transferring the tangible assets and intangible assets net book value to this separate designated fund improves transparency of the amount of spendable funds on the face of the balance sheet.

Pension scheme recovery fund

The Pension Scheme Recovery Fund ensures we can meet our remaining contractual commitments in the Recovery Plan.

Strategic alignment reserve

The Strategic Alignment Reserve will enable strategy implementation, realignment of our priorities and implement our cost efficiencies programme.

Strategic initiatives fund

The fund will be used to deliver impactful charitable activities over the next five to ten 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.

New ventures fund

Previously referred to as the commercial strategy fund, this fund will enable investment into new revenue generating activities, including commercial acquisitions, over the duration of the Commercial Strategy (until 2025).

Technology Roadmap Fund

The fund comprises four strategic programmes which have been developed to support the RSC strategic objectives over the next 4 years (up to 2025).

Pension long term strategy fund

A capital sum of £15m was earmarked in 2018 to facilitate a buyout transaction of £30m in 2032, which will provide a permanent resolution to the deficit and fully discharge the RSC's employer obligations to the defined benefit pension fund.

TGH repairs fund

Future capital repairs planned on the Thomas Graham House (TGH) building over the next five to ten years will be funded from this designated fund.

Publishing Business Modernisation

This fund was created during 2022 to deliver our publishing strategic objectives over the next five years, supporting the open access transition and journal business growth as well as the development and modernisation of our publishing platforms.

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 or releases from designated funds back to general funds.

The £2,800k transfer from the Pension scheme recovery fund to the pensions reserve (2021: £1,924k) reflects the employer defined benefit recovery plan contributions of £2,300k paid in the year, along with an additional £500k relating to the Contribution by Revenue Share as set out in the recovery plan (see note 12)

The £191k transfer from general funds to designated funds (2021: £161k) reflects the grants made by the RSC to Member networks to support activities at the level.

A transfer of £5,000k was made from the general fund to support the creation of the Publishing Business Modernisation fund. This transfer was approved by the Trustees in July 2022.

Furthermore a transfer of £5,100k was made from the Strategic Alignment Reserve to the Publishing Business Modernisation fund.

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 2022.

	2022			2021		
	Restricted income funds £000	Expendable endowment funds £000	Total £000	Restricted income funds £000	Expendable endowment funds £000	Total £000
Income						
Casual Donations	-	11	11	-	2	2
Legacies and Bequests Revenue	-	282	282	-	60	60
Investment Income	146	-	146	122	-	122
Total income	146	293	439	122	62	184
Expenditure						
Grants Awarded	(468)	-	(468)	(443)	-	(443)
Investment & Banking Fees	-	(109)	(109)	-	(221)	(221)
Staff Costs	(413)	-	(413)	(338)	-	(338)
Volunteer and Member expenses	(12)	-	(12)	(6)	-	(6)
Other	(124)	-	(124)	(33)	-	(33)
Total expenditure	(1,017)	(109)	(1,126)	(820)	(221)	(1,041)
Net (expenditure)/income before investment gains	(871)	184	(687)	(698)	(159)	(857)
(Losses)/gains on investment assets	-	(1,209)	(1,209)	-	1,025	1,025
Net (expenditure)/income	(871)	(1,025)	(1,896)	(698)	866	168
Transfer between funds	871	(871)	-	698	(698)	-
Net movement in funds (decrease)/increase	-	(1,896)	(1,896)	-	168	168
Reconciliation of funds						
Fund balances brought forward	-	17,563	17,563	-	17,395	17,395
Fund balances carried forward	-	15,667	15,667	-	17,563	17,563

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 2022. 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 2022	2022							2021 Closing balance
	2022 Opening balance	2022 Donations	2022 Income	2022 Expenditure	2022 Accumulated investment movement	2022 Transfers	2022 Closing balance	
	£000	£000	£000	£000	£000	£000	£000	
Designated funds								
Research Fund	1,559	-	10	(7)	(82)	-	1,480	1,559
Saville Fund	158	-	1	(3)	(9)	-	147	158
A Spinks Symposia Fund	153	-	1	(1)	(9)	-	144	153
Marriot Legacy	250	-	2	(5)	(14)	-	233	250
W A Waters	277	-	2	(6)	(15)	-	258	277
Colman-Porter Fund	428	-	3	(9)	(23)	-	399	428
Memorial Fund	142	-	1	(3)	(8)	-	132	142
Sir Derek Barton Fund	1,910	-	12	(8)	(102)	-	1,812	1,910
C Sulzbacher	112	-	1	(3)	(6)	-	104	112
Other designated trust funds	149	-	1	(5)	(8)	3	140	149
Total	5,138	-	34	(50)	(276)	3	4,849	5,138
Restricted income								
A Robertson Bequest	267	-	2	(2)	(16)	-	251	267
Other restricted income trust funds	154	-	70	(178)	(11)	112	147	154
Total	421	-	72	(180)	(27)	112	398	421
Expendable endowment								
William Briggs Fund	243	-	-	(1)	(15)	-	227	243
J O Cutter	848	-	-	(5)	(54)	(25)	764	848
Charles Rees Award	131	-	-	(1)	(8)	-	122	131
Recognition Fund	2,369	-	-	(15)	(165)	(87)	2,102	2,369
Other expendable endowment trust funds	82	-	-	-	(5)	-	77	82
Total	3,673	-	-	(22)	(247)	(112)	3,292	3,673
Permanent endowment								
Sir Derek Barton Award Fund	289	-	-	(2)	(19)	-	268	289
Recognition Fund	4,093	-	-	(24)	(257)	-	3,812	4,093
Other permanent endowment trust funds	-	-	-	-	-	-	-	-
Total	4,382	-	-	(26)	(276)	-	4,080	4,382
Total trust funds	13,614	-	106	(278)	(826)	3	12,619	13,614

28. Trust and lecture funds (continued)

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

Recognition Fund

In 2021 the RSC established a new RSC Recognition Fund as a special trust with the charitable purpose to advance the science of chemistry and its application for the public benefit by recognising excellence through the provision of awards, prizes and other means. 31 existing trust funds that had been created following donations, bequests and designations over the last century were identified as having a purpose aligned to the Recognition Fund, or had the potential to be realigned following consultation with donors and descendants. Following Trustee approval, and subsequent Charity Commission approval, the RSC Recognition Fund was created by the transfer from the identified Trust Funds.

W A Waters Bequest

The fund was founded in 1986 following a bequest of a 12.5% share of the residuary estate of the late William Alexander Waters to the RSC.

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.

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.

A Robertson Bequest

The fund was founded in 1975 for the promotion of teaching and study of chemistry at secondary school level.

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.

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 27 April 2023. 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 2022, 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 2022 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	2022 £000	2021 £000
Accumulated fund	77	77
Represented by:		
Investments	92	92
RSC creditor	(15)	(15)
Total	77	77

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' Royalty Payments

No Trustee received a royalty payment relating to contributions made to RSC publications during the 2022 year (2021: £nil)

Trustees' remuneration

No Trustees received or waived remuneration for their role as a trustee during the 2022 year (2021: £nil).

Trustees' Expenses

The total amount of expenses reimbursed to 9 (2021: 5) Trustees or paid directly to third parties in respect of travel to meetings and related expenses in 2022 was £7.8k (2021: £2k).

Donations from Trustees

Total donations received without conditions from trustees was £Nil in 2022 (2021: £Nil).

Trustees' Indemnity Insurance

The amount paid in 2022 for Trustees' Indemnity Insurance was £15,774 (2021: £14,572).

Related Parties

The following transactions took place between the Charity and its subsidiaries. There have been no other related party transactions in 2022.

	2022 £000	2021 £000
Service payments to RSC Worldwide Limited	(6,002)	(4,683)
Gift aid received from Chemistry Limited	883	513
Debtor amounts due from subsidiaries		
Chemistry Limited	282	237
RSC Worldwide (US) Inc	567	509
Friends of the RSC, Inc.	14	13
RSC Worldwide Limited	5	552
RSC Worldwide Germany GmbH	6	3
Creditor amounts due to subsidiaries		
RSC Worldwide Limited	(648)	(1,579)
Royal Society of Chemistry Japan K.K.	(8)	(8)
Chemistry Limited	(285)	(6)

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 2022 in respect of RSC Worldwide Limited and Chemistry Limited were £1k (2021: £1.5k) and £3.6k (2021: £2.7k) respectively.

32. Consolidated statement of financial activities for the year ended 31 December 2021

The prior year consolidated statement of financial activities is shown below:

	Unrestricted funds					Restricted funds				Total 2021 £000
	General funds 2021 £000	Designated funds 2021 £000	Total general and designated funds 2021 £000	Pension reserve 2021 £000	Total unrestricted funds 2021 £000	Restricted income funds 2021 £000	Endowment funds 2021 £000	Total restricted funds 2021 £000		
Income and endowments from:										
Donations and legacies	407	56	463	-	463	63	62	125	588	
Other trading activities	49	-	49	-	49	-	-	-	49	
Investment income	479	153	632	-	632	173	-	173	805	
Charitable activities										
Membership	4,095	9	4,104	-	4,104	-	-	-	4,104	
Chemistry World	959	-	959	-	959	-	-	-	959	
Scientific conferences and events	195	196	391	-	391	76	-	76	467	
Education and professional practice	172	-	172	-	172	186	-	186	358	
Publishing	56,299	1	56,300	-	56,300	-	-	-	56,300	
Advocacy and awareness	26	-	26	-	26	-	-	-	26	
Other income	19	-	19	-	19	-	-	-	19	
Total income and endowments	62,700	415	63,115	-	63,115	498	62	560	63,675	
Expenditure on:										
Raising funds										
Donations and legacies	343	53	396	4	400	-	-	-	400	
Other trading activities	26	-	26	-	26	-	-	-	26	
Investment management costs	911	279	1,190	-	1,190	16	299	315	1,505	
Charitable activities										
Membership	3,817	728	4,545	57	4,602	925	-	925	5,527	
Chemistry World	2,500	83	2,583	21	2,604	-	-	-	2,604	
Scientific conferences and events	1,108	83	1,191	16	1,207	76	-	76	1,283	
Education and professional practice	5,491	412	5,903	59	5,962	239	-	239	6,201	
Publishing	36,927	1,278	38,205	323	38,528	-	-	-	38,528	
Advocacy and awareness	7,626	695	8,321	67	8,388	-	-	-	8,388	
Total expenditure	58,749	3,611	62,360	547	62,907	1,256	299	1,555	64,462	
Net income/(expenditure) before investment gains/(losses)	3,951	(3,196)	755	(547)	208	(758)	(237)	(995)	(787)	
Gains/(losses) on investment assets	3,912	1,249	5,161	-	5,161	71	1,390	1,461	6,622	
Net income/(expenditure)	7,863	(1,947)	5,916	(547)	5,369	(687)	1,153	466	5,835	
Transfer between funds	(6,820)	4,341	(2,479)	1,924	(555)	(364)	919	555	-	
Net group income/(expenditure) before other recognised gains and losses	1,043	2,394	3,437	1,377	4,814	(1,051)	2,072	1,021	5,835	
Remeasurement on defined benefit pension scheme	-	-	-	11,455	11,455	-	-	-	11,455	
Net movement in funds increase/(decrease)	1,043	2,394	3,437	12,832	16,269	(1,051)	2,072	1,021	17,290	
Reconciliation of funds										
Fund balances brought forward	39,754	65,214	104,968	(39,988)	64,980	1,608	23,546	25,154	90,134	
Fund balances carried forward	40,797	67,608	108,405	(27,156)	81,249	557	25,618	26,175	107,424	

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 financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

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

Going concern

At the time of approving the financial statements, there are no material uncertainties regarding the RSC's ability to continue in operational existence for the foreseeable future. In arriving at this conclusion, the RSC has taken account of the current and anticipated financial performance, liquidity, its reserves position and the ability to draw down on readily realisable investments as required in light of the impacts experienced and expected of the downturn of the global economy. For these reasons, the going concern basis continues to be adopted in the preparation of the RSC's financial statements.

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, Royal Society of Chemistry Japan K.K. and RSC Worldwide (Germany) GmbH 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 and 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."

33. Accounting policies (continued)

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, their partners and dependents. The Chemists’ Community Fund holds contracts that allow it to nominate occupation of 15 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 SoFA 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 future years 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 2022 these subscriptions amounted to £4k relating to 12 members (2021: £4k, 8 members).

Conference income

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

33. Accounting policies (continued)

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

The consolidated financial statements are presented in sterling, which is the charity's and the group's presentation and functional 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 2022. 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.

33. Accounting policies (continued)

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, with the exception of trademarks which are amortised over ten years. 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 is valued at £10k or above. For groups of items that cumulatively exceed £10k the previous point still applies, as the categorisation will be based on the unit price. The only exception to this is where individual components are integral to a main asset coming into use. 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 fixtures and fittings 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.

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.

33. Accounting policies (continued)

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.

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered, less any impairment. Prepayments are valued at the amount prepaid net of any trade discounts due. Cash and cash equivalents

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 2019 full actuarial valuation to 31 December 2022. This was carried out by a qualified actuary independent of the RSC. The actuarial valuation involves making assumptions about discount rates, 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.

Further details are given in Note 12.



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