ROYAL SOCIETY OF CHEMISTRY

Royal Society of Chemistry

Financial Statements and Trustees' Report 2017

About us

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

As a not-for-profit organisation, we invest our surplus income to achieve our charitable objectives in support of the chemical science community and advancing chemistry. We are the largest non-governmental investor in chemistry education in the UK.

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

Our global community spans hundreds of thousands of scientists, librarians, teachers, students, pupils and people who love chemistry.

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Welcome from our president

It would be satisfying, as the president of a successful organisation, to simply enjoy the continuous flow of stories from our community about how our activities benefit science and humanity. Many of these are told in this report. But as responsible stewards of our 176-year heritage, my fellow Trustees and I must look beyond today's successes and plan for tomorrow's challenges.

Our *Future of the Chemical Sciences* research in 2016 showed an unpredictable environment for chemistry: a rapidly changing landscape for technological advances having huge impacts on skills and careers, and an increasingly complex relationship between science and politics at local, national and global levels.

Understanding these trends allowed us in 2017 to plan more effectively – at the same time as delivering more for the chemistry community than ever before.

The role of the professional chemical scientist is changing – and so being able to demonstrate competence and commitment has never been more important. As a lifelong teacher, it was personally rewarding to see the Royal Society of Chemistry officially recognising so many new kinds of professionalism, such as technical and vocational education, as well as welcoming more new chartered chemists than ever before.

While pushing the quality of the knowledge we disseminate ever higher, we have also made it more accessible. Making the world's largest chemical science journal, *RSC Advances*, a gold open access journal – free to read for everyone – was a bold step, and a clear demonstration of our intent to make chemistry knowledge more openly available.

Across almost every issue – research, education, safety, employment and so many more – policy discussion and advocacy is framed by Brexit. We have been active in informing the decision-making process, often directly with government, to ensure the UK will continue to be a great place to do science. But perhaps even more importantly we have been reaffirming and building on our relationships with international partners because, regardless of global politics, chemistry has no nationality.

In delivering all of this, the staff of the Royal Society of Chemistry work with extraordinary skill, and on behalf of the Trustees I thank them all for their dedication. Alongside their achievements for the community they have also made the organisation more efficient and resilient, through multimillion-pound investment in technology and financial planning.

As Trustees we must hold the executive to account, but also improve our own ability to govern the organisation. The governance review I initiated in 2016 has this year recommended changes that will allow for more diverse, more confident future boards of Trustees, who will be able to make strategic decisions that will further strengthen our organisation's ability to effectively meet future challenges and stay relevant in a changing world.

In leading this work, it is my aim that the Royal Society of Chemistry I hand over to my successor is even stronger than the one I inherited.

But of course with that duty comes the privilege of leading a diverse community of people in all sectors, from all backgrounds, who love chemistry. Every engagement brings me into contact with new people who do exciting new things for the love of their science. Each is a powerful reminder of the value we bring to society: advancing excellence in the chemical sciences, to improve the lives of people around the world now and in the future.

Professor Sir John Holman

Our strategy: shaping the future of the chemical sciences

Chemistry changes the world

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

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

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

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

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

Chemistry is changing

For the chemical sciences to make their maximum impact, they need to change with the world. By 2025 we want to see that:

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

This is the future we want for the chemical sciences.

We can enable that change

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

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

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

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

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

We have a plan to enable that change

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

Champion the chemistry profession

As the UK's professional body for chemists, we will champion the value of our profession and inspire the next generation.

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

Share chemical knowledge

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

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

Use our voice for chemistry

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

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

We will change how we work

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

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

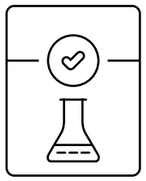
- We will understand our members and customers to make our products and services as tailored and relevant as possible
- We will strengthen our existing revenue streams as well as developing new sources of income to spend on our charitable work
- We will expand our digital capacity and capability to both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

Delivering our core roles: examples of successes in 2017

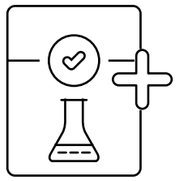
We focused much of our activity in 2017 on delivering our roles for the chemistry community. As a global and diverse organisation, our output and impact is wide-ranging. For each of our roles we offer a snapshot of our impact and progress against our strategy.

Champion the chemistry profession

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

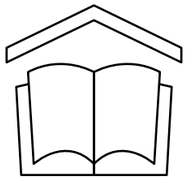


14,143 total chartered chemists



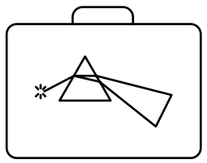
186 new chartered chemists in 2017 – our highest ever single year increase

51,351 members



3,921 schools are members of Learn Chemistry Partnership programme

444 degree programmes accredited globally



22,546 students have taken part in Spectroscopy in a Suitcase sessions this year

310 companies in our EnterprisePlus scheme – **25%** of the SME market in the chemical sciences

Set and maintain professional standards

Chemical scientists' work directly affects public life in countless ways – from food manufacturing to drug safety – and so public safety and comfort depends on well-trained and ethically responsible practice of chemistry.

Our role as the UK's professional body for chemical scientists means it is our duty to ensure people working in chemistry uphold the highest ethical and professional standards.

- We accredited 11 new and reintroduced chemistry degree programmes at King's College London, Lancaster and Kent.
- We accredited for the first time a degree apprenticeship in chemistry from the University of Greenwich. The government-supported programme allows students to earn a full BSc degree while working full time.
- We became the first professional body to sign 1,000 certificates for Qualified Person (QP) eligibility. QPs legally sign off release of pharmaceutical batches and are essential to the safe control of medicines.
- We awarded three people the Mastership in Chemical Analysis (MChemA), the statutory qualification for public analysts who oversee scientific control of the whole food and feedstock chain. The Royal Society of Chemistry (and previously the Institute of Chemistry) has been the only body able to award this qualification since the turn of the 19th century.
- We awarded Chartered Environmentalist (CEnv) 47 times in the 18 months since gaining a licence from the Society for the Environment. At an audit held at our Cambridge offices, the review panel was positive about our contribution, highlighted areas of good practice it will endorse, and recommended that our licence be renewed.

"It is definitely the right style of learning for me because I can apply my knowledge to something useful. When I finish my degree, I will have five years' work experience and no debt."

Adam Gymer, Pfizer/University of Greenwich degree apprentice
https://eic.rsc.org/feature/earn-while-you-learn/3007601.article

Support and bring together practising chemists

Meeting the right people is often the crucial difference between excellent scientific research and a successful business venture that unlocks even more value for society. We help scientists become entrepreneurs by bringing them together and making new connections, and so help to make more benefits of chemistry accessible to the wider world.

- We brought together 60 experts from large companies, SMEs, academics and supporting organisations representing different sectors and disciplines to find new ways to tackle corrosion. After presentations from AkzoNobel, Aramco, BASF and BP, delegates formed multidisciplinary teams to design projects that could address major challenges in corrosion.
- At our annual event for industry, Chemistry Means Business, we hosted a diverse and international audience and speakers from a range of organisations, including McLaren, IBM, Mondelēz, Unilever, Shell, Procter and Gamble, BP, AkzoNobel, Pfizer, Diageo, Johnson Matthey and AstraZeneca, along with more than 250 delegates.
- The winners of our Emerging Technologies Competition raised £320,000 last year, bringing the total raised by all winners in the last five years to £31.3m.
- We organised an event where companies pitched their technologies to around 100 private investors. The companies each hoped to raise captial to complete pre-clinical studies, validate and prototype their product or scale up the technology, and many of the companies are now in discussions with potential investors.

Improve and enrich the teaching and learning of chemistry

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

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

- We are supporting 146 new teachers during their training from 2017-18, against a target of 120, as part of our Teacher Training Scholarship scheme after a record response this year. We run the scheme in partnership with the Department for Education and it includes a cash bursary, chemistry-specific support packages and mentoring. We will be running the scheme again in 2018-19.
- We held our first event for industrial placement officers in UK chemistry departments, who place nearly 600 students a year in industry, to share good practice in running placement schemes and highlight the Registered Scientist (RSci) award.
- 126 of our Learn Chemistry teaching resources are recommended as part of the Scottish Qualification Authority's new course specification for the National 5 course (equivalent to GCSEs).

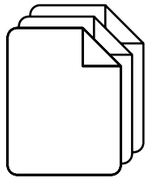
Chemistry Means Business, 2017

The Investment Catalyst event, 2017

Teacher Training lessons, 2017

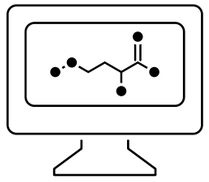
Provider of high quality chemical science knowledge

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

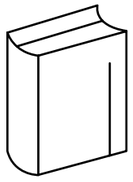


35,398 articles published

9,428 (26.6%) of those are open access and freely available to view



60m ChemSpider compounds



95 books published

Maintain high publishing standards

Everyday advances in medicine, energy and security are all built on the research conducted and published by scientists over hundreds of years.

Each of the tens of thousands of articles we publish each year is not only high quality research, but also conducted to the highest ethical standards.

- Our journals saw strong 2016 impact factors (IFs), building on our reputation for quality and impact. 21 out of our 39 journals increased their impact factors in 2016. Individual journal highlights included:
  - 13% increase in IF for *Chemical Society Reviews* to 38.6, ranking second in the 'Chemistry, Multidisciplinary' category
  - 16% increase in IF for *Energy & Environmental Science* to 29.5, ranking top in three out of four Journal Citation Reports (JCR) categories
  - 5.6% increase in IF for *Organic Chemistry Frontiers* to 4.9 – our partner journal with the Chinese Chemical Society and the Shanghai Institute of Organic Chemistry
  - *Material Horizons*, established in 2014, gained a partial impact factor of 10.706
- We made *RSC Advances*, then the world's largest chemical sciences journal, a gold open access journal early in 2017. The published articles are free to access and author processing charges are some of the lowest in the sector. We published 6,563 articles from 73 countries in *RSC Advances* in 2017 including 431 articles, from 43 countries, that qualified for a full fee waiver.
- We published the first issues of *Sustainable Energy and Fuels*, which publishes research that will drive development of sustainable energy technologies, and *Materials Chemistry Frontiers*, a journal for rapid publication of research in materials chemistry published in partnership with the Chinese Chemical Society and the Institute of Chemistry Chinese Academy of Sciences.

Promote and enable the exchange of ideas

Scientists advance their thinking by sharing it – with peers, with collaborators in other specialisms, and with the wider world.

We connect chemical scientists with the world and each other, so that they can contribute their knowledge and skills to the body of scientific understanding, and to wider society.

- In 2017 we ran more than 200 events attracting more than 14,400 delegates in total, including flagship conferences such as our International Symposia for Advancing the Chemical Sciences (ISACS) series, Chemistry Means Business, and the Pan Africa Chemistry Network Congress in Ghana.
- Our Twitter Poster Conference 2017 (#RSCPoster) attracted 1,650 contributors and 6,500 tweets – reaching a Twitter audience of nearly three million people around the world in 24 hours. The conference's scope included all areas of the chemical sciences, under the headings of Analytical, Chemical Biology, Education, Environmental, Inorganic, Materials, Nanoscience, Organic and Physical.
- We attracted 97 applications – a 30% increase on last year – for our Researcher Mobility Grants scheme, which supports PhD students and early career researchers to undertake short- to mid-term scientific visits to overseas or UK organisations. We awarded 30 grants for the highest quality applications, for a total of £119,000.

Facilitate collaboration across disciplines, sectors and borders

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

By working together with a wide range of partners we are able to share knowledge with a wider audience and to make that knowledge more accessible.

- Together with the American Chemical Society (ACS) and the Gesellschaft Deutscher Chemiker (GDCh) we supported the launch of ChemRxiv, a pre-print server where authors of chemical research can share early findings with the wider community before formal peer review and publication in a journal. Our shared priority is to provide the global chemistry community with the 21st century tools they need to share and discover research.
- During Peer Review Week 2017 we launched a partnership with Publons, a third-party reviewer recognition service, for 10 of our journals. Publons is a free service for researchers that allows them to track and showcase their peer review contributions.
- We signed an agreement with the European Society of Biomaterials (ESB), who will endorse our journal *Biomaterials Science* as the official journal of their society from January 2018.
- We provided the UK delegation to the 7th Chemical Sciences and Society Summit in Dalian, China, on the topic of Solar Energy and Photonics for a Sustainable Future. The summit brought together the chemical societies and funding agencies from China, Germany, Japan, UK and USA to discuss the research landscape and future challenges.

Influential voice for the chemical sciences

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

Engage and enable our diverse community

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

- We awarded our inaugural Inclusion and Diversity Prize to Henry "Hoby" Wedler and Dean Tantillo from the University of California Davies, US. Hoby is a blind chemist whose company 'Accessible Science' runs science summer camps for visually impaired teenagers.
- Together with the Engineering & Physical Sciences Research Council (EPSRC) and the Institute of Physics (IOP) we formed a Collaboration Group for Diversity in the Physical Sciences to identify areas of common interest that can lead to positive action to encourage and safeguard diversity and inclusion across the physical sciences.
- We hosted a women in chemistry wikithon, organised by Dr Jess Wade from Imperial College London, which saw members of the public visit Burlington House to learn about the work of notable female chemists and add pages and information to Wikipedia.
- We took part in the Science Council and Royal Academy of Engineering's assessment exercise against their Diversity and Inclusion Progression Framework. The review panel judged us as above average for the sector in leadership, employment, membership and professional registration.

Influence decision makers

We have worked closely with government, Parliament and other decision-making bodies throughout 2017 to ensure policy that affects or is affected by the chemical sciences is informed by high quality evidence and expertise.

Brexit

The UK's exit from the EU shaped much public policy discussion in 2017. We also contributed to the decision-making about the nature of Brexit as it relates to science.

Our priorities for the UK government for science and Brexit

- **Ensuring access to international R&D funding programmes and infrastructure and also the associated collaboration opportunities**
- **Easy movement of skilled scientists and of students to and from the UK**
- **Regulation that achieves a balance between nurturing innovation, protecting the environment and human health and enabling the UK to trade internationally**

- Working with the Commons committees on Exiting the EU and Science & Technology we advocated that science must be a negotiating priority to fulfil the government's aim of research and development acting as a driver for economic growth across the country. Science became one of the 12 negotiating priorities later announced by the Prime Minister.
- Our president, Professor Sir John Holman, represents the Council for Mathematical Sciences, Institute of Physics, Royal Society of Biology and Royal Society of Chemistry on the High Level Stakeholder Working Group on EU Exit, Universities, Research and Innovation, originally convened and chaired by Science & Universities Minister Jo Johnson and then his successor Sam Gyimah.

Regulation and safety

- We gave written and oral evidence to the House of Commons Environmental Audit Committee for their inquiry into The Future of Chemicals Regulation after the EU Referendum, which focused on the REACH regulation that governs the Registration, Authorisation, Evaluation and Restriction of Chemicals in the EU. We said that good chemicals regulation must strike a balance between the needs of research, innovation and trade with protecting citizens, wildlife and the environment.

Research and education

- We have responded to number of consultations and issues relating to research and education, including the Higher Education Funding Council for England's proposals for the Research Excellence Framework (REF) exercise in 2021 and curriculum and strategy changes in Scotland and Wales.
- Several of our recommended changes were included in government amendments to the Higher Education and Research Bill, including support for fundamental, curiosity-driven research as well as strategic and applied research; safeguards on the remits and activities of the Research Councils by requiring the Secretary of State to consult with stakeholders before making any change; and more effective coordination between the Office for Students and UK Research and Innovation.
- We have engaged closely with the Department for Education on the issue of technical qualifications and education. We advocated a focus on quality rather than quantity, and in favour of the proposed "T levels", a level 3 technical qualification equivalent to an A level. The chair of our Admissions Committee, Hilary Jeffreys, has been named as the chair of the T level panel for Science, and a member of our professional qualifications staff will also sit on the panel.
- The final UK Measurement Strategy published in March incorporated several points from our consultation response, including clarity about UK measurement capability and the need for metrology to underpin regulation, law enforcement and industrial claims.

Innovation and the economy

Through consultation, evidence and stakeholder engagement we have been involved in the development of the government's industrial strategy, including meetings with the Department of Business, Energy and Industrial Strategy (BEIS), a response to their green paper consultation, and a response to the House of Lords Science and Technology Select Committee inquiry into Life Sciences and the Industrial Strategy.

Connect the chemical sciences to the wider world

Our 2015 research *Public attitudes to chemistry* showed people value chemistry in theory but don't necessarily relate it to their everyday lives. We share stories through a range of media and events to make chemistry and chemical scientists more visible and relevant.

- We sponsored a media fellowship with the British Science Association, with Dr Kate Wright, a post-doctoral researcher on malaria at Imperial College, spending a summer placement with the Times' science editor, Tom Whipple. In her first few weeks she wrote a front-page story reporting arthritis research.
- We opened the doors of our London headquarters, Burlington House, to the public as part of Open House London, the largest architecture festival in the world. 29 members of our staff volunteered and they welcomed 1,901 visitors in one day, an increase of 25% on last year, to explore the story of our historic home and engage with chemistry at the same time.
- Our network of education coordinators provide regional support and inspiration to our members, teachers and the public all across the UK and Ireland. They engaged with thousands of people in 2017 and put on some highly visible and entertaining activities; for example, 15 member volunteers joined our team at Paddington Station for a chemistry busking event, interacting with more than 600 people from around the world about the chemistry of glow sticks.
- In partnership with BOC Gases and the Association for Science and Discovery Centres (ASDC), we selected nine science centres around the UK to deliver *The Secret World of Gases*, a two-year national programme that will engage, inspire and involve school-age children and their families with the amazing stories and science of gases.
- We unveiled a Chemical Landmark plaque mounted on the Ape & Apple pub on John Dalton St, recognising influential chemist John Dalton,, following on from celebrations of the 250th anniversary of his birth last year, with our members in the Manchester area making a significant contribution to the festivities.

Changing how we work

Our ambition for the chemical sciences sets demanding expectations of us. We need to shift our mindset, capabilities and operating model in order to deliver successfully as a customer-focused, commercially aware and digital-first organisation.

We need to be fit for the future to ensure we have a resilient and adaptable foundation for the next 175 years.

Understanding our members and customers

We offer a wide range of products and services to a diverse community of people working in chemistry – and as the world moves on, their needs change. We aim to better use customer insight to make our products and services as tailored and relevant as possible.

- We further developed our ability to gain and understand customer insight through investment in people, training and research.
- We have run for many years a successful portfolio of scientific conferences and events, and it is important that we continue to meet our customers' evolving needs. We conducted in-depth qualitative and quantitative research in 2017 to improve our understanding of chemical scientists' requirements and preferences. The results will inform our future event planning – for example, we found our community finds particular value in smaller, more specialised conferences, and that they consider these one of our strengths and an area to focus on.
- We launched our revamped quarterly member magazine *Voice* in October 2017. We based changes to the design and content on a series of focus groups with members of all ages, sectors and backgrounds. These included a round-up of shorter news pieces and more opinion from leading voices in chemistry.

Strengthening our revenue streams

As a non-profit organisation, all of the financial surplus we make goes back into the chemistry community. Most of our surplus currently comes from subscriptions to our research journals but, as the publishing industry undergoes huge change, we are planning to make our surplus from a wider range of products and services. This will reduce our risk and ensure we can sustain our support for the chemistry community in the future.

- We began implementing our plan to introduce new open access-focused agreements with research institutions.
- New shared service agreements, such as the joint promotion agreement with the Biochemical Society, broadened our knowledge-based revenue streams.
- We started to implement a new international accreditation service, allowing programmes of chemical science teaching and training in countries outside the UK to gain a recognised, trusted stamp of approval for meeting high quality standards.

Expanding our digital capabilities

We have significantly grown our organisation's size, influence and output in recent years. That growth requires an investment in the systems we use to manage our information and planning, using modern technology to become more efficient and effective. We are expanding our digital capacity and capability to both manage our business with greater sophistication and deliver world-leading services for the chemical science community.

- We have significantly improved our user experience for authors.
- In preparation for the General Data Protection Regulation (GDPR) coming into force on 25 May 2018, we have updated our databases and information capture systems to be compliant with published draft guidance, as well as working with our service delivery partners to ensure our customers' data is correctly stored or deleted as appropriate.
- We began major systems projects including the design and implementation of an enterprise resource planning (ERP) system and a programme of work to increase our digital capacity and resilience.

Reviewing our governance

Our President, Professor Sir John Holman, initiated in 2016 a review of our governance to clarify the role of the Trustees, the structure and membership of Council (Board of Trustees), Boards and Committees and the effectiveness of the relationship with the executive.

Working with our staff, members and external specialists, and to standards and frameworks of industry best practice, the review identified that there is capacity for improving aspects of our governance, including:

- the purpose and function of the Boards
- the skills mix required from Trustees to effectively discharge their legal and financial responsibilities
- a culture that facilitates high level strategic conversations, effective self-evaluation and inclusivity across the governance structure
- the governance schedule and a realistic view of volunteer commitment
- the nominations and elections process

Council approved 25 recommendations for changes to our governance structures and processes. Three of these – specifically those related to the make-up of Council – require changes to our by-laws. We will present these proposals at our Annual General Meeting in 2018 and, if passed by voting members, to the Privy Council for approval.

The remaining recommendations propose operational changes, such as the structure of our boards and committees, and working practices for Council, boards and committees. Council have already accepted these changes and we will implement them after the AGM in 2018.

"[We want to ensure] an organisation that is fit for chemistry in the 21st century, and the diverse community within which it operates – and to enable the Royal Society of Chemistry to respond to that community and its changing needs."

Professor Sir John Holman President, Royal Society of Chemistry

Fundraising

As a fundraiser the Royal Society of Chemistry takes great care to ensure our fundraising activity is lawful, ethical and professional.

We have donated to the Fundraising Regulator and our activities meet the Code of Fundraising Practice. All professional fundraisers we employ are members of the Institute of Fundraising. They are all monitored through direct line management and performance management processes, as they are all office-based members of staff.

The majority of our charitable income in 2017 came from our business operations, including publishing subscriptions and charges, membership fees and conference delegate fees. We also brought in £964k through activities that would be considered fundraising, including:

- strategic corporate partnerships
- legacies and bequests
- individual giving

Our approach to legacies, bequests and individual giving was primarily reactive in 2017. However, we take out listings in a small number of legal gazettes inviting bequests, and on membership renewal forms we offer an option to support our general charitable purposes, including to donate to the Chemists' Community Fund (trading name of the Royal Society of Chemistry Benevolent Fund).

In 2017 we did not proactively solicit donations from individuals, vulnerable or otherwise. In general, by giving our fundraisers professional development, ensuring they are professionally qualified, and monitoring their performance and behaviour, we protect vulnerable people from behaviour that is intrusive, persistent or exerts undue pressure.

No complaints were brought against our fundraising approach or activities in 2017, and there were no failures to comply with the Code of Fundraising Practice.

Chemists' Community Fund

The primary purpose of the Chemists' Community Fund is the relief and prevention of poverty. To achieve this we provide personalised and holistic support tailored to an individual's circumstances.

Every applicant receives confidential assistance from a specialist, and support includes financial grants, independent legal advice, retraining and breathing space grants, funding for a programme of careers sessions, and counselling and support from our volunteer visitor network.

After a strategic review in 2014, we have continued to raise awareness of our services and extended the support we offer to our members. We adapted our new grant-making model in 2017 to include those applying from overseas, having previously been limited to UK applicants. The model, based on minimum income standards, allows us to make an informed approach of living costs and income requirements for our members around the world.

Over the last 12 months, our priorities were:

Raising awareness – using targeted communications to assist with specific issues and developing our volunteer network to assist with the promotion of our presence and services.

Developing services – appointing a new staff member to continue to develop and expand our services, including bereavement support, and introducing further services in early 2018.

Expanding our scope – investigating how we might expand the scope of our charitable activity with legal advice and guidance from the Charity Commission.

Continuing our support to the community

Our Volunteer Network assists our members in a number of ways including supporting potential beneficiaries through the application process and providing contact to isolated members in our community.

We hosted our biennial Volunteer Network Conference in June, where sessions included presentations from Cruse Bereavement and the Alzheimer's Society, as well as an overview of the recent achievements and activities of the Fund. From the 50 volunteers who attended the conference, 96% felt it improved their knowledge of the services and support available. We will be progressing two new ideas from the conference: opportunities for volunteers to assist with raising awareness of the Fund and the addition of wellbeing workshops.

After Hurricane Harvey hit the US in September, we contacted around 100 members who live in the affected areas. One member suffered damage to some of his possessions and applied successfully for a grant:

"I luckily received an email from the Chemists' Community Fund asking if I was ok after the Hurricane. It gave me joy and happiness when I heard that due to my financial difficulties they could provide a grant. I can't express enough thanks and gratitude for this help from the [Chemists' Community Fund]."

In another case we assisted a member with disabilities to safely study within a laboratory.

"I am pleased to say that thanks to the help the Chemists' Community Fund provided, my quality of life is drastically improved. The stand-up wheelchair has improved aspects of my life I had not considered. My independence is so much greater than it was before and I will be forever grateful.

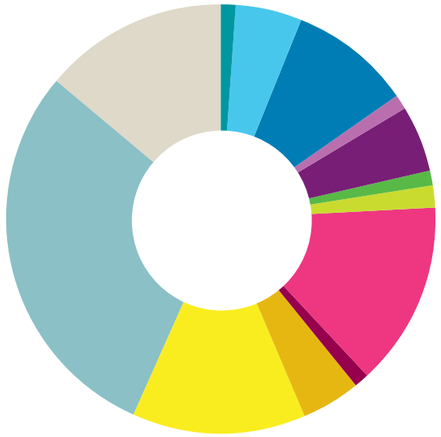
"I have a promising career as a chemist ahead of me. It is something I had come to believe was an unachievable pipe dream, but is now a reality thanks to the generosity you have showed me. You have all changed the course of my life in an amazing way and I cannot be more grateful."

As well as financial grants, we offer applicants support when life gets challenging.

"The support proved to be invaluable to me, as it took longer to find re-employment than I had hoped. I was also able to take advantage of the CCF's volunteer network and spoke to [someone] in the RSC Careers Team. This enabled me to keep in touch with my peers and improved my general mood and outset through the difficult job applying process."

Enquiries by type

Retraining	2
Careers	9
Legal Advice	16
Counselling Support	2
Education	9
Breathing Space Grant	2
Disability/Illness	3
General	24
Benefits	2
Volunteer Visitor	8
Membership Fees	23
Financial Assistance	52
Other	24



102% increase in number of enquiries to the Fund (compared with 2016)

26% increase in grants awarded

49 visits to members who asked for support

1 in 3 of our beneficiaries contacted us due to their physical and/or mental health

Our youngest beneficiary is 24 years old and our oldest is 83 years old

Financial review

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

General funds – these are unrestricted funds representing monies earned primarily from publishing activities.

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.

Restricted income funds and endowment funds – these represent grants, financial or other gifts bequeathed in a will or trust deed 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.

Free reserves – the amount of unrestricted general funds after deducting the balances held within our fixed assets. The portion of 'available reserves' freely available to spend and use on any of our charitable activities.

Intangible and tangible fixed assets – assets purchased for long-term use and not likely to be quickly converted into cash. This includes buildings, equipment, software and intellectual property.

Investments – funds held by investment managers on behalf of the Royal Society of Chemistry (RSC) for the purpose of generating income and capital gains over the long term.

Debtors – amounts owed from third parties.

Creditors – amounts owed to third parties.

Deferred liabilities – income received/invoiced in advance for journal and membership subscriptions relating to future periods. This is held on the balance sheet and only recognised as income when the subscriptions fall due.

Cash – includes cash held at the bank and short-term highly liquid investments.

Working capital – the capital, which is used in our day-to-day operations, calculated as current assets (ie cash, stock and debtors) less current liabilities (ie creditors and deferred liabilities).

Defined benefit pension liability – the net deficit on our pension scheme, representing the difference between valuations of the pension scheme assets and liabilities.

Key activities in 2017

Our publishing operations once again saw excellent performance in 2017 with revenue growth of 15.8% year-on-year, generating 84.4% (2016: 82.3%) of our total income. A key driver for this growth has been the success of making *RSC Advances* open access, which has seen its first full year of operating under the open access model. Overall, our publishing operations generated a net surplus of £17.4m (2016: £11.4m).

A portion of this surplus has been invested in the continued development of our publishing products and services, while the majority has been used to fund our other charitable activities and our running costs.

In 2017 we continued to support the exchange of knowledge through our events programme. We spent £4.0m (2016: £3.0m) on organising and sponsoring conferences and symposia in 2017. The increase on 2016 expenditure was due to the cyclical nature of many of our key conferences, with several major biannual events held during the year.

We invested £5.7m (2016: £6.4m) in education and professional practice programmes to help secure a strong, diverse and sustainable supply of chemists at all levels.

In addition, we continued to support chemical science professionals through our member services, with total spend on membership of £4.6m (2016: £4.6m).

We also supported a range of activities to engage the policymakers and the public with the chemical science community. Overall, we spent £3.6m (2016: £3.5m) on advocacy and awareness programmes in 2017.

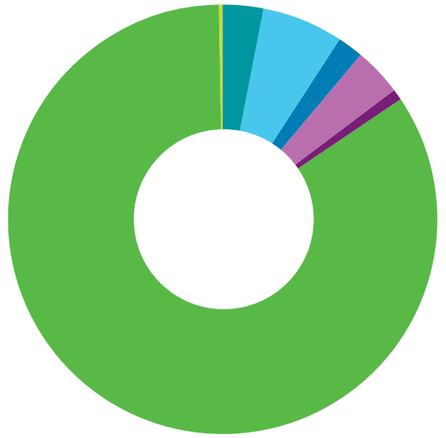
Financial performance

Overview

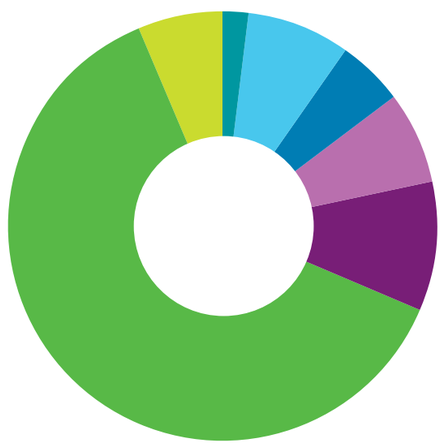
We have continued to review and prioritise our activities according to strategic impact, and as a result we generated £63.5m of income across the group in 2017, representing an increase of £7.3m on income recognised in 2016 (2016: £56.2m). Total group expenditure in 2017 was £58.0m, representing an increase of £1.5m on 2016 expenditure (2016: £56.5m).

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

Total income	£m
Fundraising and other income	2.0
Membership	3.9
Chemistry World	1.2
Scientific conferences and events	2.3
Education and professional practice	0.6
Publishing	53.6
Advocacy and awareness	0.1



Total expenditure	£m
Fundraising and other income	1.2
Membership	4.6
Chemistry World	2.8
Scientific conferences and events	4.0
Education and professional practice	5.7
Publishing	36.2
Advocacy and awareness	3.6



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

Overall we achieved a net operating surplus of £5.5m (2016: net operating loss of £0.2m) and a net surplus of £12.1m after investment gains (2016: net surplus of £7.3m). The table below reconciles this back to the operating surplus of £5.7m reported in our internal management accounts.

	£m
'Real' operating surplus As reported in internal management accounts	**5.7**
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.	1.0
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. The management accounts show that part of £5.7m operating surplus was used to finance a £1m payment to the pension fund as part of the deficit recovery plan.	(1.1)
Less: accounting adjustments Our financial statements reflect the more up-to-date position, and include Member Network actual activity vs estimates included in our management accounts	(0.1)
Net operating surplus (net income before investment gains) Per the SoFA	**5.5**
Add: investment gains Not included in the management accounts because investment portfolio gains do not form part of operational budgeting.	6.6
Net income Per the SoFA	**12.1**

Following the strong financial performance, our usable reserves consisting of general funds, funds retained in non-charitable subsidiaries and designated funds, increased in 2017 to £92.1m (2016: £80.8m).

Our working capital position remains strong, with a net current asset position of £10.6m (2016: £2.5m) owing to the large cash and debtors balances offsetting the creditor balances and advance payments received for journal subscriptions.

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

Investments

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

The long-term investment objectives for general funds and restricted funds are to achieve an annual rate of return of 4.0% and 2.5% in excess of the rate of UK inflation respectively, as measured by the Retail Price Index (RPI) after fees and costs at an acceptable level of risk for the investment portfolio.

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

Responsibility for investment strategy resides with the Finance and Resources Board and they agree the investment parameters with our discretionary managers, while monitoring performance in the context of long-term objectives and external benchmarks.

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

We achieved total investment income of £1.0m in 2017 (2016: £1.9m) which was reinvested. Together with investment gains of £6.6m (2016: £7.5m) less investment management costs of £0.4m (2016: £0.3m) the value of our investments increased significantly overall to £97.7m (2016: £90.4m), an increase of £7.3m during the year.

Reserves policy

We review our reserves policy regularly. Our aim is to maintain our reserves at a sufficient level to ensure our financial resilience and sustainability, including protecting us against risks identified in the Risk Register.

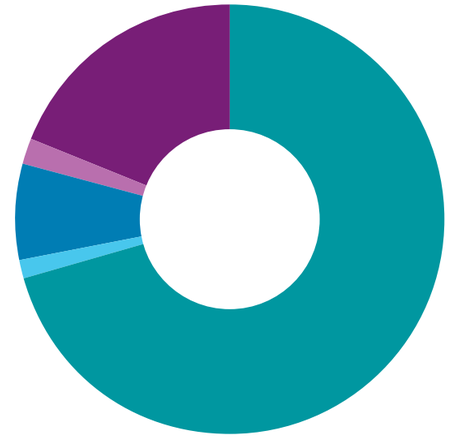
We have adopted a new reserves policy in 2017, which sets out the target reserves level and the key principles by which we will manage any excesses or deficits compared to the target. Our aim is to strike the appropriate balance between ensuring a sustainable financial position and using our funds to fulfil our charitable mission. In 2017, our policy was to maintain available reserves of at least £70.7m consisting of:

Reserves	Purpose for reserve	Target amount £m
Contingency reserve	- Ensure short term solvency and stability in case of an extreme event - Buy some time in the event of a serious income shock - Enable the organisation to function while action is taken - Ensure charitable commitments can be met	**19.2**
Financial management reserve	- Smooth out volatility - Provide coverage for permanent changes in circumstances - Enable adjustments to be phased in over a longer time period - Insulate usable reserves from adverse fluctuation in the investment portfolio	**14.7**
Strategic initiatives fund	- Enable delivery of RSC strategy - Fund the non-recurring costs of major projects, initiatives and investment, without having to afford this from day-to-day budgets	**16.0**
Pension fund reserve	- Ensure affordability of the deficit recovery plan - Provide surety to the Pension Fund, underpinning the employer covenant	**20.8**
Total		**70.7**

Available 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 available reserves also exclude any funds that could only be realised by disposing of fixed assets held for charitable use.

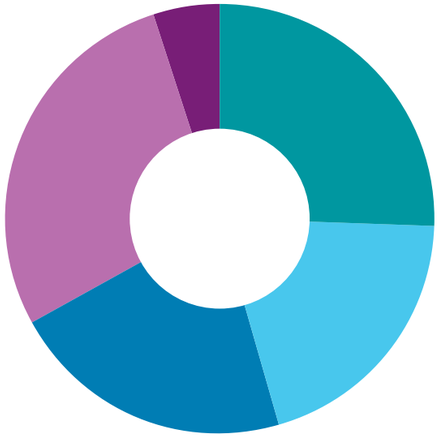
The level of accumulated usable funds held at 31 December 2017 was £92.1m (2016: £80.8m). Of this, £82.2m (2016: £72.5m) relates to the Charity's unrestricted general funds and £8.4m (2016: £7.1m) relates to designated funds, which have been earmarked for specific purposes. The balance of £1.5m (2016: £1.2m) relates to funds retained within the group's non-charitable subsidiaries.

Total usable and restricted funds	**£m**
General funds	82.2
Funds retained within non-charitable subsidiaries	1.5
Designated funds	8.4
Restricted income funds	2.4
Endowment funds	21.7



A portion of the unrestricted general fund balance is locked up within fixed assets. After deducting intangible and tangible assets of £0.6m and £7.3m respectively from the unrestricted general fund balance of £82.2m, £74.3m remains as the 'free reserves' available to the charity. This is above the 2017 target level of £70.7m with the difference of £3.6m being the remaining 'free reserves' available to the charity.

Free reserves analysis	**£m**
Contingency reserve	19.2
Financial management reserve	14.7
Strategic initiatives fund	16.0
Pension fund reserve	20.8
Remaining 'free reserves' available to the Charity	3.6



For 2018, a revised target level of available reserves has been adopted. The revised target is £65.9m, a lower figure reflecting increased confidence in financial planning and risk management.

The Reserves Policy states that any excess of free reserves above the target level should be used to fund impactful charitable activities, consistent with strategic goals, within a five year period. The organisation will evaluate options in 2018.

Designated funds

The designated funds consist of earmarked funds totalling £1.1m (2016: £nil), designated trust and lecture funds totalling £5.3m as at 31 December 2017 (2016: £5.1m) as well as reserves totalling £2m (2016: £2m) held by branches of the Royal Society of Chemistry including our local sections, regions and interest groups. Each of these branches is managed by a committee, which organises activities to advance the chemical sciences in local and specialist areas. Earmarked funds are specific amounts set aside for future contingency or policy purposes. Earmarked funds are established by appropriating amounts out of the general funds and are subject to Council approval.

Restricted funds

The total restricted funds, including restricted income and endowment funds, held at 31 December 2017 were £24.1m (2016: £23.3m) and represents income for restricted purposes specified by the donor that are not available for the general purposes of the charity.

Of this, £16.5m (2016: £15.6m) relates to the Chemists' Community Fund, which provides a flexible range of financial and non-financial help to members and their dependants. The remainder comprises other restricted income and endowment trust funds totalling £1.8m (2016: £2m) and £5.8m (2016: £5.7m) respectively.

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

Pensions

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

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

During 2017, a full triennial actuarial valuation (funding valuation) was carried out at 31 December 2016 by a qualified actuary, and resulted in an overall deficit of £17.9m. 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.

A subsequent funding valuation update was carried out as at 31 December 2017 resulting in an overall estimated deficit of £16.4m, representing a decrease of £1.5m since the 31 December 2016 triennial valuation.

We agreed a recovery plan with the Pension Fund Trustees to address the deficit, following the triennial valuation of the pension scheme as at 31 December 2016. This has resulted in annual payments of £1.9m from 1 January 2018 each year to 2025 inclusive, when the shortfall is expected to be eliminated.

Accounting rules require the use of an accounting valuation method, which measures the pension fund's assets and liabilities on a different basis to the funding valuation method, and results in a larger deficit. FRS 102 is the accounting standard that dictates how the scheme is presented in the financial statements and the valuation is determined by an actuary. The FRS 102 valuation (accounting valuation) of the deficit on the Defined Benefit Pension Scheme was £31.2m at the end of 2017 (2016: £40.9m). This followed a decrease in the liabilities of the scheme of £4.9m, attributable to changes in the actuarial assumptions, most notably the inflation and salary assumptions which have decreased compared to the assumptions applied in 2016.

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

The differences between the two measures of the pensions fund deficit is summarised in the table below:

Details	Accounting valuation 31 Dec 2017 For use in the 2017 financial statements £m	Funding valuation update 31 Dec 2017 For use in the recovery plan agreed in October 2017 £m	Difference
Scheme assets	103.1	101.9	1.2
Scheme liabilities	(134.3)	(118.3)	(16.0)
Net deficit	**(31.2)**	**(16.4)**	**(14.8)**

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 risks to our ability to deliver our strategy and to the organisation, and oversee plans for mitigating these risks. These risks are detailed in the Strategic Risk Register, which is a standing item on the Audit Committee agenda, to ensure thorough oversight on behalf of our Trustees. The most recent update to the register was received by the Audit Committee in March 2018.

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

Strategic risk	Mitigation
General compliance failure	Maintain appropriate knowledge and skills to ensure compliance with our domestic and international regulatory and statutory obligations, including Charity Commission requirements, Data Protection, EU GDPR, employee rights, health and safety regulations, international trade sanctions, statutory financial reporting, and tax legislation.
Defined Benefit Pension Scheme deficit increase	The 2017 triennial valuation process has been completed with an agreed deficit recovery plan that is affordable to the RSC. This risk is mitigated until 2020 when the valuation process will be repeated. Sufficient funds are being held in compliance with the Reserves Policy to ensure that any future disruption to the operating budget is avoided.
Publishing surplus decrease	The RSC publishes significant volumes of journal content, providing flexibility and economies of scale. The RSC's developing commercial strategy seeks to identify additional revenue streams. Increasing proportions of open access (OA) content/revenues within our publishing portfolio reduces the exposure to content piracy or illegitimate sharing, since we do not own the intellectual property for OA content.
Business continuity and disaster recovery	The business continuity working group, facilitated by a specialist consultant, have documented the RSC's activities and the order in which they need to be restored. The next stage is to document, in each case, the practical steps necessary to restore the activity.
Cyber security	Externally validated back-up procedures, anti-virus software, firewall penetration testing, security penetration testing of services and redundancy built in to application services.
Organisational focus	Clear cascade of strategy through staff briefings and managers' meetings. Business planning to prioritise activities and assess new initiatives in line with organisational strategy. Adoption of strategy-focused management reporting, to include impact reporting for charitable activities.
Workforce management	Identify and review areas of high turnover. Measurement of morale through employee engagement surveys. Reduce resistance to change through clearly identified rationale for any change activity. Provide effective organisational performance management through annual objective setting.
Banking and investments failure	An updated banking policy was adopted setting out how cash funds will be distributed between banks to ensure security and liquidity. In September 2017, the process of distributing funds in line with the new policy was completed. The position is kept under close review including a formal fortnightly review by the Finance Director and reports to each Finance and Resource Board meeting.

Structure, governance and management

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

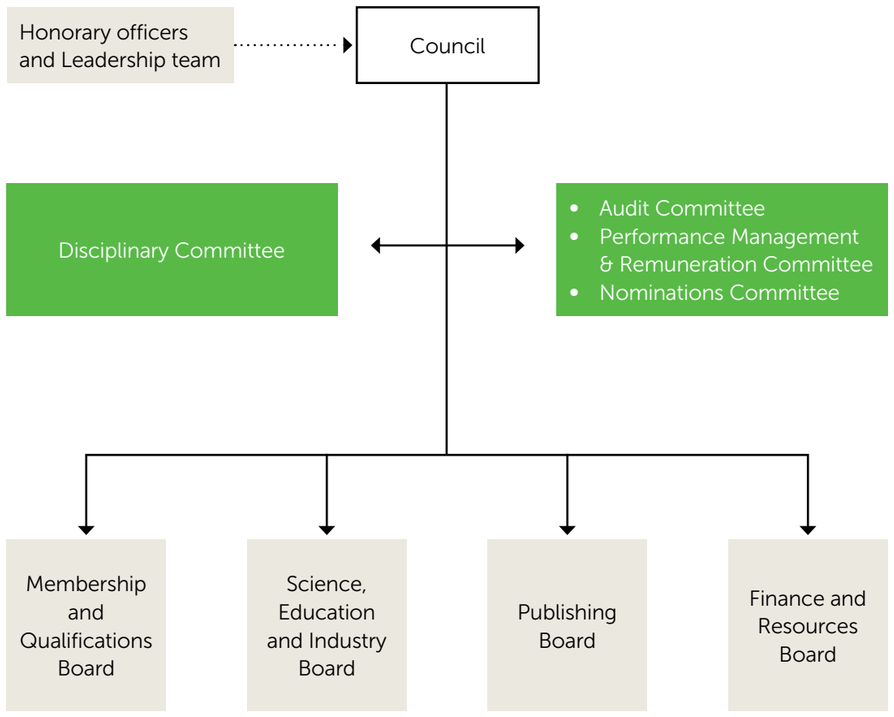
We are governed by our Council, members of which act as our Trustees and are elected or appointed in accordance with our charter and by-laws.

Our Council comprises:

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

In accordance with the by-laws of the RSC, the trustees are elected to position at the Annual General Meeting (AGM). Any member of the RSC may stand for election as an Ordinary Member of Council and any Fellow may stand for election as President or Honorary Treasurer. All members are eligible to nominate candidates and vote in elections. Council itself may also make nominations. Voting takes place by post or electronically and is managed by an external provider approved by Council. Election of Ordinary Members of Council normally takes place every two years. The next election will be for Ordinary Members to take office after the 2019 AGM.

Our governance structure



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

Each board has a chair appointed by Council. More details on the current structure and membership of each board can be found on our website:

http://www.rsc.org/about-us/our-structure/ - boards-committees

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

Governance review

Following our recent governance review our new proposed governance framework, including 25 recommendations for changes to our governance structures and processes, is due for implementation in 2018. The changes include the introduction of an Inclusion and Diversity Committee, the Member Communities Board and the Professional Standards Board as well as changes to the make-up of Council. Proposals for Council changes will be taken to our AGM in July 2018 and, if passed by voting members, to the Privy Council for approval. All vacancies will be filled in accordance with the current by-laws and electoral regulations at the AGM.

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 Council to ensure we are governed effectively. The Performance Management and Remuneration Committee is responsible for:

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

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

Trustees

At the date of signing the Trustees' Report, the Council members are the Trustees of the Royal Society of Chemistry. A list of the Trustees for the period from January 2017 to the date of this report is shown on page 32.

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

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

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

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

Subsidiary companies

Overview

The RSC has two wholly owned UK registered subsidiaries, Chemistry Limited and RSC Worldwide Limited. The profit on ordinary activities before taxation for Chemistry Limited was £307k (2016: £334k). The profit on ordinary activities before taxation for RSC Worldwide Limited was £566k (2016: £542k).

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 60 million chemical structures from hundreds of data sources.

In 2017, RSC Worldwide Limited continued to facilitate operations in the US, China, India, Japan, Brazil and Germany, representing activities to advance the chemical sciences internationally.

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

Consolidation shown on page 36

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

- Chemistry Limited
- RSC Worldwide Limited
- RSC Worldwide (US) Inc
- RSC (Beijing) Chemical and Science Technology Company Limited
- Royal Chemistry India Private Limited
- Royal Chemistry India Foundation
- Royal Society of Chemistry Japan KK
- Friends of RSC Inc.

Connected charities

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

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

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

Reference and administrative details

Charity registration number

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

Leadership team for the year 1 January 2017 to 31 December 2017

Chief Executive Officer
Dr Robert Parker CSci CChem FRSC

Deputy Chief Executive
Dr Helen Pain CSci CChem FRSC

Deputy Chief Executive
Stephen Hawthorne (to 28 July 2017)

Commercial Director
Dan Dyer

Director of Communications and Marketing
Kate Tonge

Director of Education and Professional Practice
Sarah Robertson

Director of Human Resources and Organisation Development
Karen Roberts MCIPD

Director of Publishing, Journals and Databases
Dr Emma Wilson MRSC

Director of Science and Communities
Jo Reynolds (from 27 March 2017)

Director of Technology
Dr Frank Gibson

Finance Director
Stephen Joyce FCPFA

Auditors, bankers and other professional advisors

Auditor

RSM UK Audit LLP
25 Farringdon Street
London
EC4A 4AB

Bankers

National Westminster Bank plc
Market Street Branch
23 Market Street
Cambridge
CB2 3PA

Nationwide Building Society
Nationwide House
Pipers Way
Swindon
SN38 1NW

Goldman Sachs Asset Management Global Services Limited
Peterborough Court
133 Fleet Street
London
EC4A 2BB

Citizens
One Citizens Plaza,
Providence, RI 02903
USA

Barclays Bank plc
1 Churchill Place
London
E14 5HP

Investment managers

J P Morgan
25 Bank Street
Canary Wharf
London
E14 5JP

Schroder Investment Management (UK) Limited
31 Gresham Street
London
EC2V 7QA

Actuary

JLT Employee Benefits
The St Botolph Building
138 Houndsditch
London
EC3A 7AW

Legal advisors

Charity, technology, intellectual property and employment matters:

Taylor Vinters
Merlin Place
Milton Road
Cambridge
CB4 0DP

Commercial, compliance and employment matters:

Mills & Reeve LLP
Botanic House
100 Hills Road
Cambridge
CB2 1PH

Commercial property matters:

Bristows LLP
100 Victoria Embankment
London
EC4Y 0DH

Publishing matters:

Farrer & Co.
66 Lincoln's Inn Fields
London
WC2A 3LH

Chemists' Community Fund and Data Protection matters:

Eversheds
Kett House
Station Road
Cambridge
CB1 2JY

Principal office

Royal Society of Chemistry
Burlington House
Piccadilly
London
W1J 0BA

Royal Society of Chemistry Council

Patron
Her Majesty The Queen

Council members for the year 1 January 2017 to 31 December 2017

Honorary officers

President
Professor Sir John Holman CChem FRSC

President Elect
Professor Dame Carol Robinson DBE HonFRSC FRS (from 12 July 2017)

Immediate Past President
Professor Dominic Tildesley CBE FRSC (retired 12 July 2017)

Honorary Treasurer and Chair, Finance & Resources Board
Dr Paul Satchell CChem FRSC (from 12 July 2017)
Professor David Grayson CChem FRSC (retired 12 July 2017)

Appointed members

Chair, Science, Education and Industry Board
Professor Mike Ashfold CChem FRSC FRS

Chair, Publishing Board
Professor Geoffrey Maitland CChem FRSC

Chair, Membership and Qualifications Board
Professor Tom Welton OBE CChem FRSC

Professor Dr Ben Feringa CChem HonFRSC
Dr Keith Layden FRSC
(retired 12 July 2017)

Ordinary members

Professor Polly Arnold OBE CChem FRSC FRSE

Professor Sabine Flitsch CChem FRSC

Professor Melissa Hanna-Brown CChem FRSC

Dr David Rees CChem FRSC

Dr Janette Waterhouse EurChem CChem FRSC

Professor Andrew Bell CChem FRSC (from 12 July 2017)

Ms Julia Hatto BEM CSci CChem FRSC (from 12 July 2017)

Dr Elizabeth Rowsell FRSC (from 12 July 2017)

Professor Tom Simpson CChem FRSC FRSE FRS (from 12 July 2017)

Professor Alison Rodger CChem FRSC (retired 12 July 2017)

Professor Peter Knowles CChem FRSC FLSW (retired 12 July 2017)

Dr Helen Neville FRSC (retired 12 July 2017)

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

Responsibilities of the Trustees

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

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

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the group and the charity and of the incoming resources and application of resources of the group for that period.

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

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

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Royal Charter. They are also responsible for safeguarding the assets of the group and the charity, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

On behalf of the Trustees

Professor Sir John Holman CChem FRSC

26 April 2018

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

Opinion on the financial statements

We have audited the financial statements of the Royal Society of Chemistry (the 'charity') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the Consolidated Statement of Financial Activities, the Consolidated and parent charity Balance Sheets, the Consolidated and parent charity Cash Flow Statements and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and charity's affairs as at 31 December 2017 and of their incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Other information

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

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

Matters on which we are required to report by exception

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

- the information given in the financial statements is inconsistent in any material respect with the Trustees' Report; or
- sufficient accounting records have not been kept by the parent charity; or
- the parent charity 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 statement of Trustees' responsibilities set out on page 33, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the group's and 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.

A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at **http://www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

This report is made solely to the charity's trustees as a body, in accordance with the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK Audit LLP

Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB
Date 26 April 2018

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

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

	Note	Unrestricted funds: General funds	Unrestricted funds: Designated funds	Unrestricted funds: Total general and designated funds	Unrestricted funds: Hedge reserve	Unrestricted funds: Pension reserve	Unrestricted funds: Total unrestricted funds	Restricted funds: Restricted income funds	Restricted funds: Endowment funds	Restricted funds: Total restricted funds	Total	Total
		2017	2017	**2017**	2017	2017	**2017**	2017	2017	**2017**	**2017**	2016
		£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Income and endowments from:												
Donations and legacies	2	67	42	**109**	-	-	**109**	28	105	**133**	**242**	702
Other trading activities	3	637	-	**637**	-	-	**637**	-	-	**-**	**637**	716
Investment income	4	729	56	**785**	-	-	**785**	256	-	**256**	**1,041**	1,944
Charitable activities												
Membership		3,850	4	**3,854**	-	-	**3,854**	2	-	**2**	**3,856**	3,665
Chemistry World		1,188	-	**1,188**	-	-	**1,188**	-	-	**-**	**1,188**	1,094
Scientific conferences and events		1,128	930	**2,058**	-	-	**2,058**	207	-	**207**	**2,265**	1,133
Education and professional practice		114	-	**114**	-	-	**114**	474	-	**474**	**588**	617
Publishing		53,554	-	**53,554**	-	-	**53,554**	22	-	**22**	**53,576**	46,266
Advocacy and awareness		45	-	**45**	-	-	**45**	17	-	**17**	**62**	91
Other income		64	-	**64**	-	-	**64**	-	-	**-**	**64**	12
Total income and endowments		61,376	1,032	**62,408**	-	-	**62,408**	1,006	105	**1,111**	**63,519**	56,240
Expenditure on:												
Raising funds												
Donations and legacies		352	136	**488**	-	10	**498**	14	-	**14**	**512**	570
Other trading activities		330	-	**330**	-	-	**330**	-	-	**-**	**330**	382
Investment management costs		283	20	**303**	-	-	**303**	5	87	**92**	**395**	251
Charitable activities												
Membership		3,630	278	**3,908**	-	121	**4,029**	536	-	**536**	**4,565**	4,565
Chemistry World		2,699	-	**2,699**	-	59	**2,758**	-	-	**-**	**2,758**	2,865
Scientific conferences and events		2,567	1,143	**3,710**	-	34	**3,744**	219	-	**219**	**3,963**	3,004
Education and professional practice		5,081	88	**5,169**	-	79	**5,248**	500	-	**500**	**5,748**	6,447
Publishing		35,213	5	**35,218**	-	717	**35,935**	232	-	**232**	**36,167**	34,845
Advocacy and awareness		3,463	-	**3,463**	-	69	**3,532**	19	-	**19**	**3,551**	3,536
Total expenditure	8	53,618	1,670	**55,288**	-	1,089	**56,377**	1,525	87	**1,612**	**57,989**	56,465
Net income/(expenditure) before investment gains		7,758	(638)	**7,120**	-	(1,089)	**6,031**	(519)	18	**(501)**	**5,530**	(225)
Gains on investment assets	16	5,039	314	**5,353**	-	-	**5,353**	77	1,170	**1,247**	**6,600**	7,485
Net income/(expenditure)		12,797	(324)	**12,473**	-	(1,089)	**11,384**	(442)	1,188	**746**	**12,130**	7,260
Transfer between funds	25,26	(2,745)	1,663	(1,082)	-	1,017	**(65)**	233	(168)	**65**	**-**	-
Net group income/(expenditure) before other recognised gains and losses		10,052	1,339	**11,391**	-	(72)	**11,319**	(209)	1,020	**811**	**12,130**	7,260
Remeasurement on defined benefit pension scheme	12	-	-	**-**	-	9,781	**9,781**	-	-	**-**	**9,781**	(23,655)
Movement on forward contracts	22	-	-	**-**	1,261	-	**1,261**	-	-	**-**	**1,261**	(1,261)
Net movement in funds increase/(decrease)		10,052	1,339	**11,391**	1,261	9,709	**22,361**	(209)	1,020	**811**	**23,172**	(17,656)
Reconciliation of funds												
Fund balances brought forward		73,662	7,104	**80,766**	(1,261)	(40,914)	**38,591**	2,603	20,692	**23,295**	**61,886**	79,542
Fund balances carried forward		83,714	8,443	**92,157**	-	(31,205)	**60,952**	2,394	21,712	**24,106**	**85,058**	61,886

Notes 1 - 32 form an integral part of 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 2017.

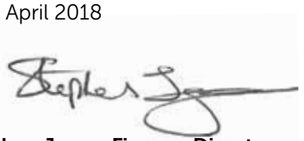
Consolidated and Charity balance sheets as at 31 December 2017

	Note	Group 2017 £000	Group 2016 £000	Charity 2017 £000	Charity 2016 £000
Fixed assets					
Intangible assets	14	**649**	1,155	**649**	1,155
Tangible assets	15	**7,327**	8,689	**7,317**	8,655
Investments	16	**97,704**	90,433	**97,704**	90,433
Total fixed assets		**105,680**	100,277	**105,670**	100,243
Current assets					
Stock – books and paper		**496**	572	**496**	572
Debtors	18	**11,854**	15,333	**12,730**	16,835
Cash at bank and in hand		**24,034**	17,160	**21,943**	15,705
Total current assets		**36,384**	33,065	**35,169**	33,112
Current liabilities					
Creditors	19	**(5,307)**	(7,644)	**(5,703)**	(8,913)
Deferred income					
Journal subscriptions	20	**(19,025)**	(21,257)	**(19,004)**	(21,232)
Membership subscriptions	20	**(1,469)**	(1,641)	**(1,469)**	(1,641)
Total current liabilities		**(25,801)**	(30,542)	**(26,176)**	(31,786)
Net current assets		**10,583**	2,523	**8,993**	1,326
Long-term liabilities					
Defined benefit pension liability	12	**(31,205)**	(40,914)	**(31,205)**	(40,914)
Total long-term liabilities		**(31,205)**	(40,914)	**(31,205)**	(40,914)
Net assets	21	85,058	61,886	83,458	60,655
Accumulated funds					
Unrestricted funds:					
Usable funds					
General funds	26	**82,182**	72,466	**82,182**	72,466
Funds retained within non-charitable subsidiaries	26	**1,532**	1,196	**-**	-
Designated funds	26	**8,443**	7,104	**8,443**	7,104
Total usable funds		**92,157**	80,766	**90,625**	79,570
Unusable funds					
Hedge reserve	26	**-**	(1,261)	**-**	(1,261)
Pension reserve	12, 26	**(31,205)**	(40,914)	**(31,205)**	(40,914)
Total unusable funds		**(31,205)**	(42,175)	**(31,205)**	(42,175)
Total unrestricted funds		**60,952**	38,591	**59,420**	37,395
Restricted funds:					
Restricted income funds	25	**2,394**	2,603	**2,326**	2,568
Endowment funds	25	**21,712**	20,692	**21,712**	20,692
Total restricted funds		**24,106**	23,295	**24,038**	23,260
Total Charity funds		**85,058**	61,886	**83,458**	60,655

Notes 1 - 32 form an integral part of the financial statements.

Approved by Council and authorised for issue on 26 April 2018

Professor Sir John Holman, President



Stephen Joyce, Finance Director

Consolidated and Charity statements of cash flows for the year ended 31 December 2017

	Note	Group 2017 £000	Group 2016 £000	Charity 2017 £000	Charity 2016 £000
Reconciliation of net income to net cash outflow from operating activities					
Net income for the reporting period		**12,130**	7,260	**11,761**	6,230
Adjustments for:					
Depreciation and amortisation		**2,357**	2,751	**2,330**	2,727
Loss on disposal of fixed assets		**49**	144	**49**	144
Proceeds from the sale of fixed assets		**(9)**	-	**(9)**	-
Gains on investments		**(6,600)**	(7,485)	**(6,600)**	(7,485)
Investment income	4	**(1,041)**	(1,944)	**(1,041)**	(2,117)
Investment management fees deducted from investments		**370**	130	**370**	130
Decrease in stock		**76**	45	**76**	45
Decrease/(increase) in debtors		**3,479**	317	**4,105**	(1,171)
(Decrease)/increase in creditors and accruals		**(2,337)**	2,046	**(3,210)**	3,839
Movement on forward exchange contracts taken directly to the hedge reserve		**1,261**	(1,261)	**1,261**	(1,261)
(Decrease)/increase in deferred income		**(2,404)**	1,021	**(2,400)**	1,097
Receipt of endowment		**(105)**	(551)	**(105)**	(551)
Exchange rate movements on cash and cash equivalents		**580**	(1,657)	**589**	(818)
Employer's contributions payable to the defined benefit pension scheme	12	**(1,017)**	(987)	**(1,017)**	(987)
Net pension interest expense	12	**1,089**	667	**1,089**	667
Net cash inflow from operating activities		**7,878**	496	**7,248**	489
Cash flows from investing activities:					
Investment income	4	**1,041**	1,944	**1,041**	2,117
Investment income re-invested	16	**(1,041)**	(472)	**(1,041)**	(472)
Purchase of investments	16	**-**	(86,770)	**-**	(86,770)
Proceeds from sale of investments	16	**-**	86,770	**-**	86,770
Proceeds from the sale of fixed assets		**9**	-	**9**	-
Purchase of intangible fixed assets	14	**(85)**	(220)	**(85)**	(220)
Purchase of tangible fixed assets	15	**(453)**	(969)	**(450)**	(964)
Net cash (outflow)/inflow from investing activities		**(529)**	283	**(526)**	461
Cash flows from financing activities:					
Receipt of endowment		***105***	551	**105**	551
Net cash inflow from financing activities		**105**	551	**105**	551
Increase in cash and cash equivalents		**7,454**	1,330	**6,827**	1,501
Cash and cash equivalents at the beginning of the reporting period		**17,160**	14,173	**15,705**	13,386
Change in cash and cash equivalents due to exchange rate movements		**(580)**	1,657	**(589)**	818
Cash and cash equivalents at the end of the reporting period		**24,034**	17,160	**21,943**	15,705

Notes 1 - 32 form an integral part of the financial statements.

Notes to the financial statements

1. 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 the Statement of Recommended Practice: 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, 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

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

Basis of consolidation

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

Accounting policies are consistent across the group.

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

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

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

Friends of the RSC, Inc. is registered in the US and receives donations to support the RSC's wider charitable objectives. As a Section 501(c)(3) corporation, it is not a wholly owned subsidiary but all of the members and controlling officers are employees of the RSC group operating under the direction of the RSC and therefore the company has been included in the consolidated financial statements. The company has a reporting date of 30 November.

The local sections, regions 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.

Restricted funds

Restricted income funds can comprise 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. The Chemists' Community Fund holds contracts that allow it to nominate occupation of 22 units of sheltered housing. In accordance with FRS 102, the value is held as zero as these rights have no realisable value.

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

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

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

Friends of the RSC, Inc. is a US private foundation which was incorporated to offer a tax efficient way for US citizens to take 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 (VAT).

Voluntary income, including donations and legacies

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

Trading income

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

Investment income

Investment income is recognised on an accruals basis and apportioned between funds on the basis of the level of funds invested.

Deferred income

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

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

Membership

Membership subscription income is treated as income in the year the subscription covers. Any receipts in respect of future years are shown as deferred income on the balance sheet. Life membership subscriptions are accounted for on a received basis. In 2017 these subscriptions amounted to £13k relating to 20 members (2016: £10k, 23 members).

Conference income

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

Publishing income

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

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

Government grants

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

Intangible income

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

Expenditure

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

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

Staff costs

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

Employees are entitled to carry forward up to five 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 activites. Support costs not attributable to a single activity have been apportioned on the basis of head count for each of the respective departments. Refer to note 9 for details.

Grants

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

Leases

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

Taxation

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

Foreign currency

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

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

The balance sheet values of subsidiaries have been translated at the closing rate on 31 December 2017. The profit and loss transactions have been translated at the rate of exchange ruling at the date of transaction or at an exchange rate that approximates the actual rate.

Intangible fixed assets

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

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

Tangible fixed assets and depreciation

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

Leasehold land and buildings:	
Thomas Graham House	2%
Burlington House	5%
Fixtures, fittings and equipment:	
Computer software	20%–33%
Personal computers	25%
Other computer hardware	20%
Other furniture	20%–25%

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

Investments

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

Investment in subsidiary undertakings

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

Stocks

Stocks are valued at the lower of cost and net realisable value and include publications and paper stocks. Cost is determined using the weighted average cost basis and for finished goods and work in progress, includes direct labour costs and overheads appropriate to the stage of production.

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

Reversals of impairment losses are also recognised in the SoFA.

Heritage assets

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

Recognition of liabilities

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

Derivative instruments

The RSC uses forward foreign currency contracts to reduce exposure to foreign exchange rates. 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 unless hedge accounting is applied and the hedge is a cash flow hedge.

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

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

Pensions

The RSC has two types of pension scheme:

Defined contribution plan

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

Defined benefit plan

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

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

The pension costs for the scheme are recognised as follows: (i) the change in the net defined benefit liability arising from employee service rendered during the reporting period in the SoFA; (ii) net interest on the net defined benefit liability during the reporting period in the SoFA; (iii) the cost of plan introductions, benefit changes, curtailments and settlements in the SoFA; (iv) remeasurement of the net defined benefit liability in other recognised gains or losses on the SoFA. The net interest element is determined by multiplying the net defined benefit liability by the discount rate, at the start of the period taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in the SoFA as other revenue or apportioned in expenditure.

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

Financial assets and liabilities

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

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

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

Cash and cash equivalents

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

Key judgements and assumptions

The cost of the defined benefit pension plan has been determined by updating the results of the 31 December 2016 full actuarial valuation to 31 December 2017. This was carried out by a qualified actuary independent of the RSC. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of the scheme, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, the management considers the market yields of AA corporate bonds consistent with the currency and term of the defined benefit obligation. The mortality rate is based on publicly available mortality tables, which uses data for UK self-administered pension schemes and allowing for expected future improvements in longevity. Future salary increases and pension increases are based on expected future inflation rates as determined by the Bank of England spot rate with a consistent term of the defined benefit obligation at the valuation date. Further details are given in Note 12.

2. Donations and legacies

	General funds £000	Designated funds £000	Restricted income funds £000	Endowment funds £000	Total 2017 £000	Total 2016 £000
Donations	67	42	2	23	**134**	107
Bequests and legacies	-	-	26	82	**108**	595
Total	67	42	28	105	**242**	702

3. 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.

4. Investment income

	General funds £000	Designated funds £000	Restricted income funds £000	Total 2017 £000	Total 2016 £000
Assets in the UK					
Fixed interest	-	-	-	**-**	655
Unit trusts	-	-	-	**-**	443
Equities	-	-	-	**-**	216
Interest	4	-	-	**4**	37
Assets outside the UK					
Fixed interest	260	21	100	**381**	259
Unit trusts	-	-	-	**-**	41
Equities	50	3	12	**65**	260
Interest	415	32	144	**591**	33
Total	729	56	256	**1,041**	1,944

5. Government grants

The RSC receives grant funding from national and international governmental bodies. In 2017 £163k of government funding was recognised in the statement of financial activities (2016: £764k) for education related and teaching training programmes and for chemical database services.

Funds have been used for the RSC's Initial Teacher Training Scholarship scheme which offers tax-free funding and packages of support to individuals who want to become exceptional chemistry teachers.

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

6. Analysis of grant expenditure (Group and Charity)

	Grants to institutions 2017 £000	Grants to individuals 2017 £000	Support costs 2017 £000	Total 2017 £000	Grants to institutions 2016 £000	Grants to individuals 2016 £000	Support costs 2016 £000	Total 2016 £000
Membership								
Hardship	-	41	26	**67**	-	34	16	**50**
Prizes, awards and related events	-	133	49	**182**	-	197	6	**203**
Travel grants	-	51	8	**59**	-	41	-	**41**
Research and education	100	134	4	**238**	70	-	4	**74**
Total	100	359	87	**546**	70	272	26	**368**

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

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

The RSC operates a research fund which provides grants to promote original research in the science of chemistry, as explained in note 28. No individual institution was rewarded more than £5k for research during 2017 (2016: £nil), with the £100k of total research grants to institutions split between multiple beneficiaries.

7. Total staff costs

	2017 £000	2016 £000
Gross wages and salaries	19,476	20,482
National insurance	1,997	2,045
Pension and related cost	1,650	1,706
Redundancy payments	54	149
Other payments	539	372
Temporary staff and contractors	97	66
Total	**23,813**	24,820

As required by FRS 102, an amount of £198k (2016: £192k) relating to holiday pay owed to staff at 31 December 2017 has been accrued for.

An amount of £33k (2016: £12k) was paid in relation to compensation for loss of earnings under an agreed settlement agreement. There were no outstanding obligations at year end.

In 2017 the RSC paid a total of £54k (2016: £149k) 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 below:

Number of employees

	2017	2016
Employee earnings:		
£60,000 – £69,999	16	15
£70,000 – £79,999	5	4
£80,000 – £89,999	4	5
£90,000 – £99,999	2	4
£100,000 – £109,999	6	4
£110,000 – £119,999	3	3
£120,000 – £129,999	2	-
£130,000 – £139,999	-	1
£140,000 – £149,999	1	-
£160,000 – £169,999	-	1
£170,000 – £179,000	1	2
£230,000 – £239,999	-	1
£240,000 – £249,999	1	-

The number of employees who earned more than £60k, for whom pension benefits are accruing under the RSC defined contribution scheme is 35 (2016: 34).

The employer contributions made to the RSC defined contribution scheme for employees who earned more than £60k were £279k (2016: £243k).

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 £1,487k (2016: £1,545k) were paid to the RSC's Leadership team personnel in 2017. The Leadership team consisted of 11 personnel in 2017 (2016: 11 personnel).

Average monthly headcount (number of staff employed)

	2017	2016
Membership	38	39
Chemistry World	17	17
Scientific conferences and events	11	12
Education and professional practice	36	45
Publishing	248	269
Advocacy and awareness	21	23
Support	155	149
Fundraising	3	4
Total	**529**	558

8. Total expenditure

Unrestricted funds

	General funds: Direct staff Costs £000	General funds: Direct Costs £000	General funds: Support Costs £000	General funds: **Total general fund costs £000**	Designated funds: Direct Costs £000	Designated funds: **Total designated fund costs £000**	**Total 2017 £000**	Total 2016 £000
Expenditure on raising funds								
Donations and legacies	197	10	155	**362**	136	**136**	**498**	565
Other trading activities	57	270	3	**330**	-	**-**	**330**	382
Investment management costs	-	283	-	**283**	20	**20**	**303**	216
Total	254	563	158	**975**	156	**156**	**1,131**	1,163
Charitable activities								
Membership	1,246	700	1,805	**3,751**	278	**278**	**4,029**	4,207
Chemistry World	731	1,150	877	**2,758**	-	**-**	**2,758**	2,865
Scientific conferences and events	317	1,767	517	**2,601**	1,143	**1,143**	**3,744**	2,990
Education and professional practice	1,278	2,693	1,189	**5,160**	88	**88**	**5,248**	6,140
Publishing	10,522	14,670	10,738	**35,930**	5	**5**	**35,935**	34,321
Advocacy and awareness	1,146	1,355	1,031	**3,532**	-	**-**	**3,532**	3,536
Total	15,240	22,335	16,157	**53,732**	1,514	**1,514**	**55,246**	54,059
Total expenditure	15,494	22,898	16,315	**54,707**	1,670	**1,670**	**56,377**	55,222

Direct costs include an increase to the stock provision of £249k (2016: £359k) and cost of sales for stock of £194k (2016: £314k). Stock related costs are charged against publishing.

Direct costs also include a foreign exchange charge of £171k (2016: gain of £478k) and doubtful debt expenditure of £384k (2016: £702k).

Restricted funds

	Restricted income funds: Direct staff Costs £000	Restricted income funds: Direct Costs £000	Restricted income funds: Support Costs £000	Restricted income funds: **Total restricted income fund costs £000**	Endowment funds: Direct Costs £000	Endowment funds: **Total endowment fund costs £000**	**Total 2017 £000**	Total 2016 £000
Expenditure on raising funds								
Donations and legacies	-	14	-	**14**	-	**-**	**14**	5
Investment management costs	-	5	-	**5**	87	**87**	**92**	35
Total	-	19	-	**19**	87	**87**	**106**	40
Charitable activities								
Membership	143	393	-	**536**	-	**-**	**536**	358
Scientific conferences and events	23	196	-	**219**	-	**-**	**219**	14
Education and professional practice	58	442	-	**500**	-	**-**	**500**	307
Publishing	51	181	-	**232**	-	**-**	**232**	524
Advocacy and awareness	-	19	-	**19**	-	**-**	**19**	-
Total	275	1,231	-	**1,506**	-	**-**	**1,506**	1,203
Total expenditure	275	1,250	-	**1,525**	87	**87**	**1,612**	1,243

Defined contributions and other pension related costs totalling £1,650k (2016: £1,706k) are included within direct staff costs charged to general funds and restricted income funds.

9. Support costs – general fund

	Management	Finance	Information technology	Comms	Human resources	Accomm	Governance	**Total 2017**	Total 2016
	£000	£000	£000	£000	£'000	£000	£000	**£000**	£000
Basis of allocation	**Head count**	**Head count**	**Head count**	**Head count**	**Head count**	**Head count**	**Head count**		
Donations and legacies	18	20	56	12	17	30	2	**155**	183
Other trading activities	-	-	-	-	-	-	3	**3**	4
Membership	214	229	653	141	199	344	25	**1,805**	1,650
Chemistry World	104	111	318	68	97	167	12	**877**	779
Scientific conferences and events	61	65	187	40	57	98	9	**517**	459
Education and professional practice	140	151	429	92	131	226	20	**1,189**	1,515
Publishing	1,269	1,362	3,886	836	1,181	2,047	157	**10,738**	10,415
Advocacy and awareness	122	131	373	80	114	197	14	**1,031**	1,008
Total	1,928	2,069	5,902	1,269	1,796	3,109	242	**16,315**	16,013

10. Governance costs

	Note	**2017 £000**	2016 £000
Trustee expenses	31	**37**	79
Legal fees		**11**	3
Audit and accounting fees	See below	**94**	67
Support staff costs		**100**	121
Total		242	270

Analysis of auditor's remuneration

	2017 £000	2016 £000
Fees payable to:		
RSM UK Audit LLP for audit of the current year RSC and consolidated accounts	**53**	49
RSM UK Audit LLP for other audit work, including grant audits	**17**	9
RSM UK Tax and Accounting Limited for tax advisory services	**15**	3
Auditors other than RSM UK Audit LLP	**9**	6
Total	**94**	67

11. Outturn per charitable activity

	2017			2016		
	Income £000	Expenditure £000	**Total £000**	Income £000	Expenditure £000	**Total £000**
Membership	3,856	(4,565)	**(709)**	3,665	(4,565)	**(900)**
Chemistry World	1,188	(2,758)	**(1,570)**	1,094	(2,865)	**(1,771)**
Scientific conferences and events	2,265	(3,963)	**(1,698)**	1,133	(3,004)	**(1,871)**
Education and professional practice	588	(5,748)	**(5,160)**	617	(6,447)	**(5,830)**
Publishing	53,576	(36,167)	**17,409**	46,266	(34,845)	**11,421**
Advocacy and awareness	62	(3,551)	**(3,489)**	91	(3,536)	**(3,445)**
Total	61,535	(56,752)	**4,783**	52,866	(55,262)	**(2,396)**

12. Pension fund

Group and Charity

The RSC operates a defined benefit scheme in the UK. This is a fund, administered by independent and separate trustees, holding the pension scheme assets to meet long term pension liabilities. A full actuarial valuation was carried out at 31 December 2016 and updated to 31 December 2017 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown in this note. The most recent actuarial valuation showed a deficit of £17,900k. The RSC has agreed with the trustees that it will aim to eliminate the deficit by annual payments of £1,924k for a period of eight years from 1 January 2018 to 31 December 2025.

The difference of £13,305k between the triennial actuarial valuation net liability of £17,900k and the FRS 102 net liability of £31,205k shown in these financial statements arises due to differences in the dates at which the respective valuations took place and the differences in the valuation basis applied. The triennial actuarial valuation (carried out at 31 December 2016) allows for the actual investments in which the scheme is invested, and these expected returns are used to discount the liabilities. In contrast the FRS 102 valuation (carried out as at 31 December 2017) discounts the liabilties using the yield on high quality corporate bonds as required by accounting standards. The scheme's investments would be expected to return more than corporate bonds, allowing a higher discount rate to be used, resulting in lower obligation liabilities compared to the FRS 102 accounting basis of valuation.

The RSC also operates a defined contribution scheme. The contributions are administered by investment managers on behalf of the employees. The cost for the year to the employer was £1,605k (2016: £1,649k).

Defined benefit scheme: employee benefit obligations

	2017 £000	2016 £000
Present value of funded obligations	**(134,310)**	(139,162)
Fair value of scheme assets	**103,105**	98,248
Net liability	**(31,205)**	(40,914)

Defined benefit scheme: Statement of Financial Activities impact

	2017 £000	2016 £000
Net interest cost	**(1,089)**	(667)
Total expense	**(1,089)**	(667)

Defined benefit scheme: amount recognised in the Statement of Financial Activities after net (expenditure)/income

	2017 £000	2016 £000
Remeasurement on defined benefit scheme liability	**9,781**	(23,655)
Net cumulative actuarial losses	**(25,225)**	(35,006)

12. Pension fund (continued)

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

	2017 £000	2016 £000
Change in the present value of the defined benefit obligation:		
Opening defined benefit obligation	(139,162)	(112,398)
Interest expense	(3,718)	(4,324)
Actuarial gains/(losses)	5,387	(25,516)
Benefits paid	3,183	3,076
Closing defined benefit obligation	**(134,310)**	(139,162)
Change in the fair value of plan assets:		
Opening fair value of plan assets	98,248	94,819
Interest income	2,629	3,657
Return on plan assets less interest income	4,394	1,861
Contributions by employer	1,017	987
Benefits paid	(3,183)	(3,076)
Closing fair value of plan assets	**103,105**	98,248

The actual return on the plan assets over the period ended 31 December 2017 was £7,023k (31 December 2016: £5,518k).

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

	At 31/12/17 %	At 31/12/16 %
Rate of discount	2.50	2.70
Inflation (RPI)	3.25	3.35
Inflation (CPI)	2.25	2.35
Salary increases	3.25	4.00
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	2.25	2.35
Allowance for revaluation of deferred pensions of CPI or 2.5% p.a. if less	2.25	2.35
Allowance for pension in payment increases of RPI or 5% p.a. if less	3.15	3.25
Allowance for pension in payment increases of RPI or 3.5% p.a. if less, min 3% p.a.	2.85	2.95
Allowance for commutation of pension for cash at retirement	90% of Post A Day	90% of Post A Day

Defined benefit scheme: the mortality assumptions adopted at 31 December imply the following life expectancies:

	Life expectancy at age 60 (years) at 31/12/17	Life expectancy at age 60 (years) at 31/12/16
Male retiring in 2017 (2016)	27.3	27.8
Female retiring in 2017 (2016)	29.2	29.9
Male retiring in 2037 (2036)	28.5	29.7
Female retiring in 2037 (2036)	30.5	31.9

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

	At 31/12/17	At 31/12/16
Equities and diversified growth funds	63%	62%
Bonds	36%	37%
Cash	1%	1%

Defined benefit scheme: movement in net liability during the year

	2017 £000	2016 £000
Net liability at beginning of the year	(40,914)	(17,579)
Movement in year		
Employer's contributions	1,017	987
Interest income	2,629	3,657
Actuarial gains	4,394	1,861
Interest on pension liabilities	(3,718)	(4,324)
Experience (gains)/losses arising on the plan liabilities	2,419	(12)
Changes in assumptions underlying the plan liabilities	2,968	(25,504)
Total movement	**9,709**	(23,335)
Deficit in plan at end of the year	**(31,205)**	(40,914)

Defined contribution scheme

	2017 £000	2016 £000
Employer contributions	**1,605**	1,649

13. Operating leases

Charges under operating leases to the Statement of Financial Activities during the year was £68k (2016: £72k). At 31 December the RSC was committed to making the following payments for each of the following periods:

Group and Charity

	2017 £000	2016 £000
Leases payments:		
Within a year	68	71
Within two to five years	18	21
Later than five years	1,094	1,094
Total	**1,180**	1,186

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, but the financial commitments have not yet been finalised and therefore are not included above.

14. Intangible fixed assets

Group

	Index and databases £000	Web platform £000	**Total £000**
Cost			
Balance at 1 January 2017	1,737	3,455	**5,192**
Additions	-	85	**85**
Balance at 31 December 2017	**1,737**	**3,540**	**5,277**
Accumulated amortisation			
Balance at 1 January 2017	1,538	2,499	**4,037**
Charge for year	139	452	**591**
Balance at 31 December 2017	**1,677**	**2,951**	**4,628**
Net book value at 31 December 2017	**60**	**589**	**649**
Net book value at 31 December 2016	199	956	1,155

Charity

	Index and databases £000	Web platform £000	**Total £000**
Cost			
Balance at 1 January 2017	695	3,455	**4,150**
Additions	-	85	**85**
Balance at 31 December 2017	**695**	**3,540**	**4,235**
Accumulated amortisation			
Balance at 1 January 2017	496	2,499	**2,995**
Charge for Year	139	452	**591**
Balance at 31 December 2017	**635**	**2,951**	**3,586**
Net book value at 31 December 2017	**60**	**589**	**649**
Net book value at 31 December 2016	199	956	1,155

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 MarinLit 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.

*The name THE MERCK INDEX is owned by Merck Sharp & Dohme Corp., a subsidiary of Merck & Co., Inc., Whitehouse Station, N.J., U.S.A., and is licensed to The Royal Society of Chemistry for use in the U.S.A. and Canada.

15. Tangible fixed assets

Group

	Leasehold land and buildings £000	Fixtures, fittings and equipment £000	**Total £000**
Cost			
Balance at 1 January 2017	8,472	13,357	**21,829**
Additions	-	453	**453**
Disposals	(37)	(132)	**(169)**
Balance at 31 December 2017	**8,435**	**13,678**	**22,113**
Accumulated depreciation			
Balance at 1 January 2017	4,815	8,325	**13,140**
Disposals	(14)	(106)	**(120)**
Charge for year	258	1,508	**1,766**
Balance at 31 December 2017	**5,059**	**9,727**	**14,786**
Net book value at 31 December 2017	**3,376**	**3,951**	**7,327**
Net book value at 31 December 2016	3,657	5,032	8,689

Charity

	Leasehold land and buildings £000	Fixtures, fittings and equipment £000	**Total £000**
Cost			
Balance at 1 January 2017	8,470	13,080	**21,550**
Additions	-	450	**450**
Disposals	(37)	(132)	**(169)**
Balance at 31 December 2017	**8,433**	**13,398**	**21,831**
Accumulated depreciation			
Balance at 1 January 2017	4,815	8,080	**12,895**
Disposals	(14)	(106)	**(120)**
Charge for Year	258	1,481	**1,739**
Balance at 31 December 2017	**5,059**	**9,455**	**14,514**
Net book value at 31 December 2017	**3,374**	**3,943**	**7,317**
Net book value at 31 December 2016	3,655	5,000	8,655

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, while other, older and more valuable items are kept securely elsewhere throughout Burlington House. Many of the items within the collection are irreplaceable originals to which no reliable value can be attributed.

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

Due to the importance of the collection the RSC has a policy to not dispose of any items held within it. There were no disposals and no new additions to the collection during 2017 (2016: 37 additions).

16. Fixed asset investments

Group and Charity

	Unrestricted funds		Restricted funds		Total	Total
	General funds	Designated funds	Restricted income funds	Endowment funds	2017	2016
	£000	£000	£000	£000	**£000**	£000
Investments listed on recognised stock exchange in the UK						
Equities	-	-	-	-	**-**	10,069
Mixed funds	3,190	261	271	544	**4,266**	1,586
Investments listed on recognised stock exchange outside the UK						
Fixed income	15,209	914	374	4,831	**21,328**	19,850
Equities	33,636	2,089	486	6,222	**42,433**	35,278
Mixed funds	17,031	1,024	585	7,567	**26,207**	22,079
Total investments listed on recognised stock exchange	69,066	4,288	1,716	19,164	**94,234**	88,862
Cash held for investment	721	75	139	1,768	**2,703**	1,302
FX Hedging	550	32	13	172	**767**	269
Total liquid investments	1,271	107	152	1,940	**3,470**	1,571
Total investments	70,337	4,395	1,868	21,104	**97,704**	90,433

Movement in market value

	Unrestricted funds		Restricted funds		Total	Total
	General funds	Designated funds	Restricted income funds	Endowment funds	2017	2016
	£000	£000	£000	£000	**£000**	£000
Investments listed on recognised stock exchange						
Market value at 1 January	63,735	3,969	1,511	19,647	**88,862**	82,233
Realised and unrealised gains	4,705	289	67	1,039	**6,100**	7,216
Less: disposal proceeds including share exchanges	-	-	-	-	**-**	(86,770)
Add: purchases at cost including share exchanges	-	-	-	-	**-**	86,770
Net transfers to cash held for investment	626	30	138	(1,522)	**(728)**	(587)
Market value at 31 December	69,066	4,288	1,716	19,164	**94,234**	88,862
Cash and liquid assets held for Investment						
Market value at 1 January	1,095	76	29	371	**1,571**	373
Transfers from investments listed on recognised stock exchange	(626)	(30)	(138)	1,522	**728**	587
Investment management costs	(283)	(20)	(5)	(87)	**(395)**	(251)
Add back: investments management costs paid externally	22	-	-	3	**25**	121
Investment income retained	729	56	256	-	**1,041**	472
Movements on FX Hedging	334	25	10	131	**500**	269
Market value at 31 December	1,271	107	152	1,940	**3,470**	1,571
Total investments at 31 December	70,337	4,395	1,868	21,104	**97,704**	90,433

During the year the RSC transferred £nil (2016: £86,770k) between different investments managed through an external investment advisor. During 2017 the Society withdrew £nil (2016: £nil) from investments to fund operating activities.

The historical cost of investments held at fair value as at 31 December 2017 is £88,200k (2016: £87,163k).

17. Investment in subsidiaries

Charity

	Investment	Capital and reserves
	£	**£000**
RSC Worldwide Limited*	100	449
RSC Worldwide (US) Inc**	6,431	295
Chemistry Limited*	2	428
RSC (Beijing) Chemical and Science Technology Consulting Co., Ltd.**	120,000	261
Royal Chemistry India Private Limited***	157,272	328
Royal Society of Chemistry Japan K.K.**	69,729	124
Royal Chemistry India Foundation****	150	35
Friends of the RSC, Inc.	-	33

* RSC owns 100% of the Issued Share Capital.

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

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

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

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

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.

2017 profit and loss and balance sheet for the Charity's controlled subsidiaries

	RSC Worldwide Limited Registered No. 6702733		Chemistry Limited Registered No. 3801760	
	2017	2016	**2017**	2016
	£000	£000	**£000**	£000
Profit and loss account				
Gross income	**4,949**	4,894	**637**	716
Total expenditure	**(4,395)**	(4,377)	**(330)**	(382)
Profit	**554**	517	**307**	334
Gift aid distributed	**(344)**	-	**(334)**	(173)
Balance sheet				
Aggregate assets	**1,424**	2,411	**817**	1,051
Aggregate liabilities	**(975)**	(2,172)	**(389)**	(596)
Total funds	**449**	239	**428**	455

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. In 2017 a total of £678k (2016: £173k) was paid over to the RSC under Gift Aid.

18. Debtors

	Group 2017 £000	Group 2016 £000	Charity 2017 £000	Charity 2016 £000
Trade debtors	8,807	11,236	8,634	11,029
Other debtors	1,680	2,500	1,477	2,258
Amounts due from group undertakings	-	-	1,345	1,990
Prepayments and accrued income	1,367	1,597	1,274	1,558
Total	**11,854**	15,333	**12,730**	16,835

Trade debtors are shown net of doubtful debt provision which totals £1,328k (2016: £945k) for the Group and £1,193k (2016: £887k) for the Charity.

19. Creditors

Amounts falling due within one year

	Group 2017 £000	Group 2016 £000	Charity 2017 £000	Charity 2016 £000
Trade creditors	(1,018)	(990)	(923)	(933)
Other creditors	(487)	(428)	(407)	(370)
Forward exchange contracts	-	(1,261)	-	(1,261)
Taxation and social security	(470)	(553)	(458)	(450)
Amounts due to group undertakings	-	-	(793)	(1,758)
Accruals	(3,332)	(4,412)	(3,122)	(4,141)
Total	**(5,307)**	(7,644)	**(5,703)**	(8,913)

20. Deferred income

Amounts falling due within one year

	Group 2017 £000	Group 2016 £000	Charity 2017 £000	Charity 2016 £000
Journal subscriptions				
Balance at 1 January	(21,257)	(20,459)	(21,232)	(20,358)
Amounts released in year	21,017	20,282	20,992	20,181
Amounts deferred in year	(18,785)	(21,080)	(18,764)	(21,055)
Balance at 31 December	**(19,025)**	(21,257)	**(19,004)**	(21,232)
Membership subscriptions				
Balance at 1 January	(1,641)	(1,418)	(1,641)	(1,418)
Amounts released in year	1,641	1,418	1,641	1,418
Amounts deferred in year	(1,469)	(1,641)	(1,469)	(1,641)
Balance at 31 December	**(1,469)**	(1,641)	**(1,469)**	(1,641)
Total	**(20,494)**	(22,898)	**(20,473)**	(22,873)

21. Analysis of net assets between funds

Group

	Unrestricted funds: General funds £000	Unrestricted funds: Designated funds £000	Unrestricted funds: Hedge reserve £000	Unrestricted funds: Pension reserve £000	Restricted funds: Restricted income funds £000	Restricted funds: Endowment funds £000	Total £000
Fund balances at 31 December 2016 are represented by:							
Tangible fixed assets	8,689	-	-	-	-	-	**8,689**
Intangible fixed assets	1,155	-	-	-	-	-	**1,155**
Investments	64,830	4,045	-	-	1,540	20,018	**90,433**
Net current assets/(liabilities)	(1,012)	3,059	(1,261)	-	1,063	674	**2,523**
Pension liability	-	-	-	(40,914)	-	-	**(40,914)**
Total net assets	73,662	7,104	(1,261)	(40,914)	2,603	20,692	**61,886**
Fund balances at 31 December 2017 are represented by:							
Tangible fixed assets	7,327	-	-	-	-	-	**7,327**
Intangible fixed assets	649	-	-	-	-	-	**649**
Investments	70,337	4,394	-	-	1,868	21,104	**97,704**
Net current assets	5,401	4,049	-	-	526	608	**10,583**
Pension liability	-	-	-	(31,205)	-	-	**(31,205)**
Total net assets	83,714	8,443	-	(31,205)	2,394	21,712	**85,058**

Charity

	Unrestricted funds: General funds £000	Unrestricted funds: Designated funds £000	Unrestricted funds: Hedge reserve £000	Unrestricted funds: Pension reserve £000	Restricted funds: Restricted income funds £000	Restricted funds: Endowment funds £000	Total £000
Fund balances at 31 December 2016 are represented by:							
Tangible fixed assets	8,655	-	-	-	-	-	**8,655**
Intangible fixed assets	1,155	-	-	-	-	-	**1,155**
Investments	64,830	4,045	-	-	1,540	20,018	**90,433**
Net current assets	(2,174)	3,059	(1,261)	-	1,028	674	**1,326**
Pension liability	-	-	-	(40,914)	-	-	**(40,914)**
Total net assets	72,466	7,104	(1,261)	(40,914)	2,568	20,692	**60,655**
Fund balances at 31 December 2017 are represented by:							
Tangible fixed assets	7,317	-	-	-	-	-	**7,317**
Intangible fixed assets	649	-	-	-	-	-	**649**
Investments	70,337	4,395	-	-	1,868	21,104	**97,704**
Net current assets	3,879	4,048	-	-	458	608	**8,993**
Pension liability	-	-	-	(31,205)	-	-	**(31,205)**
Total net assets	82,182	8,443	-	(31,205)	2,326	21,712	**83,458**

22. Financial derivatives

Forward exchange contracts are used to manage exposure to currency exchange risk. Contracts to the value of US$14,400k were entered into during the year ended 31 December 2017 (2016: US$24,900k). Contacts totalling US$18,000k (2016: US$22,200k) matured during 2017.

As at 31 December 2017 there were contracts totalling US$14,400k which will mature in 2018 (2016: US$18,000k). The year end valuation on the open contracts resulted in a fair value gain of £547k (2016: loss of £1,261k). Cumulative losses on forward contracts maturing in the year were £764k (2016: £1,656k).

23. Financial assets and liabilities

	Group 2017 £000	Group 2016 £000	**Charity 2017 £000**	Charity 2016 £000
Financial assets measured at fair value through income and expenditure	**98,251**	90,433	**98,250**	90,433
Financial assets measured at amortised cost	**9,737**	13,511	**10,751**	15,125
Financial liabilities measured at fair value through income and expenditure	**-**	(1,261)	**-**	(1,261)
Financial liabilities measured at amortised cost	**(4,833)**	(5,671)	**(5,229)**	(7,090)

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

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

24. Royal Society Of Chemistry

Included in the accounts is income of £62,439k (2016: £55,033k) from the RSC as a single entity and surplus of £11,761k (2016: £6,230k surplus).

25. Restricted funds

Group – movement in funds

	Restricted income funds					Total restricted income funds	Endowment funds		Total endowment funds	Total restricted funds
	Chemists' Community Fund	Trust funds	Grant income	Friends of the RSC, Inc.	Royal Chemistry India Foundation		Chemists' Community Fund	Trust funds		
	£000	£000	£000	£000	£000	**£000**	£000	£000	**£000**	**£000**
Balance at 1 January 2016	569	1,239	477	38	35	**2,358**	13,840	5,422	**19,262**	**21,620**
Income	262	216	769	-	144	**1,391**	551	-	**551**	**1,942**
Expenditure	(176)	(199)	(653)	(3)	(179)	**(1,210)**	(25)	(8)	**(33)**	**(1,243)**
Gains on investment assets	-	64	-	-	-	**64**	624	288	**912**	**976**
Balance at 31 December 2016	655	1,320	593	35	-	**2,603**	14,990	5,702	**20,692**	**23,295**
Income	176	109	540	-	181	**1,006**	105	-	**105**	**1,111**
Expenditure	(210)	(332)	(835)	(2)	(146)	**(1,525)**	(64)	(23)	**(87)**	**(1,612)**
Gains on investment assets	-	77	-	-	-	**77**	836	334	**1,170**	**1,247**
Transfers	-	233	-	-	-	**233**	-	(168)	**(168)**	**65**
Balance at 31 December 2017	621	1,407	298	33	35	**2,394**	15,867	5,845	**21,712**	**24,106**

Charity – movement in funds

	Restricted income funds			Total restricted income funds	Endowment funds		Total endowment	Total restricted
	Chemists' Community Fund	Trust funds	Grant income		Chemists' Community Fund	Trust funds	funds	funds
	£000	£000	£000	**£000**	£000	£000	**£000**	**£000**
Balance at 1 January 2016	569	1,239	477	**2,285**	13,840	5,422	**19,262**	**21,547**
Income	262	216	769	**1,247**	551	-	**551**	**1,798**
Expenditure	(176)	(199)	(653)	**(1,028)**	(25)	(8)	**(33)**	**(1,061)**
Gains on investment assets	-	64	-	**64**	624	288	**912**	**976**
Balance at 31 December 2016	655	1,320	593	**2,568**	14,990	5,702	**20,692**	**23,260**
Income	176	109	540	**825**	105	-	**105**	**930**
Expenditure	(210)	(332)	(835)	**(1,377)**	(64)	(23)	**(87)**	**(1,464)**
Gains on investment assets	-	77	-	**77**	836	334	**1,170**	**1,247**
Transfers	-	233	-	**233**	-	(168)	**(168)**	**65**
Balance at 31 December 2017	621	1,407	298	**2,326**	15,867	5,845	**21,712**	**24,038**

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 2017.

Trust and lecture funds

Note 28 to these financial statements provides a detailed breakdown of each trust and lecture fund.

Transfers

A transfer from expendable endowment funds to restricted income funds takes place to match the expenditure funded from expendable endownments. The £168k transfer from endowment trust funds to restricted income trust funds was required to meet the expenditure incurred within restricted income. The balance of £65k was transferred from general funds into restricted income to meet expenditure incurred in excess of the income generated on the RSC's permanent endowments. Refer to note 26 and note 28 for more detail.

26. Unrestricted funds

Group and Charity

Movement in unrestricted funds	General funds	Funds held within non-charitable activities	Designated funds	Hedge reserve	Pension reserve	**Total**
	£000	£000	£000	£000	£000	**£000**
Balance at 1 January 2016	68,482	126	6,893	-	(17,579)	**57,922**
Income	47,841	5,773	684	-	-	**54,298**
Expenditure	(48,772)	(4,703)	(1,080)	-	(667)	**(55,222)**
Gains on investment assets	6,262	-	247	-	-	**6,509**
Transfers	(1,347)	-	360	-	987	**-**
Losses on forward contracts	-	-	-	(1,261)	-	**(1,261)**
Actuarial loss	-	-	-	-	(23,655)	**(23,655)**
Balance at 31 December 2016	72,466	1,196	7,104	(1,261)	(40,914)	**38,591**
Income	52,270	9,106	1,032	-	-	**62,408**
Expenditure	(44,848)	(8,770)	(1,670)	-	(1,089)	**(56,377)**
Gains on investment assets	5,039	-	314	-	-	**5,353**
Transfers	(2,745)	-	1,663	-	1,017	**(65)**
Losses on forward contracts	-	-	-	1,261	-	**1,261**
Actuarial gain	-	-	-	-	9,781	**9,781**
Balance at 31 December 2017	**82,182**	**1,532**	**8,443**	-	**(31,205)**	**60,952**

Group and Charity

Designated funds – movement in funds	Earmarked funds	Member networks	Trust and lecture funds	**Total**
	£000	£000	£000	**£000**
Balance at 1 January 2016	-	1,980	4,913	**6,893**
Income	-	582	102	**684**
Expenditure	-	(936)	(144)	**(1,080)**
Gains on investment assets	-	-	247	**247**
Transfers from general funds	-	360	-	**360**
Balance at 31 December 2016	-	1,986	5,118	**7,104**
Income	-	972	60	**1,032**
Expenditure	(142)	(1,352)	(176)	**(1,670)**
Gains on investment assets	-	-	314	**314**
Transfers from general funds	1,300	363	-	**1,663**
Balance at 31 December 2017	**1,158**	**1,969**	**5,316**	**8,443**

Earmarked funds

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

Member networks

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

Trust and lecture funds

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

Transfers

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

The £1,017k transfer from general funds to the pensions reserve (2016: £987k) reflects the employer defined benefit recovery plan contributions paid in the year. The £363k transfer from general funds to designated funds (2016: £360k) reflects the grants made by the RSC to member networks to support activities at that level. The £65k transfer from general funds to restricted income funds was required to meet expenditure incurred in excess of the income generated on the RSC's permanent endowments. The £1,300k transfer from general funds to earmarked funds was agreed at Council in July 2017. The funds held within earmarked funds are committed and will remain earmarked and available for the intended purposes when the expenditure is incurred.

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 96 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 2017.

	Restricted income funds	Expendable endowment funds	**Total**	Restricted income funds	Expendable endowment funds	**Total**
	2017	2017	**2017**	2016	2016	**2016**
	£000	£000	**£000**	£000	£000	**£000**
Income						
Casual donation	-	23	**23**	-	34	**34**
Legacies and bequests revenue	-	82	**82**	-	517	**517**
Investment Income	176	-	**176**	262	-	**262**
Total income	176	105	**281**	262	551	**813**
Expenditure						
Grants awarded	(41)	-	**(41)**	(27)	-	**(27)**
Investment & banking fees	-	(64)	**(64)**	-	(25)	**(25)**
Staff costs	(143)	-	**(143)**	(126)	-	**(126)**
Volunteer expenses	(7)	-	**(7)**	(4)	-	**(4)**
Member expenses	(6)	-	**(6)**	(3)	-	**(3)**
Other	(13)	-	**(13)**	(16)	-	**(16)**
Total expenditure	(210)	(64)	**(274)**	(176)	(25)	**(201)**
Net (expenditure)/income before investment gains	**(34)**	**41**	**7**	86	526	**612**
Gains on investment assets	-	**836**	**836**	-	624	**624**
Net (expenditure)/income	**(34)**	**877**	**843**	86	1,150	**1,236**
Reconciliation of funds						
Fund balances brought forward	655	14,990	**15,645**	569	13,840	**14,409**
Fund balances carried forward	**621**	**15,867**	**16,488**	655	14,990	**15,645**

28. Trust and lecture funds

Fund balances as at 31 December 2017

	Opening balance	Donations	Income	Expenditure	Accumulated investment movement	Transfers	**Closing balance**	Closing balance
	2017	2017	2017	2017	2017	2017	**2017**	2016
	£000	£000	£000	£000	£000	£000	**£000**	£000
Designated funds								
Appleyard Fund	64	-	1	(2)	4	-	**67**	64
Chemical Council Fund	27	-	-	(16)	2	-	**13**	27
Faraday Lecture Fund	21	-	-	-	1	-	**22**	21
Haworth Memorial Fund	22	-	-	-	1	-	**23**	22
Research Fund	1,583	-	19	(71)	92	-	**1,623**	1,583
Saville Fund	134	-	2	(5)	8	-	**139**	134
Simonsen Lecture Fund	23	-	-	(3)	1	-	**21**	23
Ronald Nyholm Lecture Fund	13	-	-	(4)	1	-	**10**	13
Christopher Ingold Lecture Fund	32	-	-	(3)	2	-	**31**	32
Spiers Memorial Fund	20	-	-	(7)	1	-	**14**	20
Bourke Lecture and Medal Fund	2	-	4	(6)	-	-	**-**	2
Ludwig Mond Trust	105	-	1	(4)	6	-	**108**	105
Industrial Division Endowment Lecture Fund	141	-	2	(5)	8	-	**146**	141
E Frankland Prize and Lecture Fund	27	-	-	(3)	2	-	**26**	27
Barrer Award	37	-	-	(1)	2	-	**38**	37
A Spinks Symposia Fund	127	-	1	(1)	7	-	**134**	127
Rhône-Poulenc Lectureship	32	-	-	(1)	2	-	**33**	32
Marriot Legacy	228	-	3	(8)	13	-	**236**	228
E Frankland Fellowship	89	-	1	(1)	5	-	**94**	89
W A Waters	239	-	3	(9)	14	-	**247**	239
C Sulzbacher	97	-	1	(4)	6	-	**100**	97
J Chatt Lectureship	60	-	1	-	3	-	**64**	60
Colman-Porter Fund	361	-	4	(11)	21	-	**375**	361
Memorial Fund	122	-	1	(4)	7	-	**126**	122
Lord Lewis Award	6	-	-	(1)	-	-	**5**	6
Sir Derek Barton Fund	1,506	-	16	(6)	105	-	**1,621**	1,506
Total	5,118	-	60	(176)	314	-	**5,316**	5,118
Restricted income								
Ethel Behrens Fund	38	-	-	(1)	2	-	**39**	38
Liversidge Lecture Fund	38	-	-	(3)	2	-	**37**	38
Pedler Lecture Fund	38	-	-	(4)	2	-	**36**	38
Tilden Lecture Fund	167	-	3	(19)	10	-	**161**	167
Whittle Memorial Fund	16	-	-	-	1	-	**17**	16
A Robertson Bequest	221	-	4	(9)	13	-	**229**	221
A Albert	663	-	9	(14)	39	-	**697**	663
Bill Carruthers Lectureship	22	-	-	-	1	-	**23**	22
Harry Shalgosky Bequest	39	-	1	-	2	-	**42**	39
P Meares Legacy	78	26	3	(9)	5	-	**103**	78
Restricted income funds – relating to expendable endowments								
William Briggs Fund	-	-	2	(4)	-	2	**-**	-
Marlow Medal and Award Fund	-	-	1	(3)	-	2	**-**	-
John Jeyes Lectureship Fund	-	-	1	-	-	-	**1**	-
BOC (Gases Division) Trust	-	-	2	(133)	-	131	**-**	-
Edward Horton Bequest	-	-	1	-	-	-	**1**	-
PF Frankland Memorial Lecture Fund	-	-	1	(3)	-	2	**-**	-
R A Robinson Memorial Fund	-	-	2	(3)	-	1	**-**	-
J O Cutter	-	-	9	(39)	-	30	**-**	-
G Wilkinson Lectureship	-	-	1	(1)	-	-	**-**	-
Brian Scarlett Memorial Fund	-	-	-	-	-	-	**-**	-
Charles Rees Award	-	-	1	(1)	-	-	**-**	-

28. Trust and lecture funds (continued)

Fund balances as at 31 December 2017

	Opening balance	Donations	Income	Expenditure	Accumulated investment movement	Transfers	**Closing balance**	Closing balance
	2017	2017	2017	2017	2017	2017	**2017**	2016
	£000	£000	£000	£000	£000	£000	**£000**	£000
Restricted income (continued)								
Restricted income funds – relating to permanent endowments								
Centenary Fund	-	-	6	(44)	-	38	**-**	-
Corday Morgan Medal and Prize Fund	-	-	2	(18)	-	16	**-**	-
Corday Morgan Memorial Fund	-	-	9	(14)	-	5	**-**	-
Robert John Flintoff Trust	-	-	-	-	-	-	**-**	-
Edward Frank Harrison Memorial Trust	-	-	-	-	-	-	**-**	-
Robert Robinson Lecture Fund	-	-	1	(5)	-	4	**-**	-
Henderson Memorial Lecture Fund	-	-	1	-	-	-	**1**	-
W J Hickinbottom Bequest	-	-	21	(3)	-	-	**18**	-
S F Boys – A Rahman Lecture Fund	-	-	-	(2)	-	2	**-**	-
Sir Derek Barton Award Fund	-	-	2	-	-	-	**2**	-
Total	1,320	26	83	(332)	77	233	**1,407**	1,320
Expendable endowment								
William Briggs Fund	213	-	-	(1)	12	(2)	**222**	213
Marlow Medal and Award Fund	83	-	-	-	5	(2)	**86**	83
John Jeyes Lectureship Fund	52	-	-	-	3	-	**55**	52
BOC (Gases Division) Trust	206	-	-	(1)	12	(131)	**86**	206
Edward Horton Bequest	74	-	-	-	4	-	**78**	74
PF Frankland Memorial Lecture Fund	74	-	-	-	4	(2)	**76**	74
R A Robinson Memorial Fund	197	-	-	(1)	11	(1)	**206**	197
J O Cutter	803	-	-	(3)	48	(30)	**818**	803
G Wilkinson Lectureship	81	-	-	-	5	-	**86**	81
Brian Scarlett Memorial Fund	3	-	-	-	-	-	**3**	3
Charles Rees Award	113	-	-	-	7	-	**120**	113
Total	1,899	-	-	(5)	111	(168)	**1,836**	1,899
Permanent endowment								
Centenary Fund	525	-	-	(2)	30	-	**553**	525
Corday Morgan Medal and Prize Fund	211	-	-	(1)	12	-	**222**	211
Corday Morgan Memorial Fund	824	-	-	(4)	48	-	**868**	824
Robert John Flintoff Trust	39	-	-	-	2	-	**41**	39
Edward Frank Harrison Memorial Trust	36	-	-	-	2	-	**38**	36
Robert Robinson Lecture Fund	129	-	-	(1)	7	-	**135**	129
Henderson Memorial Lecture Fund	44	-	-	-	3	-	**47**	44
W J Hickinbottom Bequest	1,732	-	-	(8)	101	-	**1,825**	1,732
S F Boys – A Rahman Lecture Fund	27	-	-	-	2	-	**29**	27
Sir Derek Barton Award Fund	236	-	-	(1)	16	-	**251**	236
Total	3,803	-	-	(17)	223	-	**4,009**	3,803
Total trust funds	12,140	26	143	(531)	725	65	**12,568**	12,140

28. Trust and lecture funds (continued)

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

A Albert

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

Sir Derek Barton Fund and Award Fund

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

Centenary Fund

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

Colman-Porter Fund

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

Corday Morgan Memorial Fund

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

J O Cutter

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

Hickinbottom Fund

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

Research Fund

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

29. Post balance sheet events

The financial statements were authorised for issue on 26 April 2018. 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 2017, 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 2017 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

	2017 £000	2016 £000
Accumulated fund	**58**	59
Represented by:		
Investments	**73**	73
RSC creditor	**(15)**	(14)
Total	**58**	59

This fund is jointly administered by the RSC, the Society of Chemical Industry, and the Institute of Materials. 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

	2017 £	2016 £
Name of member:		
Professor A Rodger	-	**34**
Total Trustees' royalty payments	**-**	34

The Trustees' royalty payments relate to contributions made to RSC publications and do not constitute remuneration for their role as a Trustee. The payments are made in accordance with a formal Memorandum of Agreement.

No Trustees received or waived remuneration during the 2017 year (2016: £nil).

Trustees' expenses

The total amount of expenses reimbursed to 16 (2016: 12) Trustees or paid directly to third parties in respect of travel to meetings and related expenses in 2017 was £36,937 (2016: £78,720).

Donations from Trustees

Total donations received without conditions from trustees was £83 in 2017 (2016: £15).

Trustees' indemnity insurance

The amount paid in 2017 for Trustees' Indemnity Insurance was £19,040 (2016: £16,973).

31. Transactions with Trustees and related parties

Related parties

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

	2017 £000	2016 £000
Service payments to RSC Worldwide Limited	**(4,697)**	(4,641)
ChemSpider service charges to RSC Worldwide Limited	**-**	34
Gift aid received from RSC Worldwide Limited	**344**	-
Gift aid received from Chemistry Limited	**344**	173
Debtor amounts due from subsidiaries		
Chemistry Limited	**303**	497
RSC Worldwide (US) Inc	**1,031**	1,487
Friends of the RSC, Inc.	**11**	6
Creditor amounts due to subsidiaries		
RSC Worldwide Limited	**(781)**	(1,745)
Royal Society of Chemistry Japan K.K.	**(12)**	(13)
Chemistry Innovation Limited debts written off	**-**	(15)

There have been no other related party transactions in 2017.

32. Consolidated statement of financial activities for the year ended 31 December 2016

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

	Unrestricted funds						Restricted funds				
	General funds	Designated funds	**Total general and designated funds**	Hedge reserve	Pension reserve	**Total unrestricted funds**	Restricted income funds	Endowment funds	**Total restricted funds**	**Total**	Total
	2016	2016	**2016**	2016	2016	**2016**	2016	2016	**2016**	**2016**	2015
	£000	**£000**	**£000**	**£000**		**£000**	**£000**	**£000**	**£000**	**£000**	£000
Income and endowments from:											
Donations and legacies	2	20	22	-	-	22	129	551	680	**702**	222
Other trading activities	716	-	716	-	-	716	-	-	-	**716**	661
Investment income	1,443	102	1,545	-	-	1,545	399	-	399	**1,944**	2,488
Charitable activities											
Membership	3,664	-	3,664	-	-	3,664	1	-	1	**3,665**	3,701
Chemistry World	1,094	-	1,094	-	-	1,094	-	-	-	**1,094**	1,190
Scientific conferences and events	571	562	1,133	-	-	1,133	-	-	-	**1,133**	1,664
Education and professional practice	351	-	351	-	-	351	266	-	266	**617**	763
Publishing	45,670	-	45,670	-	-	45,670	596	-	596	**46,266**	43,132
Advocacy and awareness	91	-	91	-	-	91	-	-	-	**91**	114
Other income	12	-	12	-	-	12	-	-	-	**12**	54
Total income and endowments	53,614	684	**54,298**	-	-	**54,298**	1,391	551	**1,942**	**56,240**	53,989
Expenditure on:											
Raising funds											
Donations and legacies	459	98	557	-	8	565	5	-	5	**570**	455
Other trading activities	382	-	382	-	-	382	-	-	-	**382**	353
Investment management costs	210	6	216	-	-	216	2	33	35	**251**	180
Charitable activities											
Membership	3,930	208	4,138	-	69	4,207	358	-	358	**4,565**	4,729
Chemistry World	2,833	-	2,833	-	32	2,865	-	-	-	**2,865**	2,562
Scientific conferences and events	2,203	768	2,971	-	19	2,990	14	-	14	**3,004**	4,165
Education and professional practice	6,077	-	6,077	-	63	6,140	307	-	307	**6,447**	7,234
Publishing	33,887	-	33,887	-	434	34,321	524	-	524	**34,845**	36,066
Advocacy and awareness	3,494	-	3,494	-	42	3,536	-	-	-	**3,536**	4,362
Total expenditure	53,475	1,080	**54,555**	-	667	**55,222**	1,210	33	**1,243**	**56,465**	60,106
Net income/(expenditure) before investment gains	139	(396)	**(257)**	-	(667)	**(924)**	181	518	**699**	**(225)**	(6,117)
Gains on investment assets	6,262	247	6,509	-	-	6,509	64	912	976	**7,485**	781
Net income/(expenditure)	6,401	(149)	**6,252**	-	(667)	**5,585**	245	1,430	**1,675**	**7,260**	(5,336)
Transfer between funds	(1,347)	360	(987)	-	987	-	-	-	-	**-**	-
Net group income/(expenditure) before other recognised gains and losses	5,054	211	**5,265**	-	320	**5,585**	245	1,430	**1,675**	**7,260**	(5,336)
Remeasurement on defined benefit pension scheme	-	-	**-**	-	(23,655)	(23,655)	-	-	-	**(23,655)**	7,903
Losses on forward contracts	**-**	**-**	**-**	(1,261)	-	(1,261)	**-**	**-**	-	**(1,261)**	**-**
Net movement in funds increase/(decrease)	5,054	211	**5,265**	(1,261)	(23,335)	**(19,331)**	245	1,430	**1,675**	**(17,656)**	2,567
Reconciliation of funds											
Fund balances brought forward	68,608	6,893	75,501	-	(17,579)	57,922	2,358	19,262	21,620	**79,542**	76,975
Fund balances carried forward	73,662	7,104	**80,766**	(1,261)	(40,914)	**38,591**	2,603	20,692	**23,295**	**61,886**	79,542

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