

**Royal Society of Chemistry**

**Trustees' Report  
and Financial Statements  
2010**

**Registered Charity Number: 207890**

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## REFERENCE AND ADMINISTRATIVE DETAILS

### Charity Number

The Royal Society of Chemistry's (RSC) charity registration number is 207890 and this registration encompasses the RSC Benevolent Fund, the RSC and its regional and interest groups.

### Senior Management Team (SMT) at 31 December 2010

Chief Executive

Dr Richard Pike MA CSci CEng FRSC

Managing Director, Publishing

Dr Robert Parker BSc CSci CChem FRSC

Managing Director, Science, Education and Industry

Dr Neville Reed BSc CSci CChem FRSC

Finance Director

Wynne Beaumont BSc ACMA

Director, Human Resources and Organisational Development

Jacqueline Mitchell Chartered FCIPD

## AUDITORS, BANKERS AND OTHER PROFESSIONAL ADVISERS

### Registered Auditors

PricewaterhouseCoopers LLP  
7 More London Riverside  
More London  
SE1 2RT

### Bankers

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

### Investment Managers

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

BlackRock  
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London  
EC4R 9AS

Royal London Asset Management  
55 Gracechurch Street  
London  
EC3V 0UF

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100 St Paul's Churchyard  
London  
EC4M 8BU

### Investment Advisers

JLT Benefit Solutions  
36 Ridgmont Road  
St Albans  
AL1 3AB

### Legal Advisers

#### Charity Matters:

Hewitsons  
7 Spencer Parade  
Northampton  
NN1 5AB

Taylor Vinters  
Merlin Place  
Milton Road  
Cambridge  
CB4 0DP

#### Commercial Matters:

Hewitsons  
Shakespeare House  
42 Newmarket Road  
Cambridge  
CB5 8EP

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Lincoln's Inn Fields  
London  
WC2A 3AA

### Principal Office

Royal Society of Chemistry  
Burlington House  
Piccadilly  
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## TRUSTEES' REPORT

The Trustees present their report and financial statements for the year ended 31 December 2010. Pages 2 to 3 and 17 to 19 also form part of the Trustees' Report.

### Structure, Governance and Management

The RSC is a registered charity governed by a Royal Charter.

The RSC is governed by a Council elected or appointed in accordance with its Charter and By-laws.

The Council comprises:

#### Elected members

President  
President Elect or Immediate Past President  
Honorary Treasurer  
Nine Ordinary Members of Council

#### Appointed members

Up to six members, who may be Chairs of the Boards or other persons appointed by Council.

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 to vote in elections. Council itself may also make nominations. Voting is by post or by electronic voting and is managed by the Electoral Reform Services. 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 2011 AGM.

An organisational chart showing RSC governance is shown on page 18.

The Honorary Treasurer chairs the Finance Board.

RSC governance bodies develop strategic planning and policies with the support of staff and approval by the Council, which delegates the day-to-day management and implementation through the Chief Executive to the staff. Staff provide updates on progress to the governance bodies, which in turn report to the Council on achievements against the RSC strategy.

#### Trustees

As at the date of signing the Trustees Report, the Council Members are the Trustees of the RSC. A list of the Trustees for the period January to December 2010 is shown on page 17.

All Council Members are expected to attend Trustee Training sessions covering the generic requirements of Trustees and RSC financial and business planning and strategy development. A compilation of *Notes for Council Members* is provided to all Trustees. Trustees are also offered access to external training.

All members of Council and its boards and committees give of their time voluntarily to the RSC. In addition to an amount of £67K (2009: £73K), (K = £1,000), that was reimbursed to Trustees for travel to meetings and related expenses in 2010, two members of Council were paid £2K (2009: £1K) in respect of royalty payments for contributing to RSC publications. The payments were appropriately authorised and transacted under normal terms.

## TRUSTEES' REPORT

### Subsidiary Companies

The RSC has two wholly owned UK registered subsidiaries, Chemistry Limited and RSC Worldwide Limited. The loss on ordinary activities before taxation for Chemistry Limited was £3K (2009: £nil). The loss on ordinary activities before taxation for RSC Worldwide Limited was £879K (2009: £484K loss).

The RSC owns 67% of Chemistry Innovation Limited. The loss on ordinary activities before taxation was £1K (2009: £21K profit). The minority interest is disclosed in note 17 of the financial statements.

The principal activity of Chemistry Innovation Limited is to facilitate knowledge transfer, collaborative working and research and development projects between chemistry related industries and the science base. This activity is primarily funded through grant income.

The principal activity of Chemistry Limited is to facilitate the grant funding for Chemistry Innovation Limited. As this funding has now come to an end it is expected the company will transfer to dormant status in 2011.

The principal activity of RSC Worldwide Limited is to facilitate RSC activities overseas.

A wholly owned subsidiary of RSC Worldwide Limited is incorporated for the principal activity of facilitating RSC Worldwide Limited activities in the United States of America (US). The loss on ordinary activities before taxation was £28K (2009: £11K).

The Boards of Chemistry Limited and RSC Worldwide Limited have opted to gift aid all profits to the RSC.

### Consolidation

We have reflected all the entities covered by the RSC charity registration, together with the subsidiaries noted above, in the RSC's Consolidated Statement of Financial Activities and Balance Sheet.

The minority interest in Chemistry Innovation Limited has not been recognised separately in the financial statements on the grounds of materiality. However it is shown in note 17 of the financial statements.

### Connected Charities

The RSC jointly administers the Sir George Beilby Memorial Fund. An annual prize of £1K 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.

# TRUSTEES' REPORT

## Risks

The Audit Committee considers risks facing the RSC and how to mitigate them and maintains a detailed Risk Register addressing the significant risks to which the RSC is exposed. This is reviewed and amended at least once a year by the Audit Committee, the most recent update was approved by Council on 9 December 2010.

The RSC uses the following controls to mitigate risk: formal agendas for all committee and board activity, detailed terms of reference for all committees, comprehensive strategic planning, budgeting and management accounting, established organisational structure, clear lines of reporting and clear authorisation levels. The RSC mitigates risk from economic conditions by regularly reviewing its risk profiles.

The RSC has two locations in the UK and has infrastructure in place to keep essential operations functioning from either location. It has a detailed Business Continuity Plan which is revised regularly. It maintains insurance against loss of business and assets, as well as Trustee Indemnity insurance and reviews all insurance cover annually using independent advisers.

Each year, fixed assets are reviewed to make sure their net book value does not exceed their recoverable amount. No excess valuations were identified in 2010, so a more detailed impairment review was not necessary.

Where appropriate, forward exchange contracts are used to manage exposure to currency exchange risk. Contracts to the value of US \$6,500K and €125K (2009: \$19,000K), were entered into during the year ended 31 December 2010. Given the level of sales in US\$, these deals secure the value of US\$ income and since a large proportion of income is paid in advance, it also eliminates some of our credit risk. Although some risk remains, this is mitigated by using robust credit control.

Liquidity risk is kept low by maintaining significant levels of cash, near cash holdings, avoiding long term loans, and undertaking regular cash flow forecasting and good cash control.

## **Objects & Activity**

The Object for which the RSC is constituted is the general advancement of chemical science and its application and for that purpose to:

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

The Trustees have complied with the duty in section 4 of the Charities Act 2006 to consider the public benefit guidance published by the Charity Commission. The Trustees are satisfied RSC activities provide public benefit by advancing chemical sciences through policy making, informing public debate, sharing knowledge through publishing, conferencing and networking, supporting current and future chemical scientists' education, and regulating chemical scientists to ensure high professional standards.

# TRUSTEES' REPORT

## **Achievements and Performance**

Key Performance Indicators (KPIs) help the Trustees to monitor progress against strategy. The categories of Charitable Activities and the cost of generating voluntary income as detailed in the Statement of Financial Activities (SoFA) are noted below.

*Membership [M]*

*House Journal [HJ]*

*Conferences [C]*

*Qualifications & Education [QE]*

*Publishing [P]*

*Library [L]*

*Scientific Affairs [S]*

*International Development [ID]*

*Cost of Generating Voluntary Income [CGVI]*

## **RSC Vision**

The RSC vision is to be the foremost in the world promoting and developing the Chemical Sciences for the benefit of society.

## **The RSC's Strategic Priorities**

The 2009 Trustees' Report contained the plans for 2010, with excellent progress being made against almost all the objectives. Significant progress was made towards achieving objectives this year, with outstanding performance in a number of key areas.

Publishing continued to grow globally, with the launch of new journals in emerging scientific disciplines, together with enhanced technology for authors and subscribers. This was matched by steady improvement in quality and impact, making RSC journals among the most highly cited in chemistry.

This year, the RSC also benefited from relationships with both target organisations and key individuals. In the UK, industry-partnered education programmes and constructive dialogue with government resulted in the RSC playing a role in influencing education and science policy. The RSC co-authored reports and managed major events with leading multinational companies in China, India and Africa. This work helped to achieve the highest level of media profile to date.

Charitable work will now focus on increasing influence, thought leadership and engagement through new electronic resources for policy makers, educators and scientists, helping to fulfill the vision of being the foremost in the world promoting and developing the chemical sciences for the benefit of society.

The following seven priorities of the RSC's strategy are those agreed by Council to enable the RSC to meet its charitable Objects in a structured way and to achieve the overall vision.

**The major achievements and performance against the strategic priorities during the year were as follows:**

Enhancing international influence and impact with industry, academia and policy makers [S, QE, ID]

RSC continued to develop its online portal, myRSC, to support member, scientific and publishing communities, and by the year end had recruited over 8,000 registered users.

## TRUSTEES' REPORT

During the year, myRSC was integrated into existing communication channels, developing interaction with and between members, and offering Continuing Professional Development and careers advice. In November, myRSC hosted a virtual careers fair, which attracted four times as many visitors as the previous physical event.

Two pilots were initiated for the international accreditation project – United Arab Emirates University (UAEU) was successful in achieving accreditation and a submission from Fudan University in China is expected in early 2011. The pilot will be reviewed and lessons learned will be used to develop a business plan for future activity.

2010 saw an increase in international media coverage. As part of UN World Water Day, the Water Report was launched in Kenya by Joaquim Chissano, former President of Mozambique - this was covered in 14 different African media outlets and by the BBC World Service. The RSC also achieved media coverage for the India-UK Developing Talent High Level Workshop held in Pune (a report will be published in early 2011), and a series of international symposia on Functional Materials Science in China, held in conjunction with Unilever.

These initiatives, along with continued support for the Pan Africa Chemistry Network (PACN), are part of initiatives to link together scientists from academia and industry, wherever they are in the world.

With support from Syngenta, the 1st PACN Green Chemistry Congress was staged in Addis Ababa, Ethiopia, and brought together over 160 scientists from 22 countries across Africa to develop their own solutions to the continent's challenges. A report from the conference will be launched at the United Nations Economic Commission for Africa's second session of the Committee on Development Information, Science and Technology (UNECA CODIST II) meeting next year.

Staff were recruited for new offices in Shanghai and Bangalore, which helped to develop and expand international projects. More than a dozen co-ordinated events were staged across Asia, strengthening collaborations with sister chemical societies in China, India, Japan, Korea and Singapore. A new International Cooperation Agreement was signed with the Chemical Society of Japan and plans to open an office in Tokyo in 2011 were advanced. In November the first cost-neutral conference in China on atomic spectrometry was organised.

The Roadmap, *Chemistry for Tomorrow's World* and a shortened version of it, which focused on the ten priority policy areas, was used to develop a European version by EucheMS. The roadmap priorities were promoted with events in key countries and particularly through a Memorandum of Understanding with the American Chemical Society. This led to new online resources for the public (factsheets, podcast and resource packs) on the key science and sustainability issues facing the world today.

### Pursuing opportunity for growth through collaboration, partnership and acquisition [P, S, QE, CGVI]

This year, a new strategy was developed to increase fundraising activities with individual donors, trusts and foundations, while building on existing relationships with corporate partners. A new individual giving campaign, launched in November, will encourage donors to contribute to specific parts of the organisation (such as Science and Education projects, public outreach or to support members and their families). A new Development Committee Chair was appointed, and committee members will be recruited to support specific campaigns in 2011.

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RSC continued to work with its corporate partners Astra Zeneca, GlaxoSmithKline, INEOS, Reckitt Benckiser, Pfizer, Shire Pharmaceuticals, Syngenta, Bruker and Unilever to support charitable projects, including new online resources for teachers, the Chemistry Olympiad, the PACN, bringing spectrometers to schools, and giving awards for innovation.

A £900,000 grant was received from the Wolfson Foundation to support the teaching of able 16-18 year old chemistry students, and education activities also benefited from grants from the Alliance of Sector Skills Council and The Gatsby Science Enhancement Programme.

RSC explored opportunities to develop commercial partnerships in journal and book publishing but none came to fruition in 2010.

The ChemSpider website received an award of approximately 900,000 Euros over three years from the Innovative Medicines Initiative. This joint undertaking between the European Union and European Pharmaceutical Industry Association EFPIA, aims to speed up development of better and safer medicines for patients, and places ChemSpider as a key tool supporting drug discovery.

### Achieving high impact publishing through sustainability and growth [P, HJ, L]

Success in publishing is vital to the RSC's charitable objects, not only in meeting the needs of those who contribute articles, and those who read them to maintain their scientific knowledge, but also to support science, education, membership and campaigning work, as well as ensuring RSC remains a financially stable organisation.

In 2010, 13,466 articles were published (a 32% growth on last year, and almost double the total two years ago) and 83 books.

As planned, four new journals - *Chemical Science*, *Polymer Chemistry*, *Food & Function* and *MedChemComm* - were launched, and all four achieved or exceeded their launch submission targets.

In 2010, RSC launched a new online platform, giving subscribers full online access to all journal, book and database content, and at the start of 2011, RSC saw the millionth record uploaded. RSC's reputation for disseminating quality research content worldwide is now well established, with many millions of articles being delivered to researchers worldwide.

As well as increasing publishing volume and online access, the quality of content increased, with weighted average Impact Factors rising from 4.9 to 5.4, and with 90% of titles achieving Impact Factors above 3.

The number of registered users for ChemSpider increased to 12,700 (more than double the previous year), and usage was up 33%. The site was redesigned, RSC carried out user research to guide future development and launched ChemSpider SyntheticPages. Online journal content is now integrated with ChemSpider, and the site won three international awards during 2010 for innovation and customer experience.

### Ensuring people are equipped to practise chemistry competently [QE, M]

This year, RSC undertook a detailed audit of educational materials and services for schools and, as a result, all current materials are now available on the RSC website. RSC now plan to develop a comprehensive online resource to support all students and teachers of Chemistry.

During 2010 RSC delivered over 1,200 days of CPD courses for teachers, undertook outreach work with 6,500 schools in the UK and Ireland, and through the *Discover Chemistry*

## TRUSTEES' REPORT

programme, has worked with 3,000 students and 4,000 teachers in the last 2 years. The *Chemistry for Non Specialists* programme trained 1,500 teachers from 900 schools.

Plans were progressed to appoint nine regional educational coordinators, with two in post, and seven to be recruited. RSC continued to work through the Higher Education Funding Council for England's (HEFCE) Science Technology Engineering and Maths project to promote science-based courses to potential students from backgrounds who would not normally consider these subjects.

At the close of the year, a draft report to identify what all 16-year olds need to know, and be able to do, in chemistry was produced, based on the challenges of the roadmap, *Chemistry for Tomorrow's World*. In 2011, RSC will use this to develop a new framework for the longer-term teaching and learning needs of society, and it will support campaigning to improve UK examination standards and the development of the International Baccalaureate.

This year, RSC produced an update on the *Economic Benefits of Higher Education Qualifications*, alongside an update on the *Funding of Chemistry and Physics Departments in UK Universities*. This latter report showed the average funding deficit for teaching activity had fallen to an average of 10% of income, but significantly, the average funding deficit for research stood at 36%.

Throughout the year, RSC increased its work to review vocational educational routes to becoming a practising chemist, alongside associated projects with the Science Council and the Technician Council. With increased financial pressure on UK university students, many expect workplace and competency based learning to become more significant routes into the profession in the future, and it is an area that will be developed further in 2011.

### Raising awareness and understanding of the role and value of the chemical sciences [QE, S, L]

Science doesn't just affect Scientists. This year, RSC increased its efforts to bring this message to the public.

The Chemistry Centre, supported by its online hub, [www.thereaction.net](http://www.thereaction.net), attracted over 1,200 members of the public to lectures and events on popular topics such as the chemistry of perfume, sustainable energy, rare elements and a debate on GM foods. The venue is now seen as a natural choice for most RSC groups and an increasing number of organisations in the chemical science community. The income it generated in 2010 was £159K against a target of £75K, reflecting this growing success. Council agreed plans for a phase II development of the Chemistry Centre, dealing with the ground floor of Burlington House – these improvements should be completed by autumn of 2011.

A centralised staff team to support events across RSC was established, which helped to ensure quality, consistency and value for money at over 200 events. Most notable was the extremely successful MACRO conference held in Glasgow. Praised for its scientific success and the quality of the event, the revised organisational support turned a potential deficit into a small surplus.

RSC's media coverage for the year had an advertising value equivalent to £2.44 million, potentially reaching 453 million people across 513 media outlets. This year RSC commented on, among other things: educational standards; the BP oil spill; newly published research on health, food and energy issues; the UK government's Comprehensive Spending Review; rare earth elements; and even the best cure for a hangover.

## TRUSTEES' REPORT

### Setting the scientific agenda and directions for business, academia and policy makers [QE, S]

This year, RSC made progress with each of the key challenges from the roadmap, *Chemistry for Tomorrow's World*, by identifying a 'champion' and outlining a 1, 3 and 5 year programme of work. Significant conferences and policy-led events were staged on health, scarce natural resources, energy and water, and these issues will be our main focus in 2011 - International Year of Chemistry.

Towards the end of 2010, RSC reviewed its strategy for diversity and equal opportunities, building on recent reports produced by the RSC. Working with the Institute of Physics, we developed a report on the career issues facing Post Doctoral workers, which will be published in April 2011.

Together with the Engineering and Physical Science Research Council (EPSRC), RSC commissioned a major report by Oxford Economics, on the *Economic Impact of Fundamental Research in Chemistry*. This showed that 21% of the UK's GDP was derived from the chemical sciences. This report was circulated widely to MPs, business leaders and heads of chemistry and supported our successful lobbying efforts to protect chemistry in the UK government's 2010 Comprehensive Spending Review.

RSC continued to contribute to sustainable development by working in partnership with SusChem and SusChem UK. Through work with Chemistry Innovation Ltd, RSC also supports innovation, research and development and networking between small, medium and large companies, as well as delivering EU-funded programmes.

Throughout the year, RSC responded to government consultations on issues such as education standards, science funding, research effectiveness, innovation, skills, low carbon energy development, and gave evidence to the House of Commons Science and Technology Select Committee. Also worked with EuCheMS to give initial input to discussions on the EU Research Framework Programme 8.

### Maximise the synergies between staff, members and partners to promote and deliver the six strategic priorities [M, QE]

Member numbers rose to 47,514, with ChemNet members [16-18 year old chemistry students] reaching just over 5,000 in 950 schools. 25 events were run to help students find out more about chemistry-related careers, and to encourage them to consider taking their studies further. 150 members visited 170 schools in 3 months to give their own first-hand accounts of what a career in Chemistry is like.

RSC continued consultations with volunteer members on how to bring about a revised regional structure, so that it can deliver the most effective local support for members - a final decision will be made by the end of 2011.

Working relationships between staff and volunteer members in RSC sections and interest groups have greatly improved, with positive feedback on the new arrangements and support that has been offered.

How RSC resources, manages and implements its marketing was improved this year, with a new Marketing Directorate established, improved emarketing and data analysis tools developed and targeted customer research undertaken. A Business Intelligence unit will be set up in 2011.

RSC continued to implement the Learned & Professional (L&P) governance review recommendations, making changes to achieve a more coherent governance of Science,

## TRUSTEES' REPORT

Education, Industry (SEI), formerly L&P. The first cycle of meetings and arrangements will complete before our 2011 AGM.

RSC hosted a *Science Question Time election debate* ahead of the UK General Election with potential MPs in Loughborough - where AstraZeneca had recently announced the closure of a major R&D site. Since the UK election, RSC has developed good links with both the new coalition government (Rt Hon David Willetts, Minister for Universities and Science, gave a keynote speech at our parliamentary links day, along with Rt Hon Ed Miliband, now Leader of the Opposition).

Four weeks before the Westminster General Election, RSC hosted a debate at Portcullis House, entitled Science and the General Election 2010. Adam Afriyie MP Shadow Minister for Science and Innovation, Lord Drayson Minister of State for Science and Innovation and Dr Evan Harris MP Liberal Democratic Party spokesperson for Science & Technology represented the major political parties, answering questions on their policies on research, education and innovation. The event was chaired by Susan Watts, science editor of the BBC's Newsnight programme and video footage of the event was broadcast live via the internet - the first time that this had been done for an event from Parliament.

### Financial review

#### Audited Financial Statements & Benevolent Fund

On pages 22 to 49 the audited Financial Statements for the year ended 31 December 2010 are included. RSC confirms that the Financial Statements comply with current statutory requirements and meet the requirements of its Charter. The Financial Statements include all the entities covered by RSC's charity registration number, including the subsidiary companies, Chemistry Limited, Chemistry Innovation Limited and RSC Worldwide Limited.

The Financial Statements have been prepared in accordance with the Statement of Recommended Practice on Accounting and Reporting by Charities (SORP 2005) issued by the Charity Commission.

In 2010 RSC reported a total surplus before gains and losses of £3,137K (2009: £3,659K). Unrealised gains on the investment portfolio were £4,842K (2009: £4,433K). Net movement in funds for the year includes an increase of £2,071K (2009: decrease of £10,073K) resulting from actuarial gains on the Defined Benefit Pension Scheme. These actuarial gains represent differences between actuarial assumptions and actual performance of Pension Scheme assets and liabilities.

The Balance Sheet reserves and funds, including General Funds, increased from £56,417K on 1 January 2010 to £66,467K at 31 December 2010. This was the result of an increase in investment assets, the 2010 surplus, along with actuarial gains reported on the Defined Benefit Pension Scheme.

#### Benevolent Fund

The RSC Benevolent 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.

The Benevolent Fund Committee reviews applications for financial assistance and makes recommendations on the types of help that can be offered. The reserves increased to £10,439K in 2010 from £8,955K in 2009, the surplus increased to £317K in 2010 from £308K in 2009. Further details can be seen on pages 50-54.

These are the key activities as noted in the Statement of Financial Activities (SoFA)

## TRUSTEES' REPORT

### Membership

Membership stood at a record high of 47,509 at the end 2010; however the mix of membership classes resulted in reduced membership revenue to £3,431K from £3,487K in 2009. Expenditure decreased slightly from £3,354K in 2009 to £3,259K in 2010.

### House Journal - Chemistry World

Revenue fell from £987K in 2009 to £425K in 2010, due to reduced recruitment advertising. The expenditure decreased from £1,831K in 2009 to £1,183K in 2010 mainly due to reduced staff and production costs. Staff were recruited during the year in order to improve revenues for future years. Plans were progressed to save further costs by moving some recipients to electronic versions of the Journal.

### Conferences

A high quality programme of conferences was delivered. Revenue decreased from £1,374K in 2009 to £1,262K in 2010 and expenditure decreased from £2,811K in 2009 to £2,019K, these were lower than in 2009 because the previous year's figures included the 42nd IUPAC Congress.

### Education

Income decreased from £1,226K in 2009 to £627K in 2010 due to lower levels of grant income. Lower levels of activity in this area also resulted in expenditure decreasing from £4,193K in 2009 to £2,064 in 2010.

### Publishing

2010 saw an excellent performance in RSC Publishing. In 2010 overall revenue increased to £28,864K from £26,231K in 2009, due to increased Journal subscription revenue. Overall Publishing expenditure increased from £19,152K in 2009 to £22,479K in 2010 due to more articles being published which resulted in higher staff and overhead costs.

### Chemistry Centre Incorporating the Library

Expenditure rose in 2010 to £1,430K from £1,032K. This was due to increased activity following the transformation of the Library and Information Centre into the Chemistry Centre, this also resulted in an increase in revenue from £4K in 2009 to £159K in 2010.

### Scientific Affairs

Expenditure on Scientific Affairs was £3,828K which was slightly higher than the 2009 figure of £3,744K; revenue also increased from £1,877K in 2009 to £1,943K. These increases are due in part to more international activity. Representation has been expanded in China and International Development has been further extended with recruitment of a representative in Bangalore, India.

Part of the Scientific Affairs income and expenditure included innovation, support and knowledge transfer, which was delivered by the RSC's subsidiary Chemistry Innovation Limited. This expenditure was matched by income from the UK Government's Technology Strategy Board.

## TRUSTEES' REPORT

### International Development

The International development activity of the Pan Africa Chemistry Network project resulted in expenditure of £262K in 2010 decreasing from the 2009 figure of £817K.

### Pensions

The RSC operates a Defined Benefit Pension Scheme for employees who joined before January 2003. Employees who joined after that date are entitled to join a Defined Contribution Scheme.

The FRS17 valuation of the deficit on the Defined Benefit Pension Scheme amounted to £15,260K at the end of 2010 (2009: £17,307K). The reduction in the deficit is mainly attributable to the favourable investment performance of the portfolio that occurred over 2010 which led to an improvement in the value of the Scheme's assets.

The results of the latest triennial valuation of the pension scheme were received in 2008. The valuation highlighted a deficit of £7,200K reducing from the 2005 deficit figure of £18,900K. The RSC has agreed a recovery plan with the Pension Trustees to address the 2008 deficit resulting from this valuation.

### Investments

Responsibility for investment policy resides with the Investment Committee, which reports to the Finance Board. With advice from JLT Benefit Solutions, the committee decides on the ranges on investments within the portfolio. Investments are held with BlackRock, Royal London Asset Management, Schroders and Sarasin Partners.

In 2010, in order to achieve a higher return on cash deposits held and to diversify the portfolio further, the Investment Committee took the decision to transfer £4,000K to a pooled property fund held with Schroders.

The Fixed Asset Investments of the General, Restricted and Designated Funds are combined for investment purposes in order to obtain lower management fees. The value of the portfolio increased from £61,689K in 2009 to £71,966K in 2010, due to the additional investment of £4,000K together with the realised and unrealised gains within the portfolio.

Investment income increased from £3,173K in 2009 to £3,319K in 2010 due in part to the additional investment into the portfolio.

### Reserves Policy

Council reviews the need for, and the appropriate level of, reserves on an annual basis. Council endeavours to take into account all relevant information when considering the review, including the risks identified in the Risk Register.

The RSC has an investment strategy in place. The primary aim of the strategy is to ensure the financial security of the RSC. This is quantified as having sufficient reserves available to generate a return of £3,000K per annum by 2013 to be achieved by a move into corporate bonds. £3,000K is viewed as the amount of funding required to continue to meet the charitable activities of the RSC in the event that Publishing activities no longer achieve the current revenue levels. Reserves are held at £66,467K with a view to ensuring sustainability of the RSC.

## TRUSTEES' REPORT

The strategy for the Benevolent Fund and Trust Funds is to maintain reserves at a level capable of generating income to meet current and future expenditure levels, currently set at £300K and £200K respectively. These levels of income were achieved in 2010.

The Designated Funds relate to branches of the RSC and include the RSC Local Sections, Regions and Interest Groups. The balance of these funds is £1,612K (2009: £1,648K). Each of the Groups has a committee which meets during the year to discuss ideas and initiatives.

### Grants

The approximate value of grants made by the RSC was £705K, which is not material in relation to the total expenditure and therefore no analysis of grants is provided.

### Plans for future periods

**To be foremost in the world promoting and developing the Chemical Sciences for the benefit of society.**

The seven key priorities are:

Enhancing international influence and impact with industry, academia and policy makers.

- Offices established in USA, China, India, Japan and the Middle East
- Circulation of Chemistry World increased globally
- E-network established for chemists in industry and academia
- Global accreditation business established for chemistry courses

Pursuing opportunity for growth through collaboration, partnership and acquisition.

- Additional funding donated by external bodies for partnering projects to enhance science and education
- Business intelligence and acquisition group established internally
- Existing partnership portfolio rationalised to optimise benefits and use of resources

Achieving high impact publishing through sustainability and growth.

- Global market share increased in chemical sciences publishing
- Publishing gross revenue and surplus increased
- Impact factors consistently increased
- World-leading web-site established

Ensuring an appropriate supply of people equipped to practise chemistry competently and at all levels.

- Globally relevant knowledge, skills and assessment framework for chemistry education established
- Supply of chemistry teachers meets needs of all post-14 chemistry courses
- Practice of chemistry is materially influenced by RSC policy on equality and diversity
- Number of students entering chemistry in higher education in UK increased

Raising awareness and understanding of the role and value of the chemical sciences.

- Chemistry Centre occupancy exceeding 90%
- Externally-focussed scientific, conferences, meetings and education and training programmes
- RSC becomes the world's leading professional body in engaging the media in promoting the chemical sciences to the wider public
- Uptakes at A-Level and Higher Grade chemistry increased

## TRUSTEES' REPORT

Setting the chemical science agenda and directions for business, academic and policy makers.

- Roadmap materially driving UK and international science and education agendas and promoting diversity
- Engagement with industry and government decision-makers yields major achievements recognised by the community
- Funding for global chemical research and innovating significantly increased in industry and academia
- Role of chemistry in delivering opportunities for business, academia and policy makers is visible

Maximising the synergies between staff, members and partners to promote and deliver the six strategic priorities and develop member networks and scientific interest groups. The RSC Benevolent Fund will continue to provide a flexible range of financial and non-financial help to members and their dependants to relieve poverty.

A copy of the RSC's Strategy is available on [www.rsc.org](http://www.rsc.org). Trustees will report on the performance against the priorities in the 2011 Trustees' Report.

### **Responsibilities of the Trustees**

#### **Statement of Trustees' responsibilities in respect of the Annual Report and the financial statements**

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing those financial statements, the Trustees are required to:

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

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 1993, the Charity (Accounts and Reports) Regulations 2009 and the provisions of the Royal Charter. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 David Phillips  
President

Approved by Council: 12 May 2010

**COUNCIL OF THE ROYAL SOCIETY OF CHEMISTRY FOR THE YEAR  
1 JANUARY 2010 TO 31 DECEMBER 2010**

**Patron**

Her Majesty The Queen

**Honorary Officers**

**President**

Professor David Phillips OBE BSc PhD CSci CChem

**Immediate Past President**

Professor C David Garner BSc PhD CChem FRSC FRS

**Honorary Treasurer**

Dr Peter J Machin BSc CChem FRSC

**Appointed Members**

Mr John R Dolman CSci CChem FRSC  
Admissions

Dr I. Philip Evans OBE MA DIC CChem FRSC  
Education

Professor Paul O'Brien BSc PhD DSc CChem FRSC  
External Relations and Communication

Professor W Graham Richards CBE MA DPhil DSc CChem FRSC  
Chair, Publishing Board

Professor Mike Green BSc PhD CChem FRSC  
Chair, Membership and Qualifications Board

Dr Ray Elliott BA MA CSci CChem FRSC  
Chair, Science, Education and Industry Policy Board

**Ordinary Members**

Professor David Cole-Hamilton BSc PhD CChem FRSC FRSE

Dr John Dixon BSc CChem FRSC

Professor Helen Fielding MA DPhil CChem MRSC

Dr John D Green BSc CChem FRSC

Professor Ray C F Jones MA PhD CSci CChem FRSC

Professor Carole C Perry MA DPhil CChem FRSC

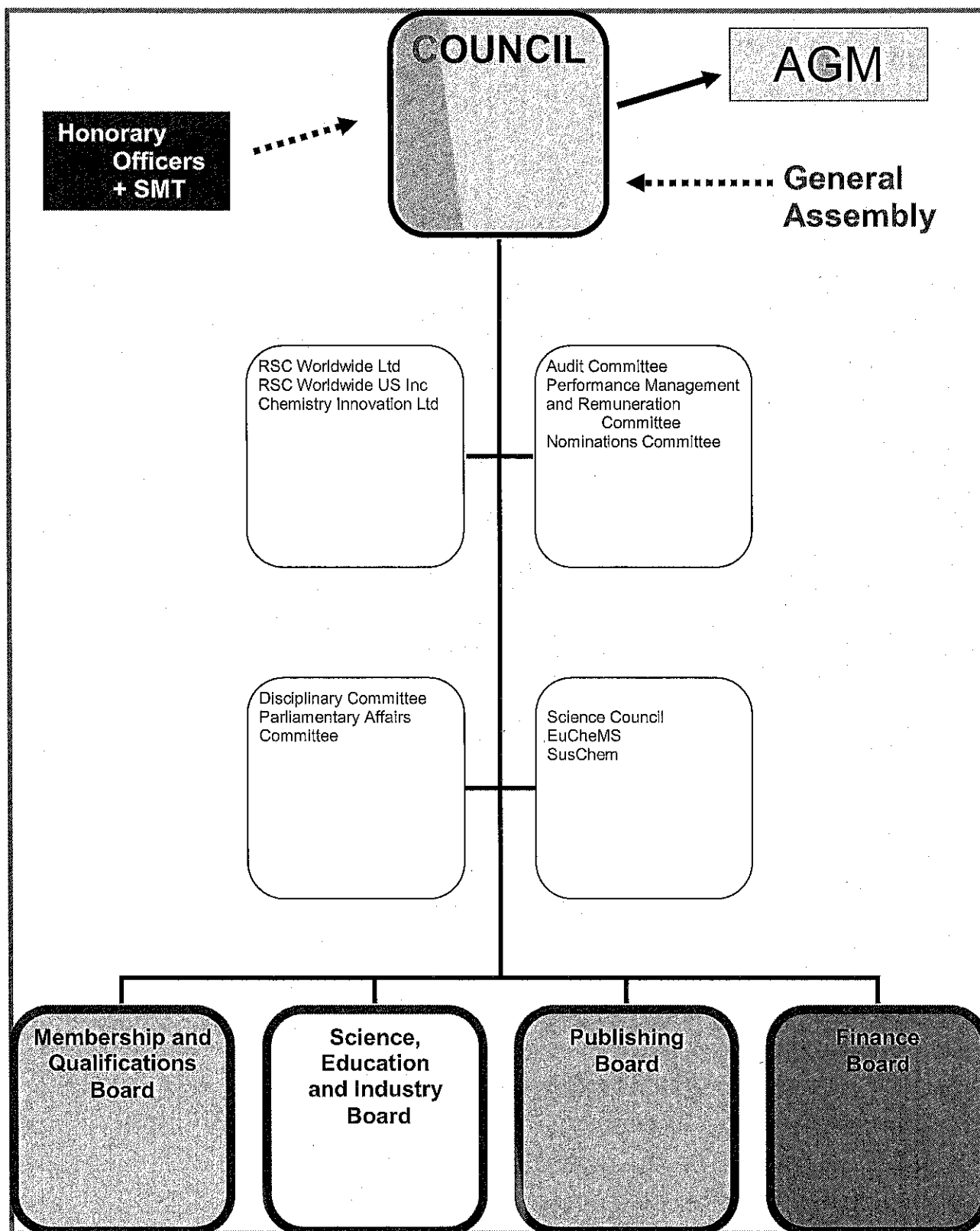
Professor Annie Powell BSc PhD CSci CChem MRSC

Dr David W Prest BSc CChem FRSC

Professor Keith Smith BSc MSc PhD CChem FRSC

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

# COUNCIL COMMITTEES AND BOARDS



## STAFF

The RSC headcount at year end for 2010 was 370 people (2009: 356), of which 356 (2009: 344) were employees, the rest being contractors or temporary staff employed through Agencies. There were 38 (2009: 41) staff working part-time at the end of the year.

Staff turnover (all leavers) during the year averaged 16.23% (2009: 20.55%).

One member of staff was made redundant at the end of the year.

Two members of staff retired during 2010:

|                | No. of Years Worked at<br>the Society |                             |
|----------------|---------------------------------------|-----------------------------|
| Sharon Bellard | 21                                    | Contracts & Copyright       |
| Theresa Gilroy | 10                                    | Burlington House Facilities |

# AUDITORS' REPORT

## INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE ROYAL SOCIETY OF CHEMISTRY

We have audited the financial statements of The Royal Society of Chemistry for the year ended 31 December 2010 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Society Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 16, the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the charity's trustees as a body in accordance with Regulation 30 of The Charities (Accounts and Reports) Regulations 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent Society's affairs as at 31 December 2010, and of the group's incoming resources and application of resources and group's cash flows, 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 1993.

## AUDITORS' REPORT

### **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 1993 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept 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.

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2010**  
**(INCORPORATING A CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT AND A STATEMENT OF TOTAL**  
**RECOGNISED GAINS AND LOSSES)**

|  |          | Unrestricted Funds |                  | Restricted Funds | 2010 Total    | 2009 Total     |
|--|----------|--------------------|------------------|------------------|---------------|----------------|
|  | Note     | General Funds      | Designated Funds |                  | £000          | £000           |
|  |          | £000               | £000             | £000             | £000          | £000           |
| <b>Incoming Resources</b>  |          |                    |                  |                  |               |                |
| <b>Incoming Resources from Generated Funds</b>                         |          |                    |                  |                  |               |                |
| Voluntary Income   | 2        | 30                 | -                | 116              | 146           | 208            |
| Investment Income  | 3        | 2,470              | 7                | 842              | 3,319         | 3,173          |
| <b>Total Incoming Resources from Generated Funds</b>                   |          | <b>2,500</b>       | <b>7</b>         | <b>958</b>       | <b>3,465</b>  | <b>3,381</b>   |
| <b>Incoming Resources from Charitable Activities</b>                   |          |                    |                  |                  |               |                |
| Membership   |          | 3,286              | 145              | -                | 3,431         | 3,487          |
| House Journal  |          | 425                | -                | -                | 425           | 987            |
| Conferences  |          | 847                | 415              | -                | 1,262         | 1,374          |
| Qualifications and Education   |          | 229                | -                | 398              | 627           | 1,226          |
| Publishing   |          | 28,864             | -                | -                | 28,864        | 26,231         |
| Library  |          | 159                | -                | -                | 159           | 4              |
| Scientific Affairs   |          | 1,943              | -                | -                | 1,943         | 1,877          |
| International Development  |          | -                  | -                | -                | -             | -              |
| <b>Other Incoming Resources</b>  |          | <b>510</b>         | <b>63</b>        | <b>-</b>         | <b>573</b>    | <b>2,445</b>   |
| <b>Total Incoming Resources</b>  |          | <b>38,763</b>      | <b>630</b>       | <b>1,356</b>     | <b>40,749</b> | <b>41,012</b>  |
| <b>Resources Expended</b>  |          |                    |                  |                  |               |                |
| <b>Costs of Generating Funds</b>                                       |          |                    |                  |                  |               |                |
| Cost of Generating Corporate Donations                                 |          |                    |                  |                  |               |                |
| Voluntary Income   | 5        | 673                | -                | -                | 673           | 95             |
| Investment Management Costs  | 5        | 83                 | -                | 24               | 107           | 95             |
| <b>Total Cost of Generating Funds</b>                                  |          | <b>756</b>         | <b>-</b>         | <b>24</b>        | <b>780</b>    | <b>190</b>     |
| <b>Charitable Activities</b>   |          |                    |                  |                  |               |                |
| Membership   |          | 2,821              | -                | 438              | 3,259         | 3,354          |
| House Journal  |          | 1,183              | -                | -                | 1,183         | 1,831          |
| Conferences  |          | 1,219              | 799              | 1                | 2,019         | 2,811          |
| Qualifications and Education   |          | 1,579              | -                | 485              | 2,064         | 4,193          |
| Publishing   |          | 22,479             | -                | -                | 22,479        | 19,152         |
| Library  |          | 1,430              | -                | -                | 1,430         | 1,032          |
| Scientific Affairs   |          | 3,828              | -                | -                | 3,828         | 3,744          |
| International Development  |          | 262                | -                | -                | 262           | 817            |
| Governance Costs   | 5, 7     | 295                | -                | 13               | 308           | 229            |
| <b>Total Resources Expended</b>  | <b>5</b> | <b>35,852</b>      | <b>799</b>       | <b>961</b>       | <b>37,612</b> | <b>37,353</b>  |
| <b>Net Incoming/(Outgoing) Resources</b>                               |          |                    |                  |                  |               |                |
| <b>Before Transfers</b>  |          | <b>2,911</b>       | <b>(169)</b>     | <b>395</b>       | <b>3,137</b>  | <b>3,659</b>   |
| Gross Transfer Between Funds   | 1        | (133)              | 133              | -                | -             | -              |
| <b>Net Group Incoming Resources Before Recognised Gains and Losses</b> |          | <b>2,778</b>       | <b>(36)</b>      | <b>395</b>       | <b>3,137</b>  | <b>3,659</b>   |
| <b>Recognised Gains and Losses</b>                                     |          |                    |                  |                  |               |                |
| Gains on investment assets   |          | 2,649              | -                | 2,193            | 4,842         | 4,433          |
| Actuarial gains/(losses) on Defined Benefit Pension Scheme             | 8        | 2,071              | -                | -                | 2,071         | (10,073)       |
| <b>Net Movement in Funds</b>   |          | <b>7,498</b>       | <b>(36)</b>      | <b>2,588</b>     | <b>10,050</b> | <b>(1,981)</b> |
| <b>Reconciliation of Funds</b>   |          |                    |                  |                  |               |                |
| Fund Balances brought forward at 1 January                             |          | 35,713             | 1,648            | 19,056           | 56,417        | 58,398         |
| <b>Fund Balances carried forward at 31 December</b>                    |          | <b>43,211</b>      | <b>1,612</b>     | <b>21,644</b>    | <b>66,467</b> | <b>56,417</b>  |

The notes on pages 26-49 form an integral part of these Financial Statements. All activities in 2010 are continuing. There are no other gains or losses apart from those recognised above.

**CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2010**

|   | Note | 2010<br>£000    | 2009<br>£000    |
|---|------|-----------------|-----------------|
| <b>Fixed Assets</b>                               |      |                 |                 |
| Intangible Assets                                 | 10   | 730             | 938             |
| Tangible Assets                                   | 11   | 8,203           | 8,383           |
| Investments:                                      |      |                 |                 |
| Investments                                       | 12   | 71,966          | 61,689          |
|   |      | <b>80,899</b>   | <b>71,010</b>   |
| <b>Current Assets</b>                             |      |                 |                 |
| Stock - Books and Paper                           |      | 248             | 228             |
| Debtors   | 13   | 3,439           | 4,057           |
| Cash at Bank and in Hand                          |      | 16,381          | 16,386          |
|   |      | <b>20,068</b>   | <b>20,671</b>   |
| <b>Current Liabilities</b>                        |      |                 |                 |
| Creditors   | 14   | 3,317           | 3,296           |
| Deferred Income                                   |      |                 |                 |
| Journal and Membership                            |      |                 |                 |
| Subscriptions                                     | 15   | 15,923          | 14,661          |
|   |      | <b>19,240</b>   | <b>17,957</b>   |
| <b>Net Current Assets</b>                         |      | <b>828</b>      | <b>2,714</b>    |
| <b>Total Assets Less Current Liabilities</b>      |      | <b>81,727</b>   | <b>73,724</b>   |
| <b>Net Assets Excluding Pension Liability</b>     |      | <b>81,727</b>   | <b>73,724</b>   |
| <b>Defined Benefit Pension Liability</b>          | 8    | <b>(15,260)</b> | <b>(17,307)</b> |
| <b>Net Assets Including Pension Liability</b>     | 16   | <b>66,467</b>   | <b>56,417</b>   |
| <b>Accumulated Funds</b>                          |      |                 |                 |
| Unrestricted Funds:                               |      |                 |                 |
| General Funds                                     |      | 59,848          | 53,492          |
| Funds Retained within non-charitable Subsidiaries | 17   | (1,377)         | (472)           |
| Pension Reserve                                   | 8    | (15,260)        | (17,307)        |
| Designated Funds                                  | 1    | 1,612           | 1,648           |
|   |      | <b>44,823</b>   | <b>37,361</b>   |
| Restricted Funds                                  | 18   | 21,644          | 19,056          |
| <b>Total Charity Funds</b>                        |      | <b>66,467</b>   | <b>56,417</b>   |

Approved by Council on 12 May 2011

Professor David Phillips, President

The notes on pages 26-49 form an integral part of the Financial Statements

**ROYAL SOCIETY OF CHEMISTRY BALANCE SHEET AS AT 31 DECEMBER 2010**

|   | Note | 2010<br>£000    | 2009<br>£000    |
|---|------|-----------------|-----------------|
| <b>Fixed Assets</b>                           |      |                 |                 |
| Tangible Assets                               | 11   | 8,100           | 8,244           |
| Investments                                   | 12   | 71,966          | 61,689          |
|   |      | <b>80,066</b>   | <b>69,933</b>   |
| <b>Current Assets</b>                         |      |                 |                 |
| Stock - Books and Paper                       |      | 248             | 228             |
| Debtors                                       | 13   | 5,543           | 5,435           |
| Cash at Bank and in Hand                      |      | 16,090          | 15,923          |
|   |      | <b>21,881</b>   | <b>21,586</b>   |
| <b>Current Liabilities</b>                    |      |                 |                 |
| Creditors                                     | 14   | 2,925           | 2,662           |
| Deferred Income                               |      |                 |                 |
| Journal and Membership                        |      |                 |                 |
| Subscriptions                                 | 15   | 15,912          | 14,661          |
|   |      | <b>18,837</b>   | <b>17,323</b>   |
| <b>Net Current Assets</b>                     |      | <b>3,044</b>    | <b>4,263</b>    |
| <b>Total Assets Less Current Liabilities</b>  |      | <b>83,110</b>   | <b>74,196</b>   |
| <b>Net Assets Excluding Pension Liability</b> |      | <b>83,110</b>   | <b>74,196</b>   |
| <b>Defined Benefit Pension Liability</b>      | 8    | <b>(15,260)</b> | <b>(17,307)</b> |
| <b>Net Assets Including Pension Liability</b> | 16   | <b>67,850</b>   | <b>56,889</b>   |
| <b>Accumulated Funds</b>                      |      |                 |                 |
| Unrestricted Funds:                           |      |                 |                 |
| General Funds                                 |      | 59,854          | 53,492          |
| Designated Funds                              | 1    | 1,612           | 1,648           |
| Pension Reserve                               | 8    | (15,260)        | (17,307)        |
|   |      | <b>46,206</b>   | <b>37,833</b>   |
| Restricted Funds                              | 18   | 21,644          | 19,056          |
| <b>Total Charity Funds</b>                    |      | <b>67,850</b>   | <b>56,889</b>   |

The notes on pages 26-49 form an integral part of the Financial Statements.

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED  
31 DECEMBER 2010**

|   | Note | 2010<br>£000   | 2009<br>£000    |
|---|------|----------------|-----------------|
| <b>Net Cash Inflow from Operating Activities</b>    |      | <b>3,101</b>   | <b>255</b>      |
| <b>Capital Expenditure and Financial Investment</b> |      |                |                 |
| Purchase of Intangible Fixed Assets                 | 10   | -              | (976)           |
| Purchase of Tangible Fixed Assets                   | 11   | (986)          | (3,387)         |
| Purchase of Investments                             | 12   | (63,675)       | (43,675)        |
| Proceeds from Sale of Investments                   | 12   | 57,950         | 33,936          |
| <b>Net Financing Inflow and Capital Expenditure</b> |      | <b>(3,610)</b> | <b>(13,847)</b> |
| Returns on Investment and Servicing of Finance      |      | 2,844          | 2,839           |
| <b>(Decrease) in Cash</b>                           |      | <b>(766)</b>   | <b>(11,008)</b> |

|  | Net funds at<br>start of year | Movement     | Net funds at<br>end of year |
|--|-------------------------------|--------------|-----------------------------|
| <b>Analysis of Change in Cash During the Year</b>      | <b>2009<br/>£000</b>          |              | <b>2010<br/>£000</b>        |
| Cash Held for Investment and Accrued Investment Income | 963                           | (761)        | <b>202</b>                  |
| Cash at Bank and in Hand                               | 16,386                        | (5)          | <b>16,381</b>               |
| <b>Total</b>   | <b>17,349</b>                 | <b>(766)</b> | <b>16,583</b>               |

**Reconciliation of Net Incoming Resources to Net Cash Inflow from Operating Activities**

|  | 2010<br>£000 | 2009<br>£000 |
|--|--------------|--------------|
| Net Incoming Resources before transfers          | 3,137        | 3,659        |
| Depreciation and Amortisation                    | 1,374        | 1,088        |
| Investment Income (Note 3)                       | (3,315)      | (3,173)      |
| (Increase)/Decrease in Stock                     | (20)         | 48           |
| Decrease in Debtors                              | 618          | 1,492        |
| Increase/(Decrease) in Creditors and Accruals    | 21           | (2,016)      |
| Increase/(Decrease) in Deferred Income           | 1,262        | (642)        |
| Pension reserve funding deficit movements        | 24           | (201)        |
| <b>Net Cash Inflow from Operating Activities</b> | <b>3,101</b> | <b>255</b>   |

The notes on pages 26-49 form an integral part of the Financial Statements

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Accounting Policies

#### Accounting Convention

The Financial Statements have been prepared under the historical cost convention as modified by the revaluation of certain investments and in accordance with the recommendations set out in the Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP) published in March 2005, the Charities Act 1993, and applicable UK Accounting Standards. These have been reviewed by the Board of Trustees in accordance with Financial Reporting Standard ('FRS') 18, "Accounting Policies" and have been applied consistently, except where noted.

#### Consolidation

The consolidated statement of financial activities and the consolidated balance sheet include the financial statements of the charity and its subsidiaries, Chemistry Limited, RSC Worldwide Limited, Chemistry Innovation Limited and RSC Worldwide (US) Inc consolidated on a line by line basis. Intra group transactions and profits are eliminated fully on consolidation.

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

RSC Worldwide (US) is a wholly owned subsidiary of RSC Worldwide Limited.

RSC Worldwide Limited commenced trading in September 2008.

RSC Worldwide (US) commenced trading in April 2009.

33% of the shares in Chemistry Innovation Limited are owned by the Institution of Chemical Engineers (ICChemE). The minority interest of the ICChemE is shown in note 17 of the Financial Statements.

The Divisional Regions, Local Sections, Interest Groups and Benevolent Fund are separately constituted by Trust Deeds. Their results and net assets are consolidated in these Financial Statements.

No separate SoFA has been presented for the Society alone as permitted by paragraph 397 of the SORP. The amount of surplus for the year is disclosed in note 19.

#### General Funds

The General Funds mainly represent undesignated monies earned from publishing activities that are held in the form of investments. The Funds are managed in order to maintain the Society's investment income stream and thus help finance the cost of the Society's charitable activities.

#### Designated and Restricted Funds

The Designated Funds relate to branches of the Society and include the Society's Local Sections, Regions and Interest Groups.

Designated Funds include a transfer from General Funds for grants totalling £133K made by the Society to Local Sections to support activities at that level. Each Section has, as its objects, those that are embodied in the Society's Charter.

The Society's Restricted Funds are the Benevolent and Trust Funds and restricted grants.

The Benevolent Fund provides financial and non-financial assistance to the Society's members. Additional information on the Benevolent Fund can be found on pages 50 to 54.

The various Trust Funds are restricted to specific aspects of the Society's activities. The income of the various Trust Funds finances lectureships, awards, prizes, and research grants. The original capital of each fund is protected in the sense that it may not be spent.

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Accounting Policies (continued)

#### Designated and Restricted Funds (continued)

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

#### Revenue Recognition

Revenue from publishing activities is recognised in two separate ways, dependent on the specific product:

- Revenue for the sales of Institutional subscriptions, Package subscriptions & Consortia deals is recognised in equal monthly proportions during the subscription year.
- Revenue for the sales of Journal Archive & EBooks is recognised when the ownership of the product is passed to the customer.

#### Deferred Income

Income received in the year for Journal and Membership subscriptions relating to the following year is shown as deferred income in the Balance Sheet. The income is treated as incoming resources in the year the subscription covers. Conference income received in advance is deferred and treated as incoming resources in the year the respective conference is held.

#### Voluntary Income

Voluntary income, including legacies, is recognised in the SoFA when any conditions for receipt have been met and when the entitlement is certain and measurable. Amounts included are net of any legal or other fees paid, or payable, in connection with the income.

#### Investment Income

Investment income is apportioned between funds on the basis of the level of funds invested.

#### Life Membership

Life membership subscriptions are accounted for on a received basis. In 2010 these subscriptions amounted to £15K relating to 31 members (2009: £11K, 22 members).

#### Interest

Interest earned on deferred income is allocated to the activity to which the receipts relate.

#### Intangible Income

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

#### Resources Expended

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 generating funds include investment management fees and corporate fundraising costs.

#### Apportionment of Indirect Costs

Accommodation costs are apportioned on the basis of space occupied. Other service costs, including Finance, Human Resources, and ICT, are apportioned on the basis of the level of activity of the user departments. Management costs are apportioned based on head count.

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Accounting Policies (continued)

#### Grants

Grants made by the Benevolent Fund are treated as outgoing resources as soon as they are agreed by the Benevolent Fund Committee. Other grants made from Designated Funds represent grants made by Local, Regional 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.

#### Taxation

The Royal Society of Chemistry 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 included in support costs that are then allocated to the charitable activities.

#### 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. 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.

#### 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 charged on a straight-line basis.

The main depreciation rates are as follows:

|                         |           |
|-------------------------|-----------|
| Leasehold Property      | 2%        |
| 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. Assets under the course of construction relates to capital expenditure on items which have not come into use as at the balance sheet date. These items are not depreciated until such time as they come into use.

#### Investments

Quoted investments are stated at market value at the Balance Sheet date. Account is therefore taken of both realised and unrealised gains in the Statement of Financial Activities (SoFA). Investment income is stated on an accruals basis. Unquoted investments are valued at the latest available valuation provided by the relevant fund.

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Accounting Policies (continued)

#### Library Books

Library books acquired are written off in the year of acquisition. No valuation is attributable to the library or other historic material in the Financial Statements as the Trustees believe that an accurate valuation of the historic collection is not possible, the insurance value is disclosed in note 11.

#### Recognition of Liabilities

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

#### Pensions

The Society has two types of pension scheme:

##### Defined contribution plan

For the defined contribution scheme, contributions are made to individual retirement plans and are currently set at 10% of basic salary. The employee rate is a minimum of 5% of basic salary to qualify for the employer's contribution. The Society's contributions are charged to the SoFA 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 Society.

##### Defined benefit plan

The Society operates a defined benefit pension scheme. The Society closed the defined benefit plan to new entrants on 31 December 2002 but the plan continues to require contributions to be made to a separately administered fund.

The pension liability recognised in the balance sheet is the obligation of the Society being the present value of scheme's liabilities less the bid value of the assets in the scheme.

The pension costs for the scheme are analysed into (i) current service cost, (ii) past service cost, (iii) expected return on plan assets and (iv) interest on pension obligations. Current service cost is the actuarially calculated present value of the benefits earned by the active employees in each period. Past service costs, relating to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits, are recognised in the SoFA. Net expected return on the plan assets comprises the expected return on the plan assets less interest on scheme liabilities.

The actuarial gains and losses which arise from any new valuation and from updating the latest actuarial valuation to reflect conditions at the balance sheet date are taken to the SoFA.

#### Benevolent Fund House Nomination Rights

The Benevolent Fund has four contracts that allow it to nominate occupation of 22 units of sheltered housing. In accordance with FRS 11, the value is held as zero as these rights have no realisable value.

#### Foreign Currency

Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date or at the appropriate forward contract rate. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction or at an appropriate average rate as allowed under FRS 23. 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 2 Voluntary Income

|           | General<br>Funds<br>£000 | Designated<br>Funds<br>£000 | Restricted<br>Funds<br>£000 | 2010<br>Total<br>£000 | 2009<br>Total<br>£000 |
|-----------|--------------------------|-----------------------------|-----------------------------|-----------------------|-----------------------|
| Donations | 20                       | -                           | 34                          | 54                    | 57                    |
| Bequests  | 10                       | -                           | 82                          | 92                    | 151                   |
|           | 30                       | -                           | 116                         | 146                   | 208                   |

### 3 Investment Income

|                              | General<br>Funds<br>£000 | Designated<br>Funds<br>£000 | Restricted<br>Funds<br>£000 | 2010<br>Total<br>£000 | 2009<br>Total<br>£000 |
|------------------------------|--------------------------|-----------------------------|-----------------------------|-----------------------|-----------------------|
| <b>Assets in the UK</b>      |                          |                             |                             |                       |                       |
| Fixed Interest               | 1,699                    | -                           | 692                         | 2,391                 | 1,806                 |
| Equities                     | 275                      | -                           | -                           | 275                   | 685                   |
| Unit Trusts                  | 222                      | -                           | 55                          | 277                   | 461                   |
| Interest                     | 34                       | 7                           | 14                          | 55                    | 136                   |
| <b>Assets outside the UK</b> |                          |                             |                             |                       |                       |
| Fixed Interest               | 196                      | -                           | 81                          | 277                   | -                     |
| Equities                     | 38                       | -                           | -                           | 38                    | 85                    |
| Unit Trusts                  | 6                        | -                           | -                           | 6                     | -                     |
|                              | 2,470                    | 7                           | 842                         | 3,319                 | 3,173                 |

|   |     |   |    |     |     |
|---|-----|---|----|-----|-----|
| The Tax element of Investment<br>Income included in the above | 183 | - | 65 | 248 | 236 |
|---|-----|---|----|-----|-----|

Investment income from Schrodgers and BlackRock is received net of tax. This tax is recovered directly from HMRC.

## NOTES TO THE FINANCIAL STATEMENTS

### 4 Total Staff Costs

|                          | 2010          | 2009          |
|--------------------------|---------------|---------------|
|                          | £000          | £000          |
| <b>Staff Costs were:</b> |               |               |
| Gross                    | 12,688        | 11,570        |
| National Insurance       | 1,227         | 1,098         |
| Pension and related cost | 1,330         | 1,284         |
| <b>Total</b>             | <b>15,245</b> | <b>13,952</b> |

The number of employees who earned more than £60K during the year is shown below.

#### Number of Employees

|                           | 2010 | 2009 |
|---------------------------|------|------|
| <b>Employee earnings:</b> |      |      |
| £60,000 - £69,999         | 4    | 7    |
| £70,000 - £79,999         | 2    | 4    |
| £80,000 - £89,999         | 1    | 2    |
| £90,000 - £99,999         | 2    | 1    |
| £100,000 - £109,999       | 1    | 2    |
| £110,000 - £119,999       | 1    | 1    |
| £120,000 - £129,999       | 1    | 1    |
| £130,000 - £139,999       | -    | -    |
| £140,000 - £149,999       | -    | -    |
| £150,000 - £159,000       | 1    | 1    |
| £160,000 - £169,000       | -    | -    |
| £170,000 - £179,000       | 1    | -    |

The number of employees who earned more than £60K, for whom pension benefits are accruing under the defined benefit scheme is 6 (2009: 6).

The number of employees who earned more than £60K, for whom pension benefits are accruing under the defined contribution scheme is 8 (2009: 6).

The employer contributions made to the defined contribution pension scheme for employees who earned more than £60K were £60K (2009: £49K)

In 2010 the Society paid a total of £58K (2009: £519K) in respect of statutory and other employment severance-related payments.

#### Monthly Average Number of Full Time Employees

|                               | 2010       | 2009       |
|-------------------------------|------------|------------|
| Membership                    | 28         | 27         |
| House Journal                 | 7          | 7          |
| Conferences                   | 7          | 8          |
| Qualifications and Education  | 11         | 14         |
| Publishing                    | 189        | 185        |
| Library                       | 9          | 8          |
| Scientific Affairs            | 40         | 43         |
| Other                         | 1          | 1          |
| Support                       | 1          | 1          |
| Management and Administration | 92         | 82         |
| International Development     | 4          | 6          |
| Fundraising                   | 1          | 1          |
| <b>Total</b>                  | <b>390</b> | <b>383</b> |

**NOTES TO THE FINANCIAL STATEMENTS**

**5 Total Resources Expended**

**General Funds**

|                                      | Staff<br>Costs<br>£000 | Direct<br>Costs<br>£000 | Indirect<br>Costs<br>£000 | <b>Total<br/>2010<br/>£000</b> | Total<br>2009<br>£000 |
|--------------------------------------|------------------------|-------------------------|---------------------------|--------------------------------|-----------------------|
| <b>Cost of Generating Funds</b>      |                        |                         |                           |                                |                       |
| Cost of Generating Funds             |                        |                         |                           |                                |                       |
| Costs of Generating Voluntary Income | 130                    | 479                     | 64                        | <b>673</b>                     | 95                    |
| Investment Management Costs          | -                      | 83                      | -                         | <b>83</b>                      | 73                    |
| <b>Total</b>                         | <b>130</b>             | <b>562</b>              | <b>64</b>                 | <b>756</b>                     | <b>168</b>            |
| <b>Charitable Activities</b>         |                        |                         |                           |                                |                       |
| Membership                           | 897                    | 1,147                   | 777                       | <b>2,821</b>                   | 2,859                 |
| House Journal                        | 395                    | 555                     | 233                       | <b>1,183</b>                   | 1,831                 |
| Conferences                          | 283                    | 706                     | 230                       | <b>1,219</b>                   | 1,732                 |
| Qualifications and Education         | 647                    | 691                     | 241                       | <b>1,579</b>                   | 2,579                 |
| Publishing                           | 9,077                  | 7,136                   | 6,266                     | <b>22,479</b>                  | 19,152                |
| Library                              | 342                    | 402                     | 686                       | <b>1,430</b>                   | 1,032                 |
| Scientific Affairs                   | 1,799                  | 1,378                   | 651                       | <b>3,828</b>                   | 3,744                 |
| International Development            | 56                     | 22                      | 184                       | <b>262</b>                     | 817                   |
| Governance Costs                     | 20                     | 275                     | -                         | <b>295</b>                     | 219                   |
| Other Resources Expended             | -                      | -                       | -                         | <b>-</b>                       | -                     |
| <b>Sub Total</b>                     | <b>13,516</b>          | <b>12,312</b>           | <b>9,268</b>              | <b>35,096</b>                  | <b>33,965</b>         |
| <b>Total resources expended</b>      | <b>13,646</b>          | <b>12,874</b>           | <b>9,332</b>              | <b>35,852</b>                  | <b>34,133</b>         |

Total staff costs include payments to temporary staff and contractors of £335K.

**Designated Funds**

|                              | Staff<br>Costs<br>£000 | Direct<br>Costs<br>£000 | Indirect<br>Costs<br>£000 | <b>Total<br/>2010<br/>£000</b> | Total<br>2009<br>£000 |
|------------------------------|------------------------|-------------------------|---------------------------|--------------------------------|-----------------------|
| <b>Charitable Activities</b> |                        |                         |                           |                                |                       |
| Conferences                  | -                      | 799                     | -                         | <b>799</b>                     | 1,062                 |
| <b>Total</b>                 | <b>-</b>               | <b>799</b>              | <b>-</b>                  | <b>799</b>                     | <b>1,062</b>          |

**Restricted Funds**

|                                 | Staff<br>Costs<br>£000 | Direct<br>Costs<br>£000 | Indirect<br>Costs<br>£000 | <b>Total<br/>2010<br/>£000</b> | Total<br>2009<br>£000 |
|---------------------------------|------------------------|-------------------------|---------------------------|--------------------------------|-----------------------|
| <b>Cost of Generating Funds</b> |                        |                         |                           |                                |                       |
| Investment Management Costs     | -                      | 24                      | -                         | <b>24</b>                      | 22                    |
| <b>Total</b>                    | <b>-</b>               | <b>24</b>               | <b>-</b>                  | <b>24</b>                      | <b>22</b>             |
| <b>Charitable Activities</b>    |                        |                         |                           |                                |                       |
| Membership                      | 98                     | 290                     | 50                        | <b>438</b>                     | 495                   |
| Conferences                     | -                      | 1                       | -                         | <b>1</b>                       | 17                    |
| Qualifications and Education    | -                      | 485                     | -                         | <b>485</b>                     | 1,614                 |
| Governance Costs                | 9                      | 4                       | -                         | <b>13</b>                      | 10                    |
| <b>Sub Total</b>                | <b>107</b>             | <b>780</b>              | <b>50</b>                 | <b>937</b>                     | <b>2,136</b>          |
| <b>Total</b>                    | <b>107</b>             | <b>804</b>              | <b>50</b>                 | <b>961</b>                     | <b>2,158</b>          |

## NOTES TO THE FINANCIAL STATEMENTS

### 6 Indirect Costs – General Fund

|                              | Mangt.        | Finance                                   | Information<br>Technology                | Human Res.     | Accomm.        | 2010<br>Total | 2009<br>Total |
|------------------------------|---------------|---|--|----------------|----------------|---------------|---------------|
|                              | £000          | £000                                      | £000                                     | £000           | £000           | £000          | £000          |
| <u>Basis of Allocation</u>   | Head<br>Count | Staff Costs<br>& 3rd Party<br>Expenditure | Number of<br>Users &<br>Software<br>Used | Staff<br>Costs | Floor<br>Space |               |               |
| Cost of Generating           |               |   |  |                |                |               |               |
| Voluntary Income             | 11            | 11  | 23                                       | 7              | 12             | 64            | 44            |
| Investment Management Costs  | -             | -   | -  | -              | -              | -             | 5             |
| Membership                   | 330           | 88  | 196                                      | 59             | 104            | 777           | 904           |
| House Journal                | 99            | 26  | 59                                       | 18             | 31             | 233           | 376           |
| Conferences                  | 88            | 28  | 62                                       | 19             | 33             | 230           | 376           |
| Qualifications and Education | 22            | 44  | 98                                       | 30             | 47             | 241           | 656           |
| Publishing Activities        | 2,475         | 747                                       | 1,657                                    | 504            | 883            | 6,266         | 6,231         |
| Library                      | 99            | 24  | 52                                       | 16             | 495            | 686           | 571           |
| Scientific Affairs           | 297           | 69  | 154                                      | 47             | 84             | 651           | 826           |
| International Development    | 176           | 2   | 3  | 1              | 2              | 184           | 120           |
| <b>Total</b>                 | <b>3,597</b>  | <b>1,039</b>                              | <b>2,304</b>                             | <b>701</b>     | <b>1,691</b>   | <b>9,332</b>  | <b>10,109</b> |

### 7 Governance Costs

|                  | 2010<br>£000 | 2009<br>£000 |
|------------------|--------------|--------------|
| Trustee Expenses | 71           | 78           |
| Legal Fees       | 151          | 64           |
| Audit Fees       | 57           | 66           |
| Staff Costs      | 29           | 21           |
| <b>Total</b>     | <b>308</b>   | <b>229</b>   |

### Analysis of Auditors' Remuneration

|   | 2010<br>£000 | 2009<br>£000 |
|---|--------------|--------------|
| Fees payable for the audit of the RSC and consolidated accounts |              |              |
| Fees payable for the audit of the RSC's subsidiaries            | 49           | 50           |
| Accounting, Tax and Other Services                              | 8            | 16           |
| <b>Total</b>  | <b>12</b>    | <b>12</b>    |
| <b>Total</b>  | <b>69</b>    | <b>78</b>    |

## 8 Pension Fund

### *Group and Society*

The Society operates a defined benefit (final salary) pension scheme. The scheme is closed to new entrants and provides benefits based on final pensionable pay. The assets are held separately from those of the Society and are invested in a fund administered by Investment Managers. Under the terms of the Trust Deed, the scheme is administered by the Pension Trustees who delegate routine administration to professional pension administrators.

The defined benefit cost for the year to the employer was £1,096K (2009: £851K) in regular contributions. In addition a payment of £462K (2009: £556K) was made as a contribution towards the deficit. An additional payment of £125K (2009: £125K) was made as a contribution towards the administration costs of the scheme. The current arrangements regarding contribution rates are described in a Schedule of Contributions dated 31 March 2009.

A full actuarial valuation was carried out at 1 January 2008 and updated to December 2010 by a qualified independent actuary using approximate actuarial techniques and available information.

The overall expected rate of return of the plan assets has been based on the average expected return for each asset class, weighted by the amount of assets in each class.

The scheme holds quoted securities and these have been valued at current bid-price.

The Society also operates a defined contribution scheme, the Society contributes 10% of salary for employees making their own contribution of at least 5% of salary to the scheme. The contributions are administered by Investment Managers on behalf of the employees. The cost for the year to the employer was £472K (2009: £433K).

**NOTES TO THE FINANCIAL STATEMENTS**

**8 Pension Fund (continued)**

**Employee benefit obligations**

|                                     | Value at<br>31/12/10<br>£000 | Value at<br>31/12/09<br>£000 |
|-------------------------------------|------------------------------|------------------------------|
| Present value of funded obligations | 88,755                       | 84,606                       |
| Fair value of scheme assets         | (73,495)                     | (67,299)                     |
|                                     | 15,260                       | 17,307                       |
| Deficit                             | 15,260                       | 17,307                       |
| Net liability                       | 15,260                       | 17,307                       |

**Statement of Financial Activity impact**

|                                | Value at<br>31/12/10<br>£000 | Value at<br>31/12/09<br>£000 |
|--------------------------------|------------------------------|------------------------------|
| Current service cost           | 1,096                        | 830                          |
| Interest on obligation         | 4,801                        | 4,105                        |
| Expected return on plan assets | (4,493)                      | (3,604)                      |
|                                | 1,404                        | 1,331                        |

**Amount recognised in the Statement of Financial Activities after net incoming resources**

|   | Value at<br>31/12/10<br>£000 | Value at<br>31/12/09<br>£000 |
|---|------------------------------|------------------------------|
| Net actuarial gains/(losses) recognised in year | 2,071                        | (10,073)                     |
| Net cumulative actuarial losses                 | (1,810)                      | (3,881)                      |

**NOTES TO THE FINANCIAL STATEMENTS**

**8 Pension Fund (continued)**

**Reconciliation of present value of plan liabilities and assets**

|  | Value at<br>31/12/10<br>£000 | Value at<br>31/12/09<br>£000 |
|--|------------------------------|------------------------------|
| Change in the present value of the defined benefit obligation: |                              |                              |
| Opening defined benefit obligation                             | 84,606                       | 63,899                       |
| Service cost   | 1,096                        | 830                          |
| Interest cost  | 4,801                        | 4,105                        |
| Employees' contributions                                       | 320                          | 340                          |
| Actuarial losses   | 120                          | 18,068                       |
| Benefits paid  | (2,188)                      | (2,636)                      |
| <b>Closing defined benefit obligation</b>                      | <b>88,755</b>                | <b>84,606</b>                |
| Change in the fair value of plan assets:                       |                              |                              |
| Opening fair value of plan assets                              | 67,299                       | 56,464                       |
| Expected return  | 4,493                        | 3,604                        |
| Actuarial gains  | 2,191                        | 7,995                        |
| Contributions by employer                                      | 1,380                        | 1,532                        |
| Contributions by plan participants                             | 320                          | 340                          |
| Benefits paid  | (2,188)                      | (2,636)                      |
| <b>Closing fair value of plan assets</b>                       | <b>73,495</b>                | <b>67,299</b>                |

**Projected pension expense for next year**

|  | 2011<br>£000 |
|--|--------------|
| <b>Analysis of amount charged to operating surplus</b> | <b>£000</b>  |
| Employer's current service cost                        | 1,096        |
| <b>Total operating charge</b>                          | <b>1,096</b> |

|  | 2011<br>£000 |
|--|--------------|
| <b>Analysis of the amount credited to other finance income</b> | <b>£000</b>  |
| Expected return on pension plan assets                         | 4,493        |
| Interest on pension liabilities                                | (4,801)      |
| <b>Net return</b>  | <b>(308)</b> |

**NOTES TO THE FINANCIAL STATEMENTS**

**8 Pension Fund (continued)**

**Assumptions**

Principal actuarial assumptions at the balance sheet date

|   | <b>At<br/>31/12/10<br/>%</b>                           | <b>At<br/>31/12/09</b>                       |
|---|--|--|
| Discount rate   | 5.60   | 5.70   |
| Expected return on plan assets*                                   | 6.70   | 6.42   |
| Rate of increase in salaries                                      | 5.30   | 4.90   |
| Pre 1 May 96 joiners pension accrued before 1 June 07             | 3.30   | 3.40   |
| Pre 1 May 96 joiners pension accrued after 31 May 07              | 3.10   | 3.15   |
| Post 1 May 96 joiners accrued before 1 June 07                    | 3.30   | 3.40   |
| Post 1 May 96 joiners pension accrued after 31 May 07             | 3.10   | 3.15   |
| Inflation assumption  | 3.30   | 3.40   |
| <b>Demographic Assumptions</b>                                    |  |  |
| Pre retirement mortality (male/female)                            | <b>PXA92YoB Medium<br/>Cohort Min 1.5% Improvement</b> | PXA92YoB Medium<br>Cohort Min 1% Improvement |
| Post retirement mortality for non pensioner members (male/female) | <b>PXA92YoB Medium<br/>Cohort Min 1.5% Improvement</b> | PXA92YoB Medium<br>Cohort Min 1% Improvement |
| Post retirement mortality for pensioner members (male/female)     | <b>PXA92YoB Medium<br/>Cohort Min 1.5% Improvement</b> | PXA92YoB Medium<br>Cohort Min 1% Improvement |

\*Note: This refers to the expected rate of return as at the beginning of each period presented

**Assets in the plan as a percentage of total plan assets**

|                                       | <b>At<br/>31/12/10</b> | <b>At<br/>31/12/09</b> |
|---------------------------------------|------------------------|------------------------|
| Equities and Diversified Growth Funds | 59%                    | 59%                    |
| Bonds                                 | 40%                    | 40%                    |
| Cash                                  | 1%                     | 1%                     |

**NOTES TO THE FINANCIAL STATEMENTS**

**8 Pension Fund (continued)**

|                                     | <b>2010</b>  | 2009   |
|-------------------------------------|--------------|--------|
|                                     | <b>£000</b>  | £000   |
| <b>Actual return on plan assets</b> | <b>6,684</b> | 11,599 |

**Gains and losses**

| History of experience gains and losses     | <b>2010</b>     | 2009     | 2008     | 2007     | 2006     |
|--|-----------------|----------|----------|----------|----------|
|  | <b>£000</b>     | £000     | £000     | £000     | £000     |
| Defined benefit obligation                 | <b>(88,755)</b> | (84,606) | (63,899) | (70,821) | (73,109) |
| Plan assets                                | <b>73,495</b>   | 67,299   | 56,464   | 67,373   | 61,001   |
| Deficit                                    | <b>(15,260)</b> | (17,307) | (7,435)  | (3,448)  | (12,108) |
| Experience adjustments on plan liabilities | <b>2,309</b>    | 200      | 2,124    | (328)    | (310)    |
| Experience adjustments on plan assets      | <b>2,191</b>    | 7,995    | (18,702) | (1,321)  | 899      |

**Additional information about current year**

**Reconciliation of net liability**

Movement in net liability during the year

|   | <b>2010</b>    |
|---|----------------|
|   | <b>£000</b>    |
| Net liability at beginning of the year                    | <b>17,307</b>  |
| <i>Movement in year</i>                                   |                |
| Employer's current service cost                           | 1,096          |
| Employer's contributions                                  | (1,380)        |
| Expected return on plan assets                            | (4,493)        |
| Actual return less expected return on plan assets         | 2,191          |
| Interest on pension liabilities                           | 4,801          |
| Experience (gains)/losses arising on the plan liabilities | (2,309)        |
| Changes in assumptions underlying the plan liabilities    | (1,953)        |
| Total movement  | <b>(2,047)</b> |
| <b>Deficit in plan at end of the year</b>                 | <b>15,260</b>  |

**Defined Contribution Scheme**

|                               | <b>2010</b> | 2009 |
|-------------------------------|-------------|------|
|                               | <b>£000</b> | £000 |
| <b>Employer contributions</b> | <b>472</b>  | 433  |

## NOTES TO THE FINANCIAL STATEMENTS

### 9 Operating Leases

Charges under operating leases to the Statement of Financial Activities during the year were as follows:

|                         | 2010      | 2009      |
|-------------------------|-----------|-----------|
|                         | £000      | £000      |
| Furniture and Equipment | 30        | 22        |
| Land and Buildings      | 3         | 2         |
|                         | <b>33</b> | <b>24</b> |

At 31 December the Group was committed to making the following payments during the next year in respect of operating leases:

|                          | 2010                       |                                 | 2009                       |                                 |
|--------------------------|----------------------------|---------------------------------|----------------------------|---------------------------------|
|                          | Land and Buildings<br>£000 | Furniture and Equipment<br>£000 | Land and Buildings<br>£000 | Furniture and Equipment<br>£000 |
| Leases which expire:     |                            |                                 |                            |                                 |
| Within two to five years | -                          | 30                              | -                          | 22                              |
| Over five years          | 3                          | -                               | 2                          | -                               |
|                          | <b>3</b>                   | <b>30</b>                       | <b>2</b>                   | <b>22</b>                       |

### 10 Intangible Fixed Assets

| <i>Group</i>                    | Fixtures, Fittings<br>and Equipment<br>£000 | Total<br>£000 |
|---------------------------------|---|---------------|
| <b>Cost</b>                     |   |               |
| Balance at 1 January 2010       | 1,042                                       | 1,042         |
| Balance at 31 December 2010     | 1,042                                       | 1,042         |
| <b>Accumulated Depreciation</b> |   |               |
| Balance at 1 January 2010       | 104   | 104           |
| Charge for Year                 | 208   | 208           |
| Balance at 31 December 2010     | 312   | 312           |
| <b>Net Book Value</b>           |   |               |
| at 31 December 2010             | 730   | 730           |
| <b>Net Book Value</b>           |   |               |
| at 31 December 2009             | 938   | 938           |

The intangible asset relates to ChemSpider and is owned by RSC Worldwide Limited.

RSC Worldwide Limited is a wholly owned subsidiary of the Royal Society of Chemistry.

NOTES TO THE FINANCIAL STATEMENTS

11 Tangible Fixed Assets

*Group*

|                                 | Leasehold Land<br>and Buildings | Fixtures, Fittings<br>and Equipment | Assets under<br>the Course of<br>Construction | Total  |
|---------------------------------|---------------------------------|-------------------------------------|---|--------|
|                                 | £000                            | £000                                | £000  | £000   |
| <b>Cost</b>                     |                                 |                                     |   |        |
| Balance at 1 January 2010       | 8,089                           | 6,947                               | 324   | 15,360 |
| Additions                       | -                               | 986                                 | -   | 986    |
| Disposals                       | -                               | (277)                               | -   | (277)  |
| Transfers                       | 324                             | -                                   | (324)   | -      |
| Balance at 31 December 2010     | 8,413                           | 7,656                               | -   | 16,069 |
| <b>Accumulated Depreciation</b> |                                 |                                     |   |        |
| Balance at 1 January 2010       | 2,993                           | 3,984                               | -   | 6,977  |
| Charge for Year                 | 217                             | 672                                 | -   | 889    |
| Balance at 31 December 2010     | 3,210                           | 4,656                               | -   | 7,866  |
| <b>Net Book Value</b>           |                                 |                                     |   |        |
| at 31 December 2010             | 5,203                           | 3,000                               | -   | 8,203  |
| <b>Net Book Value</b>           |                                 |                                     |   |        |
| at 31 December 2009             | 5,096                           | 2,963                               | 324   | 8,383  |

*Society*

|                                 | Leasehold Land<br>and Buildings | Fixtures, Fittings<br>and Equipment | Assets under<br>the Course of<br>Construction | Total  |
|---------------------------------|---------------------------------|-------------------------------------|---|--------|
|                                 | £000                            | £000                                | £000  | £000   |
| <b>Cost</b>                     |                                 |                                     |   |        |
| Balance at 1 January 2010       | 8,089                           | 6,788                               | 324   | 15,201 |
| Additions                       | -                               | 984                                 | -   | 984    |
| Disposals                       | -                               | (277)                               | -   | (277)  |
| Transfers                       | 324                             | -                                   | (324)   | -      |
| Balance at 31 December 2010     | 8,413                           | 7,495                               | -   | 15,908 |
| <b>Accumulated Depreciation</b> |                                 |                                     |   |        |
| Balance at 1 January 2010       | 2,993                           | 3,964                               | -   | 6,957  |
| Charge for Year                 | 217                             | 634                                 | -   | 851    |
| Balance at 31 December 2010     | 3,210                           | 4,598                               | -   | 7,808  |
| <b>Net Book Value</b>           |                                 |                                     |   |        |
| at 31 December 2010             | 5,203                           | 2,897                               | -   | 8,100  |
| <b>Net Book Value</b>           |                                 |                                     |   |        |
| at 31 December 2009             | 5,096                           | 2,824                               | 324   | 8,244  |

**Heritage Assets**

The library holds a historical collection of books and periodicals with an insurance value of £1,250K

NOTES TO THE FINANCIAL STATEMENTS

12 Fixed Asset Investments

*Group and Society*

Investments listed on recognised stock exchange

|   |                          |                             | 2010                   | 2009                   |
|---|--------------------------|-----------------------------|------------------------|------------------------|
|   | General<br>Funds<br>£000 | Restricted<br>Funds<br>£000 | Total<br>Funds<br>£000 | Total<br>Funds<br>£000 |
| <u>Investment assets in the UK</u>      |                          |                             |                        |                        |
| Fixed Interest                          | 28,127                   | 11,401                      | 39,528                 | 40,321                 |
| Equities                                | -                        | -                           | -                      | 11,476                 |
| Unit Trusts                             | 6,570                    | 1,386                       | 7,956                  | 3,710                  |
| <u>Investment assets outside the UK</u> |                          |                             |                        |                        |
| Fixed Interest                          | 3,584                    | 1,456                       | 5,040                  | -                      |
| Equities                                | 18,716                   | 342                         | 19,058                 | 5,219                  |
| Unit Trusts                             | 182                      | -                           | 182                    | -                      |
|   | 57,179                   | 14,585                      | 71,764                 | 60,726                 |
| Cash held for investment                | 166                      | 36                          | 202                    | 650                    |
| Accrued Income                          | -                        | -                           | -                      | 313                    |
|   | 57,345                   | 14,621                      | 71,966                 | 61,689                 |

|   |                          |                             | 2010                   | 2009                   |
|---|--------------------------|-----------------------------|------------------------|------------------------|
|   | General<br>Funds<br>£000 | Restricted<br>Funds<br>£000 | Total<br>Funds<br>£000 | Total<br>Funds<br>£000 |
| Market value at 1 January                         | 48,543                   | 13,146                      | 61,689                 | 47,432                 |
| Less: Disposal proceeds including share exchanges | (48,155)                 | (9,795)                     | (57,950)               | (33,936)               |
| Add: Purchases at cost including share exchanges  | 53,586                   | 10,089                      | 63,675                 | 43,675                 |
| Realised and unrealised gains and losses          | 3,682                    | 1,318                       | 5,000                  | 3,594                  |
| Net movements on cash held for investment         | (311)                    | (137)                       | (448)                  | 924                    |
| Market value at 31 December                       | 57,345                   | 14,621                      | 71,966                 | 61,689                 |

**Material Investments which represent greater than 5% of total Fixed Asset Investments by market value included above are as follows:**

|  | 2010<br>£000 | 2009<br>£000 |
|--|--------------|--------------|
| BlackRock UK Fixed Interest Corporate Bonds                  | 11,300       | 19,838       |
| BlackRock Global Fixed Interest Corporate Bonds              | 3,584        | -            |
| Royal London Asset Management Corporate Bonds                | 12,763       | 20,739       |
| Royal London Asset Management Sterling Extra Yield Bond Fund | 10,879       | -            |
| Sarasin & Partners Equisar Global Thematic Fund              | 9,047        | -            |
| Schroder QEP Global Active Fund                              | 8,965        | -            |
| Schroder Exempt Property Units                               | 7,955        | 3,710        |

## NOTES TO THE FINANCIAL STATEMENTS

### 12 Fixed Asset Investments (continued)

#### **Society**

|                                | Note | Capital<br>£ | Reserves<br>£000 |
|--------------------------------|------|--------------|------------------|
| Chemistry Limited*             | 17   | 2            | (2)              |
| RSC Worldwide Limited*         | 17   | 100          | (1,362)          |
| Chemistry Innovation Limited** | 17   | 67           | 20               |
| RSC Worldwide (US) Inc***      | 17   | 6,250        | (33)             |

\* RSC owns 100% of the Issued Share Capital.

\*\* RSC owns 67% of the Issued Share Capital

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

Chemistry Limited is registered in England and Wales and its principal activity is supporting innovation in chemistry.

RSC Worldwide Limited is registered in England and Wales and its principal activity is to enable the RSC to operate internationally.

Chemistry Innovation Limited is registered in England and Wales and its principal activity is supporting innovation in chemistry.

RSC Worldwide (US) Inc is registered in the State of North Carolina, USA and its principle activity is to enable RSC Worldwide Limited to operate in the US.

### 13 Debtors

#### **Group**

|                                | 2010<br>£000 | 2009<br>£000 |
|--------------------------------|--------------|--------------|
| Trade Debtors                  | 870          | 609          |
| Other Debtors                  | 1,232        | 2,310        |
| Prepayments and Accrued Income | 1,337        | 1,138        |
|                                | <b>3,439</b> | <b>4,057</b> |

Included in other debtors for 2010 is £605K (2009: £1,355K) which is due after one year relating to donations.

#### **Society**

|                                     | 2010<br>£000 | 2009<br>£000 |
|-------------------------------------|--------------|--------------|
| Trade Debtors                       | 834          | 609          |
| Other Debtors                       | 1,224        | 2,034        |
| Amounts due from group undertakings | 2,276        | 1,654        |
| Prepayments and Accrued Income      | 1,209        | 1,138        |
|                                     | <b>5,543</b> | <b>5,435</b> |

## NOTES TO THE FINANCIAL STATEMENTS

### 14 Creditors

#### Amounts falling due within one year

##### *Group*

|                 | 2010         | 2009         |
|-----------------|--------------|--------------|
|                 | £000         | £000         |
| Trade Creditors | 713          | 1,010        |
| Other Creditors | 711          | 907          |
| Taxes           | 30           | -            |
| Accruals        | 1,863        | 1,379        |
|                 | <b>3,317</b> | <b>3,296</b> |

##### *Society*

|                 | 2,010        | 2,009        |
|-----------------|--------------|--------------|
|                 | £000         | £000         |
| Trade Creditors | 667          | 1,010        |
| Other Creditors | 440          | 277          |
| Accruals        | 1,818        | 1,375        |
|                 | <b>2,925</b> | <b>2,662</b> |

### 15 Deferred Income

#### Amounts falling due within one year

##### *Group*

|                          | 2010          | 2009          |
|--------------------------|---------------|---------------|
|                          | £000          | £000          |
| Journal Subscriptions    | 15,592        | 14,612        |
| Membership Subscriptions | 331           | 49            |
|                          | <b>15,923</b> | <b>14,661</b> |

##### *Society*

|                          | 2010          | 2009          |
|--------------------------|---------------|---------------|
|                          | £000          | £000          |
| Journal Subscriptions    | 15,581        | 14,612        |
| Membership Subscriptions | 331           | 49            |
|                          | <b>15,912</b> | <b>14,661</b> |

## NOTES TO THE FINANCIAL STATEMENTS

### 16 Analysis of Group Net Assets between Funds

|   | General<br>Funds<br>£000 | Designated<br>Funds<br>£000 | Restricted<br>Funds<br>£000 | Total<br>£000 |
|---|--------------------------|-----------------------------|-----------------------------|---------------|
| Fund Balances at 31 December 2010 are represented by: |                          |                             |                             |               |
| Tangible Assets                                       | 8,203                    | -                           | -                           | 8,203         |
| Intangible Assets                                     | 730                      | -                           | -                           | 730           |
| Investments   | 57,345                   | -                           | 14,621                      | 71,966        |
| Net Current Assets/Liabilities                        | (7,808)                  | 1,612                       | 7,024                       | 828           |
| Pension Liability                                     | (15,260)                 | -                           | -                           | (15,260)      |
| <b>Total Net Assets</b>                               | <b>43,210</b>            | <b>1,612</b>                | <b>21,645</b>               | <b>66,467</b> |

### Analysis of Society Net Assets between Funds

|   | General<br>Funds<br>£000 | Designated<br>Funds<br>£000 | Restricted<br>Funds<br>£000 | Total<br>£000 |
|---|--------------------------|-----------------------------|-----------------------------|---------------|
| Fund Balances at 31 December 2010 are represented by: |                          |                             |                             |               |
| Tangible Assets                                       | 8,100                    | -                           | -                           | 8,100         |
| Investments   | 57,345                   | -                           | 14,621                      | 71,966        |
| Net Current Assets/Liabilities                        | (5,591)                  | 1,612                       | 7,023                       | 3,044         |
| Pension Liability                                     | (15,260)                 | -                           | -                           | (15,260)      |
| <b>Total Net Assets</b>                               | <b>44,594</b>            | <b>1,612</b>                | <b>21,644</b>               | <b>67,850</b> |

NOTES TO THE FINANCIAL STATEMENTS

17 Investment in Subsidiaries

|                                      | Chemistry Innovation Limited |              | Chemistry Limited |              | RSC Worldwide Limited |              | RSC Worldwide (US) Inc |              |
|--------------------------------------|------------------------------|--------------|-------------------|--------------|-----------------------|--------------|------------------------|--------------|
|                                      | 2010<br>£000                 | 2009<br>£000 | 2010<br>£000      | 2009<br>£000 | 2010<br>£000          | 2009<br>£000 | 2010<br>£000           | 2009<br>£000 |
| <b>Profit and Loss Account</b>       |                              |              |                   |              |                       |              |                        |              |
| Turnover                             | 1,470                        | 1,665        | -                 | 5            | 692                   | 355          | 611                    | 339          |
| Cost of Sales                        | (1,469)                      | (1,639)      | (5)               | (10)         | (1,525)               | (839)        | (639)                  | (350)        |
| Operating Profit/(Loss)              | 1                            | 26           | (5)               | (5)          | (833)                 | (484)        | (28)                   | (11)         |
| Interest                             |                              |              |                   |              |                       |              |                        |              |
| Receivable/(Payable)                 | (2)                          | (5)          | 2                 | 5            | (46)                  | -            | -                      | -            |
| Tax Payable                          | -                            | -            | -                 | -            | -                     | -            | -                      | -            |
| Net Profit before and after Taxation | (1)                          | 21           | (3)               | -            | (879)                 | (484)        | (28)                   | (11)         |
| <b>Balance Sheet</b>                 |                              |              |                   |              |                       |              |                        |              |
| <b>Fixed Assets</b>                  |                              |              |                   |              |                       |              |                        |              |
| Tangible Assets                      | -                            | -            | -                 | -            | 100                   | 136          | 3                      | 3            |
| Intangible Assets                    | -                            | -            | -                 | -            | 730                   | 938          | -                      | -            |
| Investments                          | -                            | -            | -                 | -            | 6                     | -            | -                      | -            |
| <b>Current Assets</b>                |                              |              |                   |              |                       |              |                        |              |
| Debtors                              | 124                          | 146          | -                 | 109          | 45                    | 3            | 3                      | -            |
| Cash at Bank                         | 266                          | 450          | -                 | 5            | 11                    | 6            | 14                     | 2            |
| <b>Current Liabilities</b>           |                              |              |                   |              |                       |              |                        |              |
| Creditors                            | (370)                        | (575)        | (1)               | (112)        | (2,254)               | (1,567)      | (54)                   | (16)         |
| Net Assets/(Liabilities)             | 20                           | 21           | (1)               | 2            | (1,362)               | (490)        | (34)                   | (11)         |
| <b>Intercompany Balances</b>         | <b>£000</b>                  | <b>£000</b>  | <b>£000</b>       | <b>£000</b>  | <b>£000</b>           | <b>£000</b>  | <b>£000</b>            | <b>£000</b>  |
| Debtor                               | -                            | 9            | -                 | -            | -                     | -            | -                      | -            |
| Creditor                             | -                            | -            | (1)               | (107)        | (2,221)               | (1,505)      | (53)                   | (14)         |

The Consolidated Balance Sheet on page 23 incorporates the above balance sheets of these subsidiary companies after elimination of the intercompany debtor and creditor balances due to and from the Society.

The Net Assets of Chemistry Innovation Limited include a minority interest of £6K in respect of the IChemE shareholding. This has not been recognised separately on the basis of materiality.

The directors of Chemistry Limited and RSC Worldwide Limited have passed a resolution to Gift Aid any profits made to the RSC.

The interest charged of the intercompany balance owed by RSC Worldwide Limited is the British Bankers Association London Interbank Offered Rate plus 2%. The loan is unsecured and was set up for a term of three years from 7 May 2009.

The Intercompany balances due from Chemistry Limited and RSC Worldwide (US) Inc are free from interest and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

18 Restricted Funds

*Group and Society*

|  | Movement in Funds                       |                               |                                      |  |   |
|--|---|-------------------------------|--------------------------------------|--|---|
|  | Balance at<br>1 January<br>2010<br>£000 | Incoming<br>Resources<br>£000 | Expenditure<br>and Transfers<br>£000 | Gains on<br>Investment<br>Assets<br>£000 | Balance at<br>31 December<br>2010<br>£000 |
| Benevolent Fund<br>(per detailed pages 51 to 54) | 8,955                                   | 572                           | (255)                                | 1,167                                    | 10,439                                    |
| Trust Funds<br>(Note 22)                         | 6,722                                   | 387                           | (221)                                | 1,026                                    | 7,914                                     |
| Grant Income                                     | 3,379                                   | 397                           | (485)                                | -  | 3,291                                     |
| <b>Total</b>                                     | <b>19,056</b>                           | <b>1,356</b>                  | <b>(961)</b>                         | <b>2,193</b>                             | <b>21,644</b>                             |

19 Royal Society Of Chemistry

Summary Statement of Financial Activities of the Society.

|  | 2010<br>£000  | 2009<br>£000   |
|--|---------------|----------------|
| Total Incoming Resources   | 37,974        | 39,332         |
| Total Resources Expended   | (33,924)      | (35,174)       |
| <b>Net incoming resources before recognised gains and losses</b> | <b>4,050</b>  | <b>4,158</b>   |
| Gains on investment assets                                       | 4,840         | 4,433          |
| Actuarial gains/(losses) on defined benefit pension scheme       | 2,071         | (10,073)       |
| <b>Net Movement in Funds</b>                                     | <b>10,961</b> | <b>(1,482)</b> |
| Fund Balances brought forward at 1 January                       | 56,889        | 58,371         |
| <b>Fund Balances carried forward at 31 December</b>              | <b>67,850</b> | <b>56,889</b>  |

## NOTES TO THE FINANCIAL STATEMENTS

### 20 Connected Charities

#### **Sir George Beilby Memorial Fund**

|                                | 2010<br>£000 | 2009<br>£000 |
|--------------------------------|--------------|--------------|
| Accumulated Fund               | 58           | 56           |
| Represented by:<br>Investments | 58           | 56           |

This fund is jointly administered by the Society, the Society of Chemical Industry, and the Institute of Materials. The Society's share of the above figures are not included in the Statement of Financial Activities, Society's Balance Sheet or Consolidated Balance Sheet on the basis of materiality.

### 21 Transactions with Trustees

#### **Trustees' Royalty Payments**

|   | 2010<br>£    | 2009<br>£    |
|---|--------------|--------------|
| Name of Member                          |              |              |
| Prof D Phillips                         | 159          | 242          |
| Prof P O'Brien                          | 1,376        | 771          |
| <b>Total Trustees' Royalty Payments</b> | <b>1,535</b> | <b>1,013</b> |

No Trustees received or waived remuneration during the year (2009: £nil)

#### **Reimbursement of Trustees Expenses**

An amount of £67,413 was reimbursed to 18 Trustees in respect of travel to meetings and related expenses in 2010 (2009: £72,900).

#### **Trustees Indemnity Insurance**

The amount paid in 2010 for Trustees Indemnity Insurance was £5,000 (2009: £5,250).

NOTES TO THE FINANCIAL STATEMENTS

22 Trust and Lecture Funds  
Balance Sheet as at 31 December

|   | 2010                       |                             |   |                             |                            | 2009                       |
|---|----------------------------|-----------------------------|---|-----------------------------|----------------------------|----------------------------|
|   | Opening<br>Balance<br>£000 | Capital<br>Addition<br>£000 | Accumulated<br>Investment<br>Movement<br>£000 | Surplus/<br>Deficit<br>£000 | Closing<br>Balance<br>£000 | Closing<br>Balance<br>£000 |
| Appleyard Fund  | 40                         | -                           | 6   | -                           | 46                         | 40                         |
| RSC Awards Fund                                       | -                          | -                           | -   | -                           | -                          | -                          |
| Ethel Behrens Fund                                    | 24                         | -                           | 4   | -                           | 28                         | 24                         |
| William Briggs Fund                                   | 160                        | -                           | 21  | (23)                        | 158                        | 160                        |
| Centenary Fund  | 429                        | -                           | 63  | 3                           | 495                        | 429                        |
| Chemical Council Fund                                 | 116                        | -                           | 19  | (4)                         | 131                        | 116                        |
| Corday Morgan Medal and Prize Fund                    | 198                        | -                           | 29  | (7)                         | 220                        | 198                        |
| Corday Morgan Memorial Fund                           | 504                        | -                           | 75  | 23                          | 602                        | 504                        |
| Faraday Lecture Fund                                  | 30                         | -                           | 5   | (4)                         | 31                         | 30                         |
| Robert John Flintoff Trust                            | 22                         | -                           | 3   | 1                           | 26                         | 22                         |
| Edward Frank Harrison Memorial Trust                  | 20                         | -                           | 3   | -                           | 23                         | 20                         |
| Haworth Memorial Fund                                 | 16                         | -                           | 2   | 1                           | 19                         | 16                         |
| Liversidge Lecture Fund                               | 27                         | -                           | 4   | (1)                         | 30                         | 27                         |
| Pedler Lecture Fund                                   | 36                         | -                           | 5   | (1)                         | 40                         | 36                         |
| Research Fund   | 1,071                      | -                           | 157   | 33                          | 1,261                      | 1,071                      |
| Robert Robinson Lecture Fund                          | 92                         | -                           | 14  | (3)                         | 103                        | 92                         |
| Saville Fund  | 85                         | -                           | 12  | -                           | 97                         | 85                         |
| Simonsen Lecture Fund                                 | 18                         | -                           | 3   | 1                           | 22                         | 18                         |
| Tilden Lecture Fund                                   | 175                        | -                           | 26  | (11)                        | 190                        | 175                        |
| Ronald Nyholm Lecture Fund                            | 23                         | -                           | 3   | 1                           | 27                         | 23                         |
| Christopher Ingold Lecture Fund                       | 21                         | -                           | 3   | 1                           | 25                         | 21                         |
| Splers Memorial Fund                                  | 24                         | -                           | 4   | 1                           | 29                         | 24                         |
| Bourke Lecture and Medal Fund                         | 22                         | -                           | 3   | (3)                         | 22                         | 22                         |
| Marlow Medal and Award Fund                           | 58                         | -                           | 9   | 1                           | 68                         | 58                         |
| John Jeyes Lectureship Fund                           | 36                         | -                           | 6   | -                           | 42                         | 36                         |
| BOC (Gases Division) Trust                            | 112                        | -                           | 16  | 7                           | 135                        | 112                        |
| Edward Horton Bequest                                 | 40                         | -                           | 6   | 2                           | 48                         | 40                         |
| Ludwig Mond Trust                                     | 70                         | -                           | 10  | -                           | 80                         | 70                         |
| Industrial Division Endowment Lecture Fund            | 83                         | -                           | 12  | 5                           | 100                        | 83                         |
| Henderson Memorial Lecture Fund                       | 24                         | -                           | 4   | 1                           | 29                         | 24                         |
| PF Frankland Memorial Lecture Fund                    | 44                         | -                           | 7   | 3                           | 54                         | 44                         |
| W J Hickinbottom Bequest                              | 939                        | -                           | 140   | 53                          | 1,132                      | 939                        |
| Whittle Memorial Fund                                 | 9                          | -                           | 1   | 1                           | 11                         | 9                          |
| R A Robinson Memorial Fund                            | 111                        | -                           | 17  | 6                           | 134                        | 111                        |
| E Frankland Prize and Lecture Fund                    | 26                         | -                           | 4   | (2)                         | 28                         | 26                         |
| Barrer Award  | 21                         | -                           | 3   | 1                           | 25                         | 21                         |
| A Spinks Symposia Fund                                | 69                         | -                           | 10  | 4                           | 83                         | 69                         |
| Rhone –Poulenc Lectureship                            | 23                         | -                           | 4   | 1                           | 28                         | 23                         |
| Marriot Legacy  | 140                        | -                           | 21  | 3                           | 164                        | 140                        |
| A Robertson Bequest                                   | 119                        | -                           | 18  | 7                           | 144                        | 119                        |
| E Frankland Fellowship                                | 55                         | -                           | 8   | 2                           | 65                         | 55                         |
| W A Waters  | 155                        | -                           | 23  | -                           | 178                        | 155                        |
| J O Cutter  | 462                        | 31                          | 68  | 26                          | 587                        | 462                        |
| S F Boys – A Rahman Lecture Fund                      | 23                         | -                           | 3   | (1)                         | 25                         | 23                         |
| C Sulzbacher  | 63                         | -                           | 9   | 1                           | 73                         | 63                         |
| A Albert  | 387                        | -                           | 57  | 22                          | 466                        | 387                        |
| J Chatt Lectureship                                   | 40                         | -                           | 6   | 2                           | 48                         | 40                         |
| G Wilkinson Lectureship                               | 54                         | -                           | 8   | 1                           | 63                         | 54                         |
| Colman-Porter Fund                                    | 202                        | -                           | 30  | 12                          | 244                        | 202                        |
| Memorial Fund   | 78                         | -                           | 11  | -                           | 89                         | 78                         |
| Bill Carruthers Lectureship                           | 13                         | -                           | 2   | 1                           | 16                         | 13                         |
| Brian Scarlett Memorial Fund                          | 5                          | -                           | 1   | -                           | 6                          | 5                          |
| Lord Lewis Award                                      | 19                         | -                           | 3   | (4)                         | 18                         | 19                         |
| Charles Rees Award                                    | 65                         | -                           | 10  | 4                           | 79                         | 65                         |
| Harry Shalgosky Bequest                               | 24                         | -                           | 4   | (1)                         | 27                         | 24                         |
|   | 6,722                      | 31                          | 995   | 166                         | 7,914                      | 6,722                      |
| <b>Represented by:</b>                                |                            |                             |   |                             |                            |                            |
| Investments   |                            |                             |   |                             | 6,759                      | 6,066                      |
| Balance at Banks (inc. Deposits)                      |                            |                             |   |                             | 38                         | 10                         |
| Sundry Debtors  |                            |                             |   |                             | 1,120                      | 650                        |
|   |                            |                             |   |                             | 7,917                      | 6,726                      |
| Less: Sundry Creditors                                |                            |                             |   |                             | (3)                        | (4)                        |
| Value of Funds reflecting Investments at Market Value |                            |                             |   |                             | 7,914                      | 6,722                      |

The Capital Accounts and Accumulated Income Accounts are accounted for individually,  
the total of which, including the investment gains and losses, form the total funds balance at the end of the year.

NOTES TO THE FINANCIAL STATEMENTS

22 Trust and Lecture Funds (continued)

Income and Expenditure Accounts for the year ended 31 December

|  | Income | Expendi-     | 2010<br>Excess of<br>Income/<br>Expendi- | Income | Expendi-     | 2009<br>Excess of<br>Income/<br>Expendi- |
|--|--------|--------------|--|--------|--------------|--|
|  | £000   | ture<br>£000 | ture<br>£000                             | £000   | ture<br>£000 | ture<br>£000                             |
| Appleyard Fund                             | 2      | 2            | -  | 2      | 2            | -  |
| RSC Awards Fund                            | -      | -            | -  | 26     | 6            | 20                                       |
| Ethel Behrens Fund                         | 1      | 1            | -  | 1      | 1            | -  |
| William Briggs fund                        | 8      | 31           | (23)                                     | 8      | 23           | (15)                                     |
| Centenary Fund                             | 25     | 22           | 3  | 23     | 33           | (10)                                     |
| Chemical Council Fund                      | 7      | 11           | (4)                                      | 6      | (10)         | 16                                       |
| Corday Morgan Medal and Prize Fund         | 11     | 18           | (7)                                      | 11     | 22           | (11)                                     |
| Corday Morgan Memorial Fund                | 29     | 6            | 23                                       | 26     | 2            | 24                                       |
| Faraday Lecture Fund                       | 2      | 6            | (4)                                      | 2      | -            | 2  |
| Robert John Flintoff Trust                 | 1      | -            | 1  | 1      | -            | 1  |
| Edward Frank Harrison Memorial Trust       | 1      | 1            | -  | 2      | 20           | (18)                                     |
| Haworth Memorial Fund                      | 1      | -            | 1  | 1      | 1            | -  |
| Liversidge Lecture Fund                    | 2      | 3            | (1)                                      | 2      | 1            | 1  |
| Pedler Lecture Fund                        | 2      | 3            | (1)                                      | 2      | 3            | (1)                                      |
| Research Fund                              | 63     | 30           | 33                                       | 56     | 48           | 8  |
| Robert Robinson Lecture Fund               | 5      | 8            | (3)                                      | 5      | 5            | -  |
| Saville Fund                               | 5      | 5            | -  | 5      | 5            | -  |
| Simonsen Lecture Fund                      | 1      | -            | 1  | 1      | -            | 1  |
| Tilden Lecture Fund                        | 10     | 21           | (11)                                     | 10     | 18           | (8)                                      |
| Ronald Nyholm Lecture Fund                 | 1      | -            | 1  | 2      | 13           | (11)                                     |
| Christopher Ingold Lecture Fund            | 1      | -            | 1  | 1      | 3            | (2)                                      |
| Spiers Memorial Fund                       | 1      | -            | 1  | 1      | 1            | -  |
| Bourke Lecture and Medal Fund              | 1      | 4            | (3)                                      | 1      | 4            | (3)                                      |
| Marlow Medal and Award Fund                | 3      | 3            | -  | 3      | 2            | 1  |
| John Jayes Lectureship Fund                | 2      | 2            | -  | 2      | 1            | 1  |
| BOC (Gases Division) Trust                 | 7      | -            | 7  | 6      | -            | 6  |
| Edward Horton Bequest                      | 2      | -            | 2  | 2      | -            | 2  |
| Ludwig Mond Trust                          | 4      | 4            | -  | 4      | 3            | 1  |
| Industrial Division Endowment Lecture Fund | 5      | -            | 5  | 4      | -            | 4  |
| Henderson Memorial Lecture Fund            | 1      | -            | 1  | 1      | -            | 1  |
| P F Frankland Memorial Lecture Fund        | 3      | -            | 3  | 2      | -            | 2  |
| W J Hickinbottom Bequest                   | 55     | 2            | 53                                       | 48     | 4            | 44                                       |
| Whittle Memorial Fund                      | 1      | -            | 1  | -      | -            | -  |
| R A Robinson Memorial Fund                 | 6      | -            | 6  | 6      | -            | 6  |
| E Frankland Prize and Lecture Fund         | 1      | 3            | (2)                                      | 1      | 3            | (2)                                      |
| Barrer Award                               | 1      | -            | 1  | 1      | 1            | -  |
| A Spinks Symposia Fund                     | 4      | -            | 4  | 4      | -            | 4  |
| Rhone -Poulenc Lectureship                 | 1      | -            | 1  | 1      | 3            | (2)                                      |
| Marriot Legacy                             | 8      | 5            | 3  | 7      | 1            | 6  |
| A Robertson Bequest                        | 7      | -            | 7  | 6      | -            | 6  |
| E Frankland Fellowship                     | 3      | 1            | 2  | 3      | 2            | 1  |
| W A Waters                                 | 9      | 9            | -  | 8      | 8            | -  |
| J O Cutter                                 | 27     | 1            | 26                                       | 24     | 1            | 23                                       |
| S F Boys - A Rahman Lecture Fund           | 1      | 2            | (1)                                      | 1      | 3            | (2)                                      |
| C Sulzbacher                               | 4      | 3            | 1  | 3      | 3            | -  |
| A Albert                                   | 23     | 1            | 22                                       | 20     | 1            | 19                                       |
| J Chatt Lectureship                        | 2      | -            | 2  | 2      | 1            | 1  |
| G Wilkinson Lectureship                    | 4      | 2            | 2  | 3      | 3            | -  |
| Colman-Porter Fund                         | 12     | -            | 12                                       | 10     | 1            | 9  |
| Memorial Fund                              | 4      | 4            | -  | 4      | 4            | -  |
| Bill Carruthers Lectureship                | 1      | -            | 1  | 1      | 4            | (3)                                      |
| Brian Scarlett Memorial Fund               | -      | -            | -  | -      | -            | -  |
| Lord Lewis Award                           | 1      | 5            | (4)                                      | 1      | 9            | (8)                                      |
| Charles Rees Award                         | 4      | -            | 4  | 3      | -            | 3  |
| Harry Shalgosky Bequest                    | 1      | 2            | (1)                                      | 1      | -            | 1  |
|  | 387    | 221          | 166                                      | 377    | 259          | 118                                      |

## BENEVOLENT FUND - CHAIRMAN'S REPORT 2010

### Review of Activities during the year

The RSC Benevolent 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.

The Benevolent Fund Committee reviews applications for financial assistance and makes recommendations on the types of help that can be offered. The Committee guides Council (Trustees of the Fund) on the appropriate use of the Fund's money. During 2010 the Committee reviewed 20 cases (as well as 22 closed cases) and 45 applications for financial assistance were agreed. Ten beneficiaries were outside the UK.

As of the 31 December 2010 the Benevolent Fund had 31 beneficiaries who were receiving financial assistance from the Fund, either in the form of a one-off grant (including small 'interest in chemistry' grants) or a regular payment.

The Fund's staff also responded to 104 new enquiries for non-financial support, in a wide range of areas. Information and advice was provided on areas such as debt, assistance in claiming appropriate state benefits and care. The office is supported by a consultancy service provided by the Citizens Advice Bureau (CAB) which offers specialist knowledge and RSC members can be put in direct contact with the CAB when required. The Fund's staff also made visits to members and their families needing particular advice and support, often introducing a new volunteer visitor to the beneficiary at the same time.

The work of the Benevolent Fund Committee and RSC staff continues to be supported by a network of Volunteer Visitors. Each of the 9 RSC regions now has a Regional Coordinator in place, along with 30 Local Section Benevolent Fund Representatives and 108 Volunteer Visitors. Five training events for Volunteer Visitors were delivered in 2010.

## BENEVOLENT FUND

### Statement of Financial Activities for the year ended 31 December 2010

| Note  | 2010<br>£000 | 2009<br>£000 |
|---|--------------|--------------|
| <b>Incoming Resources</b>                       |              |              |
| Incoming Resources from Generated Funds:        |              |              |
| Voluntary Income                                | 1            | 116          |
| Investment Income                               |              | 172          |
|   | 456          | 422          |
| <b>Total Incoming Resources</b>                 | <b>572</b>   | <b>594</b>   |
| <b>Resources Expended</b>                       |              |              |
| Cost of Generating Funds:                       |              |              |
| Investment Fee                                  |              | 13           |
|   |              | 12           |
|   | 13           | 12           |
| Operating Activities in furtherance of objects: |              |              |
| Grants  |              | 65           |
| Membership                                      |              | 69           |
|   | 164          | 195          |
| Governance Costs                                | 2            | 13           |
|   |              | 10           |
|   | 242          | 274          |
| <b>Total Resources Expended</b>                 | <b>255</b>   | <b>286</b>   |
| <b>Net Incoming Resources</b>                   | <b>317</b>   | <b>308</b>   |
| <b>Gains/(losses) on Investment Assets</b>      |              |              |
| Realised/Unrealised                             |              | 1,167        |
|   |              | 196          |
| <b>Net Movement in Funds</b>                    | <b>1,484</b> | <b>504</b>   |
| Fund Balance brought forward at 1 January       |              |              |
|   | 8,955        | 8,451        |
| Fund Balance carried forward at 31 December     |              |              |
|   | 10,439       | 8,955        |

## BENEVOLENT FUND

### Balance Sheet as at 31 December 2010

|  | 2010<br>£000  | 2009<br>£000 |
|--|---------------|--------------|
| <b>Fixed Assets</b>                          |               |              |
| Investments                                  | 7,862         | 7,099        |
| <b>Current Assets</b>                        |               |              |
| Secured Loans                                | 54            | 123          |
| Advance to Crossways Trust                   | 4             | 4            |
| The Royal Society of Chemistry*              | 2,449         | 1,725        |
| Sundry Debtors                               | 36            | -            |
| Bank Account                                 | 41            | 10           |
|  | <b>2,584</b>  | <b>1,862</b> |
| <b>Current Liabilities</b>                   |               |              |
| Sundry Creditors                             | (7)           | (6)          |
| <b>Net Current Assets</b>                    | <b>2,577</b>  | <b>1,856</b> |
| <b>Total Assets Less Current Liabilities</b> | <b>10,439</b> | <b>8,955</b> |
| <b>Accumulated Funds</b>                     |               |              |
| General Fund                                 | <b>10,439</b> | <b>8,955</b> |

\*This figure represents the net of funds paid out and received by the Royal Society of Chemistry on behalf of the Benevolent Fund and represents cash which has yielded interest of £10K.

Approved by Council on 12 May 2011

Professor David Phillips, President

## NOTES TO THE BENEVOLENT FUND FINANCIAL STATEMENTS

### Grants Payable

|  | 2010<br>No. of<br>Grants | 2009<br>No. of<br>Grants |
|--|--------------------------|--------------------------|
|  | 62                       | 80                       |

The commitments shown below are future grant payments approved by the Benevolent Fund Committee. These grants are subject to conditions being met by the beneficiaries prior to the grants being paid.

|  | 2010<br>£000 | 2009<br>£000 |
|--|--------------|--------------|
| Commitments payable within one year          | 32           | 31           |
| Commitments payable after more than one year | 130          | 135          |

### Voluntary Income

|           | 2010<br>£000 | 2009<br>£000 |
|-----------|--------------|--------------|
| Bequests  | 82           | 141          |
| Donations | 34           | 31           |
|           | 116          | 172          |

### Governance Costs

|                           | 2010<br>£000 | 2009<br>£000 |
|---------------------------|--------------|--------------|
| Committee Member Expenses | 4            | 5            |
| Staff Time                | 9            | 5            |
|                           | 13           | 10           |

## NOTES TO THE BENEVOLENT FUND FINANCIAL STATEMENTS

### Total Resources Expended

|                                 | Staff<br>Costs<br>£000 | Direct<br>Costs<br>£000 | Indirect<br>Costs<br>£000 | Total<br>2010<br>£000 | Total<br>2009<br>£000 |
|---------------------------------|------------------------|-------------------------|---------------------------|-----------------------|-----------------------|
| <b>Cost of Generating Funds</b> |                        |                         |                           |                       |                       |
| Investment Management Costs     | -                      | 13                      | -                         | 13                    | 12                    |
| <b>Charitable Activities</b>    |                        |                         |                           |                       |                       |
| Grants                          | -                      | 65                      | -                         | 65                    | 69                    |
| <b>Membership:</b>              |                        |                         |                           |                       |                       |
| Direct Support to Beneficiaries | 34                     | 4                       | 16                        | 54                    | 91                    |
| Administration Management       | 40                     | 1                       | 19                        | 60                    | 62                    |
| Governance Costs                | 21                     | 14                      | 15                        | 50                    | 42                    |
|                                 | 9                      | 4                       | -                         | 13                    | 10                    |
| <b>Total</b>                    | <b>104</b>             | <b>101</b>              | <b>50</b>                 | <b>255</b>            | <b>286</b>            |

### Note

Staff costs have been apportioned on the basis of staff time.

Direct costs include grants to beneficiaries, non staff travel and legal fees; these costs have been directly allocated.

Indirect costs include information technology, human resources and finance apportioned from the RSC on the basis of headcount for information technology, staff costs and third party expenditure for finance and staff costs for human. Within the Benevolent Fund these costs have been reapportioned on the basis of staff time.

Administration time is spent on ensuring beneficiary records are kept up to date, processing post and emails, logging applications, processing beneficiary payments and taking telephone calls.

Management time is spent on staff and performance management and strategic development of the Benevolent Fund.

### Total Staff Costs

|                          | 2010<br>£000 | 2009<br>£000 |
|--------------------------|--------------|--------------|
| <b>Staff Costs were:</b> |              |              |
| Gross                    | 77           | 87           |
| National Insurance       | 13           | 15           |
| Pension and related cost | 13           | 14           |
|                          | <b>103</b>   | <b>116</b>   |

There were no employees who earned more than £60K during the year.

### Monthly Average Number of Full Time Employees

|            | 2010     | 2009     |
|------------|----------|----------|
| Membership | 3        | 3        |
|            | <b>3</b> | <b>3</b> |