



# Royal Society of Chemistry Financial Statements and Trustees' Report 2015

**175** YEARS

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We are the world's leading chemistry community and our mission is to advance excellence in the chemical sciences.

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## Welcome from the President



I've been a member of the Royal Society of Chemistry since I was an undergraduate at the University of Southampton.

I'm immensely proud of our organisation and of being a chemist.

The chemical and pharmaceutical industry alone is the UK's largest manufacturing exporter, with exports of nearly £50 billion each year\*.

Chemists help make the medicines that save our lives, the fabrics for the clothes we wear, and the materials in our smartphones. And without the chemical sciences, we won't be able to overcome the big challenges facing our world, from antimicrobial resistance to climate change.

That's why we work to advance excellence in our field.

As my presidency draws to a close, I'm pleased to reflect on a year in which we did more to fulfil this mission than ever before.

In 2015, we became the biggest publisher of quality chemical sciences research in the world, sharing cutting edge knowledge through nearly 44,000 journal articles.

We nearly doubled our network of education coordinators, allowing us to inspire and support many more teachers and learners of chemistry around the country.

We continued to make our field more inclusive and diverse, delivering the first year of Chemistry for All, an innovative project to understand how we can encourage children from a broader range of backgrounds to study the subject at university.

We conducted the first ever study of public attitudes to chemistry in the UK, helping us understand how to better connect people in the wider community with the chemical sciences.

And we successfully campaigned, with organisations across the sector, for the Government to ring-fence the science budget in the Comprehensive Spending Review, so that the UK can continue to be one of the best places in the world to do science.

Of course, science is international and to solve global challenges we need to work together across borders.

It has been an honour to travel the world during my presidency, from the United States to Brazil and India, to strengthen links with other centres of chemistry. Last year we signed a partnership with the British Council, which will help us bring UK chemists together with colleagues through a series of major international Newton Fund Researcher Links workshops.

Finally, one of my priorities as President has been to support innovation by bringing academia and industry closer together. So I am particularly pleased that EnterprisePlus, our network to support small and medium-sized companies in the chemical sciences, reached 280 members last year.

None of this would have been possible without our members. In 2015, our membership grew to over 54,000 and our members continued to play a leading role in our organisation, from chairing our leading scientific conferences, to serving on our publishing boards, to writing to their MPs in support of our campaigns.

It has been a great honour to serve as President and to lead the Royal Society of Chemistry into its 175th anniversary year.

As I prepare to step down, I know that our community will continue to go from strength to strength. Not just because I have every confidence in my successor, Sir John Holman, but because of the dedication and expertise of our diverse and engaged staff and membership.

Indeed, I look forward to remaining an active member myself, and to working together with our community to achieve even greater things in the future.

\* According to the Chemical Industries Association's "UK Chemical and Pharmaceutical Industry Facts and Figures", 1 January 2015

# Objectives and strategy

## Our mission

We are the world's leading chemistry community and our mission is to advance excellence in the chemical sciences, for the benefit of science and humanity.

This has been the case ever since 1841 when 77 academics, doctors, industrialists and entrepreneurs created our earliest incarnation, the Chemical Society of London, with dialysis inventor Thomas Graham as President.

In 2016, as we celebrate our 175th anniversary year, our mission is just as relevant, but we pursue it on a scale our founders would find inconceivable.

We now have over 54,000 members in 125 countries, an internationally-renowned knowledge business, and a reputation as an influential champion for the chemical sciences.

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

## Our Royal Charter objectives

Our Royal Charter sets out our objectives very clearly:

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

## Our 2013 to 2017 strategy

We strive to deliver our charter objectives in the most relevant and effective way possible, and to make efficient use of our resources so that we are sustainable for the long-term and to ensure we bring public benefit in accordance with guidance from the Charity Commission.

To that end, we periodically revise our strategy.

We are currently delivering our 2013 to 2017 strategy. This strategy is designed to maximise our core strengths and to ensure we are well-equipped to adapt and grow, as we have done for over 175 years.

It is focused on five strategic strengths and priorities, as set out in the table below.

	Our strength	Our strategic objective
Knowledge	Our long history as a publisher, which means we have a strong reputation as a global provider of high-quality chemical knowledge.	<b>Make the best chemical science knowledge available to all those who need it.</b>
Skills	Our role as a professional body, which means we have a deep understanding of the needs and solutions for developing skills and upholding standards in the chemical sciences at all levels.	<b>Secure a strong, diverse and sustainable supply of chemical scientists at all levels.</b>
Community	Our role supporting chemistry both as a scientific discipline and a profession, and our global membership, means we are uniquely placed to bring together and represent the chemical sciences community.	<b>Bring together and empower the global chemistry community for the benefit of science and humanity.</b>
Member engagement	Our global network of expert and engaged members who support our organisation and our mission.	<b>Engage and support members at all levels to strengthen our mandate to act from our community, better achieve our Charter objectives and increase our influence.</b>
Organisational strength	Our commitment to long-term stewardship and long-term strategic planning, which has enabled us to adapt and grow for 175 years.	<b>Equip the organisation to grow sustainably and confidently.</b>



# Achievements and performance

## Knowledge

Our objective: Make the best chemical science knowledge available to all those who need it.

### Overview

We know that scientific advances don't happen in isolation. The more that scientists are able to share information and ideas, the more rapid our progress will be.

That's why we're committed to making the best chemical science knowledge available to all those who need it.

In 2015, we published more and higher-impact chemical sciences research than ever before, making us the world's biggest publisher of quality chemical sciences research.

We also continued to shape the future of Open Access in the chemical sciences, so that research can be published in a sustainable, rigorous and accessible way.

And we helped researchers share knowledge through our portfolio of scientific conferences, workshops and meetings, focused on major global challenges.

### At a glance

- Biggest publisher of quality chemical sciences research in the world.
- 95% of authors, reviewers and readers say we value our customers.
- 4 new journals and 100 new book titles launched.
- 2.4 million visitors to the *Chemistry World* website.
- Over 100 scientific conferences, symposia and workshops in 14 countries, across five continents.

## Measuring success

### Publish the largest share of quality\* chemical sciences research

- We published 43,773 scholarly journal articles, an over 20% increase on 2014, making us the **world's biggest publisher** of quality chemical sciences research last year.
- For the first time, we published 100 new book titles in a year.
- Our articles were downloaded 37.5 million times, a 14% increase on 2014.

*\*Defined as articles published in journals with an impact factor of above 3.*



## Continue to increase the quality and quantity of our journal portfolio

- Our 2014\* impact factors – a measure of the extent to which published research is cited by other researchers in their work – show we are continuing to **increase the quality** of our journals.
  - We increased the Impact Factor of 70% of our journals. Our overall publisher Impact Factor increased to 5.75, from 5.60 in 2013.
  - Two of our journals topped their citation categories.
- We launched **four new journals**, covering growing areas of science and helping us reach new readers and authors:
  - *Environmental Science: Water Research & Technology*, focusing on this global challenge.
  - *Nanoscale Horizons*, which will publish research of exceptional significance across the nanoscience field.
  - Our first two journals at the interface of chemistry and chemical engineering: *Reaction Chemistry & Engineering* and, in partnership with Institute of Chemical Engineers, *Molecular Systems Design & Engineering*.

\* As journal impact factors are not released until June of the following year, we do not have the 2015 figures at the time of the writing of this report.

## Provide world-leading service in our publishing operation

- In 2015, we held our **first annual survey\*** of journal authors, reviewers and readers.
  - 97% of respondents agreed we published high quality research.
  - 95% agreed we value our customers.
  - 98% of authors said their experience with us was at least as good as with other publishers, with two thirds saying it was better.
  - We are using feedback from this survey to continue to improve our service, and will conduct the survey on a regular basis to track our progress.
- We continued to improve our **online submission and peer review system**, reducing our average publication time.

\* 4,209 responses were received.

## Develop *Chemistry World* into a truly global chemistry magazine, with relevant content and editions for key markets, and increase the number of visitors to the website

- Our *Chemistry World* website, which covers news about and from the global chemistry community, received over **2.4 million visitors**, 10% more than 2014, and reached 356,000 followers on Twitter and 712,000 on Facebook.
- We continued to improve our *Chemistry World* content, developing a new book club podcast strand to support our review section and introducing leaders for our sections, to raise the profile of our editors and improve our influence in the community.

## Increase the impact of our portfolio of scientific conferences, symposia and workshops that support fundamental chemistry and address our roadmap global challenges

- We supported **over 100 scientific conferences**, symposia and workshops in 14 countries, across five continents.
- We held our largest conference in over a decade, the **12th International Conference on Materials Chemistry**, which attracted around 600 delegates from 59 countries.



- We ran **12 Faraday Discussions** on topics at the cutting edge of physical chemistry, ranging from single-molecule microscopy and spectrometry to carbon dioxide utilisation.
- We held a workshop on the role of chemistry in tackling **microplastics in the marine environment**, which was attended by 40 experts from research, industry and NGOs, including the UK Department for Food and Rural Affairs, the European Commission and the United Nations Environmental Programme.
- We partnered with other national chemical societies and research funders through the **2015 Chemical Sciences in Society Summit**. This initiative brought together leading scientists from the UK, USA, Germany, China and Japan to determine how chemical sciences research can address global challenges in areas such as health, energy and water.

### Shape the future of Open Access publishing, so research is published in a sustainable, rigorous and accessible way

We believe the best model for achieving this objective is Gold Open Access (OA), whereby researchers pay for the publication of their papers. In 2015, we continued to support the chemical sciences community to transition to this model by:

- Making our **flagship journal**, *Chemical Science*, Gold OA from January.
- Launching a partnership with the **Royal Society** to manage all of the chemistry content for its flagship open access journal, Royal Society Open Science.
- Rolling out our **Gold for Gold** scheme worldwide. This scheme, launched in the UK in 2012, gives institutions that buy our Gold journal subscription package the equivalent value of Gold OA vouchers. In 2015, we published 2,506 papers using the scheme.
- Over 12,000 articles are now available via our **Chemical Sciences Article Repository** supporting publication of Gold and Green Open Access.



*"I have been inspired by your journals from my early days. The Royal Society of Chemistry is the pioneer in chemistry publishing and I am excited to publish my research with you and review journal manuscripts for you, to support quality publication in my field."*

Author



*"Your peer review is the best of all the journals. It is very efficient, fast and fair. For example, problems such as inconsistency between the editors' and reviewers' opinions are very rare."*

Reviewer



*"The Royal Society of Chemistry's editorial process is much better than any other publishing group's; the editors are very professional and efficient when handling the papers and pushing them through the system."*

Author

## Skills

Our objective: secure a strong, diverse and sustainable supply of chemical scientists at all levels.

### Overview

If the chemical sciences are to fulfil their potential to improve our world, we need people with the right skills – now and in the future.

As the chartered professional body for the chemical sciences, we work to promote and maintain high professional standards.

We accredit chemistry degrees and company training schemes. We award a number of qualifications, recognising professional skills and integrity, including Chartered Chemist (CChem), Chartered Scientist (CSci), Registered Scientist (RSci), Registered Science Technician (RSciTech) and Chartered Science Teacher (CSciTeach).

We also want to nurture the next generation of chemical scientists. That's why we're the biggest investor in UK chemistry education, outside of the Government. We work with schools, teachers and students to help ensure every child has access to an inspiring, relevant and engaging chemistry education.

### At a glance

- 36,000 teachers, students and advocates around the UK engaged with by our education coordinators.
- Awarded scholarships to nearly one in ten new trainee chemistry teachers.
- 2 million people used Learn Chemistry, our online hub for teachers and learners.
- 81,000 downloads of our new Periodic Table app.
- Gave 17,000 students the chance to get hands-on experience of spectroscopy.
- Certified 383 new chartered and registered professionals.
- Delivered the first year of Chemistry For All to widen participation in chemistry.



### Measuring success

**Campaign so that every primary school in the UK has a specialist science teacher and all post-14 year olds are taught by a chemistry specialist**

- We continued our campaign on this issue. As well as meeting with MPs, we submitted evidence to the **Education Select Committee** on teacher supply and responded to the consultation on the proposed National Improvement Framework in Scotland with the Learned Societies Group.
- We awarded Department for Education (DfE) scholarships to **nearly one in ten new trainee chemistry teachers** – 92 in total. In addition to selecting the candidates and managing the scheme, we provide scholars with subject-specific mentoring and professional support.

### **Increase our support for teachers by partnering with schools and colleges**

- More than 1,000 new schools and colleges signed up to our **Learn Chemistry Partnership**. The programme, which helps schools make the most of our free teaching resources, now has 3,347 members – around half of all secondary schools and colleges in the UK.
- In October, we concluded a two-year project funded by the **London Schools Excellence Fund**, during which we gave 542 schools and 1,920 teachers access to support and resources, including specialist training. We estimate more than 368,000 students have benefitted from the programme.
- Our first group of 20 primary schools achieved the independent **Primary Science Quality Mark**. After this successful pilot, we have funded 17 clusters of up to six schools each to improve their science provision in 2015/16.
- We signed agreements with Myscience and the ENTHUSE Charitable Trust, to make our range of **face-to-face CPD courses for teachers** available and accessible across the UK.



### Engage school children with chemistry through effective outreach activities

- In 2015, we nearly doubled our network of **regional education coordinators** from 10 to 18. Last year, they engaged with over 36,000 teachers, students and advocates through outreach activities.
- We helped 1,339 school children break the **Guinness World Record** for the 'Largest practical science lesson' at the Odyssey Arena in Belfast, in collaboration with the British Council, the Northern Ireland Science Festival and over 100 volunteer Science, Technology, Engineering and Mathematics (STEM) ambassadors.
- 17,000 students had the chance to get **hands-on experience of spectroscopy**, a key chemical analysis technique, at one of our Spectroscopy in a Suitcase sessions.

### Develop our online and mobile resources to reach more teachers and learners of chemistry

- Two million people used **Learn Chemistry**, our online hub with more than 4,000 resources for teachers and learners, right from primary to PhD level.
- We launched the first of a series of ten chemistry videos to give viewers the confidence to **explore chemistry with children aged four to nine**, part of a project by the Royal Institution that we have sponsored.
- Our new **Periodic Table app**, a mobile version of our popular website, was downloaded more than 81,000 times from its launch in August to the end of the year.
- Our **Education in Chemistry (EiC) website**, an online version of our magazine for teachers, had around 482,000 users, a nearly 50% increase on 2014. We also launched an EiC app, which was downloaded 3,362 times.
- Over 80 teachers attended our **first education webinar**, on how to use technology in the classroom. The proportion feeling confident in using technology in the classroom rose from 51% to 85% by the end of the webinar.

### Widen participation within the chemical sciences so that our profession reflects the diversity of the wider population

- 2015 was the first year of **Chemistry for All**, a five year project to understand and lower the barriers to participation at undergraduate level. We are providing a total of £1 million to five UK universities to work with local schools where few pupils go on to university, and to the Institute of Education to monitor the impact of the interventions.
- We supported six **people returning to chemistry research** after a career break, in partnership with the Daphne Jackson Foundation.
- Our annual **Joliot-Curie** conference brought together 64 early career researchers from under-represented groups, to offer them practical advice, inspiring talks, networking opportunities and moral support.
- We continued our **175 faces of chemistry** project to celebrate diversity in the chemical sciences ahead of our 175th anniversary. We published on average one inspiring story a week, including Dr Helen Sharman, the first Briton in space and a Departmental Operations Manager at Imperial College London, and Professor Chunli Bai, one of China's leading scientists and President of the Chinese Academy of Sciences.



## Ensure that all UK students and their employers have sufficient and appropriate provision for vocational education

- We continued our rolling programme of accreditation for over 95% of **chemistry degree** courses in the UK.
- 23 companies have Royal Society of Chemistry accredited **training schemes**.

## Connect young people to careers in chemistry

- 343 people attended one of our webinars during **ChemCareers**, our free online careers fair, a 28% increase on 2014. Throughout the week, we ran sessions on topics ranging from job searching to technical interviews.
- Over 500 students attended our ChemCareers event in **Delhi, India**, which featured panel discussions on different sectors, as well as workshops on career planning, CV writing and interview preparation.

## Promote professionalism by awarding chartered status, and increase admissions to Registered Scientist (RSci) and Registered Science Technician (RSciTech) registers

- We awarded **chartered status** to 219 professionals, bringing our total of new chartered professionals certified since 2012 to 687.
- We certified 164 **RSci/RSciTechs**, bringing our total of new registered professionals certified since 2012 to 371.
- We have worked with the Gatsby Foundation to adapt the **science access courses** so that they met our standards for RSciTech. Following a successful pilot, we rolled out the scheme nationwide for the academic year 2014/15, with 90 students achieving the RSciTech.



*"As a new graduate the job hunting process has been a daunting and sometimes disheartening experience. Having taken part in the Royal Society of Chemistry careers event has totally changed my attitude and I feel so positive about seeking work in the pharmaceutical industry. In fact the webinars were so good I immediately posted links to my old class mates in our Facebook group. The 1:1 was stellar ... I can't thank the Royal Society of Chemistry enough for this careers event I feel very positive about the future now!"*

ChemCareers attendee



*"[The Daphne Jackson Fellowship gave me] confidence, training and an opportunity to successfully apply for other work."*

Chemist co-funded by the Royal Society of Chemistry to return to research after a career break



*"To hold an accredited status [of RSciTech], is a wonderful accomplishment, which will prove beneficial to future employment within the science sector ... I firmly believe the skills I have learnt through this programme will benefit me greatly in my future career, and were influential in me achieving my university place."*

Recipient of RSciTech award



*"The [Joliot-Curie] conference was actually one of the best and most useful conferences I have ever been to! I particularly appreciated and liked the frank and open delivery of talks and discussion. I'm looking forward to many more like it!"*

Early career researcher





## Community

Our objective: bring together and empower our global chemistry community for the benefit of science and humanity.

### Overview

In an increasingly interconnected world, we need to work together to solve the challenges we face, from climate change to antimicrobial resistance.

We support collaboration across borders, sectors and disciplines, whether by strengthening links between the UK and other centres of chemistry, bringing academia and industry closer, or helping researchers access the support they need to commercialise new technologies.

Thanks to our global networks, we are also well-placed to support emerging chemical communities. Through our Pan Africa Chemistry Network (PACN), we bring African scientists together with international partners, to solve local challenges and contribute to global science.

Finally, we recognise that for advances in the laboratory to fulfil their potential, chemical scientists need to connect with the wider community. We advocate for policy decisions that will enable the chemical sciences make their full contribution to society.

And we help non-scientists access and use chemical science evidence – from giving policymakers access to independent expertise, to helping the general public understand how chemistry affects their lives.

### At a glance

- Supported 23 Year in Industry placements for students.
- Awarded grants for 43 research trips to institutions in 13 countries.
- Launched partnership with GSK to train 400 African chemists.
- Launched our Chemistry Means Business event.
- Conducted the first ever study into public attitudes to chemistry in the UK.
- Successfully campaigned to protect the UK science budget in real terms.

### Measuring success

#### Promote collaboration between chemical science researchers

- We signed a partnership agreement with the British Council to deliver **Newton Fund Researcher Links** workshops, promoting links between UK chemists and the global chemical science community. Our commitment will be matched by funding from the UK Government, making more than £1.2 million available over three years for international collaboration.
  - The first workshop took place in Pretoria in September, bringing together around 40 early career researchers from the UK and South Africa to discuss materials-based hydrogen storage.
- We awarded **researcher mobility grants** to 43 early career researchers for visits to institutions in 13 countries.
- We held our first networking event for **Royal Society of Chemistry Fellows in Shanghai, China**, with a focus on increasing collaboration between academia and industry. More than 40 Fellows attended from all over China and we held site visits to Unilever and Lilly R&D centres in Shanghai.



### Support and nurture small companies in the chemical sciences

- 100 more companies joined our **EnterprisePlus** network, which helps small and medium sized companies (SMEs) in the chemical sciences access the advice, networks and resources they need to grow, bringing the total number of companies involved to 280.
- We placed and provided funding for 23 students to spend their **Year in Industry** at 23 SMEs, more than doubling the number of participants from 2014, the first year of the scheme.
  - Our year one impact study found the scheme improved skills for students across the board, and that over half of the participating SMEs intend to fund their own student or graduate placement in the future.
- We launched a networking event for industry, **Chemistry Means Business**, attended by more than 200 members of the community, from SMEs to investors, academics, entrepreneurs and decision makers.
- We had 85 applications to our **Emerging Technologies Competition**, which helps university teams and small companies commercialise innovations in areas of key importance for society, like healthcare, an 85% increase on 2014. Our nine winners each received up to £20,000 prize money and personalised support from our multinational partner companies.

### Work with partners to support emerging scientific communities

- We launched a five-year partnership with GlaxoSmithKline (GSK) to **train 400 African chemists in key analytical techniques** in Kenya, Ghana, Ethiopia and Nigeria. Most importantly, Royal Society of Chemistry members and GSK volunteers will work to develop local trainers to lead the programme in the future, ensuring it is sustainable for the long term.
- Our long-term PACN partner Procter & Gamble employed an intern at the University of Nairobi to work on a project to **improve water quality in the Kibera slum**, and provided the university with key equipment for this research.

### Continue to inform policy on issues related to the chemical sciences

- We issued a **statement calling for action on climate change**, in partnership with 23 other learned societies and institutions, ahead of the landmark UN climate summit in Paris.
- We campaigned, independently and with other organisations in the sector, to make the case for **protecting UK science funding**. As well as engaging directly with policymakers, we created a booklet of impact studies showcasing successful chemical science companies that started out as university research projects, and submitted a formal representation to the Government's comprehensive spending review. We were delighted that the **science budget was protected in real terms** in the review.

## Increase awareness among non-scientists so they understand the relevance of chemistry to their lives

- We conducted the first ever study on **public attitudes to chemistry** in the UK and found we have a great opportunity to help the public connect more strongly with chemistry. At the live-streamed launch hundreds of people around the world discussed the findings and participated in the event on Twitter, and we shared the findings with our members and the wider chemical sciences community at various events throughout the year.
- We have also created a **communications toolkit**, available for free on our website, to help chemists communicate with the public more powerfully.
- We supported 62 projects through our **Outreach Fund**, ranging from the Nappy Science Gang, a citizen science project that caused the NHS to overturn advice against using biological detergents, to MolCraft, a Minecraft world of molecules created at the University of Hull, which is engaging new audiences with chemistry.
- We hosted a **Wikimedian in residence** to help us improve chemistry-related content on Wikipedia, which evidence suggests is the primary resource for many people looking for information about the subject. He worked with our outreach team from September 2014 to September 2015 to engage members of staff and the wider public in the project.
- **ChemNet**, our online community for young people, reached 30,530 members, a third of whom we actively engaged with online to encourage their interest in chemistry.



*"The [Chemistry Means Business] event was very well organised and had a real buzz about it; building the two sessions for one-to-one meetings and networking into the programme was very useful. The meeting really demonstrated how SMEs are part of the 'powerhouse' and future of the UK economy."*

EnterprisePlus company



*"[The RSC Industrial Placement grants are] a great way to encourage and support new SMEs to host a placement student. Brings the potential benefits of placement schemes to SMEs which now make up such a large proportion of the UK chemistry sector."*

Tom Screen CEO, YproTech



*"We had an excellent group of participants [in the Newton Fund workshop], both from the UK and South Africa. The range of participants – mainly early-career researchers – was just right, having been selected from a strong pool of applicants in both countries. The presence of some leading researchers as mentors worked very well. The range of topics covered by the talks meant that all participants learnt something new."*

Professor Robert Mokaya, of the University of Nottingham



*"Inspiring stuff, it will change the way I do things. #chemperceptions. For starters I'm retiring the use of #chemophobia"*

Dr Mark Lorch (@sci\_ents), on Twitter during Public Attitudes to Chemistry research launch.



## Member engagement

Our objective: engage and support members at all levels to strengthen our mandate to act from our community, better achieve our Royal Charter objectives and increase our influence.

### Overview

Our members are the lifeblood of our organisation. We have an incredibly diverse and expert community, with members in more than 125 countries, working in almost every branch of the chemical sciences and across industry, government, academia and education.

We support our members' professional development through careers advice, networking opportunities, access to scientific updates and grants for research trips. We work with them to shape and deliver our wider strategy.

### At a glance

- Grew our membership to over 54,000.
- Increased our numbers of student and professional members.
- Rolled out member-to-member mentoring scheme.
- Held over 1,000 careers consultations with members.
- Held our first outreach conference for members.
- Launched our Inspirational Member awards.

## Measuring success

### Continue to increase our core membership, focusing on professional and student members

- We continued to **grow our overall membership** to 54,095, up from 51,561 at the end of 2014.
- As part of our focus on supporting professional skills, we are focusing particularly on growing our **professional category and student members**. We increased our members in these categories to 36,369 and 10,734 respectively, up from 35,899 and 9521 at the end of 2014.

### Increase our careers support for members

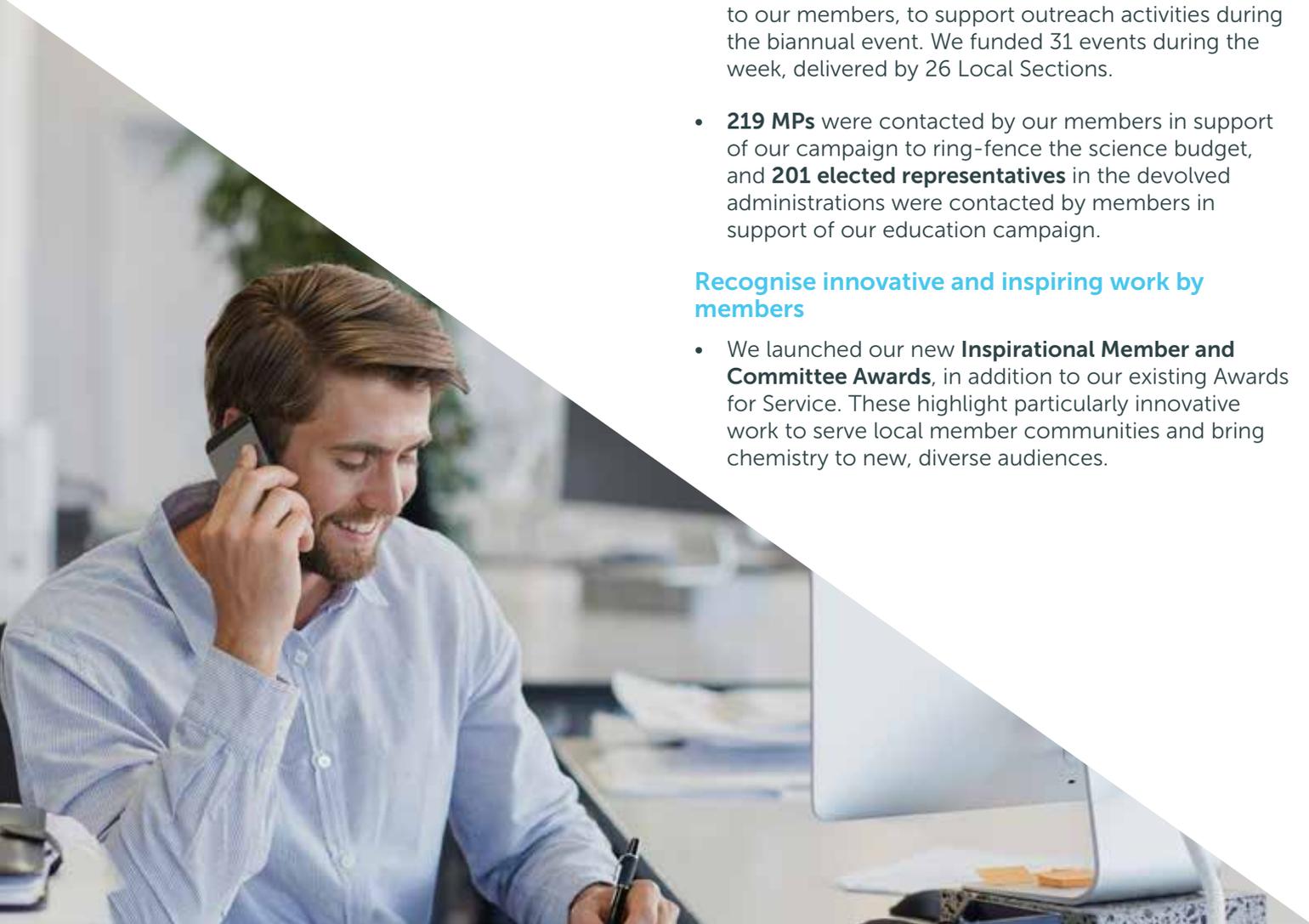
- We held 359 one-to-one **careers consultations** in person or by phone and 750 email consultations.
- We rolled out a **member-to-member mentoring scheme**, after a successful pilot in 2014. By the end of the year, 33 mentoring relationships had been established.
- In October, we held the first committee meeting of our **Early Careers Network**, to support members near the start of their professional journeys.

### Support our members to be effective advocates for chemistry

- We held our first ever **outreach conference**, bringing members from local sections together with our education coordinators and staff, to share best practice and discuss our public attitudes research.
- We launched our **Chemistry Week grants**, open only to our members, to support outreach activities during the biannual event. We funded 31 events during the week, delivered by 26 Local Sections.
- **219 MPs** were contacted by our members in support of our campaign to ring-fence the science budget, and **201 elected representatives** in the devolved administrations were contacted by members in support of our education campaign.

### Recognise innovative and inspiring work by members

- We launched our new **Inspirational Member and Committee Awards**, in addition to our existing Awards for Service. These highlight particularly innovative work to serve local member communities and bring chemistry to new, diverse audiences.





## Organisational strength

Our objective: equip the organisation to grow sustainably and confidently.

### Overview

The Royal Society of Chemistry has evolved and grown over 175 years to become an international organisation with significant resources and a strong reputation. We have a duty to use these assets wisely to deliver our mission, and to nurture them so we continue to flourish in the long-term.

Our aim is to equip our organisation to grow sustainably and confidently, so it can continue to deliver our other strategic objectives, and meet the changing needs of the chemical science community.

### Measuring success

#### Strengthen and protect our brand

- We created a **brand centre** for our member committees, so they can produce and order materials – whether outreach presentations or promotional items – that use our brand to best effect.
- We created **new logos** for our nine divisions, 35 local sections, 25 international sections and 67 interest groups, to help strengthen our reputation and the consistency of our logos and make it easier for people to recognise and remember us.

#### Ensure long-term financial stability

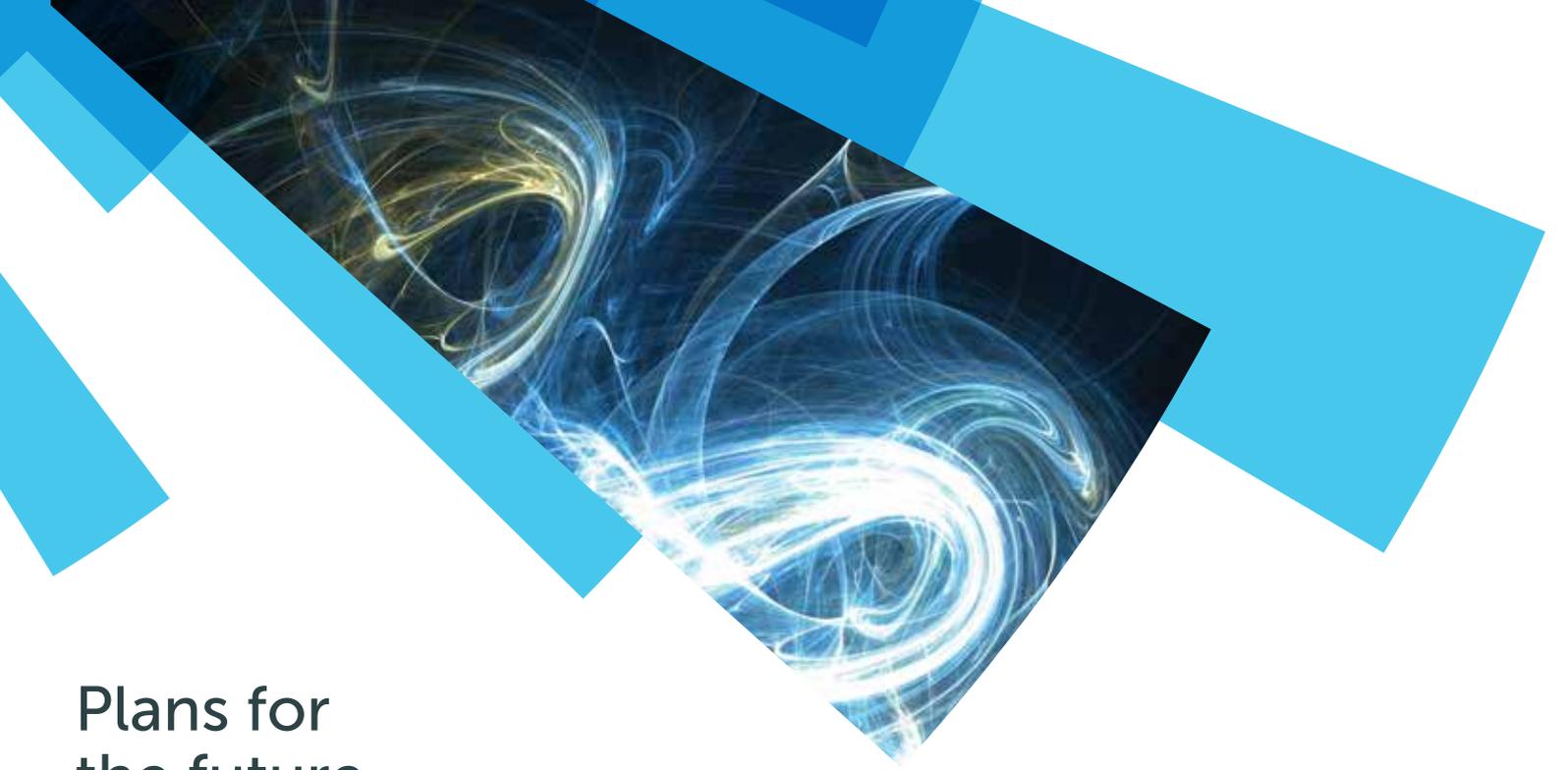
- We continued to maintain a **healthy level of reserves** to protect the organisation against risks and ensure our long-term sustainability.

#### Support our people to deliver our mission efficiently and effectively

- We completed a restructure of our **Technology directorate** so it is better able to support our staff, members and wider community, and drive organisational performance. This includes developing our chemical data management capacity to support publishing, specifically data publishing.
- We reviewed **internal communications** and have devised new systems designed to keep all staff connected with the strategy, enabling better planning and decision-making.
- We opened our **new office in Bangalore, India**, to support our expanding programme of activities and growing publishing relationships in the country.

#### Monitor and manage opportunities and risks

- We launched the **Future of Chemical Sciences** initiative, exploring what the chemical sciences and chemists will look like in 2025–2030, so we can better **understand the future needs** of the community that we represent, and shape our future strategy. We held a series of workshops with leading experts from industry, academia and the policymaking community to test a range of scenarios.



# Plans for the future

## Overview

2016 will be a transition year for our organisation, as we deliver the final year of our current strategy and prepare to launch our new strategy in 2017.

In 2014 and 2015 we distributed a portion of our reserves in a number of significant initiatives supporting the chemical sciences community. We were able to do this because our growing surplus from operating activities and investment had increased those reserves significantly.

Our reserves remain at a healthy level and we will continue to draw upon them in 2016 to fulfil our strategic objectives.

As we come to the end of our current strategic planning cycle, we also recognise that this is an appropriate time to transition to a balanced and sustainable budget. Throughout 2016, we will be reviewing our activities to ensure a smooth transition to our new strategy, and a balanced budget in 2017.

Our strategy for 2017 and beyond will build on the success of our current one, focusing on our core charter objectives and our roles as a leading publisher of chemical sciences research, the professional body for UK chemists and as an influential voice for the global chemical community.

## Key strategic goals for 2016

### Knowledge

- Position the Royal Society of Chemistry knowledge resources as the first choice for authors, readers, educators, learners and decision-makers.
- Bring together the global science community to address global challenges.

### Skills

- Nurture talent at every stage of the skills pathway and recognise and support all routes to the profession.
- Promote a scientifically-literate population.

### Community

- Engage our communities as advocates for advancing the chemical sciences.
- Engage, enthuse and inform public audiences to increase understanding of the importance and impact of the chemical sciences.

### Member engagement

- Engage and support all member networks on a regional basis with clear routes to governance.
- Increase member engagement, pride, loyalty and advocacy for the Royal Society of Chemistry.
- Ensure the diversity of the chemical sciences is represented in our membership.

### Organisational strength

- Provide robust leadership and governance.
- Maintain sufficient reserves to support the organisation's future activities.
- Provide appropriate workforce and infrastructure to deliver the activities of the organisation.
- Review our activities to ensure a smooth transition to our strategy for 2017 and beyond, and a balanced budget in 2017.



## Benevolent Fund

The Benevolent Fund supports our members and their families in times of difficulty, whether by providing confidential advice and financial assistance to those in need, or, where appropriate, signposting members to other charities or organisations.

The Benevolent Fund Grants Committee is made up of Royal Society of Chemistry members who give strategic direction to the activities of the Fund, and make decisions regarding financial support for individuals.

### Changes to the Benevolent Fund

A strategic review of the Benevolent Fund was completed in 2014, which recommended broadening the Fund's remit to make it more relevant for our community and better serve the needs of our members. In 2015 we implemented many of its recommendations, including:

- Expanding the remit of the Fund to include the prevention of poverty as well as the relief of poverty.
- Introducing a new guideline for awarding grants to UK applicants based on comparing the household income of an applicant with the Minimum Income Standard (MIS)<sup>1\*</sup>. This helps the Committee decide the type and level of support an applicant receives.
- Introducing three new services with the aim of making the Fund more relevant to the needs of our members:
  - An intensive careers programme, delivered by Chiumento, an established UK careers firm. This service complements the support offered by our in-house careers specialists, providing up to six months of face-to-face career consultations with trained career coaches, for those who might benefit from a longer programme of consultations or more local support.

- A legal advice telephone service, delivered by Law Express. The service is staffed by a team of experienced legal advisors who can give information about a beneficiary's legal position and options and direct them to further resources.
- A counselling service provided by Anxiety UK. This service assists members in financial hardship who may be struggling to access therapeutic support in their time of need.

The review also recommended changing the name of the Fund to **Chemists' Community Fund**, to reflect its changed remit. This change was implemented in January 2016.

The Fund continues to grow and we continue to explore opportunities to apply funds effectively to support our members.



*\* The MIS is published annually based on nationwide research by the Joseph Rowntree Foundation. It contains figures for how much income different households require to have a socially acceptable standard of living. Before making the assessment on an applicant's income, housing costs are subtracted, and we exclude any disability payments directly related to supporting independence or care.*



## Core activities

In addition to implementing the forementioned reforms, our core activities continued in 2015.

The committee considered 39 case papers across the four meetings held. Of these:

- 16 beneficiaries were given financial assistance (9 of these were outside the UK).
- In 2 cases no financial assistance was awarded.
- 9 cases were closed.
- 3 UK loans were reviewed.

Financial support can take the form of one-off grants for those who need support to meet short-term needs (such as for medical costs or domestic repairs), or a regular charitable grant for those who do not have a sufficient regular income to cover basic living costs owing to circumstances beyond their control, such as redundancy or illness. We work with other charitable organisations to help our beneficiaries become self-sufficient wherever possible. We also work closely with similar funds and charities to share information on best-practice.

Staff also responded to **110 enquiries** from people seeking confidential support on issues ranging from debt to claiming appropriate state benefits and care. Our staff consult with members so they can signpost them to the appropriate resources. This can take the form of helping them to apply for financial assistance from the Fund, directing them to the third-party careers, counselling or legal services we offer, or putting them in touch with other organisations that can provide the relevant expert advice.

In addition, we have a network of **102 trained volunteers**, predominantly in the UK. Some are actively involved in visiting existing or potential beneficiaries to help them with the application process. Others provide peer support, and are a local point of contact for isolated members of our community. Last year, our volunteers made **68 visits to members in need**.



# Financial review

## Financial performance

### Overview

This section outlines the key elements of our income and expenditure in 2015 and how they relate to our strategic priorities.

### Knowledge

#### **Publishing and *Chemistry World***

Our publishing operations are central to achieving our objective of making the best chemical science knowledge available to all those who need it.

In 2015, our publishing revenues grew by 5.9% in 2014, generating 80.0% (2014: 78.2%) of our total income. This was achieved despite difficult market conditions and ensured that our publishing operations maintained a net surplus of £7.1m (2014: £6.9m).

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

#### **Scientific conferences and events**

Last year, we continued to support the exchange of scientific knowledge through high-quality conferences and symposia. We spent £4.2m organising and sponsoring conferences and symposia, with the reduction compared to 2014 owing to several major biannual events due to be held in 2016.

### Skills

We significantly expanded our education and professional practice programmes to help secure a

strong, diverse and sustainable supply of chemical scientists at all levels, increasing total expenditure to £7.2m (2014: £5.2m).

### Community

2015 was an important year for engaging policymakers and the public with the chemical sciences. The main charity (excluding Chemistry Innovation Limited) increased spending on advocacy and awareness activities to £4.4m (2014: £4.0m).

Across the group, overall expenditure on advocacy and awareness fell as we wound down the operations of Chemistry Innovation Limited, the Knowledge Transfer Network (KTN) set-up in 2006 in partnership with the UK government. This led to an overall £0.8m reduction in both income and expenditure compared to 2014.

### Member engagement

In 2015, we grew our member network and increased professional support available to members. As a result, we increased total spending on membership by 6.0% to £4.7m. This led to a larger financial deficit against membership subscriptions than in 2014, but brought many non-financial benefits as discussed under our review of member engagement activities on page 12.

### Organisational strength

Our overall financial position and management of risk, as described in this financial review, is a key element of our organisational strength. While we also made several improvements to our operations to allow us to grow sustainably and confidently, these support costs have been allocated across other areas, as shown in Note 8 of the financial statements.

## Overview

From 2008 to 2014, our reserves increased significantly owing to the growing surplus from operating activities and investments.

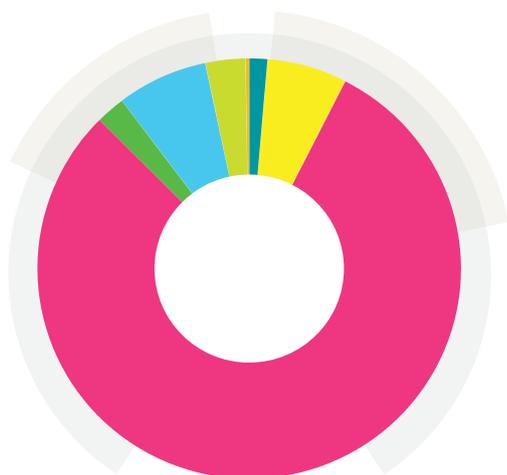
In 2014, we began to distribute some of these additional reserves through expanded charitable activities to advance excellence in the chemical sciences, focused on our strategic objectives.

We continued to distribute a portion of our excess reserves in 2015. This allowed us to increase our charitable expenditure.

As shown within our cash flow statement, we used **£7.0m** net in 2015 on our operating activities (2014: £6.9m). We funded this by withdrawing **£7.0m from our investments**, leading to a year-on-year reduction in the value of our investment portfolio. It should be noted that the value of this portfolio had increased significantly over the previous four years, owing to investment gains. Working capital remains negative owing to the large advance payments received for 2016 journal subscriptions.

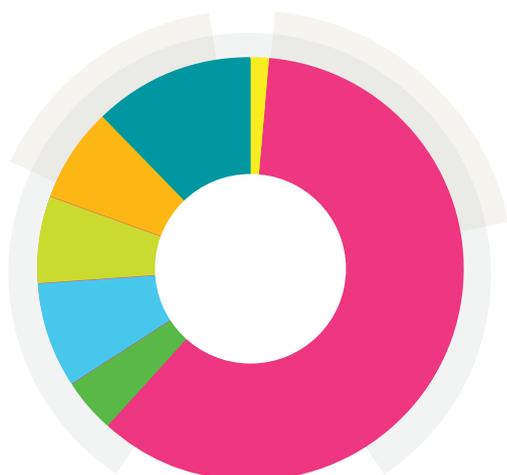
Overall our **financial position remains healthy**, with substantial reserves readily available to fund future activities.

As discussed on page 14, we are now **reviewing our activities in order to achieve a balanced budget**, with 2016 planned as a transition year and a period of consolidation.



**Total income: £54.0m** (2014: £52.1m)

Fundraising and other income	£3,425k
Publishing	£43,132k
Chemistry World	£1,190k
Membership	£3,701k
Scientific conferences and events	£1,664k
Advocacy and awareness	£114k
Education and professional practice	£763k



**Total expenditure £60.1m** (2014: £55.8m)

Fundraising and other income	£988k
Publishing	£36,066k
Chemistry World	£2,562k
Membership	£4,729k
Scientific conferences and events	£4,165k
Advocacy and awareness	£4,362k
Education and professional practice	£7,234k

### Definitions

**General funds** – these funds represent the assets freely available to spend and use on any of our charitable activities.

**Reserves** – The total value of assets (net of liabilities) held by the charity, described as total charity funds on the balance sheet.

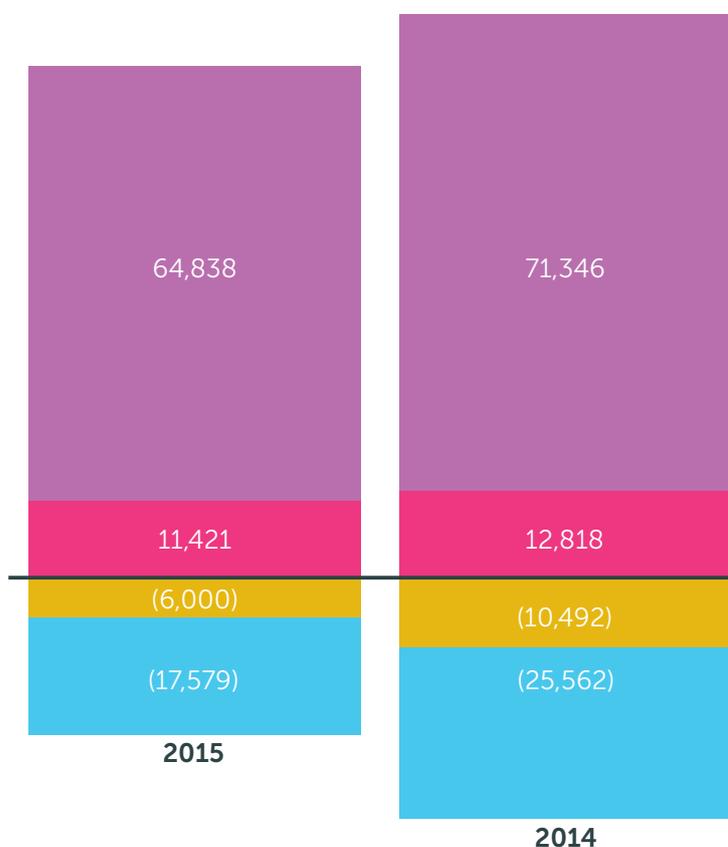
**Fixed assets** – assets purchased for long-term use and not likely to be quickly converted into cash. This includes, buildings, equipment and intellectual property.

**Working capital** – the capital which is used in our day-to-day trading operations, calculated as the current assets (e.g. cash, stock, trade debtors) minus the current liabilities (e.g. trade creditors).

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

## At a glance

### General Funds (£,000)



### Investments

We hold financial investments to maximise overall return whilst maintaining an appropriate level of risk in the context of our strategic objectives. Our investment portfolio is designed to ensure **long-term growth and to provide additional funding** to support our charitable objectives. Responsibility for investment policy resides with the Investment Committee whose members have financial backgrounds, and which reports to the Finance and Resources Board.

With advice from JLT Benefit Solutions, the committee decides on the ranges of investments within the portfolio. Investments were held with BlackRock, Royal London Asset Management, Schroders, Kames Capital, Sarasin Investments, Newton Investments and Payden & Rygel.

The fixed asset investments of the General, Restricted and Designated Funds are combined for investment purposes in order to obtain lower management fees.

**Financial markets were volatile in 2015** and total investment income fell to £2.5m (2014: £3.1m), with investment gains of £0.8m (2014: £5.8m). However, performance over the last five years has outperformed their benchmarks and provided substantial additional funding for our charitable purposes.

### Reserves policy

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

In defining our reserves policy, we have considered the level of available reserves that it is appropriate to hold, in order to demonstrate appropriate financial management and financial sustainability. Available reserves represent unrestricted general funds of the Royal Society of Chemistry and exclude both the restricted funds held and funds that have been designated by the Trustees. The available reserves also exclude any funds that could only be realised by disposing of fixed assets held for charitable use.

On this basis, we currently target to maintain available reserves of £50.0m, which would allow us to maintain investments that can generate an average annual return of £2.5m. A return of this level will ensure the sustainability of the Royal Society of Chemistry in the event that publishing revenues were to significantly decrease.

The level of accumulated **available funds held at 31 December 2015 was £52.7m** (2014: £50.9m) – £2.7m greater than our stated target of £50.0m (2014: £0.9m). As a result, investments were maintained that generated total returns of £2.2m (2014: £7.0m). We are forecasting to use the excess available funds in 2016 on our continuing charitable activities.

### Restricted and Designated Funds

Our strategy for the Benevolent Fund and trust funds is to maintain capital over the long-term while generating income to meet current and expected expenditure levels. Total reserves held at 31 December 2015 were £24.9m (2014: £24.2m).

The Designated Funds relate to reserves held by branches of the Royal Society of Chemistry and include our Local Sections, Regions and Interest Groups. The balance of the designated funds at the 31 December 2015 was £2.0m (2014: £2.0m). Each of the Groups has a committee, which meets during the year to discuss ideas and initiatives to further chemistry in local and specialist areas.

### Pensions

We operated 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 Defined Benefit Pension scheme commits to pay a pension based on the number of years worked and the final salary of the members.

This is now closed to new members. The scheme therefore represents a commitment by the Royal Society of Chemistry to pay members a pension (scheme liability) and this is paid from the fund managed by the pension Trustees (the scheme asset).

FRS 102 is the accounting standard that dictates how the scheme is presented in the financial statements and the valuation is determined by an actuary.

The FRS 102 valuation of the deficit on the Defined Benefit Pension Scheme amounted to £17.6m at the end of 2015 (2014: £25.6m). This followed a decrease in the liabilities of the scheme of £7.8m, attributable to changes in the actuarial assumptions.

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

Following a triennial valuation of the pension scheme in January 2014 we have agreed a recovery plan with the pension Trustees to address the 2011 deficit resulting from this valuation. The recovery plan will see annual payments commencing on 31 March 2015, with an initial payment of £958k being increased by 3% each year until February 2023 inclusive, when the shortfall is expected to be eliminated.

## Risks

The Royal Society of Chemistry's Risk Register details the significant risks to which we are exposed. This is strategically reviewed and amended at least once a year by the Audit Committee. The most recent update was approved by Council on 4 December 2015.

We use the following controls to mitigate risk: formal agenda 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 Royal Society of Chemistry mitigates risk from economic conditions by regularly reviewing its risk profiles to make sure all relevant risks are captured and the level of risk along with any mitigating factors are covered.

With 80% of revenue generated through our publishing operations, our other charitable activities currently rely upon the continued success of our journals. Therefore our principal risk as an organisation is for there to be a significant downturn in our publishing revenue. To manage this risk, we continue to monitor market developments and develop our business strategy to ensure that we maintain our world-leading position as a publisher of chemical sciences research.

As well as a competitive market, the total surplus generated by our publishing operations can be significantly affected by other external factors.

Publishing revenues in US Dollars (USD) exceed our levels of USD expenditure. This leads to a USD surplus and means that our overall financial position can be significantly affected by the USD:GBP exchange rate. To manage this risk, forward exchange contracts are used to manage exposure and reduce uncertainty over future revenues.

As an organisation, we make long-term financial commitments on a range of projects and activities. To ensure that these do not undermine the liquidity or long-term stability of the Royal Society of Chemistry, these commitments are only made in the context of detailed budget and forecasting information and in reference to our charter objectives.

The success of our operations is built upon our reputation and our financial strength. We have members across 125 different countries and, through RSC World Limited, own subsidiaries in the United States, India, China and Japan. We therefore maintain insurance against loss of business and assets, as well as Trustee indemnity insurance. We review all insurance cover annually using independent advisers. The range of our global operations also increases the risk of non-compliance with local legislation and regulation, which could affect our reputation and financial position. We manage this through locally based staff and advisors and monitor issues through an International Operations Group comprised of senior managers from across our organisation.

## Audited Financial Statements

The audited accounts for the year ended 31 December 2015 are included on pages 28-59.

The Charities SORP (FRS 102), issued by the Charity Commission has been adopted in the financial statements in 2015. As a result of this the figures for 2014 have been restated. It has led to a revision of the categories in the Statement of Finance Activity (SOFA) to improve transparency and to better reflect the current activities of the charity.

# Structure, governance and management

The Royal Society of Chemistry is a registered charity governed by a Royal Charter that was granted on 15 May 1980.

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

The Council comprises:

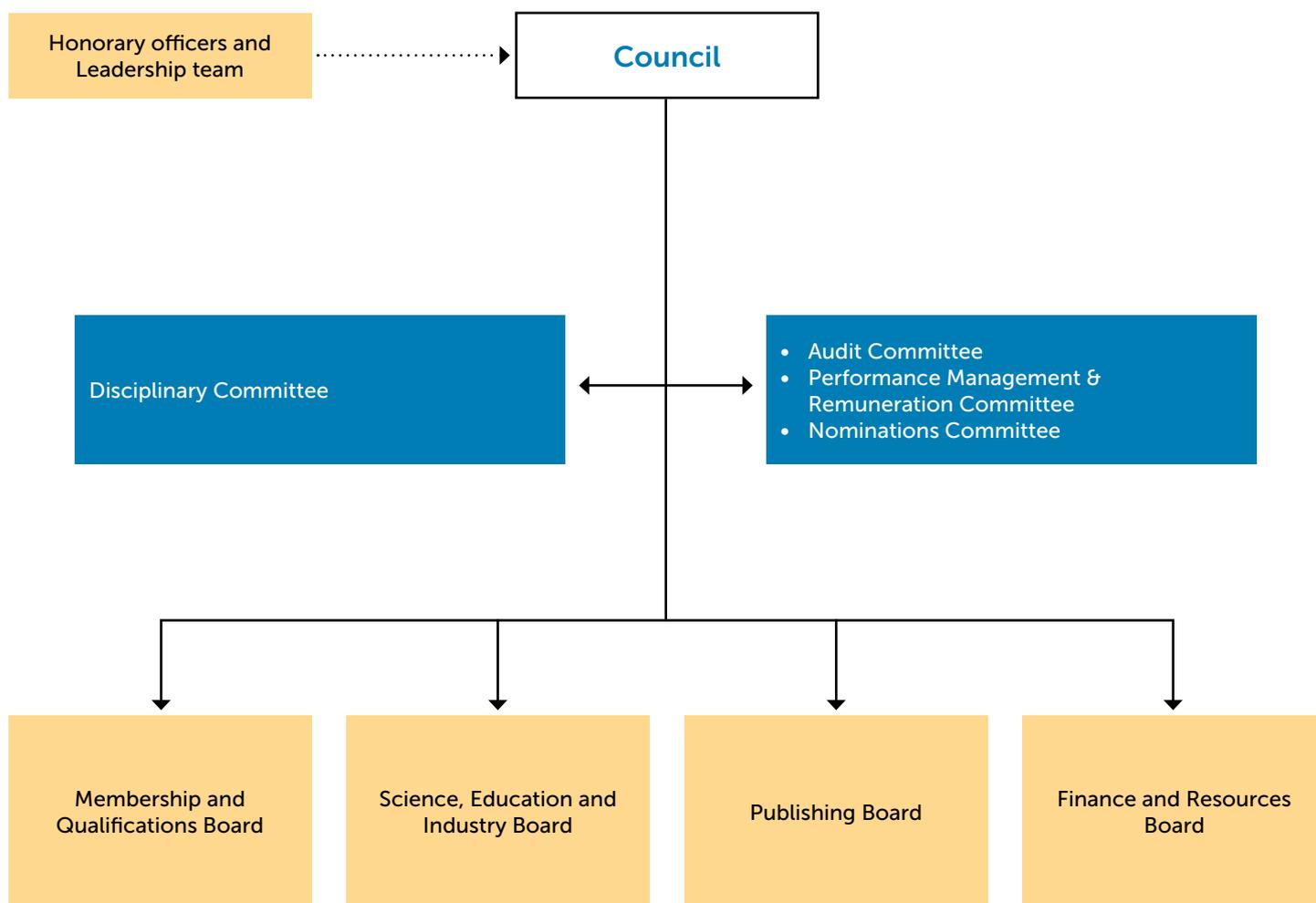
- Elected members.
- President.
- President Elect or Immediate Past President.
- Honorary Treasurer.
- Nine Ordinary Members of Council.
- Up to six appointed members, who may be Chairs of the Boards or other persons appointed by Council.

Any member of the Royal Society of Chemistry 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 takes place by post or electronically and is managed by an external provider approved by Council. Election of Ordinary Members of Council normally takes place every two years. The next election will be for Ordinary Members to take office after the 2017 AGM.

Our 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. Members of staff provide updates on progress to the governance bodies, which, in turn, report to the Council on achievements against our strategy.

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

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



**Figure 1:** Organisational chart to illustrate Royal Society of Chemistry governance

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

### Remuneration of key management personnel

The 'Performance Management and Remuneration Committee' is responsible for:

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

Remuneration for the Chief Executive Officer, Deputy Chief Executive Officers and the Leadership Team is reviewed on an annual basis simultaneously with the annual staff pay review.

### Trustees

At the date of signing the Trustees' report, the Council members are the Trustees of the Royal Society of Chemistry. A list of the appointed Trustees for the period from January 2015 to the date of this report is shown on page 25.

All Council members are required to attend Trustee training sessions covering the responsibilities of Trustees and Royal Society of Chemistry financial and business planning and strategy development. Trustees are also offered access to external training.

We take governance very seriously and have an induction programme for all new Trustees to educate them and provide assistance in their new role. We also provide a governance handbook and trustee induction pack that they are asked to familiarise themselves with.

A skills audit is also carried out annually to ensure the make-up of Council reflects the diversity of skills that is required to drive the Royal Society of Chemistry strategy forward.

The Trustees have considered the public benefit guidance published by the Charity Commission. The Trustees are satisfied that Royal Society of Chemistry activities provide public benefit by advancing the chemical sciences through publishing chemistry books, journals and magazines, informing and influencing policy makers, supporting and advancing chemical science education, recognising and regulating professional standards in the chemical sciences, organising meetings, conferences and networking events and informing and engaging the public.

All members of Council and its boards and committees give of their time voluntarily to the Royal Society of Chemistry.

# Subsidiary companies

## Overview

The Royal Society of Chemistry has two wholly owned UK registered subsidiaries, Chemistry Limited and RSC Worldwide Limited. The profit on ordinary activities before taxation for Chemistry Limited was £173k (2014: £21k). The profit on ordinary activities before taxation for RSC Worldwide Limited was £3.4m (2014: £36k loss).

The principal activity of RSC Worldwide Limited is to facilitate Royal Society of Chemistry activities overseas; included in this is holding the ChemSpider asset. ChemSpider is a chemical structure database providing fast text and structure search access to over 43 million structures from hundreds of data sources. In 2015 RSC Worldwide Limited continued to facilitate operations in the US, China, India, Japan, Brazil and Germany. The expenditure associated with RSC Worldwide Limited activities is the result of the Royal Society of Chemistry continuing to advance the chemical sciences internationally.

RSC Worldwide Limited set up a Wholly Foreign Owned Entity in China, Wholly Owned Subsidiary in India and a Wholly Owned Kabushiki Kaisha company in Japan.

The principal activity of Chemistry Limited is to facilitate the non-primary purpose trading of the Royal Society of Chemistry.

The Royal Society of Chemistry owns 67% of Chemistry Innovation Limited. The loss on ordinary activities before taxation was £34k (2014: £1k). The non-controlling interest is disclosed in Note 21 of the financial statements. The principal activity of Chemistry Innovation Limited was to facilitate knowledge transfer, collaborative working and research and development projects between chemistry related industries and the science base. The company ceased activities in 2015 and the directors, along with the shareholders, have agreed to dissolve the company.

The Royal Society of Chemistry also controls Friends of RSC Inc., a charity registered in the United States which receives donations to support our wider charitable objectives.

### Consolidation is shown on page 28

We have reflected in the Consolidated statement of financial activities and Balance sheet the following entities covered by the Royal Society of Chemistry charity registration:

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

- Royal Society of Chemistry Japan KK.
- Chemistry Innovation Limited.
- Friends of the RSC Inc.

The non-controlling 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 21 of the financial statements.

## Connected charities

The Royal Society of Chemistry 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 Royal Society of Chemistry, 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 Royal Society of Chemistry'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 Royal Society of Chemistry works with a broad range of UK and international charities; details are available on request.

## Reference and administrative details

### Charity number

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

### Leadership team for the year 1 January 2015 to 31 December 2015

#### Chief Executive

Dr Robert Parker CSci CChem FRSC

#### Deputy Chief Executive

Dr Helen Pain CSci CChem FRSC

#### Deputy Chief Executive

Stephen Hawthorne

#### Director of Membership & External Affairs

Clare Viney CSci CChem FRSC

#### Finance Director

Martin Dachs FCA (appointed 7 May 2015)

Nick Hills ACA (resigned 6 May 2015)

#### Director of Sales

Dan Dyer

#### Director of Technology

Dr Frank Gibson

#### Director of Human Resources and Organisation Development

Karen Roberts MCIPD

#### Director of Publishing, Journals and Databases

Dr Emma Wilson MRSC

#### Director of Education

Sarah Robertson

#### Director of Communications and Marketing

Kate Tonge

## Auditors, bankers and other professional advisors

### Auditor

#### RSM UK Audit LLP

25 Farringdon Street

London

EC4A 4AB

### Bankers

#### National Westminster Bank plc

Market Street Branch

23 Market Street

Cambridge

CB2 3PA

#### Nationwide Building Society

Nationwide House

Pipers Way

Swindon

SN38 1NW

#### Close Brothers Ltd

10 Crown Place

London

EC2A 4FT

#### C. Hoare & Co

37 Fleet Street

London

EC4P 4DQ

#### Citizens

One Citizens Plaza,

Providence

RI 02903

USA

### Investment managers

#### Schroder Investment Management (UK) Limited

31 Gresham Street

London

EC2V 7QA

#### BlackRock

33 King William Street

London

EC4R 9AS

#### Royal London Asset Management

55 Gracechurch Street

London

EC3V 0UF

#### Payden & Rygel

1 Bartholomew Lane

London

EC2N 2AX

#### Kames Capital Plc

4<sup>th</sup> Floor

77 Gracechurch Street

London

EC3V 0AS

#### Newton Investment Management Limited

BNY Mellon Centre

160 Queen Victoria Street

London

EC4V 4LA

## Investment adviser

### JLT Benefit Solutions

36 Ridgmont Road  
St Albans  
AL1 3AB

## Legal advisers

### *Charity and employment matters:*

#### Taylor Vinters

Merlin Place  
Milton Road  
Cambridge  
CB4 0DP

### *Commercial matters:*

#### Mills & Reeve LLP

Botanic House  
100 Hills Road  
Cambridge  
CB2 1PH

### *Benevolent Fund matters:*

#### Eversheds

Kett House  
Station Road  
Cambridge  
CB1 2JY

## Principal office

### Royal Society of Chemistry

Burlington House  
Piccadilly  
London  
W1J 0BA

## Royal Society of Chemistry Council

### Patron

Her Majesty The Queen

## Council members for the year 1 January 2015 to 31 December 2015

### Honorary officers

#### President

Professor Dominic Tildesley CBE FRSC

#### President Elect

Professor Sir John Holman CChem FRSC  
(from 8 July 2015)

#### Past President

Professor Lesley Yellowlees CBE FRSC FRSE  
(retired 8 July 2015)

#### Honorary Treasurer

Professor David Grayson CChem FRSC

## Appointed members

### Chair, Science, Education and Industry Board

Professor Mike Ashfold CChem FRSC FRS

### Chair, Publishing Board

Professor Helen Fielding CChem FRSC

### Chair, Membership and Qualifications Board

Professor Tom Welton CChem FRSC  
(from 9 July 2015)

Dr Janette Waterhouse EurChem CChem FRSC  
(until 8 July 2015)

Professor Ben Feringa CChem FRSC

Professor Sir John Holman CChem FRSC  
(until 8 July 2015)

Dr Keith Layden FRSC

## Ordinary members

Professor Alison Rodger CChem FRSC

Professor Peter Knowles CChem FRSC FLSW

Dr Helen Neville FRSC

Professor Polly Arnold CChem FRSC FRSE

Professor Sabine Flitsch CChem FRSC

Professor Melissa Hanna-Brown CChem FRSC

Dr David Rees CChem FRSC

Dr Janette Waterhouse EurChem CChem FRSC  
(from 8 July 2015)

Professor Tom Welton CChem FRSC  
(until 9 July 2015)

Professor Duncan Bruce CChem FRSC  
(retired 8 July 2015)

Dr Annette Doherty OBE FRSC  
(retired 8 July 2015)

Professor Emma Raven CChem FRSC  
(retired 8 July 2015)

Professor Gillian Reid FRSC  
(retired 8 July 2015)

Dr Derek Stevenson CChem FRSC  
(retired 8 July 2015)

# Responsibilities of the Trustees

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

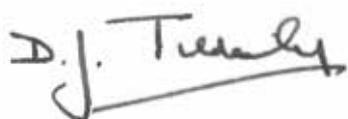
The Trustees are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The law that is applicable to charities in England and Wales requires the Trustees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

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

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

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

On behalf of the Trustees



Professor Dominic Tildesley CBE FRSC, President

# Independent auditors' report to the Members of the Royal Society of Chemistry

We have audited the financial statements of the Royal Society of Chemistry for the year ended 31 December 2015 on pages 28 to 59. 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

## Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' responsibilities set out on page 26, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditors under section 151 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that act. 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 (APB's) Ethical Standards for Auditors.

## Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at

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

## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and charity's affairs as at 31 December 2015 and of their incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

## Emphasis of matter – early adoption of the Charities SORP (FRS 102)

In forming our opinion, which is not modified, we have considered the disclosure in Note 1 concerning the charity's early adoption of the Charities SORP (FRS 102) issued in July 2015, rather than applying the Charities 2005 SORP which has been withdrawn but is still referred to in the extant Charities (Accounts and Reports) Regulations 2008. This departure has been necessary for the financial statements to show a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice effective for accounting periods beginning on or after 1 January 2015.

## Matters on which we are required to report by exception

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

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- the parent charity has not kept sufficient accounting records; 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.

RSM UK Audit LLP

**RSM UK AUDIT LLP (formerly Baker Tilly UK Audit LLP)**  
Statutory Auditor  
25 Farringdon Street  
London  
EC4A 4AB

11 May 2016

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

# Consolidated statement of financial activities for year ended 31 December 2015

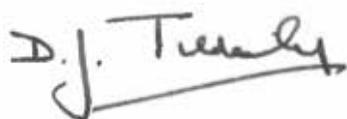
		Unrestricted funds		Restricted funds	2015 Total	Restated 2014 Total
	Note	General Funds	Designated Funds			Note 29
		£000	£000	£000	£000	£000
<b>Income and endowments from:</b>						
Donations and legacies	2	10	71	141	222	237
Other trading activities	4	661	-	-	661	493
Investment income	3	1,700	8	780	2,488	3,140
<b>Charitable activities</b>						
Membership		3,692	9	-	3,701	3,612
Chemistry World		1,190	-	-	1,190	1,072
Scientific conferences and events		976	688	-	1,664	1,395
Education and professional practice		143	-	620	763	505
Publishing		42,589	-	543	43,132	40,736
Advocacy and awareness		114	-	-	114	900
Other income		54	-	-	54	1
<b>Total income and endowments</b>		<b>51,129</b>	<b>776</b>	<b>2,084</b>	<b>53,989</b>	<b>52,091</b>
<b>Expenditure on:</b>						
<b>Raising funds</b>						
Donations and legacies		446	-	9	455	436
Other trading activities		353	-	-	353	445
Investment management costs		162	-	18	180	71
<b>Charitable activities</b>						
Membership		4,211	-	518	4,729	4,458
Chemistry World		2,562	-	-	2,562	2,091
Scientific conferences and events		3,066	1,099	-	4,165	4,647
Education and professional practice		6,573	-	661	7,234	5,182
Publishing		35,627	-	439	36,066	33,698
Advocacy and awareness		4,362	-	-	4,362	4,806
<b>Total expenditure</b>	7	<b>57,362</b>	<b>1,099</b>	<b>1,645</b>	<b>60,106</b>	<b>55,834</b>
Gains on investment assets	14	493	-	288	781	5,759
<b>Net (expenditure)/income</b>		<b>(5,740)</b>	<b>(323)</b>	<b>727</b>	<b>(5,336)</b>	<b>2,016</b>
Transfer between funds	23	(335)	335	-	-	-
<b>Net group (expenditure)/income before other recognised gains and losses</b>		<b>(6,075)</b>	<b>12</b>	<b>727</b>	<b>(5,336)</b>	<b>2,016</b>
Remeasurement on Defined Benefit Pension scheme	10	7,903	-	-	7,903	(22,677)
<b>Net movement in funds</b>		<b>1,828</b>	<b>12</b>	<b>727</b>	<b>2,567</b>	<b>(20,661)</b>
<b>Reconciliation of funds</b>						
Fund balances brought forward		50,852	1,968	24,155	76,975	97,636
<b>Fund balances carried forward</b>		<b>52,680</b>	<b>1,980</b>	<b>24,882</b>	<b>79,542</b>	<b>76,975</b>

The notes on pages 32-59 form an integral part of these Financial Statements. All activities in 2015 are continuing. The 2014 Consolidated statement of financial activities is given in note 28.

# Consolidated balance sheet as at 31 December 2015

		2015	Restated 2014
	Note	£000	£000
<b>Fixed assets</b>			
Intangible assets	12	1,717	1,929
Tangible assets	13	9,704	10,889
Investments	14	82,606	88,826
		<b>94,027</b>	<b>101,644</b>
<b>Current assets</b>			
Stock - books and paper		617	888
Debtors	15	15,650	13,353
Cash at bank and in hand		14,173	13,296
		<b>30,440</b>	<b>27,537</b>
<b>Current liabilities</b>			
Creditors	16	5,469	5,655
Deferred income			
Journal and membership subscriptions	17	21,877	20,989
		<b>27,346</b>	<b>26,644</b>
<b>Net current assets</b>		<b>3,094</b>	<b>893</b>
<b>Total assets less current liabilities</b>		<b>97,121</b>	<b>102,537</b>
<b>Net assets excluding pension liability</b>		<b>97,121</b>	<b>102,537</b>
<b>Defined benefit pension liability</b>	10	<b>(17,579)</b>	<b>(25,562)</b>
<b>Net assets including pension liability</b>	18	<b>79,542</b>	<b>76,975</b>
<b>Accumulated funds</b>			
Unrestricted funds:			
General funds	23	70,133	79,861
Funds retained within non-charitable subsidiaries	23	126	(3,447)
Pension reserve	10, 23	(17,579)	(25,562)
Designated funds	23	1,980	1,968
		<b>54,660</b>	<b>52,820</b>
Restricted funds	22	24,882	24,155
<b>Total charity funds</b>		<b>79,542</b>	<b>76,975</b>

Approved by Council and authorised for issue on 28 April 2016



Professor Dominic Tildesley CBE FRSC, President

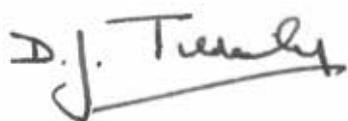
The notes on pages 32-59 form an integral part of the Financial Statements.

# Royal Society of Chemistry

## Balance sheet as at 31 December 2015

		2015	Restated 2014
	Note	£000	£000
<b>Fixed assets</b>			
Intangible assets	12	1,717	1,929
Tangible assets	13	9,652	10,827
Investments	14	82,606	88,826
		93,975	101,582
<b>Current assets</b>			
Stock - books and paper		617	888
Debtors	15	15,664	17,244
Cash at bank and in hand		13,386	12,293
		29,667	30,425
<b>Current liabilities</b>			
Creditors	16	4,944	4,732
Deferred income			
Journal and membership subscriptions	17	21,776	20,977
		26,720	25,709
<b>Net Current assets</b>		2,947	4,716
<b>Total assets less current liabilities</b>		96,922	106,298
Net assets excluding pension liability		96,922	106,298
Defined benefit pension liability	10	(17,579)	(25,562)
<b>Net assets including pension liability</b>	18	79,343	80,736
<b>Accumulated funds</b>			
Unrestricted funds:			
General funds	23	70,133	80,175
Designated funds	23	1,980	1,968
Pension reserve	10, 23	(17,579)	(25,562)
		54,534	56,581
Restricted funds	22	24,809	24,155
<b>Total charity funds</b>		79,343	80,736

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The notes on pages 32-59 form an integral part of the Financial Statements.

# Consolidated and charity statement of cash flows for year ended 31 December 2015

	Note	Group 2015 £000	Group 2014 £000	Charity 2015 £000	Charity 2014 £000
Net cash outflow from operating activities		(6,964)	(6,926)	(6,754)	(6,785)
<b>Cash flows from investing activities:</b>					
Investment income received	3	2,488	3,140	2,488	3,140
Purchase of intangible fixed assets	12	(483)	(700)	(483)	(700)
Purchase of tangible fixed assets	13	(1,001)	(2,946)	(985)	(2,925)
Purchase of investments	14	-	-	-	-
Net movements on cash held for investment	14	1	(1)	1	(1)
Proceeds from sale of investments	14	7,000	-	7,000	-
<b>Net cash inflow/(outflow) from investing activities</b>		<b>8,005</b>	<b>(507)</b>	<b>8,021</b>	<b>(486)</b>
Net cash inflow/(outflow) from financing activities		-	-	-	-
Increase/(decrease) in cash and cash equivalents		1,041	(7,433)	1,267	(7,271)
Cash and cash equivalents at the beginning of the reporting period		13,296	19,975	12,293	18,820
Change in cash and cash equivalents due to exchange rate movements		(164)	754	(174)	744
Cash and cash equivalents at the end of the reporting period		14,173	13,296	13,386	12,293
<b>Reconciliation of net (expenditure)/income to net cash outflow from operating activities</b>					
		2015 £000	2014 £000	2015 £000	2014 £000
Net (expenditure)/income for the reporting period		(5,336)	2,016	(9,296)	2,244
Adjustments for:					
Depreciation and amortisation		2,881	2,714	2,855	2,577
Loss on disposal of fixed assets		-	5	-	5
(Gains) on investments		(781)	(5,759)	(781)	(5,759)
Investment income (Note 3)		(2,488)	(3,140)	(2,488)	(3,140)
Investment income reinvested		-	-	-	-
Decrease/(increase) in stock		271	(132)	271	(132)
(Increase)/decrease in debtors		(2,297)	1,884	1,580	1,084
(Decrease)/increase in creditors and accruals		(186)	50	212	890
Increase/(decrease) in deferred income		888	(3,000)	799	(3,000)
Exchange rate movements on cash and cash equivalents		164	(754)	174	(744)
Defined benefit pension payments		(958)	(958)	(958)	(958)
Pension cost		878	148	878	148
Net cash outflow from operating activities		(6,964)	(6,926)	(6,754)	(6,785)

The notes on pages 32-59 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 modified to include certain financial instruments at fair value. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) effective 1 January 2015, Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011. These financial statements for the year ended 31 December 2015 are the first consolidated financial statements of the Society to adopt FRS 102. The date of transition is 1 January 2014.

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

In preparing the accounts, a restatement of comparative items was needed for applying the accounting policies required by FRS 102 and the Charities SORP FRS 102. An explanation of how the transition has affected the reported financial position and financial performance is given in note 29.

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

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

### Basis of consolidation

The consolidated statement of financial activities and the consolidated balance sheet include the financial statements of the charity and its subsidiaries consolidated on a line by line basis. Intra-group transactions and profits are eliminated fully on consolidation. Accounting policies are consistent across the group.

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

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

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

33% of the shares in Chemistry Innovation Limited are owned by the Institution of Chemical Engineers (IChemE). The minority interest of the IChemE is shown in note 21 of the Financial Statements. During the year, the company changed its reporting period to 30 June.

Friends of the RSC, Inc. is registered in the U.S. and is not a wholly owned subsidiary but the Society controls the entity through common directors and as such the company has been included in the consolidated financial statements. The company has a reporting date of 30 November.

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

### General funds

The General funds mainly represent undesignated monies earned from publishing activities 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 funds

The Designated funds relate to the large number of member led groups which allow the wider community to connect with fellow chemists based on either geographical location or subject interest. The geographical network consists of 35 local sections in the UK and Ireland and 23 sections based outside the UK. Divisions and Interest Groups are subject specific covering the breadth of the chemical sciences research, education, innovation and policy. The groups are run by members and organise annual programmes of events, award portfolios and bursaries.

The income within the designated funds is taken and held directly by the Interest Groups and used solely for the purposes of that group. As such it is classified as designated fund income and not recognised as general fund income.

### Restricted funds

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

The Benevolent Fund provides financial and non-financial assistance to the Society's members.

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 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.

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

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

### **Revenue recognition**

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

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

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

### **Conference income**

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

### **Deferred Income**

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

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

### **Voluntary income**

Voluntary income, including legacies, is recognised in the SoFA when any conditions for receipt have been met and when the entitlement is probable 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 recognised on an accruals basis and 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 2015 these subscriptions amounted to £7K relating to 14 members (2014: £2K, 6 members).

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

### **Apportionment of support costs**

Support costs are all apportioned on the basis of head count for each of the departments.

### **Grants**

Grants made by the Benevolent Fund are treated as outgoing resources as soon as they are approved by the Benevolent Fund Grants Committee as there is an expectation of receipt by the Beneficiary. Other grants made from Designated Funds represent grants made to Local, 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 either included in fixed asset costs or in support costs that are then allocated to the charitable activities as applicable.

## Intangible fixed assets

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

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

## Tangible fixed assets and depreciation

Items of a capital nature are capitalised at cost if their individual purchase price or the project price exceeds £1,000. Purchased software is capitalised at cost. Depreciation is charged on a straight-line basis.

The main depreciation rates are as follows:

### Leasehold land and buildings:

Thomas Graham House	2%
Burlington House	5%

### Fixtures, fittings and equipment:

Computer software	20%–33%
Personal computers	25%
Other computer hardware	20%
Other furniture	20%–25%

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

## Investments

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

## Investment in subsidiary undertakings

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

## Stocks

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

## Heritage assets

No valuation is attributable to the library or other historic material in the Financial statements. The Trustees believe that an accurate valuation of the historic collection is not possible. The Society was founded in 1841 and the library collection has been built over time to contain a large number of unique and irreplaceable historical items. Therefore due to the number of books held and the lack of comparable market values these assets have not been recognised on the balance sheet as any value attributed to these assets would be purely subjective and of limited practical use.

## Recognition of liabilities

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

## Pensions

The Society has two types of pension scheme:

### Defined contribution plan

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

### Defined benefit plan

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

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

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

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

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

### **Government grants**

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

### **Derivative instruments**

The Society uses forward foreign currency contracts to reduce exposure to foreign exchange rates. Derivative financial instruments, are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of the forward currency contracts is calculated by reference to current forward exchange contracts with similar maturity profiles.

### **Financial assets and liabilities**

Basic financial instruments, which comprise trade debtors and creditors, bonds and similar debt instruments are initially recognised at transaction value and subsequently measured at their settlement value. Complex financial instruments which do not qualify as basic and quoted investments are measured at fair value through profit or loss.

### **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 102, the value is held as zero as these rights have no realisable value.

### **Foreign currency**

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

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

The balance sheet values of subsidiaries have been translated at the closing rate on 31 December 2015. The profit and loss transactions have been translated at the rate of exchange ruling at the date of transaction or at an exchange rate that approximates the actual rate.

### **Cash at cash equivalents**

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

### **Key judgements and assumptions**

The cost of the defined benefit pension plan has been determined by updating the results of the 31 December 2013 full actuarial valuation to 31 December 2015. This was carried out by a qualified actuary independent of the Society. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of the scheme, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, the management considers the market yields of AA corporate bonds consistent with the currency and term of the defined benefit obligation. The mortality rate is based on publicly available mortality tables, which uses data for UK self-administered pension schemes and allowing for expected future improvements in longevity. Future salary increases and pension increases are based on expected future inflation rates as determined by the Bank of England spot rate with a consistent term of the defined benefit obligation at the valuation date. Further details are given in Note 10.

## 2 Donations and legacies

				2015	2014
	General funds	Designated funds	Restricted funds	Total	Total
	£000	£000	£000	£000	£000
Donations	10	71	40	121	152
Bequests and Legacies	-	-	101	101	85
	10	71	141	222	237

## 3 Investment income

				2015	2014
	General funds	Designated funds	Restricted funds	Total	Total
	£000	£000	£000	£000	£000
<b>Assets in the UK</b>					
Fixed Interest	907	-	572	1,479	2,157
Unit Trusts	322	-	67	389	396
Equities	99	-	-	99	-
Interest	19	8	27	54	60
<b>Assets outside the UK</b>					
Fixed Interest	172	-	69	241	217
Equities	181	-	45	226	310
	1,700	8	780	2,488	3,140

## 4 Income from other trading activities

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

## 5 Government grants

The Society receives grant funding from national and international governmental bodies. In 2015 £244K of government funding was recognised in the statement of financial activities (2014:£864k) for education related and teaching training programmes and for chemical database services.

Funds have been used for the Society's Initial Teacher Training scholarship scheme, which offers tax-free funding and packages of support to individuals who want to become exceptional chemistry teachers. Funding has also been used for the continuation of the Society's National Chemical Database service, which brings together tools and resources for UK researchers in chemistry and related fields.

## 6 Total staff costs

	2015	2014
	£000	£000
<b>Staff costs were:</b>		
Gross wages and salaries	20,690	19,139
National insurance	2,254	2,009
Pension and related cost	1,729	1,565
Temporary staff and contractors	96	125
<b>Total</b>	<b>24,769</b>	<b>22,838</b>

The number of employees who earned more than £60K (including taxable benefits in kind) during the year is shown below.

<b>Number of Employees</b>		
	2015	2014
<b>Employee earnings:</b>		
£60,000 – £69,999	11	9
£70,000 – £79,999	5	8
£80,000 – £89,999	6	2
£90,000 – £99,999	4	2
£100,000 – £109,999	-	3
£120,000 – £129,999	1	1
£130,000 – £139,999	1	-
£140,000 – £149,999	1	-
£170,000 – £179,000	1	1

The number of employees who earned more than £60k, for whom pension benefits are accruing under the defined contribution scheme is 22 (2014: 25).

The employer contributions made to the defined contribution pension scheme for employees who earned more than £60K were £205k (2014: £225k).

In 2015 the Society paid a total of £58k (2014: £116k) in respect of statutory and other employment severance-related payments.

The key management personnel of the Society comprises the Trustees and the Leadership Team. Key management personnel are in charge of directing and controlling the charity and running and operating the charity on a day to day basis. All Trustees give their time freely and no Trustee remuneration was paid in the year. Details of Trustee expenses and related party transactions are disclosed in Note 26 to the accounts. Total employee benefits of £1,006k (2014: £992k) were paid to the Society's Leadership Team personnel in 2015.

<b>Average monthly number of employees</b>		
	2015	2014
Membership	36	40
Chemistry World	17	15
Scientific conferences and events	10	11
Education and professional practice	50	37
Publishing	306	278
Advocacy and awareness	25	41
Support	136	134
Fundraising	4	3
<b>Total</b>	<b>584</b>	<b>559</b>

## 7 Total resources expended

### General funds

	Direct staff costs £000	Direct costs £000	Support costs £000	Total 2015 £000	Total 2014 £000
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#### Expenditure on raising funds

Donations and legacies	234	73	139	446	434
Other trading activities	-	349	4	353	445
Investment management costs	-	162	-	162	47
<b>Total</b>	234	584	143	961	926

#### Charitable activities

Membership	1,406	1,396	1,409	4,211	3,980
Chemistry World	767	1,123	672	2,562	2,091
Scientific conferences and events	530	2,128	408	3,066	3,356
Education and professional practice	1,837	3,171	1,565	6,573	4,813
Publishing	11,761	13,298	10,568	35,627	33,369
Advocacy and awareness	1,314	2,042	1,006	4,362	4,806
<b>Sub total</b>	17,615	23,158	15,628	56,401	52,415
<b>Total resources expended</b>	17,849	23,742	15,771	57,362	53,341

Total direct costs include foreign exchange loss of £368k (2014: £657k), which is charged to publishing. Direct costs also include an increase to the stock provision of £382k (2014: £37k) and cost of sales for stock of £374k (2014: £456k). Stock related costs are also charged to publishing.

### Designated funds

	Direct Staff costs £000	Direct costs £000	Support costs £000	Total 2015 £000	Total 2014 £000
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#### Charitable activities

Scientific conferences and events	-	1,099	-	1,099	1,231
<b>Total</b>	-	1,099	-	1,099	1,231

### Restricted funds

	Direct Staff costs £000	Direct costs £000	Support costs £000	Total 2015 £000	Total 2014 £000
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#### Cost of generating funds

Donations and legacies	-	9	-	9	2
Investment management costs	-	18	-	18	24
<b>Total</b>	-	27	-	27	26

#### Charitable activities

Membership	109	409	-	518	478
Scientific conferences and events	-	-	-	-	61
Education and professional practice	6	655	-	661	369
Publishing	-	439	-	439	328
<b>Sub total</b>	115	1,503	-	1,618	1,236
<b>Total</b>	115	1,530	-	1,645	1,262

## 8 Support costs – General fund

	Management	Finance	Information technology	Comms	Human resources	Accomm.	Governance	2015 Total	2014 Total
	£000	£000	£000	£000	£'000	£000	£000	£000	£000
Basis of Allocation	Head count	Head count	Head count	Head count	Head count	Head count	Head count		
Donations and legacies	8	17	43	11	28	29	3	139	108
Other trading activities	-	-	-	-	-	-	4	4	4
Membership	84	178	432	112	281	290	32	1,409	1,313
Chemistry World	40	86	206	53	134	138	15	672	498
Scientific conferences and events	24	51	123	32	81	83	14	408	360
Education and professional practice	93	197	479	124	312	321	39	1,565	1,219
Publishing	630	1,338	3,240	835	2,109	2,169	247	10,568	9,170
Advocacy and awareness	59	127	306	79	199	205	31	1,006	1,128
<b>Total</b>	938	1,994	4,829	1,246	3,144	3,235	385	15,771	13,800

## 9 Governance costs

	2015 £000	2014 £000
Trustee expenses	Note 26 78	61
Legal fees	11	1
Audit and accounting fees	126	61
Support staff costs	170	155
<b>Total</b>	<b>385</b>	<b>278</b>

### Analysis of auditors' remuneration

	2015 £000	2014 £000
Fees payable to:		
- RSM UK Audit LLP for audit of the RSC and consolidated accounts	37	36
- RSM Tax and Accounting Limited for tax advisory services	57	7
- Auditors other than RSM UK Audit LLP	32	18
<b>Total</b>	<b>126</b>	<b>61</b>

## 10 Pension fund

### Group and Society

The Society operates a defined benefit scheme in the UK. This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities. A full actuarial valuation was carried out at 31 December 2013 and updated to 31 December 2015 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown in this note.

The most recent actuarial valuation showed a deficit of £9,415,000. The society has agreed with the trustees that it will aim to eliminate the deficit by annual payments of £958,000 from 1 January 2015, increasing each year by 3%, until 28 February 2023.

The Society also operates a defined contribution scheme. The contributions are administered by investment managers on behalf of the employees. The cost for the year to the employer was £1,625K (2014; £1,459K).

Employee benefit obligations		
	Value at 31/12/15 £000	Value at 31/12/14 £000
Present value of funded obligations	112,398	119,207
Fair value of scheme assets	(94,819)	(93,645)
	17,579	25,562
Deficit	17,579	25,562
<b>Net liability</b>	<b>17,579</b>	<b>25,562</b>

Statement of financial activities impact		
	Value at 31/12/15 £000	Value at 31/12/14 £000
Expenses	-	(3)
Net interest cost	(878)	(145)
<b>Total expense</b>	<b>(878)</b>	<b>(148)</b>

Amount recognised in the Statement of financial activities after net/(outgoing) incoming resources		
	Value at 31/12/15 £000	Value at 31/12/14 £000
Net actuarial gains/(losses) recognised in year	7,903	(22,677)
Net cumulative actuarial losses	(11,351)	(19,254)

# 10 Pension fund (continued)

## Reconciliation of fair value of the defined benefit obligation and fair value of plan assets

	Value at 31/12/15 £000	Value at 31/12/14 £000
Change in the present value of the defined benefit obligation:		
Opening defined benefit obligation	119,207	93,097
Expenses	-	3
Interest expense	4,118	4,132
Actuarial losses	(7,816)	24,538
Benefits paid	(3,111)	(2,563)
Closing defined benefit obligation	112,398	119,207
Change in the fair value of plan assets:		
Opening fair value of plan assets	93,645	89,402
Interest income	3,240	3,987
Actuarial gains	87	1,861
Contributions by employer	958	958
Benefits paid	(3,111)	(2,563)
Closing fair value of plan assets	94,819	93,645

## Principal actuarial assumptions at the balance sheet date

	At 31/12/15 %	At 31/12/14 %
Rate of discount	3.90	3.50
Inflation (RPI)	3.35	3.10
Inflation (CPI)	2.35	2.10
Salary increases	4.00	4.00
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	2.35	2.10
Allowance for pension in payment increases of RPI or 5% p.a. if less	3.25	3.00
Allowance for pension in payment increases of RPI or 3.5% p.a. if less	2.95	2.70
Allowance for commutation of pension for cash at retirement	90% of post a day	90% of post a day

## The mortality assumptions adopted at 31 December 2015 imply the following life expectancies:

	Life expectancy at age 60 (years) At 31/12/15	Life expectancy at age 60 (years) At 31/12/14
Male retiring in 2015 (2014)	27.7	27.8
Female retiring in 2015 (2014)	29.8	30.2
Male retiring in 2035 (2034)	29.6	29.8
Female retiring in 2035 (2034)	31.8	32.2

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

	At 31/12/15	At 31/12/14
Equities and diversified growth funds	62%	60%
Bonds	37%	38%
Cash	1%	2%

## 10 Pension fund (continued)

	2015	2014
	£000	£000
<b>Actual return on plan assets</b>	<b>3,327</b>	5,848
<b>Movement in net liability during the year</b>	<b>2015</b>	2014
	£000	£000
Net liability at beginning of the year	25,562	3,695
<i>Movement in year</i>		
Employer's expenses	-	3
Employer's contributions	(958)	(958)
Interest income	(3,240)	(3,987)
Actuarial gains	(87)	(1,861)
Interest on pension liabilities	4,118	4,132
Experience losses/(gains) arising on the plan liabilities	(18)	1,119
Changes in assumptions underlying the plan liabilities	(7,798)	23,419
<b>Total movement</b>	<b>(7,903)</b>	21,867
<b>Deficit in plan at end of the year</b>	<b>17,579</b>	25,562
<b>Defined contribution scheme</b>		
	2015	2014
	£000	£000
<b>Employer contributions</b>	<b>1,625</b>	1,459

## 11 Operating leases

Charges under operating leases to the Statement of financial activities during the year was £36k (2014: £115k).

The basis of this disclosure has changed due to FRS 102, which now requires disclosure for the total of the future minimum lease payments for each of the following periods below.

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

	2015	2014
	£000	£000
Leases payments:		
Within a year	54	52
Within two to five years	27	28
Later than five years	1,100	1,103
	<b>1,181</b>	1,183

The Society, along with the four other courtyard societies, continues to be in negotiation with the landlord on the renewal of the lease of Burlington House.

## 12 Intangible fixed assets

### Group

	Index & databases £000	Web platform £000	Total £000
<b>Cost</b>			
Balance at 1 January 2015	1,737	2,810	4,547
Additions	-	483	483
Balance at 31 December 2015	1,737	3,293	5,030
<b>Accumulated amortisation</b>			
Balance at 1 January 2015	1,260	1,358	2,618
Charge for year	140	555	695
Balance at 31 December 2015	1,400	1,913	3,313
<b>Net book value at 31 December 2015</b>	<b>337</b>	<b>1,380</b>	<b>1,717</b>
Net book value at 31 December 2014	477	1,452	1,929

### Society

	Index £000	E-Platform £000	Total £000
<b>Cost</b>			
Balance at 1 January 2015	695	2,810	3,505
Additions	-	483	483
Balance at 31 December 2015	695	3,293	3,988
<b>Accumulated amortisation</b>			
Balance at 1 January 2015	218	1,358	1,576
Charge for year	140	555	695
Balance at 31 December 2015	358	1,913	2,271
<b>Net book value at 31 December 2015</b>	<b>337</b>	<b>1,380</b>	<b>1,717</b>
Net book value at 31 December 2014	477	1,452	1,929

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

The intangible asset database relates to ChemSpider owned by RSC Worldwide Limited and MarinLit owned by the RSC. RSC Worldwide Limited is a wholly owned subsidiary of the Royal Society of Chemistry.

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

# 13 Tangible fixed assets

Group	Leasehold land and buildings	Fixtures, fittings and equipment	Total
	£000	£000	£000
<b>Cost</b>			
Balance at 1 January 2015	8,473	14,860	23,333
Additions	2	999	1,001
Disposals	(3)	(1,912)	(1,915)
Balance at 31 December 2015	8,472	13,947	22,419
<b>Accumulated depreciation</b>			
Balance at 1 January 2015	4,263	8,181	12,444
Disposals	(3)	(1,912)	(1,915)
Charge for year	272	1,914	2,186
Balance at 31 December 2015	4,532	8,183	12,715
<b>Net book value at 31 December 2015</b>	<b>3,940</b>	<b>5,764</b>	<b>9,704</b>
Net book value at 31 December 2014	4,210	6,679	10,889

Society	Leasehold Land and buildings	Fixtures, fittings and equipment	Total
	£000	£000	£000
<b>Cost</b>			
Balance at 1 January 2015	8,473	14,603	23,076
Additions	-	985	985
Disposals	(3)	(1,912)	(1,915)
Balance at 31 December 2015	8,470	13,676	22,146
<b>Accumulated depreciation</b>			
Balance at 1 January 2015	4,284	7,965	12,249
Disposals	(3)	(1,912)	(1,915)
Charge for year	272	1,888	2,160
Balance at 31 December 2015	4,553	7,941	12,494
<b>Net book value at 31 December 2015</b>	<b>3,917</b>	<b>5,735</b>	<b>9,652</b>
Net book value at 31 December 2014	4,189	6,638	10,827

## Heritage assets

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

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

Accordingly, these assets are not capitalised in the financial statements. The Trustees take the view that any further and detailed particulars of the numerous items making up this collection would unduly clutter the accounts and thus detract from their primary purpose.

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

There were no disposals and 12 new additions to the collection during 2015. All additions in the period were donated to the collection.

# 14 Fixed asset investments

## Group and Society

			2015	2014
	General funds	Restricted funds	Total funds	Total funds
	£000	£000	£000	£000
<b>Investments listed on recognised stock exchange in the UK</b>				
Fixed interest	21,894	11,982	<b>33,876</b>	36,873
Equities	11,670	-	<b>11,670</b>	-
Unit trusts	9,311	1,964	<b>11,275</b>	10,233
<b>Investments listed on recognised stock exchange outside the UK</b>				
Fixed interest	2,021	815	<b>2,836</b>	6,006
Equities	19,801	2,775	<b>22,576</b>	34,579
Property	-	-	-	140
<b>Total investments listed on recognised stock exchange</b>	<b>64,697</b>	<b>17,536</b>	<b>82,233</b>	<b>87,831</b>
Cash held for investment	141	232	<b>373</b>	682
Liquid assets within funds	-	-	-	313
<b>Total investments</b>	<b>64,838</b>	<b>17,768</b>	<b>82,606</b>	<b>88,826</b>

			2015	2014
	General funds	Restricted funds	Total funds	Total funds
	£000	£000	£000	£000
Market value at 1 January	71,345	17,481	<b>88,826</b>	83,066
Less: disposal proceeds including share exchanges	(24,776)	(2,450)	<b>(27,226)</b>	-
Add: purchases at cost including share exchanges	17,776	2,450	<b>20,226</b>	-
Realised and unrealised gains	493	288	<b>781</b>	5,759
Net movements on cash held for investment	-	(1)	<b>(1)</b>	1
<b>Market value at 31 December</b>	<b>64,838</b>	<b>17,768</b>	<b>82,606</b>	<b>88,826</b>

During the year the Society transferred £20m between different investments managed through an external investment advisor. This did not impact the cash flow of the Society and therefore these transfers have been excluded from the cash flow statement. During 2015 the Society withdrew £7m (2014:nil) from investments to fund operating activities and this has been included within the cash flow statement.

The historical cost of investments held at fair value as at 31 December 2015 is £70,363k (2014: £70,727k).

**Material investments which represent greater than 5% of total fixed asset investments by market value included above are as follows:**

	2015	2014
	£000	£000
BlackRock UK Fixed Interest Corporate Bonds	<b>7,835</b>	13,600
Royal London Asset Management Corporate Bonds	<b>8,483</b>	6,006
Royal London Asset Management Sterling Extra Yield Bond Fund	<b>9,108</b>	8,763
Sarasin & Partners Equisar Global Thematic Fund	-	14,509
Schroder QEP Global Active Fund	<b>10,959</b>	11,684
Schroder Exempt Property Units	<b>11,275</b>	12,204
Kames Global Equity Income Fund	<b>10,486</b>	10,233
Newton Real Return Exempt Fund (Inc)	<b>11,670</b>	9,762
Payden Absolute Return Bond Fund	<b>8,451</b>	-

## 15 Debtors

### Group

	2015	2014
	£000	£000
Trade debtors	12,213	10,029
Other debtors	1,434	715
Prepayments and accrued income	2,003	2,609
	<b>15,650</b>	<b>13,353</b>

Included in other debtors for 2015 is £68k (2014: £65k) in relation to programme related Investments.

### Society

	2015	2014
	£000	£000
Trade debtors	11,866	9,745
Other debtors	1,242	604
Amounts due from group undertakings	643	4,822
Prepayments and accrued income	1,913	2,073
	<b>15,664</b>	<b>17,244</b>

Included in other debtors for 2015 is £68k (2014: £65k) in relation to programme related investments.

The amounts due from group undertakings previously included a loan to RSC Worldwide Limited by the RSC, which was subject to interest charged at LIBOR plus 2%. The loan balance at 31 December 2014 was £3,960k and was fully repaid in 2015.

## 16 Creditors

### Amounts falling due within one year

#### Group

	2015	2014
	£000	£000
Trade creditors	798	790
Other creditors	332	761
Derivatives	385	754
Taxes	64	9
Accruals	3,890	3,341
	<b>5,469</b>	<b>5,655</b>

#### Society

	2015	2014
	£000	£000
Trade creditors	777	725
Other creditors	215	152
Derivatives	385	754
Amounts due to group undertakings	28	-
Accruals	3,539	3,101
	<b>4,944</b>	<b>4,732</b>

# 17 Deferred income

## Amounts falling due within one year

### Group

	2015	2014
<b>Journal subscriptions</b>	<b>£000</b>	<b>£000</b>
Balance at 1 January	19,644	22,701
Amounts released in year	(19,644)	(22,701)
Amounts deferred in year	20,459	19,644
Balance at 31 December	20,459	19,644

<b>Membership subscriptions</b>	<b>£000</b>	<b>£000</b>
Balance at 1 January	1,345	1,288
Amounts released in year	(1,345)	(1,288)
Amounts deferred in year	1,418	1,345
Balance at 31 December	1,418	1,345

<b>Total</b>	<b>21,877</b>	<b>20,989</b>
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### Society

	2015	2014
<b>Journal subscriptions</b>	<b>£000</b>	<b>£000</b>
Balance at 1 January	19,632	22,689
Amounts released in year	(19,632)	(22,689)
Amounts deferred in year	20,358	19,632
Balance at 31 December	20,358	19,632

<b>Membership subscriptions</b>	<b>£000</b>	<b>£000</b>
Balance at 1 January	1,345	1,288
Amounts released in year	(1,345)	(1,288)
Amounts deferred in year	1,418	1,345
Balance at 31 December	1,418	1,345

<b>Total</b>	<b>21,776</b>	<b>20,977</b>
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## 18 Analysis of net assets between funds

### Group

	General funds £000	Designated funds £000	Restricted funds £000	Total £000
Fund balances at 31 December 2015 are represented by:				
Tangible assets	9,704	-	-	9,704
Intangible assets	1,717	-	-	1,717
Investments	64,838	-	17,768	82,606
Net current assets/(liabilities)	(6,000)	1,980	7,114	3,094
Pension liability	(17,579)	-	-	(17,579)
<b>Total net assets</b>	<b>52,680</b>	<b>1,980</b>	<b>24,882</b>	<b>79,542</b>

### Society

	General funds £000	Designated funds £000	Restricted funds £000	Total £000
Fund balances at 31 December 2015 are represented by:				
Tangible assets	9,652	-	-	9,652
Intangible assets	1,717	-	-	1,717
Investments	64,838	-	17,768	82,606
Net current assets/(liabilities)	(6,074)	1,980	7,041	2,947
Pension liability	(17,579)	-	-	(17,579)
<b>Total net assets</b>	<b>52,554</b>	<b>1,980</b>	<b>24,809</b>	<b>79,343</b>

## 19 Financial derivatives

Forward exchange contracts are used to manage exposure to currency exchange risk. Contracts to the value of US\$19,050k and €375k were entered into during the year ended 31 December 2015 (2014: US\$28,700k and €0k). Contracts totalling US \$25,590k and €375k (2014: US\$24,500k and €0k) matured during 2015. As at 31 December 2015 there were contracts totalling US \$15,300k, which will mature in 2016.

### Cumulative (losses)/gains on forward contracts

	2015 £000	2014 £000
Cumulative (losses)/gains on forward contracts	(444)	161

## 20 Financial assets and liabilities

### Group

	2015	2014
	£000	£000
Financial assets measured at fair value through profit or loss	82,606	88,826
Financial assets measured at amortised cost	13,761	11,446
Financial liabilities measured at fair value through profit or loss	(385)	(754)
Financial liabilities measured at amortised cost	(4,867)	(4,848)

### Society

	2015	2014
	£000	£000
Financial assets measured at fair value through profit or loss	82,606	88,826
Financial assets measured at amortised cost	13,914	15,835
Financial liabilities measured at fair value through profit or loss	(385)	(754)
Financial liabilities measured at amortised cost	(4,407)	(4,062)

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

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

## 21 Investment in subsidiaries

### Society

	Investment	Capital and reserves
	£	£000
RSC Worldwide Limited*	100	(278)
Chemistry Innovation Limited**	67	(15)
RSC Worldwide (US) Inc***	6,250	81
Chemistry Limited*	2	294
RSC (Beijing) Chemical and Science Technology Consulting Co., Ltd.***	120,000	120
Royal Chemistry India Private Limited****	157,272	200
Royal Society of Chemistry Japan K.K.***	69,729	78
Royal Chemistry India Foundation*****	150	35
Friends of the RSC, Inc.	-	38

\* 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.

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

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

The consolidated balance sheet incorporates the balance sheets of these subsidiary companies after elimination of the intercompany debtor and creditor balances due to and from the Society.

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

Chemistry Limited's principal activity is to facilitate the non primary purpose trading of the RSC.

### 2015 profit and loss and balance sheet for the Society's subsidiaries

	Chemistry Innovation Limited		RSC Worldwide Limited		Chemistry Limited	
	Registered No. 05952414		Registered No. 6702733		Registered No. 3801760	
	2015	2014	2015	2014	2015	2014
	£000	£000	£000	£000	£000	£000
<b>Profit and loss account</b>						
Gross Income	49	869	7,206	3,281	532	493
Total expenditure	(83)	(869)	(3,777)	(3,317)	(359)	(472)
Profit/(loss)	(34)	-	3,429	(36)	173	21
<b>Balance sheet</b>						
Aggregate assets	15	575	640	689	459	523
Aggregate liabilities	(30)	(556)	(918)	(4,396)	(165)	(381)
Total funds	(15)	19	(278)	(3,707)	294	142

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 2015 financial statements of Chemistry Innovation includes a matter of judgement and full disclosure in that regards is included in the financial statements of the company. The company has ceased activities in 2015 and the directors, along with the shareholders, have agreed to dissolve the company.

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

During the year Royal Chemistry India Private Limited, a subsidiary of RSC Worldwide Limited, acquired a charitable subsidiary in India: Royal Chemistry India Foundation.

## 22 Restricted funds

Group	Movement in funds					Total
	Benevolent	Trust	Grant	Friends of	Royal Chemistry	
	Fund	fund	income	the RSC, Inc.	India Foundation	
	£000	£000	£000	£000	£000	£000
<b>Balance at 1 January 2014</b>	<b>12,979</b>	<b>9,309</b>	<b>313</b>	<b>42</b>	<b>-</b>	<b>22,643</b>
Incoming resources	536	410	889	-	-	1,835
Expenditure	(153)	(351)	(757)	(2)	-	(1,263)
Gains on investment assets	505	435	-	-	-	940
<b>Balance at 31 December 2014</b>	<b>13,867</b>	<b>9,803</b>	<b>445</b>	<b>40</b>	<b>-</b>	<b>24,155</b>
Incoming resources	552	356	1,001	-	175	2,084
Expenditure	(168)	(368)	(967)	(2)	(140)	(1,645)
Gains on investment assets	157	131	-	-	-	288
Balance at 31 December 2015	14,408	9,922	479	38	35	24,882

The 2014 opening and closing balances for Grant income has been restated. Details of the restatement are disclosed in Note 29.

Society	Movement in funds			
	Benevolent	Trust	Grant	Total
	Fund	fund	income	
	£000	£000	£000	£000
<b>Balance at 1 January 2014</b>	<b>12,979</b>	<b>9,309</b>	<b>313</b>	<b>22,601</b>
Incoming resources	536	410	889	1,835
Expenditure	(153)	(351)	(757)	(1,261)
Gains on investment assets	505	435	-	940
<b>Balance at 31 December 2014</b>	<b>13,867</b>	<b>9,803</b>	<b>445</b>	<b>24,115</b>
Incoming resources	552	356	1,001	1,909
Expenditure	(168)	(368)	(967)	(1,503)
Gains on investment assets	157	131	-	288
Balance at 31 December 2015	14,408	9,922	479	24,809

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. We have a network of 102 volunteers, predominantly in the UK. Some are actively involved in visiting existing or potential beneficiaries to help them with the application process. Others provide peer support, and are a local point of contact for isolated members of our community.

## 23 Unrestricted funds

### General funds

#### Group and Society

	Movement in funds			
	General funds	Funds retained within non-charitable subsidiaries	Pension reserve	Total
	£000	£000	£000	£000
<b>Balance at 1 January 2014</b>	<b>80,313</b>	<b>(3,575)</b>	<b>(3,695)</b>	<b>73,043</b>
Incoming resources	43,135	2,170	3,987	<b>49,292</b>
Expenditure	(46,810)	(2,396)	(4,135)	<b>(53,341)</b>
Gains on investment assets	4,819	-	-	<b>4,819</b>
Transfers	(1,242)	-	958	<b>284</b>
Actuarial gain	-	-	(22,677)	<b>(22,677)</b>
<b>Balance at 31 December 2014</b>	<b>80,215</b>	<b>(3,801)</b>	<b>(25,562)</b>	<b>50,852</b>
Incoming resources	38,323	9,566	3,240	<b>51,129</b>
Expenditure	(47,605)	(5,639)	(4,118)	<b>(57,362)</b>
Gains on investment assets	493	-	-	<b>493</b>
Transfers	(1,293)	-	958	<b>(335)</b>
Actuarial gain	-	-	7,903	<b>7,903</b>
Balance at 31 December 2015	70,133	126	(17,579)	<b>52,680</b>

### Designated funds

#### Group and Society

	Movement in funds			
	Subject groups	Local sections	Regional groups	Total
	£000	£000	£000	£000
<b>Balance at 1 January 2014</b>	<b>1,639</b>	<b>175</b>	<b>138</b>	<b>1,952</b>
Incoming resources	808	86	69	<b>963</b>
Expenditure	(915)	(232)	(84)	<b>(1,231)</b>
Transfers from general funds	144	135	5	<b>284</b>
<b>Balance at 31 December 2014</b>	<b>1,676</b>	<b>164</b>	<b>128</b>	<b>1,968</b>
Incoming resources	660	67	49	<b>776</b>
Expenditure	(805)	(227)	(67)	<b>(1,099)</b>
Transfers from general funds	174	156	5	<b>335</b>
Balance at 31 December 2015	1,705	160	115	<b>1,980</b>

The Designated funds received grants of £335k (2014: £284k) made by the Society to Member Networks to support activities at that level. Each network has, as its objects, those that are embodied in the Society's Charter. There is no time frame for usage of the funds. The groups can use the funds as needed for their ongoing activities.

## 24 Royal Society Of Chemistry

Included in the accounts is income of £53,127k (2014: £50,357k) from the Royal Society of Chemistry as a standalone entity and net deficit of £9,296k (2014: £2,242k net income).

## 25 Connected charities

Sir George Beilby Memorial Fund		
	2015	2014
	£000	£000
Accumulated fund	59	60
Represented by:		
Investments	73	74
RSC creditor	(14)	(14)
	59	60

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.

## 26 Transactions with Trustees

Trustees' royalty payments		
	2015	2014
	£	£
Name of member		
Prof A Rodger	-	54
<b>Total Trustees' royalty payments</b>	<b>-</b>	<b>54</b>

The Trustees' royalty payments were relating to contributions made to RSC publications. The payments are made in accordance with a formal Memorandum of Agreement.

No Trustees received or waived remuneration during the year (2014: £nil).

### Trustees' expenses

An amount of £25,621 was reimbursed to 13 (2014; 15) Trustees in respect of travel to meetings and related expenses in 2015 (2014: £31,722). Travel expenses paid directly to third parties in relation to trustees was £52,632 in 2015 (2014: £28,965).

### Donations from Trustees

Total donations received without conditions from trustees was £72 in 2015 (2014: £70).

### Trustees' indemnity insurance

The amount paid in 2015 for Trustees' indemnity insurance was £5,476 (2014: £5,000).

### Related parties

In 2015 the following transactions took place between the Society and its wholly owned subsidiaries:

	2015	2014
	£	£000
Management fee charged to subsidiaries	14	27
Service payments to subsidiaries	(7,919)	(3,500)
Service charges to subsidiaries	72	-
Interest received on loans to subsidiaries	21	109
Loans due from subsidiaries	21	3,960
Gift aid received from subsidiaries	21	-
Debtor amounts due from subsidiaries	643	4,822
Creditor amounts due to subsidiaries	(28)	-

The amounts due from group undertakings previously included a loan to RSC Worldwide Limited by the RSC, which was subject to interest charged at LIBOR plus 2%. The loan balance at 31 December 2014 was £3,960K and was fully repaid in 2015.

## 27 Trust and lecture funds

Fund Balances as at 31 December

	2015				2014	
	Opening balance	Income	Expenditure	Accumulated investment movement	Closing balance	Closing balance
	£000	£000	£000	£000	£000	£000
Appleyard Fund	59	2	(2)	1	60	59
Ethel Behrens Fund	35	1	(1)	-	35	35
William Briggs Fund	200	7	(4)	3	206	200
Centenary Fund	545	20	(46)	7	526	545
Chemical Council Fund	64	2	(21)	1	46	64
Corday Morgan Medal and Prize Fund	220	8	(18)	3	213	220
Corday Morgan Memorial Fund	793	29	(35)	11	798	793
Faraday Lecture Fund	25	1	(1)	-	25	25
Robert John Flintoff Trust	33	1	-	-	34	33
Edward Frank Harrison Memorial Trust	30	1	-	-	31	30
Haworth Memorial Fund	20	1	-	-	21	20
Liversidge Lecture Fund	35	1	-	-	36	35
Pedler Lecture Fund	41	1	(2)	1	41	41
Research Fund	1,529	56	(66)	25	1,544	1,529
Robert Robinson Lecture Fund	121	4	(7)	2	120	121
Saville Fund	122	5	(5)	2	124	122
Simonsen Lecture Fund	25	1	(1)	-	25	25
Tilden Lecture Fund	182	7	(17)	2	174	182
Ronald Nyholm Lecture Fund	15	1	-	-	16	15
Christopher Ingold Lecture Fund	29	1	(2)	-	28	29
Spiers Memorial Fund	23	1	(2)	-	22	23
Bourke Lecture and Medal Fund	10	-	(5)	-	5	10
Marlow Medal and Award Fund	82	3	(5)	1	81	82
John Jeyes Lectureship Fund	49	2	-	1	52	49
BOC (Gases Division) Trust	186	7	-	2	195	186
Edward Horton Bequest	67	2	-	1	70	67
Ludwig Mond Trust	100	4	(5)	1	100	100
Industrial Division Endowment Lecture Fund	133	5	(4)	2	136	133
Henderson Memorial Lecture Fund	40	1	-	1	42	40
PF Frankland Memorial Lecture Fund	69	2	(3)	1	69	69
W J Hickinbottom Bequest	1,548	56	(5)	21	1,620	1,548
Whittle Memorial Fund	17	1	-	-	18	17
R A Robinson Memorial Fund	185	7	(6)	2	188	185
E Frankland Prize and Lecture Fund	26	1	(3)	-	24	26
Barrer Award	30	2	(1)	-	31	30
A Spinks Symposia Fund	113	4	-	2	119	113
Rhone-Poulenc Lectureship	25	1	-	-	26	25
Marriot Legacy	209	8	(4)	3	216	209
A Robertson Bequest	199	7	-	3	209	199
E Frankland Fellowship	86	3	(3)	1	87	86
W A Waters	229	8	(14)	3	226	229
J O Cutter	764	28	(41)	10	761	764
S F Boys-A Rahman Lecture Fund	25	1	(2)	-	24	25
C Sulzbacher	92	3	(4)	1	92	92
A Albert	613	22	(9)	8	634	613
J Chatt Lectureship	58	2	(2)	1	59	58
G Wilkinson Lectureship	77	3	(2)	1	79	77
Colman-Porter Fund	336	12	(12)	4	340	336
Memorial Fund	115	4	(5)	2	116	115

## 27 Trust and lecture funds (continued)

	2015				2014	
	Opening	Income	Expenditure	Accumulated	Closing	Closing
	balance			investment	balance	balance
	£000	£000	£000	movement	£000	£000
Bill Carruthers Lectureship	22	1	-	-	23	22
Brian Scarlett Memorial Fund	2	-	-	-	2	2
Lord Lewis Award	13	-	(1)	-	12	13
Charles Rees Award	102	4	-	1	107	102
Harry Shalgosky Bequest	35	1	(2)	-	34	35
	9,803	356	(368)	131	9,922	9,803
<b>Represented by:</b>						
Investments					8,229	8,098
Balance at banks (inc. deposits)					18	25
Funds invested by RSC on behalf of trust funds					1,644	1,611
Accrued income					69	77
					9,960	9,811
Less: sundry creditors					(14)	(3)
Accrued expenses					(24)	(5)
Value of funds reflecting investments at market value					9,922	9,803

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

### A Albert

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

### Centenary Fund

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

### Colman–Porter Fund

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

### Corday Morgan Memorial Fund

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

### J O Cutter

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

### Hickinbottom Fund

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

### Research Fund

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

# 28 Consolidated statement of financial activities for year ended 31 December 2014

	Unrestricted funds		Restricted funds	Restated
	General	Designated		2014 Total
	funds	funds		
	£000	£000	£000	£000
<b>Income and endowments from:</b>				
Donations and legacies	126	29	82	237
Other trading activities	493	-	-	493
Investment income	2,231	15	894	3,140
<b>Charitable activities</b>				
Membership	3,548	64	-	3,612
Chemistry World	1,072	-	-	1,072
Scientific conferences and events	470	855	70	1,395
Education and professional practice	42	-	463	505
Publishing	40,409	-	327	40,736
Advocacy and awareness	900	-	-	900
Other income	1	-	-	1
<b>Total income and endowments</b>	<b>49,292</b>	<b>963</b>	<b>1,836</b>	<b>52,091</b>
<b>Expenditure on:</b>				
<b>Raising funds</b>				
Donations and legacies	434	-	2	436
Other trading activities	445	-	-	445
Investment management costs	47	-	24	71
<b>Charitable activities</b>				
Membership	3,980	-	478	4,458
Chemistry World	2,091	-	-	2,091
Scientific conferences and events	3,355	1,231	61	4,647
Education and professional practice	4,813	-	369	5,182
Publishing	33,370	-	328	33,698
Advocacy and awareness	4,806	-	-	4,806
<b>Total expenditure</b>	<b>53,341</b>	<b>1,231</b>	<b>1,262</b>	<b>55,834</b>
Gains on investment assets	4,819	-	940	5,759
Net income/(expenditure)	770	(268)	1,514	2,016
Transfer between funds	(284)	284	-	-
<b>Net group income/(expenditure) before other recognised gains and losses</b>	<b>486</b>	<b>16</b>	<b>1,514</b>	<b>2,016</b>
Remeasurement on Defined Benefit Pension scheme	(22,677)	-	-	(22,677)
<b>Net movement in funds</b>	<b>(22,191)</b>	<b>16</b>	<b>1,514</b>	<b>(20,661)</b>
<b>Reconciliation of funds</b>				
Fund balances brought forward	73,043	1,952	22,641	97,636
<b>Fund balances carried forward</b>	<b>50,852</b>	<b>1,968</b>	<b>24,155</b>	<b>76,975</b>

In accordance with SORP FRS 102, paragraph 4.2, prior year comparatives are presented for the separate classes of funds.

## 29 Transition to FRS 102 and the Charities SORP FRS 102

The company has adopted FRS 102 and the Charities SORP FRS 102 for the year ended 2015 and has restated the comparative prior year amounts.

The impact from the transition is as follows:

### Reconciliation of funds

#### Group

		At 1 Jan 2014	At 31 Dec 2014
		£000	£000
	Note		
<i>Changes for FRS 102 adoption:</i>			
Fund balances (as previously stated)		97,014	77,677
Recognition of derivative financial instruments	(i)	738	(754)
Holiday pay accrual	(ii)	(158)	(201)
<i>Correction of prior period errors:</i>			
Friends of the RSC, Inc. fund balance	(vi)	42	40
Accruals adjustment	(vii)	-	213
<b>Fund balances (as restated)</b>		<b>97,636</b>	<b>76,975</b>

#### Society

		At 1 Jan 2014	At 31 Dec 2014
		£000	£000
	Note		
Fund balances (as previously stated)		100,591	81,478
Recognition of derivative financial instruments	(i)	738	(754)
Holiday pay accrual	(ii)	(158)	(201)
<i>Correction of prior period errors:</i>			
Accruals adjustment	(vii)	-	213
<b>Fund balances (as restated)</b>		<b>101,171</b>	<b>80,736</b>

### Reconciliation of net income or expenditure for the year

#### Group

			At 31 Dec 2014
			£000
	Note		
<i>Changes for FRS 102 adoption:</i>			
Expenditure for the year (as previously stated)			(1,262)
Recognition of derivative financial instruments	(i)		(1,492)
Holiday pay accrual	(ii)		(43)
Defined benefit pension scheme—interest cost	(iii)		(1,157)
Investment gains	(iv)		5,759
<i>Correction of prior period errors:</i>			
Friends of the RSC, Inc., loss for the year	(vi)		(2)
Accruals adjustment	(vii)		213
<b>Income for the year (as restated)</b>			<b>2,016</b>

#### Society

			At 31 Dec 2014
			£000
	Note		
Expenditure for the year (as previously stated)			(1,038)
Recognition of derivative financial instruments	(i)		(1,492)
Holiday pay accrual	(ii)		(43)
Defined benefit pension scheme—interest cost	(iii)		(1,157)
Investment gains	(iv)		5,759
<i>Correction of prior period errors:</i>			
Accruals adjustment	(vii)		213
<b>Income for the year (as restated)</b>			<b>2,242</b>

(i) Foreign exchange forward contracts are now recognised at fair value at the end of the year with changes in fair value recognised in profit or loss. Previously foreign exchange contracts were not recognised in the statement of financial position. Consequently financial assets of £738k have been recognised in the opening balance sheet at 1 January 2014. Financial liabilities of £754k have been recognised in the balance sheet as at 31 December 2014. The effect for the year ended 31 December 2014 is to increase the deficit by £1.5m. This has been offset against the previously recognised foreign exchange gains in incoming resources and the net loss is recognised in expenditure.

(ii) Under previous UK GAAP, there was no accrual for holiday pay that was earned but the holiday entitlement was expected to be taken in the subsequent financial year. Under FRS 102, an accrual is required for all short-term compensated absences as holiday entitlement earned but not taken at the date of the balance sheet. Consequently an additional accrual of £158k at 1 January 2014 has been made to reflect this. The additional provision at 31 December 2014 is £201k and the effect on the loss for the year ended 31 December 2014 is an additional expense of £43k.

(iii) Under previous UK GAAP the Group recognised an expected return on defined benefit plan assets in the SoFA. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in the SoFA. There has been no change in the defined benefit liability at either 1 January 2014 or 31 December 2014. The effect of the change has been to reduce the credit to the SoFA in the year to 31 December 2014 by £1,157k and increase the credit in other recognised gains and losses by an equivalent amount.

(iv) Under the new 2015 SORP investment gains and losses, whether realised or unrealised, are combined and shown in the SoFA before net income/expenditure rather than after.

(vi) Friends of the RSC, Inc. is registered in the U.S. and is not a wholly owned subsidiary of the RSC but the Society is deemed to have significant control of the entity and as such the company has been included in the consolidated financial statements for 2015. As a result the prior year comparatives have been adjusted to include the fund balances of the entity and its operating loss in 2014.

(vii) Following a review of transactions in the year, £213k of accruals were identified, which should have been released in 2014. Although the amount is immaterial to the financial statements as a whole, the adjustment has been put through the accounts as 2014 is being restated for the FRS 102 transition.

#### **Other adjustments arising on transition to FRS 102**

In addition to the transition adjustments identified above, which affect the loss for the financial year, the following adjustments have arisen, which have had no effect on funds or the SoFA, but which have affected the presentation of these items on the balance sheet. The main items are:

Website development costs, with a net book value of £1,331k at 1 January 2014, have been reclassified from tangible to intangible assets as required under FRS 102. This has no effect on the Group's net assets nor on the surplus for the year, except that the previous depreciation charge is now described as amortisation. The amount reclassified at 31 December 2014 was £1,452k.

Restricted grant income (shown in Note 22), with a carrying value in restricted funds of £2,700k as at 31 December 2013, has been reviewed and £2,387k of historic income has been identified as unrestricted and transferred to general funds. During this review, an additional £40k of restricted income and £177k of restricted expenditure were identified in 2014 and the SoFA has been restated accordingly.



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