

**Royal Society of Chemistry**

**TRUSTEES' REPORT  
and Financial Statements 2008**

**Registered Charity Number: 207890**



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## REFERENCE AND ADMINISTRATIVE DETAILS

### Charity Number

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

### Senior Management Team (SMT) at 31 December 2008

Chief Executive and Registrar  
Dr Richard Pike CSci FRSC

Managing Director, Publishing  
Dr Robert Parker CSci CChem FRSC

Finance Director  
Mr Wynne Beaumont ACMA

Director, Communication and Member Services  
Dr Neville Reed CSci CChem FRSC

Director, Science and Technology  
Professor Rodney Townsend CSci CChem FRSC

Director, Human Resources and Organisational Development  
Jacqueline Mitchell Chartered FCIPD

## **AUDITORS, BANKERS AND OTHER PROFESSIONAL ADVISERS**

### Registered Auditors

PricewaterhouseCoopers LLP  
Abacus House  
Castle Park  
Cambridge  
CB3 0AN

### Bankers

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

### Investment Managers

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

### Investment Advisors

HSBC Actuaries and  
Consultants Limited  
36 Ridgemont Road  
St Albans  
AL1 3AB

### Legal Advisers

#### Charity Matters:

Bristows  
3 Lincoln's Inn Fields  
London  
WC2A 3AA

#### Commercial Matters:

Hewitsons  
Shakespeare House  
42 Newmarket Road  
Cambridge  
CB5 8EP

### Principal Office

Royal Society of Chemistry  
Burlington House  
Piccadilly  
London  
W1J 0BA

## TRUSTEES' REPORT

The Trustees' present their report and financial statements for the year ended 31 December 2008. Pages 2 to 3 and 15 to 18 also form part of the Trustees' Report.

### Structure, Governance and Management

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

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

The Council comprises:

#### Elected members

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

#### Appointed members

The Chairs of 6 boards now serve as appointed members of Council [see page 15] and the number of Council members has remained at 17. These boards are in addition to the Investment Committee and Finance Committee which are both chaired by the Honorary Treasurer.

Any member of the RSC may stand for election as an Ordinary Member of Council; any Fellow may stand for election as President or Honorary Treasurer. All members are eligible to nominate candidates and to vote in elections. Council itself may also make nominations. Voting is by post or by electronic voting under the auspices of the Electoral Reform Society. Election of Elected Members normally takes place every two years (the next being for Elected Members to take office after the 2009 AGM).

All members of Council are provided with a comprehensive set of "Notes for Council Members" and are expected to attend induction training covering generic requirements of Trustees, the RSC's system of governance and finance, and its strategic plan. Trustees are offered access to external training.

An organisational chart for the RSC is shown on page 17.

Strategic planning and policies of the RSC are developed by the RSC's various governance bodies with the support of staff and approved by the Council, who then delegate day to day management and implementation of the strategy through the Chief Executive to the staff. Staff then report via the appropriate governance bodies as detailed in the chart on page 17, who in turn will report back to the Council on progress and achievement against the RSC strategy.

#### Trustees

The Trustees of the RSC are the members of its Council.

A list of Council members current at 31 December 2008 appears on page 15.

All members of Council and its boards and committees give of their time voluntarily to the RSC. In addition to an amount of £92K (2007: £38K), (K = £1,000), that was reimbursed to Trustees in respect of travel to meetings and related expenses in 2008, an amount of £1K was paid to one member of Council in respect of a royalty payment for contributions to the

## TRUSTEES' REPORT

RSC's publications. All these payments were appropriately authorised and transacted under normal terms.

### Subsidiary Companies

The RSC has two wholly owned UK registered subsidiaries, Chemistry Limited and RSC Worldwide Limited. The profit on ordinary activities before taxation for Chemistry Limited was £nil (2007: £18,339K). RSC Worldwide Limited commenced trading on 19 September 2008. During 2008 the RSC sold 33 shares of the total shareholding of 100 shares in Chemistry Innovation Limited to the Institute of Chemical Engineers for a consideration of £33. The RSC has retained the remaining 67 shares. The profit on ordinary activities before taxation was £20,312K (2007: £5,427K). The minority interest is disclosed in note 16 of the financial statements.

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

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

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

### Consolidation

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

The minority interest in Chemistry Innovation Limited has not been recognised separately in the financial statements on the grounds of materiality, however is shown in note 16 of the financial statements.

### Connected Charities

The RSC jointly administers the Sir George Beilby Memorial Fund. An annual prize of £1,000 is awarded and sustained by a Trust Fund commemorating Sir George Beilby FRS, President of SCI (1898-99), the Institute of Chemistry (1909-12) and the Institute of Metals (1916-1918) and founding Chairman of the Fuel Research Board. The award is administered in rotation by the RSC, the Institute of Materials, Minerals and Mining and the Society of Chemical Industry. The award is to recognise 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.

### Risks

Detailed consideration and mitigation of risk is the responsibility of the Audit Committee as part of this process the RSC operates a detailed Risk Register of the significant risks to which the RSC is exposed. This Risk Register is reviewed and amended at least once a year by the Audit Committee, the most recent update was approved by Council on 11 December 2008.

## TRUSTEES' REPORT

The key controls used by the RSC to mitigate risk include, formal agendas for all Committee and Board activity, detailed terms of reference for all Committees, comprehensive strategic planning, budgeting and management accounting, established organisational structure and lines of reporting and clear authorisation levels. Internal review of risk profiles allows for risks due to economic conditions to be mitigated.

The RSC has two locations in the UK and has put in place the infrastructure necessary to keep essential operations functioning from either location. Additionally, as part of a programme of risk mitigation, a detailed Business Continuity Plan is in place and is regularly revised. In addition, the RSC maintains insurance against probable identifiable losses of business and assets, Trustee Indemnity insurance is also included. All cover is reviewed annually using independent advisers.

The RSC performs an annual review of fixed assets to ensure the net book value of these assets does not exceed the recoverable amount of the fixed asset. No such excess valuation was identified in 2008 and therefore a more detailed impairment review was not required.

The RSC, where appropriate, will use forward exchange contracts to manage the exposure to currency exchange risk. Forward exchange contracts to the value of US \$6M (M=£1,000,000), (2007:\$12M), were entered into during the year ended 31 December 2008. Given the level of sales in US\$ entering into forward placing deals not only secures the value of \$ income but enables the RSC to share in any upside in currency movements.

As a large proportion of income is paid in advance this eliminates some of the credit risk for the RSC, although an element of risk still remains this is mitigated by robust credit control procedures.

Significant levels of cash, near cash holdings, no long term loans, regular cash flow forecasting and cash control with the Finance Department ensure there is very limited exposure to liquidity risk.

### **Objectives & Activity**

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

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

The Trustees are satisfied the activities of the RSC provides public benefit by advancing the chemical sciences through policy making including informing public debate, dissemination of knowledge through publishing, conferencing and networking, supporting the education of current and future chemical scientists, and regulation of chemical scientists to ensure high professional standards.

## TRUSTEES' REPORT

### **Achievements and performance**

Key Performance Indicators (KPIs) facilitate monitoring and achievement against the agreed RSC strategy. The categories of Charitable Activities and the cost of generating voluntary income as detailed in the Statement of Financial Activities (SOFA) are noted below.

*Membership [M]*

*House Journal [HJ]*

*Conferences [C]*

*Qualifications and Education [QE]*

*Publishing [P]*

*Library [L]*

*Scientific Affairs [SA]*

*International Development [ID]*

*Cost of Generating Voluntary Income [CGVI]*

### **RSC Vision**

Our vision is that the RSC will be the most effective international organisation for the advancement of the chemical sciences.

### **The RSC's Strategic Themes**

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

The 2007 Trustees Report contained the plans for 2008, with tremendous progress being made against almost all the objectives. Performance is monitored internally by an extensive set of management Key Performance Indicators [KPIs]. During 2008 a set of top level were developed and these will be trialled during 2009.

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

#### **Increase our influence in key decision making bodies[SA, QE, M]**

Within the UK, the RSC made significant steps in engaging politicians and civil servants in the areas of science and education. For the first time, the Chief Executive of the Engineering and Physical Sciences Research Council (EPSRC), David Delpy, attended a Council meeting, held in Burlington House in October, to discuss national research strategy in chemistry.

Strong links were developed with the Department for Business, Enterprise and Regulatory Reform (BERR), and the Department for Industry, Universities and Skills (DIUS), and related entities such as the Technology Strategy Board (TSB). Further government funding of £5M (2009-12) was agreed for the Chemistry Innovation Knowledge Transfer Network (CIKTN), where RSC has the majority shareholding.

Altogether the RSC provided 23 consultation responses, drawing upon the expertise in the RSC's Divisions and Fora, to a range of governmental departments and agencies, focusing particularly on water, energy and transportation. Our engagement was supported through a wide range of membership of committees in this sector, and collaboration with other learned societies.

## TRUSTEES' REPORT

### Broaden and support our science base within industry, academia and other key parts of society [SA, C, ID, CGVI]

The major activity of the year was in progressing the Chemistry Roadmap project, which involved 150 international experts including Nobel Prize winners, in identifying seven key areas for future investigation. The activity incorporated seven workshops and three on-line consulting activities, with over 2,000 contributions. When completed, this roadmap will help drive policy, scientific events, publishing and education activities, as well as priorities in our collaboration and engagement with other bodies.

Over a thousand events were run during the year at the local, national and international levels covering our 83 scientific interest groups, and educational, membership and regional groupings and our Local Sections.

### Foster the study and teaching of the chemical sciences[QE]

In the summer the Five-Decade Challenge was launched. In this competition, over 1,300 16 year-olds from 331 schools took a 'mock examination' of largely numerically-based chemistry questions drawn from Ordinary Level (O-Level) and GCSE papers over the period 1965-2005. The results showed that even modern chemistry questions involving simple calculations pose great difficulty, and that the multi-step problems most prevalent some decades ago present a significant hurdle for many.

Altogether 45 courses were run representing 1,850 training days for 845 teachers.

The RSC has continued to manage the Chemistry for Our Future (CFOF) project secured a further £1.65M, making £5.25M in all from the Higher Education Council for England (HEFCE), enabling the project to continue until the planned completion of the pilot phase in July 2009. Additionally, £181K was awarded by the Higher Education Funding Council for Wales (HEFCW) to extend a CFOF initiative for Wales.

The entry of students into courses for the chemical sciences rose to 4,004 for the academic year beginning October 2008, representing a year-on-year increase of *ca* 4.4%. This is the 5th consecutive annual increase, and is considered to reflect the wish of students to obtain a widely-recognised degree, which will provide career opportunities both within and outside the scientific professions.

The RSC published revised criteria for the accreditation of degree courses that makes better use of accepted reference points (such as benchmarks and frameworks), and allows extension to the accreditation of stand-alone Masters programmes, such as Master of Science (MSc) and Master of Research (MRes).

### Enhance the benefits of membership [M]

In supporting the development of members, we launched our One to One service, and ran 34 days of careers surgeries, as well as running a total of twelve articles in RSC News and Chemistry World on the way the Society promotes member activities. In total, there were over 1000 member contacts in connection with careers and employment advice.

Membership reached 46,613 by the end of 2008 (44,061 in 2007), and by the same time those within ChemNet, which targets secondary school pupils, had reached 4,503 (2000 in 2007). Linked to this initiative, RSC Younger Members visited more than 120 schools to promote chemistry and careers that lead from this. Our Meet the Universities Exhibition increased in size with nearly 20 universities and 150 prospective students taking part.

## TRUSTEES' REPORT

Work commenced in establishing 'The Chemistry Centre' to provide facilities for events and other member services in Burlington House, through a £2.8 million capital project.

Through new collaboration arrangements with Chemical Industry and Engineering Society of China (CIESC) and EuCheMS, the RSC made available or advertised many electronic-based services on its own web-site to a wider community worldwide of approximately 350,000 chemical scientists.

### Promote professional qualifications and ethical conduct [QE]

The RSC continued to promote its flagship designation Chartered Chemist (CChem), which is awarded to those meeting a combination of academic and experience-based requirements. During the year we undertook a review of the demand for this designation among employers and applicants, and subsequently initiated a new promotional campaign.

### Enhance our publishing activities [P, HJ, L]

As a result of significant activity in commissioning, the business published 7,000 articles in 2008, which was the largest ever for RSC journals. Submissions and acceptances increased by 33% and 29%, respectively, during the year. Consequently, in 2009 it is planned to increase the frequency of three journals: *Natural Products Reports (NPR)* from 6 to 12 issues, *Lab on a Chip (LOC)* from 12 to 24 and *Soft Matter from 12 to 24*. Also, *Faraday Discussions* will increase from three to four issues. Launch plans are already in place for two new journals, *Integrative Biology and Metallomics*.

Our journals showed an impressive performance in rankings based on Impact Factors. RSC ratings increased on average from 3.68 to 3.84; whilst the total sector (made up of 450 chemistry journals) increased from 1.26 to 1.35. Particularly pleasing performances came from *ChemComm*, which went over the psychological threshold of 5.00 and from our newer journals, *Soft Matter* (4.70) and *Molecular BioSystems* (4.12)

In terms of electronic access, 11 million full-text downloads were recorded up to year-end, representing an increase of 53% over the previous year. This approximately doubles the number from 2006.

RSC established a growth plan for book publishing and successfully delivered commercial and editorial success in the market place.

### Improve our channels of communication [M, HJ]

The RSC web site has shown consistent annual growth in page impressions, which increased by 33% during the year.

We have had a strong year in terms of public events and media coverage with 87% increase during the year.

The General Assembly held in November was a great success, with the formal dinner becoming the focus for the awards ceremony which recognises achievement in the chemical sciences.

### Pursue activities in partnership with other organisations [M, SA, ID]

The RSC continued to progress its links with external corporate bodies to deliver mutually beneficial objectives in science and education. This included collaboration with the Wolfson Foundation; Syngenta, Reckitt Benckiser, Shire, Pfizer, Ineos and Shell. In the last and most recent of these, there was the inaugural invitation-only 'Castle Conversation' Shell

## TRUSTEES' REPORT

Conference in Sussex. In December we were delighted to welcome AstraZeneca as a corporate partner.

In Africa, the Pan-Africa Chemistry Network (PACN) was launched locally at the Kenya Hub based at the University of Nairobi, This was followed by a very successful Biodiversity Conference in Nairobi later in the year, and launch of the Ethiopia Hub at the University of Addis Ababa.

### Improve our governance, structure and financial planning

Throughout the year, formal monitoring, control and reporting were enhanced by having a more structured link between strategy, objectives, time-based KPI's and financial management. This was accompanied by the development of a 5-year investment plan, including reserves strategy, which sets a financial hierarchy of priorities to meet longer-term objectives.

Senior staff and Trustees held an away-day in the latter part of the year to review and to derive a revised strategy document that was both concise and clear in guiding the overall activities of the RSC over the next 5~10 years.

A revised set of top level KPI's were developed for the organisation and these will be trialled in 2009.

### Invest in our staff and support our volunteers [M]

Trustee training sessions were held to support the way in which our volunteers provide governance to the organisation.

Numerous workshops were attended by staff to consolidate shared values and revised core competencies, as a fundamental basis for delivering the new RSC strategy.

A Staff Engagement Survey was undertaken in September 2008, which, by usual business standards, had a very high participation rate of 85% of staff completing the survey.

## Financial review

### Audited Financial Statements

On pages 21 to 52 we show the final audited Financial Statements for the year ended 31 December 2008. We confirm that the Financial Statements comply with current statutory requirements and meet the requirements of the RSC's Charter. As indicated above, the Financial Statements include all the entities covered by the RSC's charity registration number, including the subsidiary companies, Chemistry Limited, Chemistry Innovation Limited and RSC Worldwide Limited.

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

Despite the economic conditions in 2008 the RSC reported a total surplus before losses on investments of £7,322K (2007: £8,285K). However, the loss on investments was £11,985K which represents 20% of the value of the portfolio at the beginning of the year, in contrast to the gain of £33K in 2007 representing 0.5% of the portfolio valuation at the beginning of 2007. The RSC Investment Committee monitor the effect of the economic downturn as part of their strategy of management of the reserves and during 2008 appointed HSBC as investment advisers to assist with the implementation of the new investment strategy approved by the RSC Council in 2008.

## TRUSTEES' REPORT

Net movement in funds for the year includes a decrease of £8,527K resulting from actuarial losses on the Defined Benefits Pension Scheme, contrasting with an actuarial gain of £4,276K in 2007.

The actuarial loss on the Defined Benefit Pension Scheme represents differences between actuarial assumptions and actual performance of Pension Scheme assets and liabilities, and also changes in actuarial assumptions.

The Balance Sheet reserves and funds, including General Funds, reduced from £71,585K on 1 January 2008 to £58,398K at 31 December 2008, the main reason for this was the unrealised losses on the investment portfolio caused by the economic downturn.

The details below summarise the key activities that have been undertaken under the relevant charitable activities as noted in the Statement of Financial Activities (SOFA).

### Membership

Membership growth and retention levels increased in 2008, although the mix of membership levels has caused revenue to decrease slightly to £3,094K from £3,114K in 2007. Expenditure increased from £2,803K in 2007 to £3,036K in 2008 due to the increased membership levels and initiatives to increase the number of student members.

### House Journal

Revenue fell from £1,192K in 2007 to £1,103K in 2008. This was due to advertising revenue being lower than in 2007 as revenue from direct mail advertising decreased because of a reduction in recruitment advertising caused by reducing staffing levels within the sector. The expenditure increased from £1,435K in 2007 to £1,767K in 2008 due to expenses incurred from growing the magazine and improving visibility to the chemistry community.

### Conferences

A high quality programme of conferences was delivered which continued to expand the RSC coverage of the chemical sciences. Overall revenue decreased from £1,131K in 2007 to £798K in 2008 due to the conference activity being lower in 2008 than in 2007. The expenditure fell from £2,183K in 2007 to £1,742K which was mainly due to the lower conference activity by the RSC and the Interest Groups during the year.

### Qualifications and Education

Income decreased from £5,056K in 2007 to £4,216K in 2008 due to higher levels of fundraising pledges being received in 2007. Income from fundraising activities was £497K in 2008 compared to £2,676K in 2007, the 2007 figure was unusually large due to the revenue recognition procedures for pledges of fundraising set out in the SORP.

The revenue for the Chemistry For Our Future (CFOF) project was £2,704K for 2008 compared to £1,614K in 2007 and the revenue for the Chemistry for Non-Specialists project increased to £598K in 2008 from £345K in 2007, which was due to increased activity on the projects in 2008.

### Publishing

Despite the economic downturn, 2008 saw an excellent performance from the RSC Publishing activities. In 2008 overall revenue increased to £23,972K from £22,704K in 2007. Overall Publishing expenditure increased from £12,801K in 2007 to £14,094K in 2008, due to the largest ever number of articles being published in RSC Journals during 2008.

## TRUSTEES' REPORT

### Library

Expenditure in 2008 increased to £1,077K from £976K in 2007 as the transformation of the Library and Information Centre into the Chemistry Centre began. The RSC has received a pledge of £1M from The Wolfson Foundation towards the costs of the works.

### Scientific Affairs

Expenditure on Scientific Affairs was £4,092 which was slightly less than the 2007 figure of £4,104K, revenue decreased slightly from £2,151K in 2007 to £2,149K.

Scientific Affairs income and expenditure included supporting innovation in chemistry through facilitating knowledge transfer, this was delivered by the RSC's subsidiary Chemistry Innovation Limited. This expenditure was matched by income from the UK Government's Technology Strategy Board.

### Pensions

The RSC operates a Defined Benefit Pension Scheme for employees who joined by December 2002. Subsequent employees are entitled to join a Defined Contribution Scheme.

The FRS17 valuation deficit on the Defined Benefit Pension Scheme amounted to £7,436K at the end of 2008 (2007: £3,448K).

The results of the latest triennial valuation of the pension scheme were received in 2008, this highlighted a deficit of £7,200K, although this has reduced from the 2005 deficit figure of £18,900K, the RSC is working with the pension trustees on a recovery plan.

### Investments

Responsibility for investment policy resides with the Investment Committee, which reports to Council. While Schroder Investment Management (UK) Ltd has discretionary authority to manage the funds, the Investment Committee decides on the ranges on investments within which Schroders exercise this discretion.

The Fixed Asset Investments of the General, Restricted and Designated Funds are combined for investment purposes in order to obtain lower management fees.

A composite benchmark has been set and the investment objective of the portfolio is to outperform the benchmark over five year rolling periods. In 2008, the chosen benchmark produced a loss of (19.4%). The actual losses and investment income gave overall performance of the portfolio of a loss of (15.4%).

The value of the portfolio reduced from £59,328K in 2007 to £47,432K in 2008 this was as a result of the economic downturn and a high proportion of the portfolio being held in equities. A new investment strategy received Council approval in 2008. During the year HSBC were appointed as advisers to the Investment Committee to assist with the implementation of the strategy.

Investment income increased from £2,721K in 2007 to £3,233K in 2008 due to increased dividend income in the early part of the year.

## TRUSTEES' REPORT

### Reserves Policy

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

During 2008 a new investment strategy was approved by Council, the primary aim of the strategy is to ensure the financial security of the RSC and this was quantified as having sufficient reserves available to generate a return of £3,000K per annum by 2013 to be achieved by a move into corporate bonds. £3,000K is viewed as the amount of funding required to continue to meet the charitable activities of the RSC if the Publishing activities no longer achieve the current revenue levels.

The Benevolent Fund and Trust Funds strategy has been defined as such that the level of reserves are capable of generating income to meet current and future expenditure levels, currently set at £300K and £200K respectively.

The Designated Funds relate to branches of the RSC and include the RSC Local Sections, Regions and Interest Groups. The balance of these funds is £1,750K (2007:£1,622K). Each of the branches has a committee which meets during the year to discuss ideas and initiatives.

### Grants

The value of grants made by the RSC is not material in relation to the total expenditure and therefore no analysis of grants is made.

### Plans for future periods

From 2009 the RSC has revised its strategy and priorities.

The revised vision is:

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

The 6 key priorities are:

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

Pursuing opportunity for growth through collaboration, partnership and acquisition.

Achieving high impact publishing through sustainability and growth.

Ensuring people are equipped to practise chemistry competently.

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

Setting the scientific agenda and directions for business, academia and policy makers.

## TRUSTEES' REPORT

### Responsibilities of the Trustees

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

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

The law applicable to charities in England & Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing those financial statements, the trustees are required to:

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

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 1993, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Royal Charter. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

On behalf of the Trustees

Professor C. David Garner  
President

Approved by Council: 7 May 2009

# COUNCIL OF THE ROYAL SOCIETY OF CHEMISTRY

## **Patron**

Her Majesty The Queen

## **Honorary Officers**

### ***President***

Professor C Dave Garner  
BSc PhD CChem FRSC FRS

### ***Immediate Past President***

Professor W Jim Feast  
CBE BSc PhD CChem FRSC FRS

### ***Honorary Treasurer***

Dr Elliot G Finer  
BA MSc CChem FRSC

## **Appointed Members**

Mr John R Dolman CSci CChem FRSC  
Chair, Qualifications and Professional Practice Board

Dr I. Philip Evans OBE MA DIC CChem FRSC  
Chair, Education Policy Board

Professor Paul O'Brien BSc PhD DSc CChem FRSC  
Chair, External Relations Board (appointed 9 July 2008)

Professor C Dave Garner BSc PhD CChem FRSC FRS  
Chair, External Relations Board (until 9 July 2008)

Professor W Graham Richards CBE MA DPhil DSc CChem FRSC  
Chair, Publishing Board (appointed 9 July 2008)

Professor Jim N Miller MA PhD CChem FRSC  
Chair, Publishing Board (resigned 9 July 2008)

Professor Mike Green BSc PhD CChem FRSC  
Chair, Membership Affairs Board (appointed 6 March 2008)

Professor Lesley Yellowlees MBE BSc PhD FRSC  
Chair, Science Policy Board

## **Ordinary Members**

Professor Pierre Braunstein PhD CChem FRSC

Dr John D Green BSc CChem FRSC

Professor Ray C F Jones MA PhD CSci CChem FRSC

Dr John N Macdonald BSc MRSC

Dr Peter J Machin BSc CChem FRSC

Professor Carole C Perry MA DPhil CChem FRSC

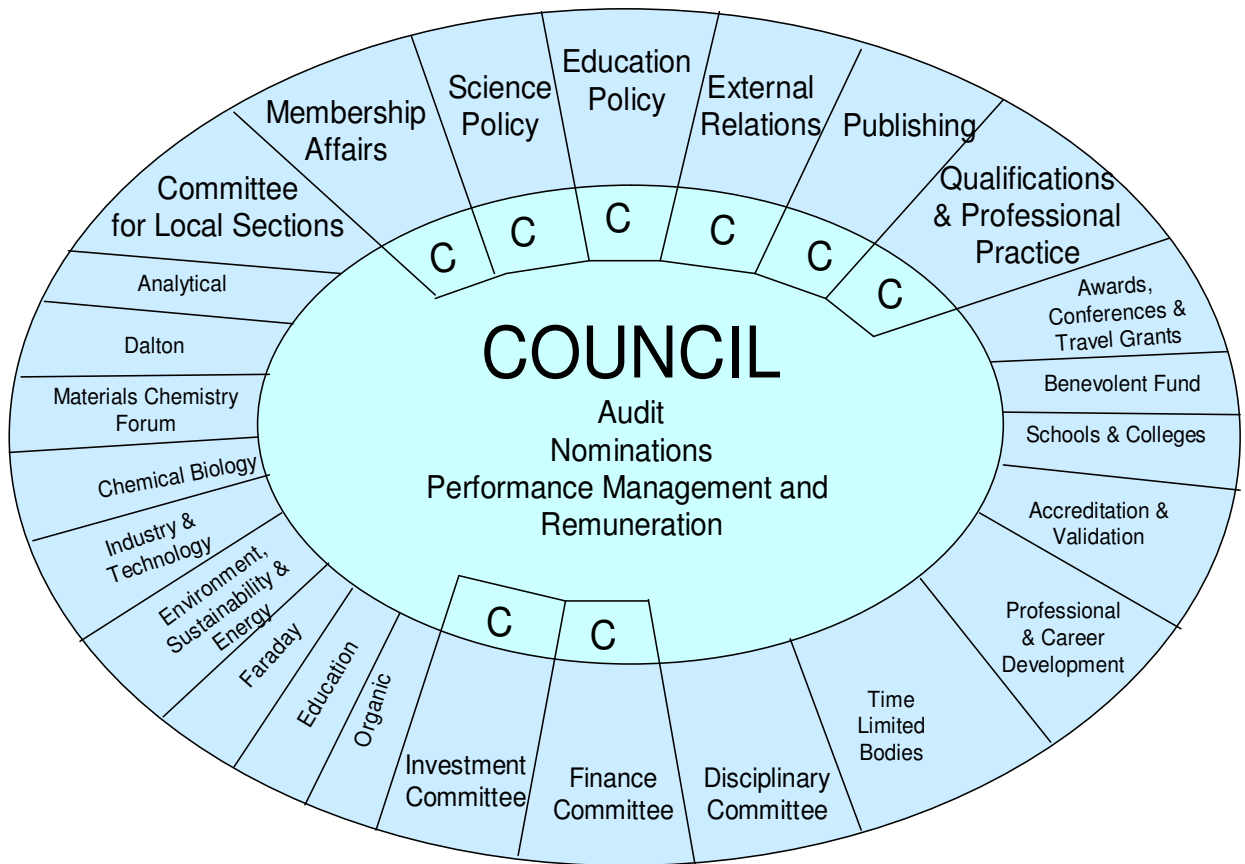
Dr David W Prest BSc CChem FRSC

## **TRUSTEES' REPORT**

Professor Peter B Stockwell BSc EurChem CChem FRSC

Professor W Graham Richards CBE MA DPhil DSc CChem FRSC

**COUNCIL COMMITTEES AND BOARDS  
AT 31 DECEMBER 2008**



*C=Chaired by a Member of Council*

## STAFF

The RSC headcount at year end for 2008 was 365 people (2007: 327), of which 349 (2007: 297) were employees, the rest being temporary staff employed through Agencies or contractors. There were 47 (2007: 42) staff working part time at the end of the year.

Staff turnover during the year averaged 10.34%, a decrease from 12.7% in 2007.

Two members of staff retired during 2008.

	No. of Years Worked at the Society	
Ken Wilkinson	31	Serials Production
Janet Bingham	24	Editorial

Regrettably, it was necessary to make one member of staff redundant during the year.

Changes occurring at senior staff level included the recruitment of Wynne Beaumont as Finance Director; he had been temporarily covering this role. Jacqueline Mitchell was promoted to Director, Human Resources and Organisational Development. The departments of Education and Science and Technology were largely merged into Science, Education and Skills, although Membership Qualifications activity moved into the Communications and Member Services Department.

# AUDITORS' REPORT

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

We have audited the group and parent charity financial statements ("the financial statements") of The Royal Society of Chemistry for the year ended 31 December 2008 which comprise the Consolidated and Charity Balance Sheets, the Consolidated Statement of Financial Activities, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### Respective responsibilities of trustees and auditors

The responsibilities of the trustees for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with the Charities (Accounts and Reports) Regulations 2005 ("the 2005 Regulations") made under part VI of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the charity's trustees as a body in accordance with paragraph 7(2) of the 2005 Regulations made under Part VI, Charities Act 1993 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the information given in the Trustees' Report is not consistent with the financial statements, if the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Trustees' Report and the Benevolent Fund Chairman's report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group and charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In

## AUDITORS' REPORT

forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent charity's affairs as at 31 December 2008 and of the group's incoming resources and application of resources, including the group's cash flows, for the year then ended; and
- the financial statements have been properly prepared in accordance with the Charities Act 1993.

*PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Cambridge*

**CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2008**

	<b>Note</b>	<b>2008</b> <b>£000</b>	<b>£000</b>	<b>2007</b> <b>£000</b>	<b>£000</b>
				(restated)	(restated)
<b>FIXED ASSETS</b>					
Tangible Assets	2	5,980		5,595	
Investments	3	<u>47,432</u>		<u>59,328</u>	
			53,412		64,923
<b>CURRENT ASSETS</b>					
Stock		276		252	
Debtors	4	5,549		4,707	
Cash at Bank and in Hand		<u>27,212</u>		<u>22,349</u>	
		<u>33,037</u>		<u>27,308</u>	
<b>CURRENT LIABILITIES</b>					
Creditors	5	5,312		3,383	
Deferred Income					
Journal and Membership					
Subscriptions		<u>15,303</u>		<u>13,815</u>	
		<u>20,615</u>		<u>17,198</u>	
<b>NET CURRENT ASSETS</b>			12,422		10,110
<b>TOTAL ASSETS LESS</b>					
<b>CURRENT LIABILITIES</b>			<u>65,834</u>		<u>75,033</u>
Net Assets before Pension					
Liability			65,834		75,033
Defined Benefit Pension					
Liability	7		<u>(7,436)</u>		<u>(3,448)</u>
<b>NET ASSETS AFTER</b>					
<b>PENSION LIABILITY</b>	8		<u>58,398</u>		<u>71,585</u>
<b>ACCUMULATED FUNDS</b>					
Unrestricted funds:					
General funds		44,977		53,471	
Funds Retained within Non -					
charitable Subsidiaries	15,16,17	27		7	
Pension Reserve	7	<u>(7,436)</u>		<u>(3,448)</u>	
			37,568		50,030
Designated Funds	1x)		1,750		1,622
Restricted Funds	9		<u>19,080</u>		<u>19,933</u>
			<u>58,398</u>		<u>71,585</u>

Approved by Council on 7 May 2009

Professor C. David Garner, President

The notes on pages 25-51 form an integral part of the Financial Statements

The 2007 figures have been restated as disclosed in note 5 of the Financial Statements.

**ROYAL SOCIETY OF CHEMISTRY BALANCE SHEET AS AT 31 DECEMBER 2008**

	<b>Note</b>	<b>2008</b> <b>£000</b>	<b>£000</b>	<b>2007</b> <b>£000</b>	<b>£000</b>
				(restated)	(restated)
<b>FIXED ASSETS</b>					
Tangible Assets	2	5,980		5,595	
Investments	3	<u>47,432</u>		<u>59,328</u>	
			53,412		64,923
<b>CURRENT ASSETS</b>					
Stock		276		252	
Debtors	4	5,121		4,076	
Deposits, Short-term					
Cash at Bank and in Hand		<u>25,132</u>		<u>22,267</u>	
		<u>30,529</u>		<u>26,595</u>	
<b>CURRENT LIABILITIES</b>					
Creditors	5	2,831		2,677	
Deferred Income					
Journal and Membership					
Subscriptions		<u>15,303</u>		<u>13,815</u>	
		<u>18,134</u>		<u>16,492</u>	
<b>NET CURRENT ASSETS</b>			12,395		10,103
<b>TOTAL ASSETS LESS</b>					
<b>CURRENT LIABILITIES</b>			<u>65,807</u>		<u>75,026</u>
<b>Net Assets before Pension</b>					
Liability			65,807		75,026
Defined Benefit Pension					
Liability	7		<u>(7,436)</u>		<u>(3,448)</u>
<b>NET ASSETS AFTER</b>					
<b>PENSION LIABILITY</b>	8		<u>58,371</u>		<u>71,578</u>
<b>ACCUMULATED FUNDS</b>					
Unrestricted funds:					
General funds		44,977		53,471	
Pension Reserve	7	<u>(7,436)</u>		<u>(3,448)</u>	
			37,541		50,023
Designated Funds	1x)		1,750		1,622
Restricted Funds	9		<u>19,080</u>		<u>19,933</u>
			<u>58,371</u>		<u>71,578</u>

The notes on pages 25-51 form an integral part of the Financial Statements.

The 2007 figures have been restated as disclosed in note 5 of the Financial Statements.

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2008**

		Unrestricted Funds		2008	2007	
	Note	General Funds £000	Designated Funds £000	Restricted Funds £000	Total £000	Total £000
<b>Incoming Resources</b>						
<b>Incoming Resources from generated funds</b>						
Voluntary Income	11	502	-	709	1,211	199
Investment Income	10	2,463	47	723	3,233	2,721
<b>Incoming Resources from Charitable Activities</b>						
Membership		2,979	115	-	3,094	3,114
House Journal		1,103	-	-	1,103	1,192
Conferences		208	590	-	798	1,131
Qualifications and Education		71	-	4,145	4,216	5,056
Publishing		23,972	-	-	23,972	22,704
Library		8	-	-	8	19
Scientific Affairs		2,149	-	-	2,149	2,151
International Development		96	-	-	96	41
<b>Other Incoming Resources</b>		<u>277</u>	<u>60</u>	<u>-</u>	<u>337</u>	<u>311</u>
<b>Total Incoming Resources</b>		<u>33,828</u>	<u>812</u>	<u>5,577</u>	<u>40,217</u>	<u>38,639</u>
<b>Resources Expended</b>						
Costs of Generating Funds						
Cost of Generating Corporate Donations		35	-	-	35	-
Voluntary Income	12	84	-	-	84	192
Investment Management Costs	12	<u>59</u>	<u>-</u>	<u>19</u>	<u>78</u>	<u>92</u>
<b>Total Cost of Generating Funds</b>		<u>178</u>	<u>-</u>	<u>19</u>	<u>197</u>	<u>284</u>
Charitable Activities						
Membership		2,649	-	387	3,036	2,803
House Journal		1,767	-	-	1,767	1,435
Conferences		664	912	166	1,742	2,183
Qualifications and Education		2,895	-	2,821	5,716	4,856
Publishing		14,094	-	-	14,094	12,801
Library		1,077	-	-	1,077	976
Scientific Affairs		4,092	-	-	4,092	4,104
International Development		755	-	-	755	487
Governance Costs	14, 12c	338	-	5	343	122
Other Resources Expended	12	76	-	-	76	303
<b>Total Resources Expended</b>	12	<u>28,585</u>	<u>912</u>	<u>3,398</u>	<u>32,895</u>	<u>30,354</u>
<b>Net Incoming/(Outgoing) Resources before transfers</b>						
		5,243	(100)	2,179	7,322	8,285
Gross transfer between funds	1x)	<u>(228)</u>	<u>228</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net group incoming resources before recognised gains and losses</b>		<u>5,015</u>	<u>128</u>	<u>2,179</u>	<u>7,322</u>	<u>8,285</u>
(Losses)/gains on investment assets		(8,950)	-	(3,032)	(11,982)	(33)
Actuarial gains/(losses) on defined benefit pension scheme	7	<u>(8,527)</u>	<u>-</u>	<u>-</u>	<u>(8,527)</u>	<u>4,276</u>
<b>Net Movement in Funds</b>		<u>(12,462)</u>	<u>128</u>	<u>(853)</u>	<u>(13,187)</u>	<u>12,528</u>
<b>Reconciliation of Funds</b>						
Fund Balances brought forward at 1 January		<u>50,030</u>	<u>1,622</u>	<u>19,933</u>	<u>71,585</u>	<u>59,057</u>
Fund Balances carried forward at 31 December		<u>37,568</u>	<u>1,750</u>	<u>19,080</u>	<u>58,398</u>	<u>71,585</u>

The notes on pages 25-51 form an integral part of these Financial Statements. All activities in 2008 are continuing.

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008**

	<b>Note</b>	<b>2008 £000</b>		<b>2007 £000</b>
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>		2,963		2,650
<b>Capital expenditure and financial investment</b>				
Purchase of tangible fixed assets	2	(1,247)		(843)
Purchase of investments	3	(6,776)		(9,732)
Proceeds from sale of investments	3	5,138		12,099
<b>Net financing inflow and capital expenditure</b>				
Returns on Investment and Servicing of Finance		3,282		2,486
<b>Increase in Cash</b>		<u>3,360</u>		<u>6,660</u>
<b>Analysis of change in cash during the year</b>				
		2008 £000	Movement	2007 £000
Cash held for investment and accrued investment income		1,145	(1,503)	2,648
Cash at bank and in hand		27,212	4,863	22,349
<b>Total</b>		<u>28,357</u>	<u>3,360</u>	<u>24,997</u>
<b>Reconciliation of Net Incoming Resources to Net Cash Inflow from Operating Activities</b>				
		2008 £000		2007 £000
Net Incoming Resources before transfers		7,322		8,285
Depreciation		801		760
Loss on Disposal of Assets		61		76
Investment Income (Note 10)		(3,233)		(2,911)
(Increase) in Stock		(24)		(13)
(Increase) in Debtors		(842)		(571)
Increase in Creditors and Accruals		1,929		951
Increase in Deferred Income		1,488		457
Pension reserve funding deficit movements		(4,539)		(4,384)
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>		<u>2,963</u>		<u>2,650</u>

The notes on pages 25-51 form an integral part of the Financial Statements

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Accounting Policies

- 1a) Accounting Convention** The Financial Statements have been prepared under the historical cost convention as modified by the revaluation of certain investments and in accordance with the recommendations set out in the Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP) published in March 2005, The Charities Act 1993, and applicable UK Accounting Standards. These have been reviewed by the Board of Trustees in accordance with Financial Reporting Standard ('FRS') 18, "Accounting Policies" and have been applied consistently, except where noted.
- 1b) Consolidation** The consolidated statement of financial activities and the consolidated balance sheet include the financial statements of the charity and its subsidiaries, Chemistry Limited, RSC Worldwide Limited and Chemistry Innovation Ltd consolidated on a line by line basis. Intra group transactions and profits are eliminated fully on consolidation.
- Chemistry Limited and RSC Worldwide Limited are wholly owned subsidiaries of the RSC.
- RSC Worldwide Limited commenced trading in September 2008.
- 33% of the shares in Chemistry Innovation Limited were sold to the Institution of Chemical Engineers (IChemE) on 6 August 2008. The minority interest of the IChemE is shown in note 16 of the financial statements.
- The Divisional Regions, Local Sections, Interest Groups and Benevolent Fund are separately constituted by Trust Deeds. Their results and net assets are consolidated in these Financial Statements.
- No separate SOFA has been presented for the Society alone as permitted by paragraph 397 of the SORP. The amount of surplus for the year dealt with in the Society's financial statements is disclosed in note 18.
- 1c) Taxation** The Royal Society of Chemistry is registered as a charity (Charity Commission Reference 207890) and as such the income arising from and expended on its charitable activities is exempt from Corporation Tax. It is also registered for value added tax with HM Revenue and Customs and is subject to partial exemption rules. Any irrecoverable VAT is included in support costs that are then allocated to the charitable activities.
- 1d) 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Accounting Policies (continued)

- 1e) Stocks** Stocks are valued at the lower of cost and net realisable value and include publications and paper stocks.
- 1f) 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.
- 1g) Fixed Assets** Items of a capital nature are capitalised at cost if their individual purchase or the price of the project exceeds £1,000. Purchased software price is capitalised, software written in house is not capitalised. Depreciation is charged on a straight-line basis.

The main depreciation rates are as follows:

Leasehold Property	2%
Computer Software	20% - 33%
Personal Computers	25%
Other Computer Hardware	20%
Other Furniture	20% - 25%

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

Assets under the course of construction relates to capital expenditure which has not come into use as at the balance sheet date. These items are not depreciated until such time as they come into use.

- 1h) Library Books** Library books acquired are written off in the year of acquisition. No valuation is attributable to the library or other historic material in the Financial Statements as the Trustees believe that an accurate valuation of the historic collection is not possible.
- 1i) Recognition of Liabilities** Liabilities are recognised when an obligation arises to transfer economic benefit as a result of past transactions or events.
- 1j) 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Accounting Policies (continued)

#### 1k) Pensions

The Society has two types of pension scheme:

##### Defined contribution plan

For the defined contribution scheme, contributions are made to individual retirement plans and are currently set at 10% of basic salary. The employee rate is a minimum of 5% of basic salary to qualify for the employer's contribution. The Society's contributions are charged to the SOFA during the period in which the employee is an active member of the scheme. The cost of administering the scheme and providing for death in service are met by the Society.

##### Defined benefit plan

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

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

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

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

#### 1l) Life Membership

Life membership subscriptions are accounted for on a received basis. In 2008 these subscriptions amounted to £13K relating to 27 members. (2007: £28K, 65 members)

#### 1m) Voluntary Income

Voluntary income, including legacies, is recognised in the SOFA when any conditions for receipt have been met and when the entitlement is certain and measurable.

Amounts included are net of any legal or other fees paid, or payable, in connection with the income.

#### 1n) 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Accounting Policies (continued)

- 1o) Grants** Grants made by the Benevolent Fund are treated as outgoing resources as soon as they are agreed by the Benevolent Fund Committee. Other grants made from Designated Funds represent grants made by Local, Regional, and Interest Groups, which are treated on a cash-payment basis.
- 1p) Leases** Rentals under operating leases are charged to the SOFA on a straight-line basis over the lease term.
- 1q) Interest** Interest earned on deferred income is allocated to the activity to which the receipts relate.
- 1r) Foreign Currency** Foreign currency transactions represent in the main US Dollar receipts for the publishing activities of the Society. These dollars are sold by way of forward exchange contracts. For 2008 Dollar income is converted at a rate of £1 = US Dollar 1.96 (2007 £1 = US Dollar 1.99). Where foreign currency balances exceed the forward exchange contracts in place at the year end, then the excess foreign currency is valued at spot rates. Other foreign currency transactions are converted at the rates ruling at the time of transaction. Foreign exchange differences are charged or credited to the Statement of Financial Activities (SOFA).
- 1s) 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 (see also note 1t).
- Governance costs include expenditure in compliance with constitutional and statutory requirements.
- Costs of generating funds expenditure include investment management fees and corporate fundraising costs.
- 1t) Apportionment of Indirect Costs** Accommodation costs are apportioned on the basis of space occupied. Other service costs, including Finance, Human Resources, and ICT, are apportioned on the basis of the level of activity of the user departments. Management costs are apportioned based on head count.
- 1u) Revenue Recognition** Revenue from publishing activities is recognised when the risks and rewards of ownership have been transferred from the RSC.
- 1v) Deferred Income** Income received in the year for Journal and Membership subscriptions relating to the following year is shown as deferred income in the Balance Sheet. The income is treated as incoming resources in the year the subscription covers. Conference income received in advance is deferred and treated as incoming resources in the year the respective conference is held.
- 1w) Investment Income** Investment income is apportioned between funds on the basis of the level of funds invested.

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Accounting Policies (continued)

- 1x) Designated and Restricted Funds** The Designated Funds relate to branches of the Society and include the Society's Local Sections, Regions, and Interest Groups.
- Designated Funds include a transfer from General Funds for grants totalling £228K made by the Society to Local Sections to support activities at that level. Each Section has, as its objects, those that are embodied in the Society's Charter.
- The Society's Restricted Funds are the Benevolent and Trust Funds as well as restricted grants.
- The Benevolent Fund provides financial and non-financial assistance to the Society's members. Additional information on the Benevolent Fund can be found on pages 53 to 57.
- The various Trust Funds are restricted to specific aspects of the Society's activities. The income of the various Trust Funds finance lectureships, awards, prizes, and research grants. The original capital of each fund is protected in the sense that it may not be spent.
- 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.
- 1y) 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 FRS11, in 2007 the value was written down to zero as these rights have no realisable value. An impairment loss of £303K was included within other resources expended in the SOFA in 2007.

## NOTES TO THE FINANCIAL STATEMENTS

### 2 Tangible Fixed Assets *Group and Society*

	Leasehold Land and Buildings	Fixtures, Fittings and Equipment	Assets under the Course of Construction	Total
	£000	£000	£000	£000
<b>Cost</b>				
Balance at 1 January 2008	6,515	4,831	-	11,346
Additions	-	777	470	1,247
Disposals	-	(620)	-	(620)
Balance at 31 December 2008	6,515	4,988	470	11,973
<b>Accumulated Depreciation</b>				
Balance at 1 January 2008	2,719	3,032	-	5,751
Disposals	-	(559)	-	(559)
Charge for Year	122	679	-	801
Balance at 31 December 2008	2,841	3,152	-	5,993
<b>Net Book Value</b>				
at 31 December 2008	3,674	1,836	470	5,980
<b>Net Book Value</b>				
at 31 December 2007	3,796	1,799	-	5,595

## NOTES TO THE FINANCIAL STATEMENTS

### 3 Fixed Asset Investments

#### *Group and Society*

Investments listed on recognised stock exchange	2008 £000	2008 £000	2008 £000	2007 £000
	General Funds	Restricted Funds	Total Funds	Total Funds
<u>Investment assets in the UK</u>				
Fixed Interest	4,611	1,663	6,274	5,838
Equities	17,315	6,379	23,694	36,332
Unit Trusts	3,076	1,109	4,185	1,161
<u>Investment assets outside the UK</u>				
Fixed Interest	1,245	449	1,694	1,213
Equities	7,673	2,767	10,440	12,136
	<u>33,921</u>	<u>12,366</u>	<u>46,287</u>	<u>56,680</u>
Cash held for investment	648	234	882	2,402
Accrued Income	193	70	263	246
	<u>34,762</u>	<u>12,669</u>	<u>47,432</u>	<u>59,328</u>
	2008 £000	2008 £000	2008 £000	2007 £000
	General Funds	Restricted Funds	Total Funds	Total Funds
Market value at 1 January	43,606	15,722	59,328	59,194
Less: Disposal proceeds including share exchanges	(3,776)	(1,362)	(5,138)	(12,099)
Add: Purchases at cost including share exchanges	4,981	1,796	6,777	9,732
Realised and unrealised gains and losses	(8,939)	(3,086)	(12,025)	393
Net movements on cash held for investment, accrued income and expenses	<u>(1,110)</u>	<u>(400)</u>	<u>(1,510)</u>	<u>2,108</u>
Market value at 31 December	<u>34,762</u>	<u>12,669</u>	<u>47,432</u>	<u>59,328</u>
Historical cost at 31 December	<u>36,802</u>	<u>13,269</u>	<u>50,071</u>	<u>48,035</u>

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

	2008 £000	2007 £000
Schroder Unit Trust Limited US	3,602	4,081
Schroder Exempt Property Units	4,185	6,141
Schroder Institutional European Fund	3,457	5,111
Schroder the Charity Fixed Income Fund	6,274	5,838

## NOTES TO THE FINANCIAL STATEMENTS

### 3 Fixed Asset Investments (continued) Society

	Note	Capital £	Reserves £
Chemistry Limited *	15	2	2,075
RSC Worldwide Limited*	17	100	(106)
Chemistry Innovation Limited **	16	67	25,839

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

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

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

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

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

### 4 Debtors Group

	2008 £000	2007 £000
Trade Debtors	906	2,535
Other Debtors	3,696	903
Prepayments and Accrued Income	947	1,269
	5,549	4,707

Included in other debtors for 2008 is £2,405K which is due after one year relating to donations.

### Society

	2008 £000	2007 £000
Trade Debtors	906	2,535
Other Debtors	3,080	646
Intercompany Balances	471	274
Prepayments and Accrued Income	664	621
	5,121	4,076

The intercompany balances are due from Chemistry Limited (£470K) and RSC Worldwide Limited (£1K) and do not bear interest.

## NOTES TO THE FINANCIAL STATEMENTS

### 5 Creditors

#### Amounts falling due within one year Group

	2008	2007
	£000	£000
		(restated)
Trade Creditors	1,312	1,154
Other Creditors	2,726	419
Other Taxes and Social Security Costs	-	345
Accruals	<u>1,274</u>	<u>1,465</u>
	<u>5,312</u>	<u>3,383</u>

#### Society

	2008	2007
	£000	£000
Trade Creditors	1,277	1,144
Other Creditors	294	218
Other Taxes and Social Security Costs	-	262
Accruals	<u>1,260</u>	<u>1,053</u>
	<u>2,831</u>	<u>2,677</u>

The 2007 balance for Other Creditors has been reduced by £714K as a consolidation adjustment to eliminate monies held by the RSC on behalf of the Interest Groups for investment purposes.

### 6 Connected Charities

#### Sir George Beilby Memorial Fund

	2008	2007
	£000	£000
Accumulated Fund	<u>52</u>	<u>53</u>
Represented by:		
Investments	52	53

This fund is jointly administered by the Society, the Society of Chemical Industry, and the Institute of Materials. The above figures are not included in the Society's Balance Sheet nor in the Consolidated Balance Sheet.

## NOTES TO THE FINANCIAL STATEMENTS

### 7 Pension Fund

#### *Group and Society*

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

The defined benefit cost for the year to the employer was £877K (2007: £981K) in regular contributions. In addition a payment of £4m (2007: £4m) was made in relation to the deficit in respect of past service. The current arrangements regarding contribution rates are described in a Schedule of Contributions dated 22 June 2006.

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

These disclosures have been produced in line with the December 2006 amendments to FRS 17.

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

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

The equity investments and bonds which are held in plan assets are quoted and are valued at the current bid price following the adoption of the amendments to FRS 17. Previously these were valued at mid price. The effect of this change is that the value of the pension liability at 31 December 2007 reduced by £459K.

## NOTES TO THE FINANCIAL STATEMENTS

### 7 Pension Fund (continued)

#### Employee benefit obligations

	Value at 31/12/08 £000	Value at 31/12/07 £000 (restated)
Present value of funded obligations	63,899	70,821
Present value of unfunded obligations	-	-
Fair value of scheme assets	<u>(56,463)</u>	<u>(67,373)</u>
	7,436	3,448
Present value of unfunded obligations	-	-
Unrecognised past service costs	-	-
Deficit	7,436	3,448
Related deferred tax asset	-	-
Net liability	<u><u>7,436</u></u>	<u><u>3,448</u></u>

#### SoFA impact

	Value at 31/12/08 £000	Value at 31/12/07 £000 (restated)
Current service cost	797	1,069
Interest on obligation	4,084	3,647
(Expected return on plan assets)	(4,543)	(4,119)
Past service cost	-	-
	<u><u>338</u></u>	<u><u>597</u></u>

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

	Value at 31/12/08 £000	Value at 31/12/07 £000 (restated)
Net actuarial gains/(losses) recognised in year	(8,527)	4,276
Net Cumulative actuarial gains/(losses)	6,192	14,719

## NOTES TO THE FINANCIAL STATEMENTS

### 7 Pension Fund (continued)

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

	Value at 31/12/08 £000	Value at 31/12/07 £000 (restated)
Change in the present value of the defined benefit obligation		
Opening defined benefit obligation	70,821	73,109
Service cost	797	1,069
Interest cost	4,084	3,647
Employees' contributions	321	249
Past service benefits granted during year	-	-
Actuarial losses/(gains)	(10,175)	(5,597)
Benefits paid	<u>(1,949)</u>	<u>(1,656)</u>
Closing defined benefit obligation	<u><u>63,899</u></u>	<u><u>70,821</u></u>
Change in the fair value of plan assets		
Opening fair value of plan assets	67,373	61,001
Expected return	4,543	4,119
Actuarial gains/(losses)	(18,702)	(1,321)
Contributions by employer	4,877	4,981
Contributions by plan participants	321	249
Benefits paid	<u>(1,949)</u>	<u>(1,656)</u>
	<u><u>56,463</u></u>	<u><u>67,373</u></u>

## NOTES TO THE FINANCIAL STATEMENTS

### 7 Pension Fund (continued)

#### Projected pension expense for next year

Analysis of amount charged to operating surplus	2009
	£000
Employer's current service cost	706
Past service cost recognition	-
Total operating charge	<u>706</u>

Analysis of the amount credited to other finance income	2009
	£000
Expected return on pension plan assets	3,730
Interest on pension liabilities	<u>(4,122)</u>
Net return	<u>(392)</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 7 Pension Fund (continued)

#### Assumptions

Principal actuarial assumptions at the balance sheet date

	At 31 Dec 2008	At 31 Dec 2007
	%	%
Discount rate	6.50	5.80
Expected return on plan assets*	6.58	6.56
Rate of increase in salaries	4.30	4.60
Pre 1 May 96 joiners pension accrued before 19 January 97	5.00	5.00
Pre 1 May 96 joiners pension accrued before 19 January 97 before 1 June 07	2.80	3.10
Pre 1 May 96 joiners pension accrued after 31 May 07	2.60	2.85
Post 1 May 96 joiners accrued before 1 June 07	2.80	3.10
Post 1 May 96 joiners pension accrued after 31 May 07	2.60	2.85
Inflation assumption	2.80	3.10

#### Demographic Assumptions

Pre retirement mortality (male/female)	PXA92YoB Medium Cohort Min 1% Improvement	PXA92YoB Medium Cohort
Post retirement mortality for non pensioner members (male/female)	PXA92YoB Medium Cohort Min 1% Improvement	PXA92YoB Medium Cohort
Post retirement mortality for pensioner members (male/female)	PXA92YoB Medium Cohort Min 1% Improvement	PXA92YoB Medium Cohort

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

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

	At 31 Dec 2008	At 31 Dec 2007
Equities and Diversified Growth Funds	58%	67%
Bonds	41%	32%
Cash	1%	1%

## NOTES TO THE FINANCIAL STATEMENTS

### 7 Pension Fund (continued)

			2008		2007
<b>Actual return on plan assets</b>			(14,159)		2,798
<b>Gains and losses</b>					
History of experience gains and losses	2008	2007	2006	2005	2004
	£000	£000	£000	£000	£000
Defined benefit obligation	(63,899)	(70,821)	(73,109)	(68,674)	(69,400)
Plan assets	56,464	67,373	61,001	53,320	39,700
Surplus/(deficit)	(7,435)	(3,448)	(12,108)	(15,354)	(29,700)
Experience adjustments on plan liabilities	2,124	(328)	(310)	8,677	800
Experience adjustments on plan assets	(18,702)	(1,321)	899	6,129	(700)

#### Additional information about current year

##### Reconciliation of net liability

Movement in net liability during the year

	2008
	£000
Net liability at beginning of the year	<b>3,448</b>
Movement in year	
Employer's current service cost	797
Employer's contributions	(4,877)
- changes in unrecognised past service cost	-
Expected return on plan assets	(4,543)
Actual return less expected return on plan assets	18,702
Interest on pension liabilities	4,084
Experience (gains)/losses arising on the plan liabilities	(2,124)
Changes in assumptions underlying the plan liabilities	(8,051)
Changes in related deferred tax liability	-
Total movement	<b>3,988</b>
<b>Deficit in plan at end of the year</b>	<b><u>7,436</u></b>

There has been a deterioration in the FRS17 funding position since 31 December 2007 mainly due to the unfavourable investment experience that occurred over 2008.

##### Defined Contribution Scheme

	2008	2007
	£000	£000
Employer Contributions	359	299

## NOTES TO THE FINANCIAL STATEMENTS

### 8 Analysis of Group Net Assets between Funds

	General Funds £000	Designated Funds £000	Restricted Funds £000	Total £000
Fund Balances at 31 December 2008 are represented by:				
Tangible Assets	5,980	-	-	5,980
Investments	34,762	-	12,670	47,432
Current Assets	24,869	1,750	6,418	33,037
Current Liabilities	(20,607)	-	(8)	(20,615)
Pension Liability	(7,436)	-	-	(7,436)
<b>Total Net Assets</b>	<b><u>37,568</u></b>	<b><u>1,750</u></b>	<b><u>19,080</u></b>	<b><u>58,398</u></b>

### Analysis of Society Net Assets between Funds

	General Funds £000	Designated Funds £000	Restricted Funds £000	Total £000
Fund Balances at 31 December 2008 are represented by:				
Tangible Assets	5,980	-	-	5,980
Investments	34,762	-	12,670	47,432
Current Assets	22,361	1,750	6,418	30,529
Current Liabilities	(18,126)	-	(8)	(18,134)
Pension Liability	(7,436)	-	-	(7,436)
<b>Total Net Assets</b>	<b><u>37,541</u></b>	<b><u>1,750</u></b>	<b><u>19,080</u></b>	<b><u>58,371</u></b>

### 9 Restricted Funds Group and Society

	Movement in Funds				Balance at 31 December 2008 £000
	Balance at 1 January 2008 £000	Incoming Resources £000	Expenditure and Transfers £000	Losses on Investment Assets £000	
Benevolent Fund (per detailed pages 52 to 57)	9,335	1,053	(267)	(1,670)	8,451
Trust Funds (Note 23)	7,698	379	(310)	(1,362)	6,405
Grant Income	2,900	4,145	(2,821)	-	4,224
	<b><u>19,933</u></b>	<b><u>5,577</u></b>	<b><u>(3,398)</u></b>	<b><u>(3,032)</u></b>	<b><u>19,080</u></b>

## NOTES TO THE FINANCIAL STATEMENTS

### 10 Investment Income

	General Funds £000	2008 Designated Funds £000	Restricted Funds £000	Total £000	2007 Total £000
Assets in the UK					
Fixed Interest	321	-	116	437	258
Equities	1,138	-	411	1,549	1,234
Unit Trusts	78	-	28	106	162
Assets outside the UK					
Fixed Interest	34	-	12	46	54
Equities	140	-	50	190	158
Short-term Deposit Interest	752	47	106	905	1,045
	<u>2,463</u>	<u>47</u>	<u>723</u>	<u>3,233</u>	<u>2,911</u>
The Tax element of Investment Income included in the above					
	<u>24</u>	<u>-</u>	<u>8</u>	<u>32</u>	<u>34</u>

### 11 Voluntary Income

	General Funds £000	2008 Designated Funds £000	Restricted Funds £000	Total £000	2007 Total £000
Donations	5	-	590	595	147
Bequests	-	-	616	616	52
	<u>5</u>	<u>-</u>	<u>1,206</u>	<u>1,211</u>	<u>199</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 12a) Total Resources Expended - General Funds

	Staff Costs £000	Direct Costs £000	Indirect Costs £000	Total 2008 £000	Total 2007 £000
<b>Cost of Generating Funds</b>					
Cost of Generating Funds	-	35	-	35	-
Costs of Generating Voluntary Income	41	42	1	84	192
Investment Management Costs	-	59	-	59	68
	<u>41</u>	<u>136</u>	<u>1</u>	<u>178</u>	<u>260</u>
<b>Charitable Activities</b>					
Membership	906	894	849	2,649	2,495
House Journal	539	898	330	1,767	1,435
Conferences	281	103	280	664	1,125
Qualifications and Education	836	1,294	765	2,895	2,672
Publishing	5,834	4,017	4,243	14,094	12,801
Library	200	407	470	1,077	976
Scientific Affairs	2,343	1,064	685	4,092	4,104
International Development	297	381	77	755	487
Governance Costs	2	324	-	338	114
Other Resources Expended	55	21	-	76	-
	<u>11,334</u>	<u>9,539</u>	<u>7,700</u>	<u>28,585</u>	<u>26,469</u>

Total staff costs include payments to temporary staff and contractors of £783K.

### 12b) Total Resources Expended – Designated Funds

	Staff Costs £000	Direct Costs £000	Indirect Costs £000	Total 2008 £000	Total 2007 £000
<b>Charitable Activities</b>					
Conferences	-	912	-	912	1,045
	<u>-</u>	<u>912</u>	<u>-</u>	<u>912</u>	<u>1,045</u>

### 12c) Total Resources Expended – Restricted Funds

	Staff Costs £000	Direct Costs £000	Indirect Costs £000	Total 2008 £000	Total 2007 £000
<b>Cost of Generating Funds</b>					
Investment Management Costs	-	19	-	19	24
	<u>-</u>	<u>19</u>	<u>-</u>	<u>19</u>	<u>24</u>
<b>Charitable Activities</b>					
Membership	103	223	56	382	308
Conferences	-	148	18	166	13
Qualifications and Education	362	2,421	38	2,821	2,184
Governance Costs	5	5	-	10	8
Other Resources Expended	-	-	-	-	303
	<u>470</u>	<u>2,816</u>	<u>112</u>	<u>3,398</u>	<u>2,840</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 12c) Total Resources Expended – Restricted Funds (continued)

Included in other resources expended in 2007 is £303K relating to the write down to zero of the Benevolent Funds Housing nomination rights as they are considered to have no realisable value.

#### Analysis of Auditors' Remuneration

	2008	2007
	£	£
Fees payable for the audit of the RSC and consolidated accounts	49,225	52,000
Fees payable for the audit of the RSC's subsidiaries	12,550	11,000
Accounting Tax and Other Services	<u>9,750</u>	<u>4,650</u>
Total	<u>71,525</u>	<u>67,650</u>

### 13 Indirect Costs – General Fund

	Mangt.	Finance	2008 Information Technology	Human Res.	Accomm.	Total	2007 Total
	£000	£000	£000	£000	£000	£000	£000
Cost of Generating Voluntary Income	-	-	-	-	-	-	9
Investment Management Costs	-	1	-	-	-	1	1
Membership	303	80	261	66	139	849	865
House Journal	49	62	126	44	49	330	259
Conferences	98	23	97	23	39	280	310
Qualifications and Education	172	196	194	89	114	765	889
Publishing Activities	1,320	456	1,374	437	656	4,243	4,385
Library	41	31	58	21	319	470	442
Science and Technology	164	83	281	61	96	685	679
International Development	16	32	10	19	-	77	78
Total	<u>2,163</u>	<u>964</u>	<u>2,401</u>	<u>760</u>	<u>1,412</u>	<u>7,700</u>	<u>7,917</u>
Basis of Allocation	Head Count	Staff Costs and 3rd Party Expenditure	Number of Users and software used	Staff Costs	Floor Space		

### 14 Governance Costs

	2008	2007
	£000	£000
Trustee Expenses	92	38
Legal Fees	183	11
Audit Fees	61	63
Staff Costs	7	2
Total	<u>343</u>	<u>114</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 15 Investment in Chemistry Limited

Summary Balance Sheet of Chemistry Ltd as at 31 December 2008:

	2008	£000	2007	£000	£000
<b>Current Assets</b>					
Debtors	571		606		
Cash at Bank	<u>139</u>		<u>38</u>		
		710			644
<b>Current Liabilities</b>					
Creditors		708			642
Net Assets		<u>2</u>			<u>2</u>

The Consolidated Balance Sheet of the Society, on page 21, incorporates the above Balance Sheet of its subsidiary company after elimination of the amount due to the Society of £470K.

	2008	£000	2007	£000
Turnover	1,520		1,730	
Cost of Sales	(1,536)		(1,727)	
Operating Profit		<u>(16)</u>		<u>3</u>
Interest Receivable/(Payable)		17		15
Tax Paid		(1)		-
Net Profit/(Loss) before and after Taxation		<u>-</u>		<u>18</u>

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

### 16 Investment in Chemistry Innovation Limited

Summary Balance Sheet of Chemistry Innovation Ltd as at 31 December 2008:

	2008	£000	2007	£000	£000
<b>Current Assets</b>					
Debtors	328		299		
Cash at Bank	<u>1,940</u>		<u>43</u>		
		2,268			342
<b>Current Liabilities</b>					
Creditors		2,243			337
Net Assets		<u>25</u>			<u>5</u>

The Net Assets include a minority interest of £3K in respect of the IChemE shareholding. This has not been recognised separately on the balance sheet on the grounds of materiality.

## NOTES TO THE FINANCIAL STATEMENTS

### 16 Investment in Chemistry Innovation Limited (continued)

	2008 £000	2007 £000
Turnover	1,714	1,392
Cost of Sales	(1,679)	(1,372)
Operating Profit	35	20
Interest Payable	15	15
Net Profit before and after Taxation	20	5

### 17 Investment in RSC Worldwide Limited

Summary Balance Sheet of RSC Worldwide Ltd as at 31 December 2008:

	2008 £000	£000
<b>Current Assets</b>		
Debtors	0	
Cash at Bank	1	
		1
<b>Current Liabilities</b>		
Creditors		(1)
Net Assets	0	

The Consolidated Balance Sheet of the Society, on page 21, incorporates the above Balance Sheet of its subsidiary company after elimination of the amount due to the Society of £1K.

## NOTES TO THE FINANCIAL STATEMENTS

### 18 Royal Society Of Chemistry

Summary Statement of Financial Activities of the Society for the year ended 31 December 2008.

	2008 £000	2007 £000
Total Incoming Resources	38,345	36,650
Total Resources Expended	(31,043)	(28,388)
Net incoming resources before recognised gains and losses	7,302	8,262
Losses on investment assets	(11,982)	(33)
Actuarial Gains/Losses on defined benefit pension scheme	(8,527)	4,276
Net Movement in Funds	(13,207)	12,505
Fund Balances brought forward at 1 January	71,578	59,073
Fund balances carried forward at 31 December	58,371	71,578

## NOTES TO THE FINANCIAL STATEMENTS

### 19 Total Staff Costs

	2008 £000	2007 £000
Staff Costs were:		
Gross	10,183	9,191
National Insurance	981	860
Pension and related cost	<u>1,237</u>	<u>1,279</u>
	<u>12,401</u>	<u>11,330</u>

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

	Number of Employees	
	2008	2007
Employee earnings:		
£60,000 - £69,999	3	4
£70,000 - £79,999	-	1
£80,000 - £89,999	3	3
£90,000 - £99,999	1	2
£100,000 - £109,999	3	-
£120,000 - £129,999	1	1
£140,000 - £149,999	1	-

The number of employees who earned more than £60K, for whom pension benefits are accruing under defined benefit scheme is 4 (2007: 9).

The number of employees who earned more than £60K, for whom pension benefits are accruing under defined contribution scheme is 6 (2007: 1).

The employer contributions made to the defined contribution pension scheme for employees who earned more than £60K were £21K (2007: £12K)

In 2008 the Society paid a total of £257K (2007: £85K) in respect of statutory and other employment severance-related payments.

The monthly average number of employees for the year is shown below.

	2008	2007
Membership	37	33
House Journal	6	6
Conferences	12	10
Qualifications and Education	21	26
Publishing	161	149
Library	5	5
Scientific Affairs	20	18
Other	1	1
Support	1	2
Management and Administration	<u>67</u>	<u>60</u>
<b>Total</b>	<u>331</u>	<u>310</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 20 Transactions with Trustees

#### Trustees Royalty Payments

Name of Member	2008	2007
	£	£
Dr S Campbell	-	250
Prof D Phillips	-	303
Prof P O'Brien	771	149
Total Trustee Royalty Payments	<u>771</u>	<u>702</u>

No Trustees received or waived remuneration during the year 2008 (2007: £nil)

#### Reimbursement of Trustees Expenses

An amount of £91,707 was reimbursed to 18 Trustees in respect of travel to meetings and related expenses in 2008 (2007: £38,093).

The expenses were greater in 2008 due to increased international activity.

#### Trustees Indemnity Insurance

The amount paid in 2008 for Trustees Indemnity Insurance was £5,250 (2007: £5,500).

### 21 Operating Leases

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

	2008	2007
	£000	£000
Furniture and Equipment	21	-
Land and Buildings	<u>2</u>	<u>2</u>
	<u>23</u>	<u>2</u>

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

	2008		2007	
	Land and Buildings £000	Furniture and Equipment £000	Land and Buildings £000	Furniture and Equipment £000
Leases which expire:				
Within two to five years	-	21	-	-
Over five years	2	-	2	-
	<u>2</u>	<u>21</u>	<u>2</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**24 Trust and Lecture Funds**  
**Balance Sheet as at 31 December**

	2008				2007				Original Capital £000
	Opening Capital Account	Investment Loss £000	Accumulated Income Account £000	Total £000	Opening Capital Account £000	Investment Gain £000	Accumulated Income Account £000	Total £000	
	£000	£000	£000	£000	£000	£000	£000	£000	
Appleyard Fund	48	(10)	1	39	48	-	1	49	4
RSC Awards Fund	-	-	(22)	(22)	-	-	(18)	(18)	-
Ethel Behrens Fund	29	(6)	1	24	29	-	1	30	2
William Briggs Fund	212	(46)	6	172	212	-	19	231	33
Centenary Fund	457	(100)	72	429	456	1	58	515	25
Chemical Council Fund	316	(67)	(147)	102	316	-	(87)	229	37
Corday Morgan Medal and Prize Fund	214	(47)	36	203	214	-	29	243	10
Corday Morgan Memorial Fund	336	(74)	202	464	336	-	182	518	13
Faraday Lecture Fund	37	(8)	(1)	28	37	-	(3)	34	1
Robert John Flintoff Trust	15	(3)	8	20	15	-	7	22	1
Edward Frank Harrison Memorial Trust	44	(10)	3	37	44	-	2	46	1
Haworth Memorial Fund	22	(5)	(1)	16	22	-	-	22	3
Liversidge Lecture Fund	32	(7)	1	26	32	-	1	33	1
Pedler Lecture Fund	34	(7)	9	36	34	-	8	42	1
Research Fund	1,186	(258)	106	1,034	1,185	1	124	1,310	404
Robert Robinson Lecture Fund	55	(12)	47	90	55	-	43	98	4
Saville Fund	101	(21)	3	83	101	-	4	105	11
Simonsen Lecture Fund	18	(4)	3	17	18	-	7	25	1
Tilden Lecture Fund	207	(45)	18	180	207	-	13	220	8
Ronald Nyholm Lecture Fund	40	(8)	2	34	40	-	1	41	6
Christopher Ingold Lecture Fund	24	(5)	4	23	24	-	2	26	7
Spiers Memorial Fund	22	(5)	5	22	22	-	5	27	2
Bourke Lecture and Medal Fund	35	(7)	(4)	24	35	-	(2)	33	3
Marlow Medal and Award Fund	45	(9)	20	56	45	-	17	62	3
John Jeyes Lectureship Fund	35	(8)	7	34	35	-	8	43	5
BOC (Gases Division) Trust	123	(26)	6	103	123	-	1	124	10
Edward Horton Bequest	29	(6)	14	37	29	-	12	41	2
Ludwig Mond Trust	50	(11)	29	68	50	-	27	77	8
Industrial Division Endowment Lecture Fund	53	(11)	35	77	53	-	32	85	8
Henderson Memorial Lecture Fund	12	(2)	12	22	12	-	11	23	2
PF Frankland Memorial Lecture Fund	24	(5)	22	41	24	-	20	44	3
W J Hickinbottom Bequest	718	(158)	306	866	717	1	270	988	130
Whittle Memorial Fund	7	(2)	3	8	7	-	2	9	1
R A Robinson Memorial Fund	80	(17)	40	103	80	-	35	115	14
E Frankland Prize and Lecture Fund	36	(7)	(2)	27	36	-	(2)	34	8
Barrer Award	16	(4)	8	20	16	-	7	23	3
A Spinks Symposia Fund	52	(11)	23	64	52	-	20	72	10
Rhone –Poulenc Lectureship	26	(6)	5	25	26	-	7	33	6
Marriot Legacy	105	(23)	47	129	105	-	41	146	23
A Robertson Bequest	129	(28)	9	110	129	-	8	137	29
E Frankland Fellowship	46	(10)	18	54	46	-	17	63	10
W A Waters	186	(41)	5	150	186	-	6	192	50
J O Cutter	445	(95)	78	428	445	-	57	502	115
S F Boys – A Rahman Lecture Fund	28	(6)	3	25	28	-	3	31	8
C Sulzbacher	75	(16)	2	61	75	-	2	77	23
A Albert	319	(69)	107	357	319	-	91	410	107
J Chatt Lectureship	39	(8)	7	38	39	-	6	45	16
G Wilkinson Lectureship	22	(5)	35	52	22	-	34	56	26
Colman-Porter Fund	230	(50)	6	186	230	-	2	232	100
Memorial Fund	91	(21)	5	75	91	-	5	96	35
Bill Carruthers Lectureship	19	(4)	2	17	19	-	(2)	17	19
Brian Scarlett Memorial Fund	5	(1)	-	4	5	-	1	6	5
Lord Lewis Award	30	(6)	3	27	30	-	4	34	30
Charles Rees Award	60	-	-	60	-	-	-	-	-
	<u>6,619</u>	<u>(1,421)</u>	<u>1,207</u>	<u>6,405</u>	<u>6,556</u>	<u>3</u>	<u>1,139</u>	<u>7,698</u>	<u>1,387</u>
Represented by:									
Investments				5,823				7,226	
Balance at Banks (inc. Deposits)				8				5	
Sundry Debtors				577				470	
				<u>6,408</u>				<u>7,701</u>	
Less: Sundry Creditors				3				3	
Value of Funds reflecting Investments at Market Value				<u>6,405</u>				<u>7,698</u>	

NOTES TO THE FINANCIAL STATEMENTS

24 Trust and Lecture Funds (continued)

Income and Expenditure Accounts for the year ended 31 December

	2008			2007		
	Income £000	Expendi- ture £000	Excess of Income/ Expendi- ture £000	Income £000	Expendi- ture £000	Excess of Income/ Expendi- ture £000
Appleyard Fund	2	2	-	2	2	-
RSC Awards Fund	7	10	(3)	-	14	(14)
Ethel Behrens Fund	1	1	-	1	1	-
William Briggs fund	9	22	(13)	7	1	6
Centenary Fund	21	8	13	16	9	7
Chemical Council Fund	61	118	(57)	32	(10)	42
Corday Morgan Medal and Prize Fund	10	3	7	7	1	6
Corday Morgan Memorial Fund	22	2	20	16	2	14
Faraday Lecture Fund	1	-	1	1	-	1
Robert John Flintoff Trust	1	-	1	1	-	1
Edward Frank Harrison Memorial Trust	2	1	1	1	-	1
Haworth Memorial Fund	1	2	(1)	1	1	-
Liversidge Lecture Fund	1	1	-	1	1	-
Pedler Lecture Fund	2	-	2	1	1	-
Research Fund	53	71	(18)	41	47	(6)
Robert Robinson Lecture Fund	4	-	4	3	1	2
Saville Fund	4	5	(1)	3	3	-
Simonsen Lecture Fund	1	5	(4)	1	-	1
Tilden Lecture Fund	9	4	5	7	4	3
Ronald Nyholm Lecture Fund	2	1	1	1	1	-
Christopher Ingold Lecture Fund	1	-	1	1	1	-
Spiers Memorial Fund	1	1	-	1	1	-
Bourke Lecture and Medal Fund	1	3	(2)	1	2	(1)
Marlow Medal and Award Fund	3	-	3	2	1	1
John Jeyes Lectureship Fund	2	3	(1)	1	-	1
BOC (Gases Division) Trust	5	-	5	4	3	1
Edward Horton Bequest	2	-	2	1	-	1
Ludwig Mond Trust	3	1	2	2	-	2
Industrial Division Endowment Lecture Fund	4	-	4	3	3	-
Henderson Memorial Lecture Fund	1	-	1	1	-	1
P F Frankland Memorial Lecture Fund	2	-	2	1	-	1
W J Hickinbottom Bequest	43	6	37	30	8	22
Whittle Memorial Fund	-	-	-	-	-	-
R A Robinson Memorial Fund	5	1	4	3	-	3
E Frankland Prize and Lecture Fund	1	1	-	1	2	(1)
Barrer Award	1	-	1	1	-	1
A Spinks Symposia Fund	3	-	3	2	-	2
Rhone –Poulenc Lectureship	1	4	(3)	1	-	1
Marriot Legacy	6	-	6	5	4	1
A Robertson Bequest	6	5	1	4	2	2
E Frankland Fellowship	3	2	1	2	2	-
W A Waters	8	9	(1)	6	6	-
J O Cutter	22	1	21	15	1	14
S F Boys – A Rahman Lecture Fund	1	-	1	1	1	-
C Sulzbacher	3	4	(1)	2	2	-
A Albert	17	2	15	12	1	11
J Chatt Lectureship	2	1	1	1	-	1
G Wilkinson Lectureship	2	1	1	2	2	-
Colman-Porter Fund	10	6	4	7	8	(1)
Memorial Fund	4	4	-	3	3	-
Bill Carruthers Lectureship	1	(1)	2	1	3	(2)
Brian Scarlett Memorial Fund	-	-	-	6	-	6
Lord Lewis Award	1	-	1	34	-	34
-	-	-	-	-	-	-
	<u>379</u>	<u>310</u>	<u>69</u>	<u>300</u>	<u>135</u>	<u>165</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 25 Related Party Transactions

Professor R Townsend is a Director of Chemistry Limited and was a director of The Crystal Faraday Partnership, a company limited by guarantee, which was a partner in the provision of services for supporting innovation in chemistry.

All transactions between the related parties were conducted at arms length.

Crystal Faraday ceased trading on 1 April 2007.

There were no transactions undertaken during the year ended 31 December 2008.

	2008 £000	2007 £000
Cost of Sales	-	104

The following balances are outstanding at the 31 December 2007

	2008 £000	2007 £000
Due from Crystal Faraday Ltd	-	-

## BENEVOLENT FUND - CHAIRMANS REPORT

### Review of Activities during the year

The RSC Benevolent Fund operates within a well-defined strategy to provide a flexible range of financial and non-financial help to members and their families. At present there are 50 beneficiaries receiving financial assistance from the Fund, either in the form of a one-off grant (including small 'interest in chemistry' grants) or a regular payment. The enquiries currently being dealt with by the Fund staff are varied and they are looking at ways of enhancing the services on offer. A consultancy service has been established with the Citizens Advice Bureau (CAB). The CAB provides specialist knowledge over and above that of staff. Where appropriate, members are put in direct contact with the CAB.

In 2008 the Benevolent Fund has been promoted under the banner of *One to One* advice and guidance services, building on the development of new articles in *RSC News*, revised website content and new publicity materials to increase awareness of the Fund.

The main role of the Committee is to review the applications for financial assistance and to make recommendations on other types of help that can be offered. The Committee guides Council (Trustees of the Fund) on the appropriate use of the Fund's money. The Fund has an annual internal audit and financial audit.

Up to November 2008, the Committee reviewed 40 cases (plus 9 closed cases); and 36 applications for financial assistance were agreed. Staff responded to a wide range of enquiries for non-financial support, which included debt advice and assistance in claiming appropriate state benefits. Information was also provided with regard to health, social care, employment and housing issues. One hundred and twenty seven requests for advice and guidance were received. The Fund's staff visited three members and their families needing particular advice and support.

The work of the Benevolent Fund Committee and RSC Staff continues to be supported by a network of Volunteer Visitors. Seven out of nine Regional Coordinators are in place, along with 32 Local Section Benevolent Fund Representatives and 101 Volunteer Visitors.

There has been a significant increase in the amount raised from donations and bequests during 2008.

## BENEVOLENT FUND

### Balance Sheet as at 31 December 2008

	2008 £000	£000	2007 £000	£000
<b>FIXED ASSETS</b>				
Investments		6,847		8,496
<b>CURRENT ASSETS</b>				
Secured Loans	52		57	
Unsecured Loans	-		1	
Advance to Crossways Trust	4		4	
The Royal Society of Chemistry*	1,490		760	
Sundry Debtors	3		11	
Bank Account	<u>60</u>		<u>13</u>	
	1,609		846	
<b>CURRENT LIABILITIES</b>				
Sundry Creditors		<u>(5)</u>		<u>(7)</u>
NET CURRENT ASSETS		1,604		839
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,451</u>		<u>9,335</u>
ACCUMULATED FUNDS				
General Fund		<u>8,451</u>		<u>9,335</u>

\*This figure represents the net of funds paid out and received by the Royal Society of Chemistry on behalf of the Benevolent Fund and represents cash which has yielded interest of £51K.

Approved by Council on 7 May 2009

Professor C. David Garner, President

## BENEVOLENT FUND

Statement of financial activities for the year ended 31 December 2008

	Note	2008 £000	£000	2007 £000	£000
<b>Incoming Resources</b>					
Incoming Resources from Generated Funds					
Voluntary Income	1	653		85	
Investment Income		400		319	
<b>Total Incoming Resources</b>			<u>1,053</u>		<u>404</u>
<b>Resources Expended</b>					
Cost of Generating Funds:					
Investment Fee		<u>10</u>		<u>13</u>	
			10		13
Operating Activities in furtherance of objects:					
Grants		75		62	
Membership		172		135	
Governance Costs	3	10		8	
Exceptional Item*		<u>-</u>		<u>303</u>	
			<u>257</u>		<u>508</u>
Total Resources Expended	2		267		521
Net Outgoing/Incoming Resources			786		(117)
<b>Losses on Investment Assets</b>					
Realised/Unrealised			<u>(1,670)</u>		<u>(5)</u>
<b>Net Movement in Funds</b>			(884)		(122)
Fund Balance brought forward at 1 January			<u>9,335</u>		<u>9,457</u>
Fund Balance carried forward at 31 December			<u>8,451</u>		<u>9,335</u>

\*This figure represents Housing Nomination Rights written off

## BENEVOLENT FUND

<b>Grants Payable</b>	2008 No. of Grants	2007 No. of Grants
	73	52

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

	2008 £000	2007 £000
Commitments payable within one year	27	33
Commitments payable after more than one year	123	123

### 1. Voluntary Income

	2008 £000	2007 £000
Bequests	616	52
Donations	37	33
	<u>653</u>	<u>85</u>

### 2. Governance Costs

	2008 £000	2007 £000
Committee Member Expenses	5	3
Staff Time	5	5
	<u>10</u>	<u>8</u>

## BENEVOLENT FUND

### 3. Total Resources Expended

	Staff Costs £000	Direct Costs £000	Indirect Costs £000	Total 2008 £000	Total 2007 £000
<b>Cost of Generating Funds</b>					
Investment Management Costs	-	11	-	11	13
<b>Charitable Activities</b>					
<b>Grants</b>	-	75	-	75	62
<b>Membership:</b>					
Direct Support to Beneficiaries	36	5	19	60	71
Administration	35	5	18	58	46
Management	32	2	19	53	18
Governance Costs	5	5	-	10	8
Other Resources Expended					
Housing Nomination Rights	-	-	-	-	303
<b>Total</b>	<u>108</u>	<u>103</u>	<u>56</u>	<u>267</u>	<u>521</u>

#### Note

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

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

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

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

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

### 4. Total Staff Costs

	2008 £000	2007 £000
Staff Costs were:		
Gross	84	56
National Insurance	11	8
Pension and related cost	13	9
	<u>108</u>	<u>73</u>

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



**Royal Society of Chemistry**

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