

Welcome from the President

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Objectives and strategy

Our mission

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

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

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

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

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

Our Royal Charter objectives

Our Royal Charter sets out our objectives very clearly:

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

Achievements and performance

Knowledge

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

Overview

We know that the best chemical science knowledge is available to all those who need it.

Continue to increase the quality and quantity of our journal portfolio

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

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

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

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



"I have been inspired by your journals from my

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

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

Connect young people to careers in chemistry

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

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

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



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

ChemCareers attendee



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

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



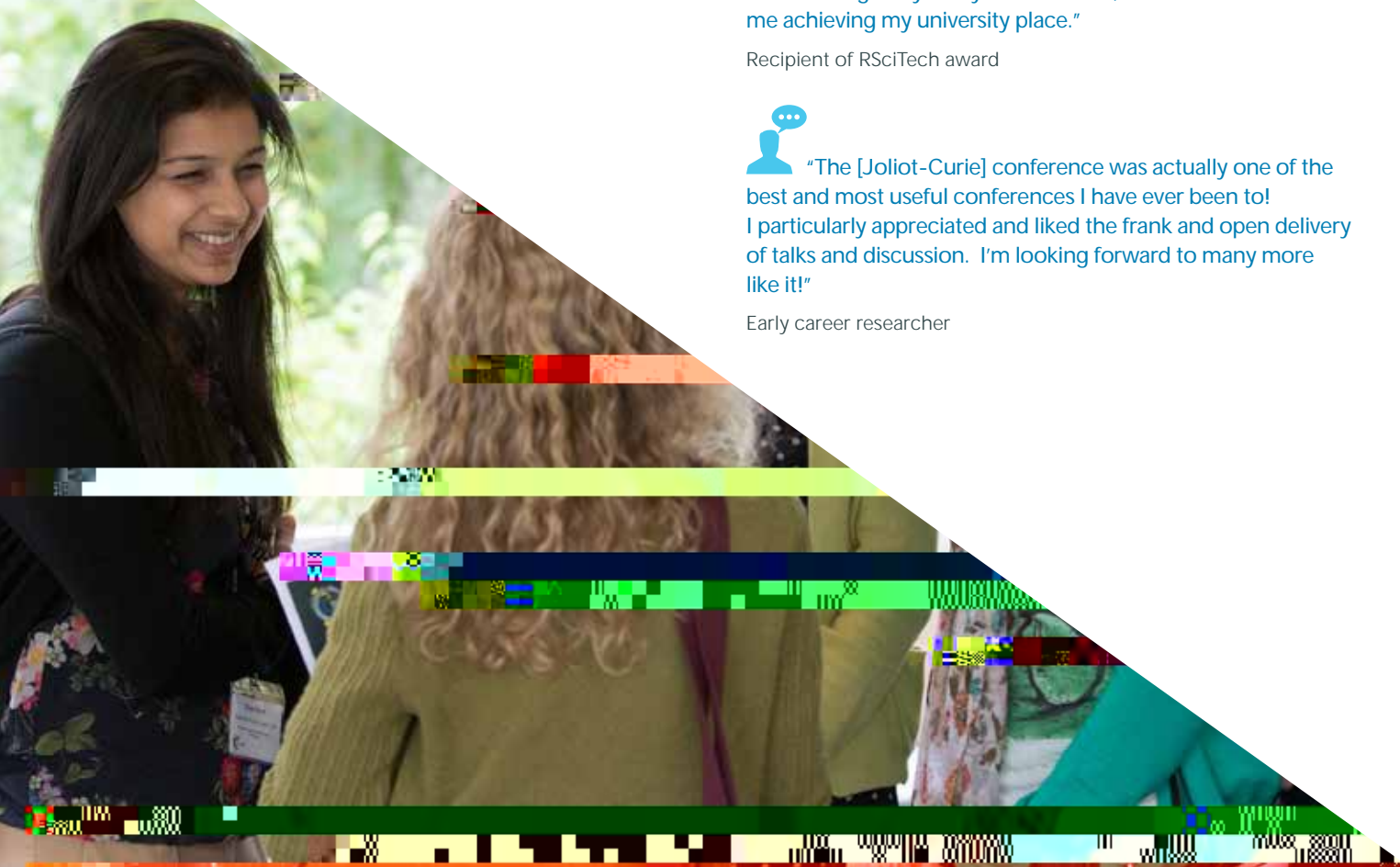
"To hold an accredited status [of RSciTech], is a wonderful accomplishment, which will prove beneficial to future employment within the science sector ... I firmly believe the skills I have learnt through this programme will benefit me greatly in my future career, and were influential in me achieving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

Recipient of RSciTech award



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

Early career researcher



Support and nurture small companies in the chemical sciences

- 100 more companies joined our **EnterprisePlus** network, which helps small and medium sized companies (SMEs) in the chemical sciences access the advice, networks and resources they need to grow, bringing the total number of companies involved to 280.
- We placed and provided funding for 23 students to spend their **Year in Industry** at 23 SMEs, more than doubling the number of participants from 2014, the first year of the scheme.
 - Our year one impact study found the scheme

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

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



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

EnterprisePlus company



Member engagement

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

Overview

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

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

At a glance

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

Measuring success

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

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

Organisational strength

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

Overview

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

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

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Benevolent Fund

Core activities

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

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

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

Overview

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

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

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

As shown within our cash flow statement, we used **£7.0m** net in 2015 on our operating activities (2014: £6.9m). We funded this by withdrawing **£7.0m from our investments**, leading to a year-on-year reduction in the value of our investment portfolio. It should be noted that the value of this portfolio had increased significantly over the previous four years, owing to investment gains. Working capital remains negative owing to the large ad9.32.1(-on-year r)6.1(edu oq 1ing ac 156.0934 682.6854 cm35.685 70a065 ch08 Qoq 1ing a

Reserves policy

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

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

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

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

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

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

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

Risks

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

We use the following controls to mitigate risk: formal agenda for all committee and board activity, detailed terms of reference for all committees, comprehensive strategic planning, budgeting and management accounting, established organisational structure, clear lines of reporting and clear authorisation levels. The Royal Society of Chemistry mitigates risk from economic conditions by regularly reviewing its risk profiles to make sure all relevant risks are captured and the level of risk along with any mitigating factors are covered.

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

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

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

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

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

Audited Financial Statements

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

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

Structure, governance and management

The Royal Society of Chemistry is a registered charity

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

Remuneration of key management personnel

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

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

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

Trustees

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

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

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

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

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

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

Subsidiary companies

Overview

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

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

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

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

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

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

Consolidation is shown on page 28

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

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

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

The non-controlling interest in Chemistry Innovation Limited has not been recognised separately in the financial statements on the grounds of materiality. However it is shown in Note 21 of the financial statements.

Connected charities

The Royal Society of Chemistry jointly administers the Sir George Beilby Memorial Fund. An annual prize of £1k is awarded and sustained by a trust fund commemorating Sir George Beilby FRS, President of the Society for Chemical Industry (SCI) (1898-99), the Institute of Chemistry (1909-12) and The Institute of Metals (1916-1918) and founding Chairman of the Fuel Research Board. The award is administered in rotation by the Royal Society of Chemistry, the Institute of Materials, Minerals and Mining and the SCI. It recognises substantial work of exceptional practical significance in chemical engineering, applied materials science, energy efficiency or related field, and is made to scientists or engineers. The assets of the fund are held in a named portfolio with Schroders Investment Management Limited. The Royal Society of Chemistry's share of the fund has not been consolidated within the Consolidated balance sheet and Statement of financial activities on the basis of materiality.

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

Investment adviser

JLT Benefit Solutions

36 Ridgmont Road
St Albans
AL1 3AB

Legal advisers

Charity and employment matters:

Taylor Vinters

Merlin Place
Milton Road
Cambridge
CB4 0DP

Commercial matters:

Mills & Reeve LLP

Botanic House
100 Hills Road
Cambridge
CB2 1PH

Benevolent Fund matters:

Eversheds

Kett House
Station Road
Cambridge
CB1 2JY

Principal office

Royal Society of Chemistry

Burlington House
Piccadilly
London
W1J 0BA

Royal Society of Chemistry Council

Patron

Her Majesty The Queen

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

Honorary officers

President

Professor Dominic Tildesley CBE FRSC

President Elect

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

Past President

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

Honorary Treasurer

Professor David Grayson CChem FRSC

Appointed members

Chair, Science, Education and Industry Board

Professor Mike Ashfold CChem FRSC FRS

Chair, Publishing Board

Professor Helen Fielding CChem FRSC

Chair, Membership and Qualifications Board

Professor Tom Welton CChem FRSC
(from 9 July 2015)

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

Professor Ben Feringa CChem FRSC

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

Dr Keith Layden FRSC

Ordinary members

Professor Alison Rodger CChem FRSC

Professor Peter Knowles CChem FRSC FLSW

Dr Helen Neville FRSC

Professor Polly Arnold CChem FRSC FRSE

Professor Sabine Flitsch CChem FRSC

Professor Melissa Hanna-Brown CChem FRSC

Dr David Rees CChem FRSC

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

Professor Tom Welton CChem FRSC
(until 9 July 2015)

Professor Duncan Bruce CChem FRSC
(retired 8 July 2015)

Dr Annette Doherty OBE FRSC
(retired 8 July 2015)

Professor Emma Raven CChem FRSC
(retired 8 July 2015)

Professor Gillian Reid FRSC
(retired 8 July 2015)

Dr Derek Stevenson CChem FRSC
(retired 8 July 2015)

Responsibilities of the Trustees

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

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

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

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

We have audited the financial statements of the Royal Society of Chemistry for the year ended 31 December 2015 on pages 28 to 59. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of trustees and auditor

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

We have been appointed as auditors under section 151 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

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

Opinion on financial statements

In our opinion the financial statements:

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

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

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

Matters on which we are required to report by exception

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

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

RSM UK Audit LLP

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

11 May 2016

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

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Notes to the financial statements

1 Accounting policies

Accounting convention

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

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

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

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

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

Basis of consolidation

The consolidated statement of financial actill actill acarit and 1(e a hasg9n,anciasho)3r value. selcarit and 1is of cucontinue as

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

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

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

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

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

Revenue recognition

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

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

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

Conference income

Income from journal and membership subscriptions relating to the following is shown as deferred income in the balance sheet. The income is treated as income in the period the subscription covers.

Income from conferences is treated as income in the period the conference is held.

Voluntary income, including legacies, is recognised when received or payable, in connection with the income statement and apportioned between funds on the basis of the number of members (£7K relating to 14 members (2014: £2K, 6 members)). and has been classified under headings that aggregate costs which can be directly attributed to a particular heading they have been allocated to activities on a basis consistent with the use of resources. Governance costs include expenditure on compliance with constitutional and statutory requirements.

Costs of raising funds include investment management fees and corporate fundraising costs. Fundraising costs include the salaries and overheads of staff who are directly involved in fundraising activities.

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

8 Support costs – General fund

	Management	Finance	Information technology	Comms	Human resources	Accomm.	Governance	2015 Total	2014 Total
	£000	£000	£000	£000	£'000	£000	£000	£000	£000
Basis of Allocation	Head count	Head count	Head count	Head count	Head count	Head count	Head count		
Donations and legacies	8	17	43	11	28	29	3	139	108
Other trading activities	-	-	-	-	-	-	4	4	4
Membership	84	178	432	112	281	290	32	1,409	1,313
Chemistry World	40	86	206	53	134	138	15		

10 Pension fund (continued)

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

	Value at 31/12/15 £000	Value at 31/12/14 £000
Change in the present value of the defined benefit obligation:		
Opening defined benefit obligation	119,207	93,097
Expenses	-	3
Interest expense	4,118	4,132
Actuarial losses	(7,816)	

Principal actuarial assumptions at the balance sheet date

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

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

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

Assets in the plan as a percentage of total plan assets

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

10 Pension fund (continued)

	2015	2014
	£000	£000
Actual return on plan assets	3,327	5,848
Movement in net liability during the year	2015	2014
	£000	£000
Net liability at beginning of the year	25,562	3,695
Movement in year		
Employer's expenses	-	3
Employer's contributions	(958)	(958)
Interest income	(3,240)	(3,987)
Actuarial gains	(87)	(1,861)
Interest on pension liabilities	4,118	4,132
Experience losses/(gains) arising on the plan liabilities	(18)	

11 Operating leases

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

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

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

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

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

12 Intangible fixed assets

Group

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

Society

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

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

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

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





18 Analysis of net assets between funds

Group

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

Society

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

19 Financial derivatives

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

Cumulative (losses)/gains on forward contracts

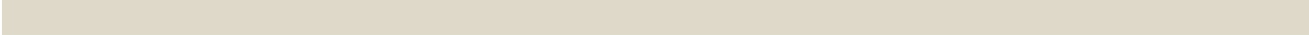
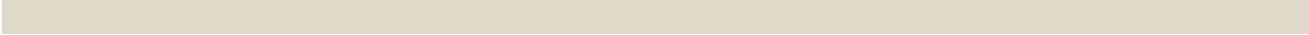
	2015 £000	2014 £000
Cumulative (losses)/gains on forward contracts	(444)	161





27 Trust and lecture funds (continued)

	2015				2014	
	Opening balance £000	Income £000	Expenditure £000	Accumulated investment movement £000	Closing balance £000	Closing balance £000
Bill Carruthers Lectureship	22	1	-	-	23	22
Brian Scarlett Memorial Fund						



29 Transition to FRS 102 and the Charities SORP FRS 102

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

The impact from the transition is as follows:

Reconciliation of funds

Group

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

Society

		At 1 Jan 2014	At 31 Dec 2014
		£000	£000
	Note		
Changes for FRS 102 adoption:			
Fund balances (as previously stated)		100,591	81,478
Recognition of derivative financial instruments	(i)	738	(754)
Holiday pay accrual	(ii)	(158)	(201)
Correction of prior period errors:			
Accruals adjustment	(vii)	-	213
Fund balances (as restated)		101,171	80,736

Reconciliation of net income or expenditure for the year

Group

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

Society

		At 31 Dec 2014
		£000
	Note	
Changes for FRS 102 adoption:		
Expenditure for the year (as previously stated)		(1,038)
Recognition of derivative financial instruments	(i)	(1,492)
Holiday pay accrual	(ii)	(43)
Defined benefit pension scheme—interest cost	(iii)	(1,157)
Investment gains	(iv)	5,759
Correction of prior period errors:		
Accruals adjustment	(vii)	213
Income for the year (as restated)		2,242

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

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