ROYAL SOCIETY OF CHEMISTRY

Royal Society of Chemistry
Financial Statements and Trustees' Report 2016

Contents

Welcome from our president

Chemistry has the power to transform the lives of people around the world. It is a great honour to serve as President of an organisation that does so much to help the chemical sciences fulfil that potential.

2016 was a transition year for the Royal Society of Chemistry, as we delivered the final year of our previous strategy and prepared to launch our new five-year strategy.

It was also a volatile year for the chemical sciences, as political and economic changes brought uncertainty for many in our international community.

In the UK, Brexit has huge implications for science research, education and regulation. We have been working with organisations across the sector to help get the best outcome for science in the negotiations to leave the European Union.

At this time of uncertainty, our role as a leading partner for global chemistry is more important than ever. Far from closing the door to collaboration, we want to push it further open.

In 2016, we reaffirmed our partnerships with chemical science organisations around the world and with the European Association for Chemical and Molecular Sciences, EuCheMS.

We backed up that commitment by supporting collaboration across borders – from our funding for international researcher exchanges, to our Newton Fund workshops in India focusing on global challenges.

We took a number of other important steps to advance excellence in the chemical sciences.

We made the world's largest chemistry journal, RSC Advances, fully open access, while making sure it was affordable for authors to publish with us, no matter where they are from.

We conducted the first in-depth survey of how chemistry departments in the UK and Ireland are engaging with industry and uncovered some innovative practices, which we shared in our *Open for Business* report.

We also invested in the future of global chemistry, focusing on developing analytical skills in Africa through our partnership with GSK. The African researchers we trained are already putting what they learnt into practice in their research in food, water and health.

As our first president from a school educational background, I was particularly pleased to see our focus on helping teachers deliver inspiring chemistry lessons, and on increasing our support for primary teachers.

Our members are our greatest strength. The Royal Society of Chemistry is a fantastic mosaic of different kinds of people doing different kinds of chemistry and they help shape and deliver our activities. In 2016 we continued to develop our services for members, including our award-winning mentoring scheme.

Finally, in the year we celebrated our 175th anniversary, making sure we are sustainable for the long term was a key focus.

We are in a strong position as we embark on our ambitious new strategy for 2017 to 2021, focused on our core roles as a provider of high-quality chemical knowledge, the professional body for chemists and a powerful voice for the chemical science community.

I'm looking forward to working with our staff and our members to make chemistry count more than ever before.

Professor Sir John Holman

About us

We are an internationally-renowned publisher of high-quality chemical science knowledge, the professional body for chemists in the UK, with an international community of more than 53,000 members in 124 countries.

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

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

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

Our mission

The chemical sciences are vital for the well-being of our world, from finding new treatments for disease to developing green energy sources. Our mission is to advance excellence in the chemical sciences, for the benefit of science and humanity.

We celebrated our 175th anniversary year in 2016, and our purpose is just as relevant as it was when we were founded in 1841. Our Royal Charter sets out our purpose very clearly:

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

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives we have set.

Our strategy

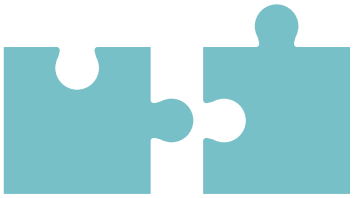
We strive to deliver our charter objectives in the most relevant and effective way possible, and to make efficient use of our resources so that we are sustainable for the long term. To that end, we periodically revise our strategy and set strategic objectives.

In 2016, we delivered the final year of our previous strategy. This was designed to maximise our core strengths and to ensure we are well-equipped to adapt and grow, as we have done for over 175 years. It was focused on five priorities:

Our strategic objectives

Community

Bring together and empower our global chemistry community for the benefit of science and humanity.

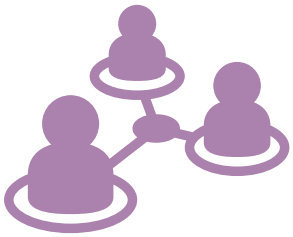


Skills

Secure a strong, diverse and sustainable supply of chemical scientists at all levels.

Knowledge

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



Member engagement

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

Equip the organisation to grow sustainably and confidently.

Community

As one of the world's largest chemical communities, it's our responsibility to make sure that chemistry is valued as a global force for good, so that its role is supported by funders, policymakers and people in the wider community.

Speaking up for the chemistry community

Responding to the EU referendum

The decision to leave the European Union (EU) brings considerable uncertainty for our community. Making sure that we get the best result for science in the forthcoming negotiations is a major priority.

In 2016, we did extensive research on the impact of leaving the EU on UK science and submitted evidence to several parliamentary select committees on the topic both before and after the referendum.

Following the referendum, we have worked hard to make the case for protecting science in the negotiations to leave the EU. We are part of a group coordinating the response of the science community so we speak with a consistent and clear voice.

We also engaged directly with the Government, the Opposition and civil servants in key departments to present evidence relating to the free movement of researchers, science funding and regulation.

At the Conservative Party Conference, our Chief Executive Officer (CEO) took part in a roundtable discussion with Jo Johnson, Minister of State for Universities, Science, Research and Innovation, on the consequences of leaving the EU.

Our President signed a letter in December calling on the Government to ensure that its future immigration policies enable international mobility and collaboration. It was co-signed by other science, innovation and higher education leaders and appeared in the *Financial Times* ahead of a House of Commons debate on exiting the EU and science and research.

Connecting the UK with global chemistry

Chemists in the UK must forge strong links with the international community if we are to retain a leading role in global science, education and innovation. Far from closing the door to international collaboration, we are working to push it even further open.

In 2016 we reaffirmed our partnerships with chemical societies around the world and our membership of the European Association for Chemical and Molecular Sciences (EuCheMS), and our CEO and President spoke at the 6th EuCheMS Congress in Seville.

At the Congress, our CEO signed a joint declaration condemning the use of chemical weapons in Syria, along with 36 presidents of other chemical societies. He also announced the theme for the 7th EuCheMS congress, which we

will host in Liverpool in 2018 – Molecular frontiers and global challenges.

Making chemistry count on the issues that matter

In addition to our engagement on Brexit, we held meetings with members of the cabinet and shadow cabinet, MPs and civil servants on a range of other issues affecting the chemical sciences.

We also responded to 15 calls for evidence from the Government on topics such as the Stern review of the Research Excellence Framework, the Higher Education and Research Bill, the environmental impact of microplastics and the new Global Challenges Research Fund.

Taking chemistry to policymakers

We continued our programme of events to raise the profile of chemistry in Westminster and the devolved administrations.

In February we held a chemistry demonstration event in Westminster, engaging MPs from all parties, and took part in a number of other events to raise the profile of science with MPs, including SET for Britain – a poster competition for early career researchers – and Voice of the Future, with the House of Commons Science and Technology Committee.

Scottish Education Secretary John Swinney speaks to students at our Science and the Parliament event

We held pre-election Question Time-style debates in the Scottish Parliament and Welsh Assembly on topics such as education, science funding, GM technology and equality. And we brought politicians and members of the science and engineering communities in Wales, Scotland and Northern Ireland together at our flagship events in the devolved administrations. Our speakers came from across the STEM and political spectra, including cabinet secretaries and chief scientists.

In Brussels, we took part in a stakeholder workshop to evaluate the EU's action plan against the rising threats from antimicrobial resistance, where several of the recommendations we provided via a previous consultation were highlighted.

15 Government consultations responded to 50+ outreach projects supported 100,000+ Facebook followers

Bringing chemistry to the world

Chemistry has relevance far beyond the confines of university laboratories, industrial plants or even policy steering groups. We want to make the chemical sciences accessible to anybody who is interested, and to inspire more people to be curious about the power of chemistry.

Chemistry in the community

Through our Outreach Fund, we support projects that raise awareness of the place of chemistry in our lives. In 2016 we refocused the fund to support projects that develop the science communication skills of chemists, and activities that target hard-to-reach audiences. We supported more than 50 projects to bring chemistry into local communities through the fund last year.

Connecting young people with chemistry in Byker, one of the UK's most deprived areas

In Newcastle, we funded the Byker Community Centre to work with artists and scientists to offer chemistry activities for eight to 16-year-olds in one of the top two per cent of most deprived areas of the UK. The centre focused on making the event as accessible and fun as possible for more than 50 young people at risk of social exclusion, including providing specialist help for them to attend and take part.

"Our Science Day was amazing, this is life changing, events like this are not only educational but crucial to give opportunities to kids who don't have an equal start."

Aly Smith, Development Manager, Byker Community Centre, Newcastle

Another project we funded focused on getting chemists more confident in talking to the media. The Academic Ideas Lab secured two top TV and radio producers to train a group of chemists on how to pitch ideas and influence the development of programmes. The aim was to increase understanding and links between chemistry and the media so that we will see more innovative TV and radio content about chemistry.

Tim Peake launched our 2016 global experiment, Mission Starlight – and even performed the experiment in space. We challenged school children to experiment with different materials to see how to protect astronauts from UV light. Hundreds of schools took part, and those who sent us results unlocked a secret video featuring Britain's European Space Agency astronaut himself.

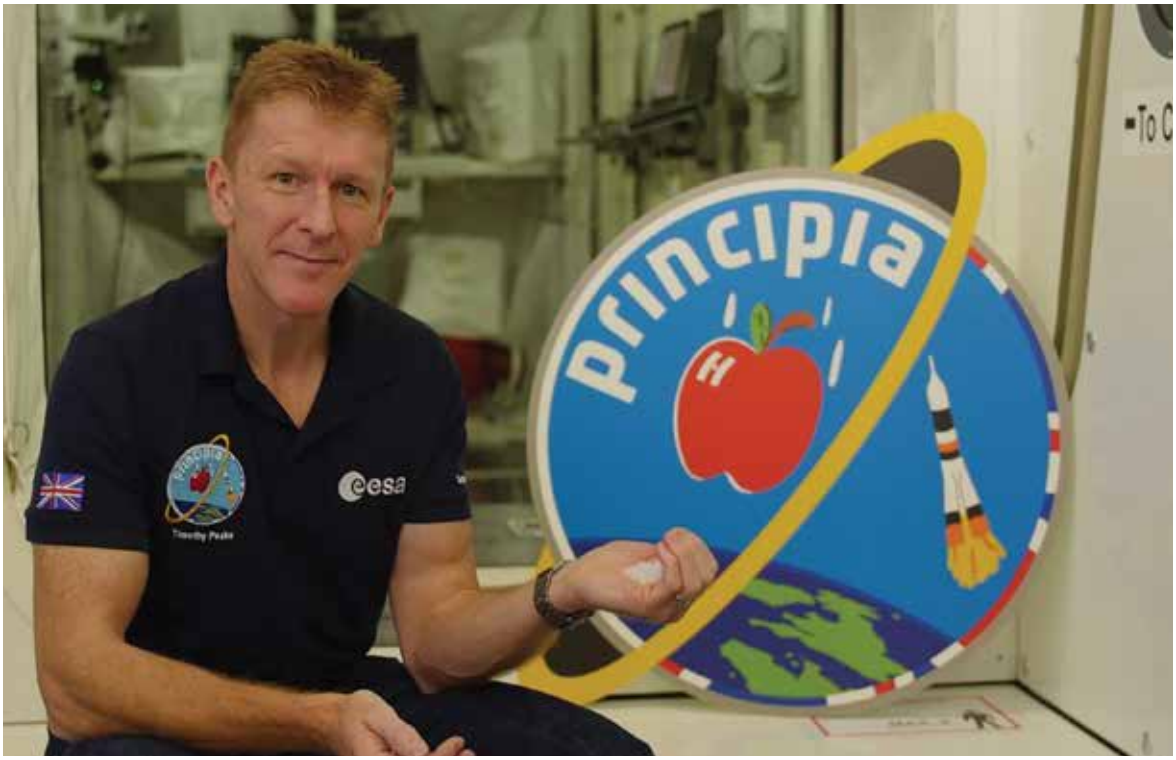
Chemistry in the media

We raised the profile of chemistry in the media, leading on a whole range of stories on its positive contributions, from a front page story in The Times on a key breakthrough in antimicrobial resistance, to an appearance on the One Show to talk about the impact of flushable baby wipes.

Our annual prizes and awards programme celebrating excellence in chemical science research, industry and education gained significant coverage in local and regional media outlets including in Spain, the USA, Australia, Cyprus, Canada and Ireland, as well as a large amount of social media activity.

We also sponsored a chemist to do a British Science Association media fellowship in the BBC Radio Science Unit during the summer of 2016, as part of a scheme to foster a better relationship between science and the media.

Over the course of seven weeks, our media fellow contributed to 15 online and radio stories about science, including a piece on



Tim Peake launches our Global Experiment live from space

how conservators at the Tate Modern are using nano-chemistry to monitor the state of their art collection. He was also the first media-fellow to receive a producer credit at the BBC, on the World Service science hour. Building on the success of this placement, we will once again sponsor a fellowship in 2017.

they could use porous organic cages to remove low concentrations of formaldehyde – a potent, commonplace carcinogen – from the air. Within six months of winning, the group developed a working prototype, and put the competition prize money towards building a formaldehyde testing facility to evaluate its performance.

"It was amazing to learn how the news machine works and what makes a story interesting. It has been really fulfilling sharing what I learned with other scientists since the fellowship."

Dr Robert Thompson MRSC, our chemistry Media Fellow

Our social media reach expanded in 2016. Our Twitter audience grew by over 7,000 followers, reaching 20,000 followers by the end of the year. On Facebook, we reached the landmark of 100,000 followers and doubled our number of page likes over the year.

Fast-tracking innovation

As a diverse community with over 53,000 members spanning the whole range of the chemical sciences, we are well-placed to make the connections that can make things happen. We help researchers in academia and industry put their cutting-edge ideas into action beyond the laboratory.

Emerging Technologies Competition

We held our fourth Emerging Technologies Competition for start-ups and academic researchers. We launched a new strand, food and drink, in addition to our existing categories of health; energy and environment; and materials and enabling technologies.

We received 114 entries, 30 per cent more than in 2015. Our 40 finalists pitched their ideas to an expert panel at our Chemistry Means Business event in June. Our 12 winners received tailored business support from one of our partner companies, media exposure and a cash prize from a pot of £100,000, to help them turn innovative ideas into a commercial reality.

A team led by Professor Andrew Cooper at the University of Liverpool impressed the judges with their idea for a new type of domestic air filtration system. They successfully demonstrated that

The success of the competition owes a great deal to our partners, including GSK, Unilever, Croda, Diageo, Pfizer, GE Life Sciences, AstraZeneca, Schlumberger, AkzoNobel, Johnson Matthey and Mondelez.

Since 2013, our Emerging Technologies Competition has attracted 250 entrants from 19 countries

Our 28 winners have raised over £25 million...

...and expanded overseas, run clinical trials, and signed licensing deals.

Promoting university and business engagement

In 2016, we conducted the first in-depth survey of chemistry departments in the UK and Ireland on how they work with businesses to support their activities in research, enterprise and skills.

We found a vibrant landscape of engagement, with over a thousand collaborations reported by the 25 departments that took part.

We were even more impressed by the sheer range of activities, from mentoring by alumni to skills sharing with SMEs and major research collaborations with multinational companies.

Our *Open for Business report*, supported by online case studies, shared this good practice across the education and innovation communities.

Connecting the chemical sciences industry

Chemistry Means Business, our flagship event for industry, attracted more than 300 people over two days, a 30 per cent increase on 2015 attendance. A wide range of chemical science-using sectors were represented, from pharmaceuticals to consumer products, energy, composites, biotech, agrochemicals, sensors and food.

> "It has certainly helped to focus our attention on interacting with large companies and it was great to be able to speak directly to people from a good selection of them - something that has actually proved to be quite difficult for us."
>
> Delegate from MCA Services

Each delegate made on average 11 connections, the equivalent of more than 3,000 conversations about chemistry. 95 per cent of those who responded to our survey said they were likely to follow up on the connections they made. And a quarter said they were planning to change something in their business as a result of what they heard at the event.

A leading partner for global chemistry

Many of the next generation of chemists will come from fast-growing areas like China, India and Africa. We work with partners around the world to ensure a flourishing future for global chemistry.

Partnering with the Chinese research community

We work closely with leading institutions in China to support chemistry research, including on our *Frontiers* journal series.

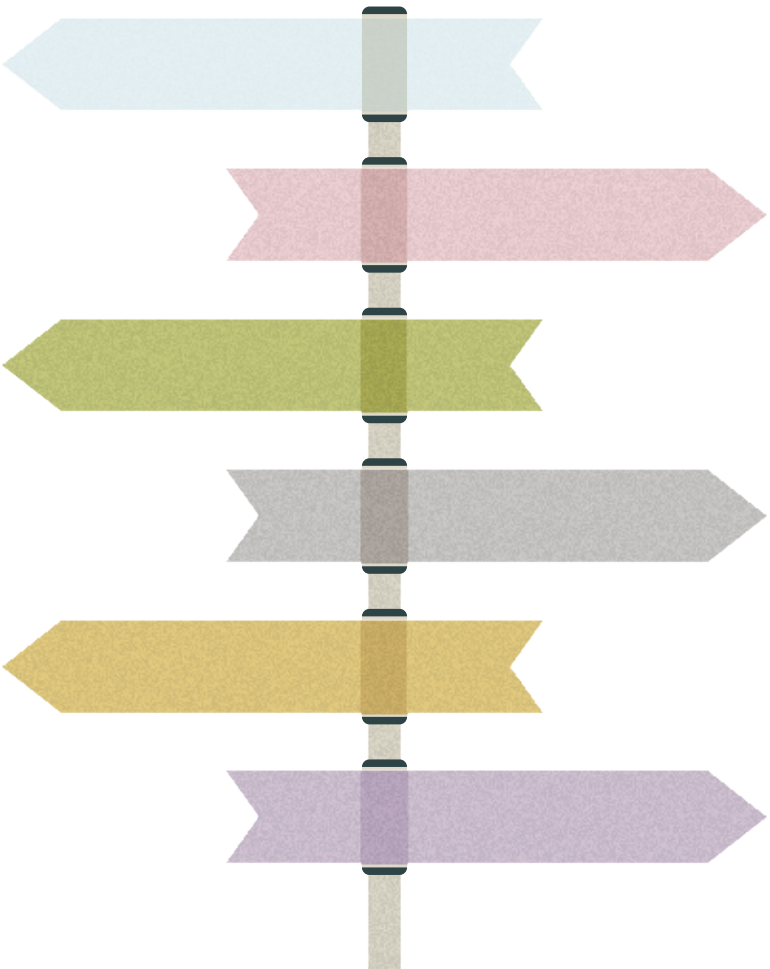
In 2016 we renewed our five-year partnership with the Chinese Chemical Society at its annual conference, and we chose this occasion to announce our decision to make RSC Advances open access, reflecting the importance of China in the global research community.

In Beijing, we held our first forum for our Fellows in China on the role of materials chemistry in solving global challenges. This was in partnership with Beijing University of Science and Technology and Tsinghua University, with support from the National Natural Science Foundation in China.

Engaging Chinese chemistry students

In 2016 members of our Beijing local section helped organise the China Chemistry Challenge, working with members of the Beijing University of Chemical Technology student club and the educational charity ASDAN.

Almost 600 teams competed in first round in around 40 cities all over China. The 60 top teams took part in a two-day final in Beijing, focused on practical challenges and experiments. We plan to expand the competition in 2017, following the enthusiastic feedback from teachers and students.



Students at a Salters' chemistry camp in Assam, India © Royal Society of Chemistry

Focusing on global challenges in India

In partnership with the British Council, we brought together early career researchers from the UK and India at six Newton Bhabha Fund Researcher Links Workshops across India.

Over the course of the year, more than 200 scientists from the UK and India shared their cutting-edge research on topics such as antimicrobial resistance, bio-materials for water purification, catalysis for sustainability and nano-materials for energy and air pollution.

We organised satellite meetings around these workshops in the National Physical Laboratory in Delhi, National Environmental Engineering and Research Institute in Nagpur and National Institute of Technology at Trichy, attended by 500 scientists.

Inspiring Indian teachers and students

We launched the Yusuf Hamied Inspirational Chemistry Programme to enhance chemistry education in India in 2014, with the support of the prominent scientist and philanthropist, Dr Yusuf Hamied. By the end of 2016, we had delivered chemistry training to around 9,000 teachers, and given around 800 school students the chance to attend a Salters' Chemistry camp.

In 2016 we extended the programme into two new regions. In the Northeast, we supported chemistry camps in Assam, giving students from 35 government schools the chance to try out laboratory equipment and meet researchers at the host universities. In southern India, we signed a partnership with education authorities to train teachers and run chemistry camps in the state of Kerala.

Sustainable skills in Africa

Analytical chemistry is vital for safer, healthier communities in Africa, from keeping water supplies clean, to diagnosing and treating diseases. In 2016, we delivered the first year of partnership with GSK to enhance the capabilities of African scientists in modern analytical skills.

Thanks to the new partnership, our original small-scale, volunteer-led scheme in Kenya has been expanded across Ghana, Nigeria and Ethiopia. Over five years, we will train over 400 chemists and most importantly, train local scientists to become trainers themselves. These local trainers will share their skills with colleagues, creating a self-sustaining community of skilled analytical scientists across Africa.

Professor Anthony Gachanja leads an analytical chemistry training session in Kenya © Royal Society of Chemistry

In 2016 we trained 67 people from across Africa in the key technique Gas Chromatography Mass Spectrometry (GC-MS). One of our local trainers is already running GC-MS training courses for universities across Ethiopia, advising the police on forensic methods and working with the government to purchase analytical equipment for universities across the country.

"I use GC-MS to identify soil pollutants and study how they might be degraded. After the training I could solve the challenges that I was facing. The results are awesome!"

Caro Keoch, participant in a GC-MS workshop in Nairobi

Amazing things can happen when you bring together talented people with a common goal. Three years ago, Keven McGuigan, from the Royal College of Surgeons in Ireland, came to our PACN Congress in Ethiopia. He wanted to use the power of the sun to solve the challenge of clean water. At our congress, he met two experts in a related technique, solar pasteurisation. Together, they are bringing cheap, sustainable and safe water to vulnerable communities across Africa. In 2016 they won €3.6 million of EU funding for their WATERSPOUTT project, which uses everyday objects, such as plastic bottles, to build purification equipment.

Connecting African and global science

Through our Pan Africa Chemistry Network (PACN), we connect African scientists with each other and international partners, to solve local problems and contribute to global science.

We supported 10 events across Africa in 2016, including our Chemical Sciences and Technology Enabling Growth in Africa Symposium in Lagos, Nigeria, in partnership with Procter & Gamble.

And more than 200 participants from around the world met to discuss new developments and crucial issues in sustainable water at our annual PACN Congress in Nairobi, Kenya – including three researchers who came to talk about the clean water project they set up after meeting at our 2013 PACN Congress in Ethiopia.

Skills

A strong supply of well-trained chemical scientists is essential for a strong chemical science community. As the professional body for chemical scientists in the UK, we work to make sure we have enough people, with the right skills, to make chemical science advance now and in the future.

Setting high standards

We set high standards for the education and practice of chemistry, to ensure the relevance and integrity of our profession.

We accredit more than...

95% of UK chemistry degrees

14,700 Chartered Chemists

And over 20 training schemes at leading chemistry employers

Working with individuals

We help people working in the chemical sciences to develop and maintain their skills through our frameworks for membership and professional development. These are based around qualifications and competence, underpinned by a code of professional conduct and self-regulation by the chemistry community.

We award a range of formal accreditations, including chartered status, recognising people working at a high level of professional competency. We also accredit people to join the professional registers as a Registered Scientist or Registered Science Technician.

204 people qualified for one of our chartered awards in 2016, bringing the total number of our members who are Chartered Chemists to 14,769 – over a quarter of our members. And we certified 63 new Registered Scientists and 50 new Registered Science Technicians.

Working with industry

We accredit training at more than 20 of the largest employers of chemical scientists in the UK, enabling their staff to qualify for registered or chartered status.

In 2016 we accredited training and development at Thames Water for the first time, supporting high professional standards within the water industry.

We brought together employers with schemes that we accredit, including Sellafield, EDF, BP, AstraZeneca and GSK, to share good practice and discuss the future of vocational training. Topics included the Government's new apprenticeship levy and the findings of our recent Chartered Chemist review.

Working with universities

We accredit over 360 degree programmes at 54 universities in the UK and Ireland, as well as institutions in 15 other countries, to make sure they equip chemical science students with the right skills for success.

We reviewed our accreditation criteria in 2016, to make sure they are fit for today's world of work. As a result, we have introduced a new requirement related to the learning environment, focused on staff development needs and pastoral care. We have also enhanced our method of capturing professional skills outside of core chemical knowledge.

We also accredited two UK–Chinese transnational degrees for the first time. And we awarded first time accreditations for programmes at Sheffield Hallam University, Kingston University, Teesside University, the University of Bath Centre of Doctoral Training and the IISER Kolkata in India.

Nurturing the next generation of chemical scientists

The UK is already facing a shortage of people with chemical skills. If we are to stay relevant in an increasingly competitive global economy, we need to nurture the next generation of chemical scientists. We work with teachers and schools to make chemistry education inspiring, relevant and engaging, and to prepare our children to meet the challenges of tomorrow.

Developing inspiring teachers

An inspiring education starts with inspiring teaching. Over the course of their career, a single teacher will influence thousands of students. We help teachers develop the confidence and skills to deliver inspiring science lessons.

In 2016 our national network of education coordinators advised and supported nearly 10,000 secondary, primary and trainee teachers, helping them develop and deliver inspiring chemistry lessons. We also delivered two online CPD courses for nearly a thousand teachers, including Carbon Chemistry, our largest to date.

At the end of 2016, we had 3,708 Learn Chemistry partners, more than 62 per cent of secondary schools and FE colleges in the UK. Through this free scheme, we develop chemistry advocates in secondary schools and colleges, giving them free membership to the Royal Society of Chemistry and access to free specialist resources they can share with colleagues.

Attracting talented graduates to teaching

Many areas of the UK have a shortage of chemistry teachers with chemistry degrees. We are working to attract talented chemistry graduates into teaching, and to give trainee teachers the right support to flourish in the profession.

We awarded 104 trainee chemistry teachers with scholarships for the 2016/17 academic year, in partnership with the Department for Education. We help these promising trainees develop their teaching skills through mentoring, peer networks and specialist chemistry resources.

Our 2015/16 scholars attended training on running practical classes and micro-scale experiments at the National STEM Centre in York and at the UCL Institute of Education. We received positive feedback on both events.

Enriching lessons with easy-to-use resources

3.5 million Learn Chemistry users

3,708 Learn Chemistry Partnership schools

10,000 teachers engaged with by our Education Coordinators

We offer thousands of free online resources at our Learn Chemistry hub to help teachers enrich their chemistry lessons.

We improved the discoverability of these resources in 2016, making it easier for teachers to find relevant materials by curriculum topic. 3.5 million users visited Learn Chemistry last year, up from 2 million in 2015.

We also launched a series of context-based resources for educators in higher education. They can now access over a hundred videos, presentations and worksheets to get their students solving real-life problems.

Teachers learn how to make chemistry lessons more inspiring at our CPD event in York

In December we re-launched our *Education in Chemistry* website for chemistry educators to improve users' experience. It now offers enhanced features including registration, which allows readers to bookmark articles they like and create a personal library, customise email alerts to stay informed about topics that interest them and discuss articles.

> "Congratulations on the updated website. It is great to see Education in Chemistry evolving and serving the community of chemistry teachers so well."
>
> Neil Goalby, Head of Chemistry at Bancroft's School

Starting early

The evidence shows that children make their mind up about whether science is for them by the age of 11, so early education is critical.

In 2016 we enhanced our free online materials for primary teachers, adding specific guidance for each resource, written by a Primary Science Teaching Trust award-winning teacher. Our page views for primary resources more than doubled compared to 2015.

We also built on our successful partnership with the Primary Science Quality Mark (PSQM) scheme, which gives schools a framework for improving science teaching. Last year, 106 primary schools in England benefitted from Royal Society of Chemistry support to take part in the scheme.

Widening access to chemistry

Every child should get the chance to develop their talents in chemistry. At the moment, as for many subjects, children from more deprived areas are less likely to pursue chemistry at university. The barriers to participation are not well understood and there is limited evidence about which engagement strategies work.

Our five-year Chemistry for All study is trying to change that. We are partnering with universities in three regions in the UK to test a range of interventions at local schools that typically send low numbers of children to university.

In 2016 we delivered the second year of the programme. Three different models of engagement have been established, each of which has had good feedback from the schools involved. The UCL Institute for Education is tracking participating students over five years to see which techniques are most effective. When we have more developed results we will share them with colleagues across the sector to promote good practice and influence education policy.

Influencing education policy

As well as working directly with teachers, we help policymakers understand the priorities for science education. In 2016 we worked with colleagues across the sector to influence education reforms.

Shaping the curriculum

We brought together a range of education experts through our Curriculum and Assessment Working Group to agree priorities and content for a new exemplar chemistry curriculum for 16 to 19 year-old students, which we will use to influence government policy in the UK and Ireland.

In Scotland, we led a Learned Societies Group working party on science benchmarks for assessment that produced feedback for Education Scotland, influencing its new strategy for STEM education in Scotland. This informed our agenda for our annual Science and the Parliament event in Edinburgh, which brought together policymakers, academics and business people. Our keynote speaker was John Swinney, Cabinet Secretary for Education and Skills.

In Wales, we advised the government on its programme of major reforms to the curriculum, examinations and teacher training.

Specialist science teachers

Research shows that strong subject knowledge leads to greater impact in science teaching, but a third of chemistry teachers in England do not have a chemistry degree, and a third of primary school teachers report a lack of confidence in teaching science.

In 2016, we continued our campaign to increase the number of specialist science and chemistry teachers in schools in the UK.

Our president, Sir John Holman, gave evidence to the House of Commons Education Select Committee as part of their inquiry into the supply of teachers. We submitted written evidence to the inquiry, in collaboration with other science organisations.

Our recommendations included developing long-term plans for recruitment, retention incentives based on local, regional and national needs, and the expectation that all students from Key Stage 4 onwards should be taught by subject specialists.

Supporting technical training

We need people with technical skills in the chemical sciences, as well as those with

Our President, Sir John Holman, talks about the importance of specialist science teachers at Science and the Parliament in Edinburgh

academic credentials. We support technical routes into chemistry, like apprenticeships, that give people the chance to gain experience and expertise on the job.

We are engaging closely with the government on technical education reforms to help make sure they bring the maximum benefit on the ground. We are also supporting the chemical science community during this time of policy change, and exploring how we and other organisations in the sector can implement the forthcoming apprenticeship levy in the most effective way.

Supporting Small and Medium Sized Enterprises

Investing in skills and training is a challenge for small and medium sized companies (SMEs), which don't have the same staff development budgets as larger firms. Through our EnterprisePlus network, we funded training opportunities for nearly 80 people at SMEs in the chemical sciences in 2016, including: nine apprenticeships, nine internships, 30 year-in-industry placements for chemistry students and 31 training vouchers for skills development.

Building links with the Further Education sector

In November, we signed our first formal partnership with a further education (FE) college, Wirral Metropolitan College, at the opening of its new Science, Technology, Engineering and Maths Centre. We are working with Wirral Metropolitan to promote and support students who aspire to work in the chemical sciences, including helping students and teachers work towards our Registered Science Technician or Registered Scientist awards.

Making chemistry more inclusive and diverse

For chemistry and the chemical sciences to prosper, our discipline must attract, develop and retain a diverse community of talented people. We nurture a culture that promotes inclusion and ensures recognition regardless of background.

Challenging stereotypes

Our 175 faces of chemistry project challenged stereotypes by showcasing the huge range of people and paths in chemistry – from Deepika Kurup, a 17 year-old student who is helping

Visitors at our 175 Faces of Chemistry exhibition in London

solve the global water crisis, to Dr Owen Priest, a lecturer in organic chemistry who goes the extra mile to create a safe space for LGBT students.

Over 2,500 people visited the 175 faces exhibition at our London headquarters in 2016, including during Open House weekend.

And we spotlighted some of our 175 Faces on social media, to celebrate the intrinsically international nature of science as part of the Royal Society's #scienceisglobal campaign, which reached more than 10 million people.

Visitor at our 175 Faces of Chemistry exhibition in London

Helping early career researchers aim high

Making the step from a post-doc position to a successful research career is challenging, and it can be particularly daunting for people from underrepresented groups. Many women start to leave academia at this point, leading to a marked gender imbalance in research teams.

Our Joliot–Curie conference inspires and supports early career scientists at this critical juncture, particularly women. Seventy post-doctoral researchers from across the UK attended the event in 2016.

They heard from speakers about diverse pathways to success, got tailored advice on planning their next steps, and attended a dinner hosted by our president. 100 per cent of attendees who responded to our feedback survey rated the event as good or excellent.

Looking for solutions

Inclusion and diversity are complex topics and no organisation has all the answers. We are working with others in the science and engineering community to find solutions to these difficult issues.

We launched an Inclusion and Diversity Fund in 2016, offering grants of up to £2,000 for innovative ideas. We are supporting eight projects through the fund, from a series of "Hidden Women Wikithon" workshops for secondary pupils to add profiles of female scientists to Wikipedia, to a study to determine how much information needs to be redacted from academic CVs to anonymise them.

We also formed the Collaboration Group for Diversity in the Physical Sciences with the Engineering and Physical Sciences Research Council, and the Institute of Physics, to develop shared priorities and projects. Our initial focus will be on women in leadership.

Knowledge

Cutting-edge research leads to the technological breakthroughs that we will need to address the challenges of tomorrow. Scientists are producing more knowledge than ever before, and there is a drive towards greater openness and transparency in science. We work to make the best chemical science knowledge available to all those who need it.

Sharing the best chemical research

We share high quality research through our internationally-renowned publishing portfolio of more than 40 journals and huge range of books, covering the full range of the chemical sciences and its interactions with other disciplines.

In 2016, we published 42,125 journal articles and 100 new book titles. And we launched new products to support growing areas of the chemical sciences. We created the Chemical Biology book series, a suite of reference works on cutting-edge research at the interface of chemistry and biology. In our journal portfolio, we launched three new journals: *Molecular Systems Design & Engineering; Reaction Chemistry & Engineering* and *Nanoscale Horizons*.

Making an impact

We kept our focus on quality and impact, reflected in strong Journal Impact Factors – an externally measured and widely used metric. Three of our journals topped their Journal Citation Reports and more than a fifth of our journals were within the top five per cent of their category.

We bring inspirational work from world-leading scientists to the world. Each of the three 2016 Nobel Prize winners in chemistry have strong links with our publishing programme. Professor Ben Feringa chairs our *Chemistry World* editorial board and is one of our trustees; Professor Jean Pierre Sauvage has chaired our *Chemical Science Reviews* board; and we regularly publish work by Sir Fraser Stoddart, who is one of our honorary fellows.

100 new book titles

173 grants for early career researchers

212 events supported

42,000 journal articles

58m compounds on ChemSpider

Our journals highlight research on urgent problems facing our world. A study published in our *Chemical Science* journal in 2016 showed that breast milk could hold the key to fighting antibiotic resistance. The paper, by a research group at the National Physical Laboratory and University College London, caught the attention of scientists around the globe and made the front-page of *The Times*.

Re-launching Chemistry World

Chemistry World, our flagship magazine, brings the latest news, views and research in our field to life for a wide audience, whether or not they have a scientific background.

We re-launched *Chemistry World* in 2016 with a new brand, editorial strategy and market-leading technologies. We now offer a fully responsive website, more personalised content and a higher quality user experience. We offer ways for people to access much of our content for free, under a metered access model, and provide unlimited access for our members and our subscribers.

Through the website, we reach hundreds of thousands of people each month with a mix of news, exclusive interviews, thought-provoking comment and in-depth features. With over 400,000 followers on Twitter and over 900,000 Facebook fans, *Chemistry World* is helping us create chemistry conversations with people from all walks of life and from all corners of the globe.

Our aim is to grow the profile and readership of the magazine to support our role as a powerful advocate for the vitality and relevance of chemistry, and to connect people across the chemical sciences.

Making science more open

We believe that greater openness leads to faster advances in knowledge. We're leading the way in open access and open data in the chemical sciences, so that all researchers can access the ideas and the information they need.

Shaping the future of open access

The open access (OA) landscape is evolving, with more authors choosing this option and many funders, particularly in Europe, mandating that the work they fund is published OA. The range of OA publishing options needs to grow to accommodate this rise and to give authors more choice over where to publish their research.

We are supporting our community by investing in new OA business models that are sustainable for both researchers and publishers.

In 2016 we took the decision to make *RSC Advances* – the largest chemical science journal in the world – fully OA. We want to select on the quality of research, not on the ability of researchers to pay. So we set the article processing charge – the fee for authors – at one of the

We re-launched *Chemistry World* using market-leading technology

lowest on the market, and are offering fee waivers for authors from less economically developed countries.

Helping researchers make the transition

We are working with our research community to make it simpler and more effective for institutions to make the transition to OA.

In 2016 we launched our Read and Publish offer, which minimises the administrative burden by combining the fees for reading pay-walled content and publishing OA in a transparent way. It is based on the OA requirements of the Wellcome Trust, a major research funder.

We signed our first Read and Publish agreement with the Max Planck Digital Library in December. Researchers at the Max Planck Institutes, the most successful group of research institutions in Germany, will be able to publish OA in all of our hybrid journals, as well as access all our journal content.

Open data

Open science is not just about journal articles. Our free-to-use ChemSpider database gives researchers the most comprehensive view of freely available chemical data from a single online search. In 2016 the total number of compounds available on the website rose to 58 million – up from 21.5 million when we acquired it in 2009.

Open access aims to maximise the visibility of research, much of which is publicly funded. Work is made freely and permanently available online, and a licence is applied which allows users to download, copy, reuse and distribute data provided the original article is fully cited.

We support open access models that seek to ensure scholarly publishing activities operate in a long-term, sustainable way. This includes gold open access, where the final published article is made immediately available online. The author or their institution pays an article processing charge, rather than the reader, or their institution, paying to access the material.

Putting researchers at the heart of publishing

We work closely with our research community to help us understand and meet their changing needs, and keep the standards of our journals and books high.

Listening to our community

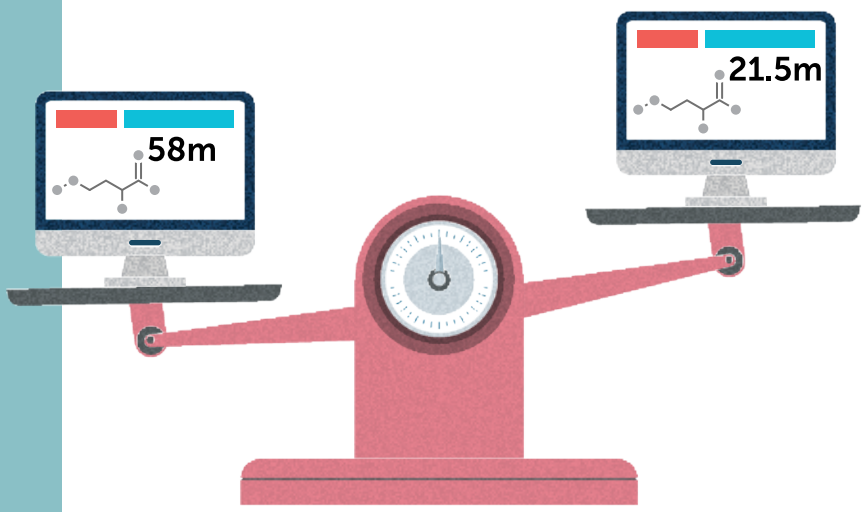
In February, more than 300 members of our editorial boards met in London for our Editors' Symposium. We held 52 editorial board meetings and over 50 workshops discussing key topics in publishing. Attendees told us they valued the chance to shape our strategy and to grow their networks, leading to new collaborations.

Making the publication process easier

We strive to make the publication process as straight forward, fair and transparent as possible, so that all researchers have the opportunity to share quality work, and reach the right audience.

In 2016 we gave more than 600 early-career researchers in India advice on scholarly publishing at workshops in Bhavnagar, Bhopal and Bhubaneswar.

We also signed an open letter with the American Chemical Society committing to make it easier for researchers to gain full credit for their work through the Open Researcher and Contributor ID (ORCID), a not-for-profit organisation that provides unique identifiers for researchers and scholars.



Our free ChemSpider database now has information about 58m compounds, up from 21.5m when we acquired it in 2009.

Our partnership with ORCID will resolve ambiguity in researcher identification caused by name changes, cultural differences in name presentation, and the inconsistent use of name abbreviations that is too often a source of confusion for researchers who rely on the published scientific record.

Sharing ideas, creating collaborations

When it comes to making connections, nothing beats talking face to face. Every year, we enable thousands of emerging and established scientists to discuss their ideas, build their reputations and sow the seeds of new collaborations at our conferences, symposia and events.

In 2016 we supported 212 events in 13 countries, bringing together nearly 15,000 people to talk about the chemical sciences.

Focusing on the science

Our member-led divisions, which cover nine broad fields and aspects of chemistry, run a range of events to advance knowledge in their areas.

Our Faraday Division runs Faraday Discussions, a unique format that encourages researchers at the cutting-edge of physical chemistry to share work in progress. In 2016 we ran 11 Faraday Discussions on topics ranging from catalysis and carbon capture to liquid salts.

Our Faraday event on Chemistry in the Urban Atmosphere featured on an edition of BBC Radio 4's Inside Science programme, leading to a discussion about how chemists are helping to monitor and manage air pollution in cities.

Our Chemistry Biology Interface Division brought together 120 scientists in April, at our first Chemical Biology Symposium, to highlight the scope and impact of this discipline at the intersection of chemistry, biology, and physics. Six internationally-renowned scientists spoke about their research, and 40 early career researchers shared their work in poster form.

Helping early career researchers make connections

Making connections is the key to a successful research career, but travel costs can be a major barrier for researchers at the crucial early stages.

We help early career researchers build their reputations and their networks through our researcher mobility programmes.

In 2016 we funded 133 PhDs and postdoc researchers to attend international conferences. These grants often enable students to give their first poster or oral presentation. We awarded 40 Researcher Mobility Grants to help early career researchers develop collaborations by visiting institutions in the UK and around the world.

Researcher Mobility Grants: Sowing the seeds of lasting collaborations

In 2015, we funded Dr Aaron Lau from the University of Strathclyde to visit the Austrian Institute of Technology. Thanks to this visit, he is now collaborating with Professor Erik Reimhult at the University of Natural Resources and Life Sciences in Vienna. They are using Dr Lau's nanoporous membranes to enhance biosensor technology developed by Reimhult's group. Their research could have broad applications in healthcare, biocatalysis and sustainable technologies.

They have already presented their preliminary data at conferences and talks in the UK and US. And Dr Lau is now sending one of his PhD students to the Austrian Institute of Technology to continue the collaboration.

Member Engagement

500 career consultations

1,000 more professional members

98% retention rate for professional members

Our members are the lifeblood of our organisation. We have an incredibly diverse and expert community, with members in 124 countries, working in almost every branch of chemistry and across industry, government, academia and education. We help our members realise their professional potential and we work with them to advance excellence in the chemical sciences.

Focusing on professional members

Our focus in 2016 was recruiting and retaining professional members, in line with our aim to support practising chemists. We grew our number of professional category members by nearly a thousand, to 37,622.

We continued to provide tailored professional support for our members, holding nearly 500 career consultations in person, via Skype or by email in 2016. Everybody who responded to our post-consultation survey said they would recommend the service.

In 2016 our member-to-member mentoring scheme won a MemComm award last year in the 'New Product Development – Member Benefit' category. We are supporting 50 mentoring relationships, helping members share experience and skills.

Our 2016 retention rate for professional members was 98 per cent, and our overall member rate was 86 per cent, up from 85 per cent in 2015.

Meeting our community's diverse needs

We have a wide range of divisions, sections and interest groups reflecting the diversity of our members' expertise and interests. We support these member-led networks to meet the specific needs of the different parts of our community.

We launched the Surface Coatings Interest Group in 2016. The range of applications of surface-coating chemistry is expanding all the time, from protecting spacecraft to face paints for children. The surface coatings industry encompasses many different areas of chemistry, from polymers to nanotechnology and corrosion and our new interest group brings together members across this complex area.

Our Early Careers Network organised the Early Careers Symposium at the University of Strathclyde in June. More than 140 members at the early stages of their careers met to hone their presentation and networking skills, and get inspired by the latest research.

Making the most of our members' expertise

There are many issues and challenges where our members' expertise, knowledge and experience can contribute to the advancement of science and inform policy and regulation.

We brought members together at a workshop, to horizon scan and highlight priorities in regulation linked to chemicals and the environment. Following the success of this event, we launched the Environment and Regulation Collective to draw on our community's experience and expertise in this area. More than 150 members have signed up so far.

Celebrating chemistry with our members

We celebrated our 175th anniversary throughout the year by asking our members to dedicate "175 minutes to chemistry", and to share what they got up to on social media using the hashtag time4chem.

"The best thing about the Kings Cross outreach event was that we were speaking to a lot of people who weren't or aren't engaged in science."

Katie Nuttall, South East education coordinator

Our education coordinators helped 745 members spend their time4chem with the public at outreach events around the UK and Ireland. 15 member volunteers brightened the day for travellers in London by sharing the chemistry of glow-sticks at one of the UK's busiest stations, Kings Cross, in November. They spoke to over 1,000 people during the day, with the support of our south-east education coordinators.

Over the course of the year, our time4chem Twitter hashtag was used more than 1,700 times by people celebrating chemistry; we published over 70 stories on how members spent their time4chem; and our campaign was shortlisted in the Best Social Media Campaign category of the UK Association Awards.

Listening to members

We surveyed our members in 2016 to find out what they think of our services and our work.

Of those who responded, three quarters rated our benefits and services as good or excellent.

Nine out of every ten agreed the Royal Society of Chemistry is fulfilling its mission to advance excellence in the chemical sciences. And eight in ten agreed that the Royal Society of Chemistry strengthens the voice of the community, recognises the importance of members and supports and develops talent.

Our members share the chemistry of glow-sticks with commuters at Kings Cross © Royal Society of Chemistry

For the first time, we asked specific questions of undergraduates to find out if we are meeting their needs. We found that students are more likely than other members to think we are communicating with them too little. As a result, we are tailoring our communications to students even further, to let them know about the benefits and issues that matter most to them.

“There are so many amazing things going on [at the Royal Society of Chemistry], but I don’t feel like I know about a lot of it.”

Student member

At our General Assembly in Belfast we ran a workshop for members looking at some of the results from the member survey. This focused on survey data most relevant to our member-led networks and explored specific opportunities for increasing engagement, particularly with members earlier in their career who indicated a willingness to be more involved with our work.

Organisational strength

The Royal Society of Chemistry has been advancing excellence in the chemical sciences for more than 175 years. We take our duty of stewardship very seriously.

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 in the future.

A key transition year

2016 was a transition year for our organisation, as we prepared to launch our new strategy and moved to a balanced budget, following a period of investing some of our reserves.

Throughout the year, we reviewed our activities and prioritised them according to relevance, sustainability and impact.

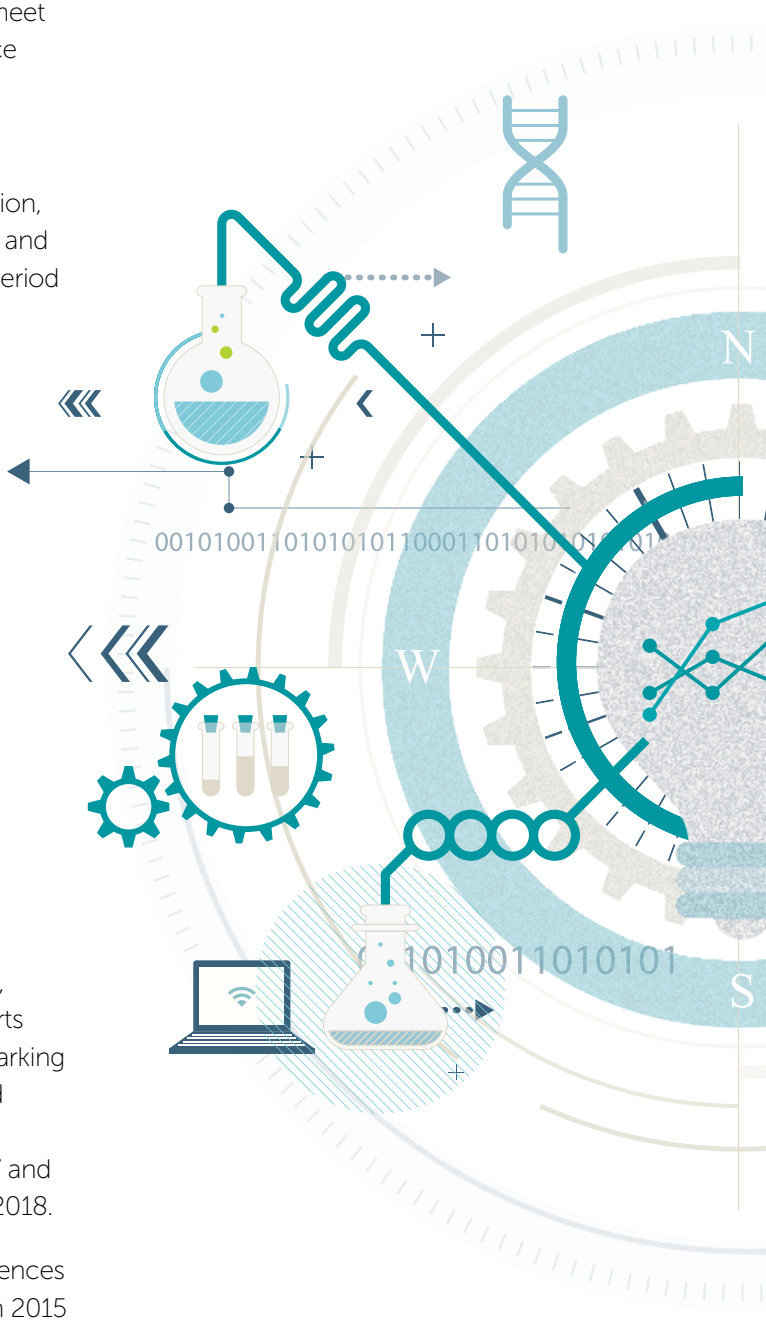
We reorganised some teams, to ensure we have the right people in the right roles to deliver our strategy, including a restructure of our communications and marketing directorate.

We invested in our technology systems to help our people work more effectively. We will continue to invest in technology in 2017 to improve the experience we give our members, authors and other stakeholders.

We also began a review of our governance, led by our president, to make sure it supports effective decision making. We are benchmarking this against good practice in our sector and assessing it against our current and future needs. We will conclude the review in 2017 and implement any recommended reforms in 2018.

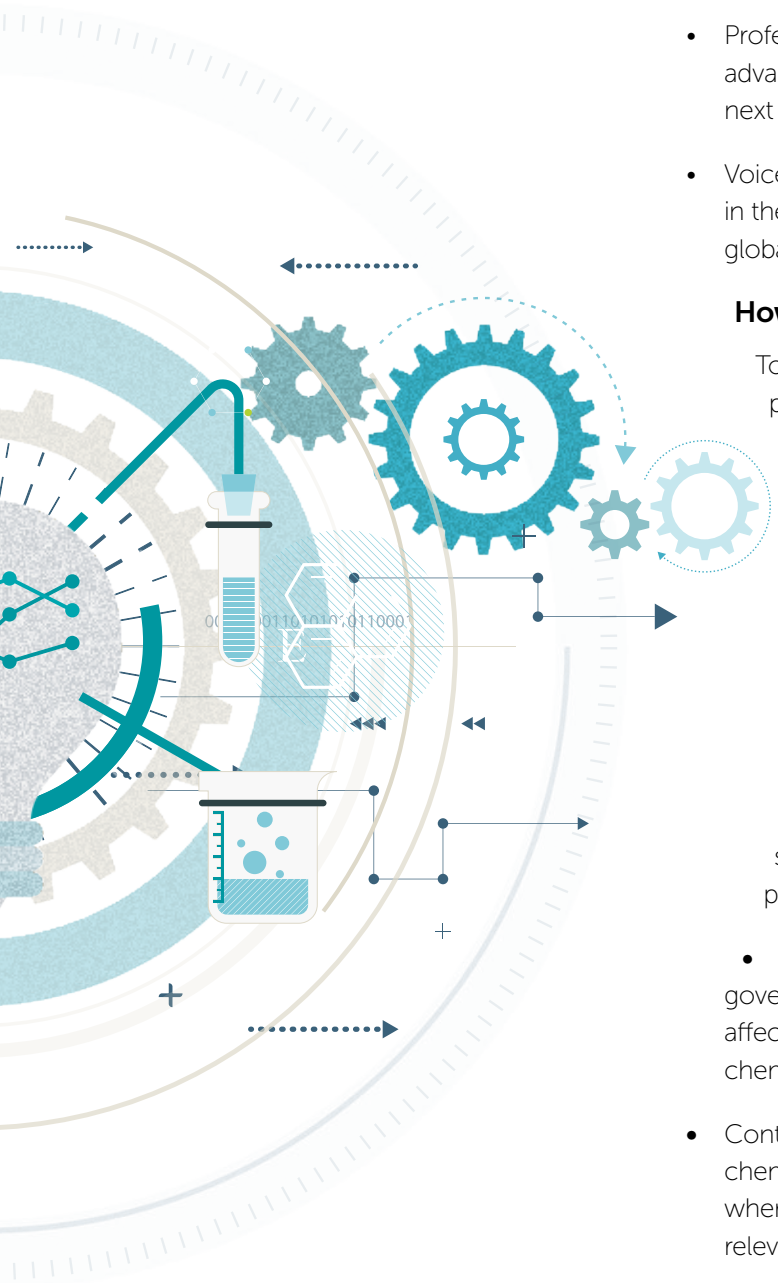
We built on our Future of the Chemical Sciences scenario planning initiative, which we ran in 2015 to challenge our longer term strategic planning. In 2016, we conducted more detailed research and scenario planning in two key areas: the future of scholarly communications, and the future of the professional bodies.

We achieved a balanced budget in 2016 and ended the year with robust reserves and a team of talented people, supported by appropriate systems and structures. We are now in a strong position as we embark on our ambitious 2017 to 2021 strategy.



Plans for the future

We have an ambitious strategy of planned growth for the next five years, to better advance excellence in the chemical sciences.



Our strategy for 2017 to 2021 will help us build on the success of our previous strategy and focus on our three core roles as a provider of high-quality chemical science knowledge; the UK's professional body for chemical scientists, and an influential voice for chemistry.

Our strategic goals

- Knowledge. We will make the best chemical science knowledge accessible to all those who need it, enable the exchange of ideas and facilitate collaboration.
- Profession. We will establish, uphold and advance professional standards and inspire the next generation of chemists.
- Voice. We will influence key decision makers in the UK and be a leading partner for the global chemistry community.

How will we deliver?

To ensure we succeed, we will carefully plan and phase our activity, so we can deliver these goals in the most effective way possible.

Over the next five years, we will:

- Focus on the quality and accessibility of the knowledge we provide, whether that's research, data, policy guidance or education resources;
- Maintain high standards and support development for a wide range of professionals who work in chemistry;
- Influence strategic decision-makers like governments and policymakers on issues that affect the chemical sciences, or where the chemical sciences should play a key role;
- Continue to maximise our investment in the chemical sciences and allocate our resources where they will have the most impact and relevance for our community;
- Focus on our organisational resilience to ensure our sustainability so we can support our community for many generations to come.

Chemists' Community Fund

We support our members, past and present, and their families in times of difficulty through the Chemists' Community Fund, which is the working name of the RSC Benevolent Fund.

The Benevolent Fund Grants Committee, made up of eight Royal Society of Chemistry members, makes decisions regarding awarding grants as well as recommendations related to the strategic direction and activities of the fund.

The remit of the fund was formally extended to include the prevention of poverty, as well as the relief of poverty, in 2015. This is in line with Charity Commission guidance, which recognises that poverty is a complex issue affected by social and economic circumstances.

To reflect this increase in scope, and in response to feedback from our members, we changed the fund's working name to Chemists' Community Fund. Its legal name has not changed.

We provide support ranging from confidential guidance and specialist services to financial assistance. When appropriate, we also signpost our members to other charities or organisations.

2016 developments

In 2016 we continued to implement the recommendations of our 2014 strategic review of the fund, to make support more relevant and accessible to our community.

We linked the support we offer through the fund more closely with the careers support given to members through our member services. We introduced the option of a careers programme with Chiumento, a career consultancy service, for members who would benefit from more intensive, on-going, support than the careers team can normally provide. We received three applications for this service in 2016.

We introduced Training Grants for professional development that has a demonstrable impact on the employability of the applicant. No applications for this support have been considered by the Committee to date, and achieving greater member awareness for these new services will be important in 2017.

We also introduced a new legal advice service, delivered by Law Express. Members can access a team of experienced legal advisors who can give them information about their legal position and options, directing them to further resources if appropriate. We received two applications for this service in 2016.

Our application process was streamlined and updated to include a Statement of Expectations which informs members about our commitments regarding the service we will provide, as well as clearly explaining the purpose of any information requested by us as part of an application for support.

Raising awareness of the relevant support available among all potential beneficiaries remains a priority. In 2016 we launched our renamed Chemists' Community Fund service with new imagery and promotional materials. We advertised in several of our member publications and included information on the fund with our member renewals pack.

Continuing our core support

We continued to support members in need through the fund's core activities in 2016. Over the course of the year the Committee:

- Considered 41 case papers at four Grants Committee Meetings;
- Assisted 20 beneficiaries financially (eight of these were outside the UK);
- Decided in three cases not to award any financial assistance;
- Closed 10 cases and;
- Reviewed three UK loans.

Financial support can take the form of one-off grants for those who need support to meet short-term needs, or regular charitable grants for those who do not have sufficient regular income to support basic living costs due to circumstances beyond their control.

A new grant-making model for UK applicants was introduced in 2015. We continued to apply this in 2016 and plan to introduce similar approaches for applicants outside the UK in 2017.

In addition to the financial assistance we offered, staff responded to 110 enquiries from people seeking confidential support in areas ranging from financial support and debt advice to assistance in claiming appropriate state benefits and care.

We also have a network of 101 volunteers, predominantly in the UK. They help members in need in a range of ways, from supporting potential fund beneficiaries through the application process, to providing a local point of contact for isolated members of our community. Our volunteers made 50 visits to members who had asked for support during the year.

Whenever possible, we work with other charitable organisations to help our beneficiaries become self-sufficient. In 2016 we continued to share information on good practice with similar funds and charities.

Financial review

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

2016 was a transition year, as we prepared to launch our new strategy in 2017 and took steps to achieve a balanced budget. This followed a planned period of spending our reserves in 2014 and 2015.

Over the course of the year, we reviewed and prioritised our activities according to strategic impact, leading to some reductions in spending compared to 2015. We ended 2016 with a balanced budget and robust reserves of £61.9m, putting us on a sound financial footing as we embark on our new strategy.

General Funds: The assets freely available to spend and use on any of our charitable activities.

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

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

Working capital: The capital which is used in our day-to-day trading operations, calculated as current assets (i.e. cash, stock and debtors) less current liabilities (i.e. creditors and deferred liabilities).

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

Key activities in 2016

Our publishing operations are central to achieving our objective of making the best chemical science knowledge available to all those who need it. Our publishing revenues grew by 7.3% in 2016 year-on-year, generating 82.3% (2015: 80.0%) of our total income.

Overall, our publishing operations generated a net surplus of £11.4m (2015: £7.1m). We spent a portion of this surplus on improving our publishing products and services, including making RSC Advances open access, and relaunching *Chemistry World*, while the majority was spent on our charitable activities.

We also facilitated the exchange of knowledge through our events programme. We spent £3m (2015: £4.2m) on organising and sponsoring conferences and symposia in 2016. The reduction on 2015 expenditure was due to the cyclical nature of many of our key conferences. We anticipate a higher spend in this area in 2017, with several major biannual events due to be held during the year.

We continued to invest in chemical skills to help secure a strong, diverse and sustainable supply of chemists at all levels. We spent £6.4m (2015: £7.2m) on our education and professional practice programmes in 2016.

In addition, we supported chemical science professionals through our member services. In 2016 our total spending on membership was £4.6m (2015: £4.7m), with an overall financial deficit against membership subscriptions of £0.9m (2015: £1m).

We also supported a range of activities to engage the policymakers and the public with the chemical science community. Overall, we spent £3.5m (2015: £4.4m) on advocacy and awareness programmes in 2016.

Financial Performance

Overview

We generated £56.2m across the group in 2016, representing an increase of £2.2m on income recognised in 2015 (2015: £54m).

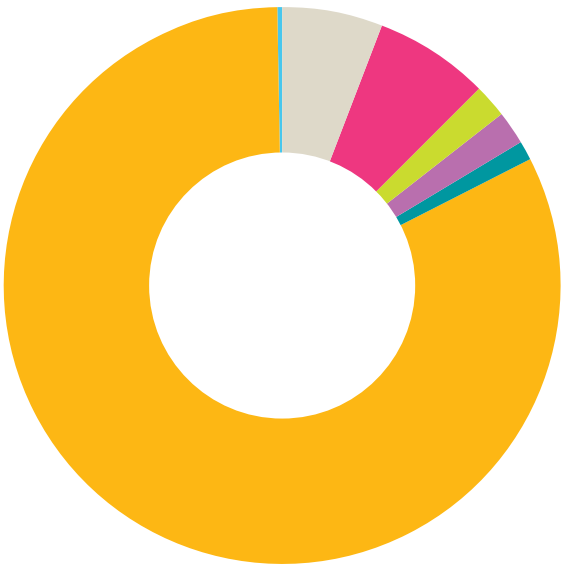
During the year, we reviewed and prioritised our activities according to strategic impact, with the aim of achieving a balanced budget. As a result, total group expenditure in 2016 was £56.5m, representing a decrease of £3.6m on 2015 expenditure (2015: £60.1m).

The breakdown of our sources of income and areas of expenditure are shown in the charts on this page.

The activities undertaken in the year were carried out within the budget approved by our trustees, and all the incoming resources of the charity have been spent on our charitable activities or retained in our charitable reserves (see notes 24 and 25).

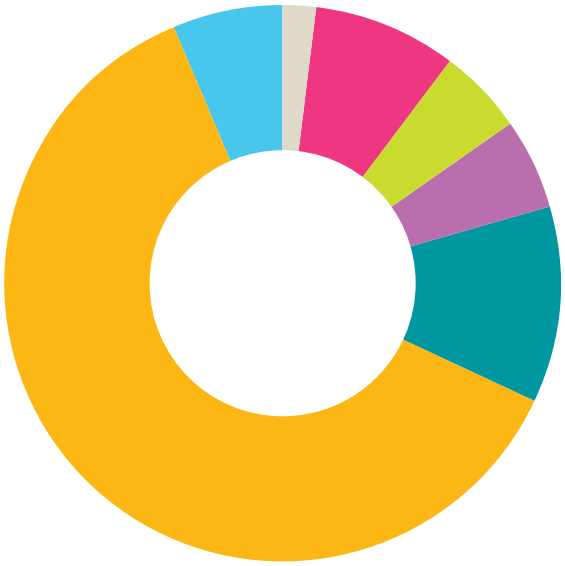
Total income

Fundraising and other income	£3.3m
Membership	£3.7m
Chemistry World	£1.1m
Scientific conferences and events	£1.1m
Education and professional practice	£0.6m
Publishing	£46.3m
Advocacy and awareness	£0.1m



Total expenditure

Fundraising and other income	£1.3m
Membership	£4.6m
Chemistry World	£2.9m
Scientific conferences and events	£3.0m
Education and professional practice	£6.4m
Publishing	£34.8m
Advocacy and awareness	£3.5m



Overall we achieved a net deficit of £0.2m (2015: £6.1m) before taking into account any gains on our investments. After applying investment gains of £7.5m (2015: £0.8m) we achieved a net surplus of £7.3m (2015: net deficit of £5.3m).

As shown within our cash flow statement on page 45, we received net operating cash inflows of £1.5m in 2016 through operating activities (2015: net outflow of £7m). A significant proportion of our income is in US dollars, therefore we benefitted from a stronger dollar vs pound exchange rate in 2016 compared to 2015.

Our working capital position remains strong, with a net current asset position of £2.5m (2015: 3.1m) owing to the large cash and debtor balance offsetting the creditor balances and advance payments received for 2017 journal subscriptions.

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

Investments

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

Responsibility for investment strategy resides with the Investment Committee, which consists of the Finance Director and Honorary Treasurer working with independent members appointed for their financial knowledge and expertise. The Investment Committee reports to the Finance and Resources Board which in turn reports to the Council. The Investment Committee oversees the strategy and performance of the investment managers, ensuring accountability and value for money.

In 2016 we consolidated our investment portfolio, and our investments are now primarily managed by JP Morgan, with a small residual private equity investment maintained by Schroders Investment Management (UK) Limited. This followed the divestment of funds held with BlackRock, Royal London Asset Management, Schroders, Kames Capital, Sarasin Investments, Newton Investments and Payden & Rygel.

Our investment portfolio is split between general funds and restricted funds in order to maintain appropriate governance and stewardship of funds, while minimising management fees. Risk is managed through diversification of the portfolio between different asset classes and geographic markets.

Total investment income fell to £1.9m in 2016 (2015: £2.5m), mostly due to the disinvestment and consolidation of our investment portfolio described above. However, the value of our investments increased significantly in 2016, leading to investment gains of £7.5m (2015: £0.8m). Investment performance over the last five years has outperformed benchmarks and provided substantial additional funding for our charitable purposes.

Reserves policy

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

In 2016 our policy was to maintain available reserves of at least £50.0m, thereby allowing us to maintain investments that can generate an average annual return of £2.5m.

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

The level of accumulated usable funds held at 31 December 2016 was £80.8m (2015: £75.5m). Of this, £72.5m (2015: £68.5m) relates to the Charity's unrestricted general funds and £7.1m (2015: £6.9m) relates to designated funds, which have been earmarked for specific purposes. The balance of £1.2m (2015: £0.1m) relates to funds retained within the group's non-charitable subsidiaries.

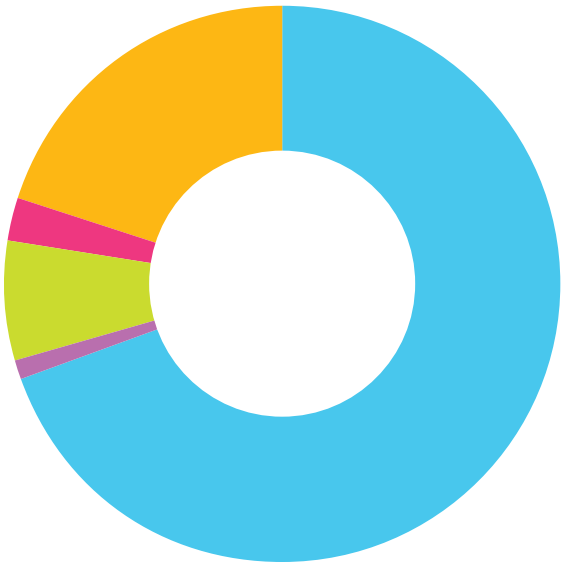
A portion of the unrestricted general fund balance is locked up within fixed assets. After deducting intangible and tangible assets of £1.2m and £8.7m respectively from the unrestricted general fund balance of £72.5m, £62.6m remains as the usable liquid resources available to the charity. This is above our target of £50.0m.

We are developing a new reserves policy that will be adopted in 2017. The policy will set out a new target reserves level and the key principles by which we will manage any excesses or deficits compared to the target. Our aim is to strike the appropriate balance between ensuring a sustainable financial position and using our funds to fulfil our charitable mission.

We conducted a detailed review of restricted trust and lecture funds in 2016 to identify and clarify the nature of all restricted funds, their legal foundation and solutions for future use and management. The result of this review determined a number of changes to the classification of restricted funds which the charity has corrected in these financial statements. Notes 24 and 25 contain the results of this work and note 31 contains the impact of the restatement on prior period comparatives.

Total usable and restricted funds

General funds	£72.5m
Funds retained within non-charitable subsidiaries	£1.2m
Designated funds	£7.1m
Restricted income funds	£2.6m
Endowment funds	£20.7m



Designated funds

The designated funds consist of designated trust and lecture funds totalling £5.1m as at 31 December 2016 (2015: £4.9m) as well as reserves totalling £2m (2015: £2m) held by branches of the Royal Society of Chemistry including our Local Sections, Regions and Interest Groups. Each of these branches is managed by a committee, which organises activities to advance the chemical sciences in local and specialist areas.

Restricted funds

The total restricted funds, including restricted income and endowment funds, held at 31 December 2016 was £23.3m (2015: £21.6m) and represents income for restricted purposes specified by the donor that are not available for the general purposes of the charity.

Of this, £15.6m (2015: £14.4m) relates to the Chemists' Community Fund, which provides a flexible range of financial and non-financial help to members and their dependents. The remainder comprises other restricted income and endowment trust funds totalling £2m (2015: £1.8m) and £5.7m (2015: £5.4m) respectively.

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

Pensions

Employees are entitled to join a defined contribution pension scheme. We also operate a defined benefit scheme which was closed to new entrants on 31 December 2002 and was closed to future accrual on 30 November 2011. The defined benefit scheme commits to pay a pension based on the number of years worked and the final salary of the members.

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

FRS 102 is the accounting standard that dictates how the scheme is presented in the financial statements and the valuation is determined by an actuary. The FRS 102 valuation of the deficit on the Defined Benefit Pension Scheme was £40.9m at the end of 2016 (2015: £17.6m). This followed an increase in the liabilities of the scheme of £26.8m, attributable to changes in the actuarial assumptions, most notably the decrease in the discount rate from 3.9% to 2.7%.

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

We agreed a recovery plan with the Pension Fund Trustees to address the deficit, following a triennial valuation of the pension scheme as at 31 December 2013. This has resulted in annual payments commencing on 31 March 2015, with the initial payment of £958k being increased by 3% each year to February 2023 inclusive, when the shortfall is expected to be eliminated.

The recovery plan and associated contribution payments is subject to review and amendment in light of an updated triennial valuation as at 31 December 2016. This will be discussed and agreed with the Pension Fund Trustees in 2017, with the revised arrangements taking effect from 2018.

Risks

Our leadership team regularly review risks to our ability to deliver our strategy to the organisation, and oversee plans for mitigating these risks. These risks are detailed in the Strategic Risk Register, which is a standing item on the Audit Committee agenda, to ensure thorough oversight on behalf of our Trustees. The most recent update to the register was received by the Audit Committee on 29 March 2017.

We also maintain operational risk registers, managed within each of our departments. The leadership team review these regularly and escalate risks to the Strategic Risks Register as necessary.

The methodology for maintaining operational risk registers and for embedding risk management in day-to-day management and decision making is under review. Our aim is to integrate financial planning, operational performance management and risk management.

The key risks faced by the Royal Society of Chemistry are detailed in the table below.

Strategic risk	Mitigation
Data protection compliance failure	A data protection working group has been formed. Specialist consultancy advice has been obtained.
Defined Benefit Pension Scheme deficit increase	Maintain open and constructive relationship with Pension Fund Trustees. Negotiate an affordable recovery plan. Medium-term financial plan and reserves policy to ensure adequate financial provision and to minimise impacts on operational budgets.
Publishing surplus decrease	Commercial strategy to identify additional revenue streams. Acquisitions to broaden product and customer base. Piracy mitigation through investment in IT; increasing gold open access content and education of our community.
Business continuity and disaster recovery	Creation of a business continuity and disaster recovery plan. Testing of the plan. Specialist independent advice has been commissioned to facilitate the development of the plan.
Cyber security	Externally validated back-up procedures. Anti-virus software. Security penetration-testing of services. Redundancy built in to application services. Adherence to data protection regulations. Disaster recovery plans, firewall penetration testing, restoration and disaster simulation.
Organisation focus	Clear cascade of strategy through staff briefings and managers' meetings. Business planning to give clarity over priority activities in each year, and to assess new initiatives in line with strategic goals. Adoption of strategy-focused management reporting.
Workforce management	People strategy. Management & leadership training. Personal Development Review process. Staff satisfaction surveys.
Banking and investments failure	Banking policy ensuring diversification of liquid funds. Investment strategy and discretionary management arrangement. Oversight by Investment Committee.

Structure, governance and management

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

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

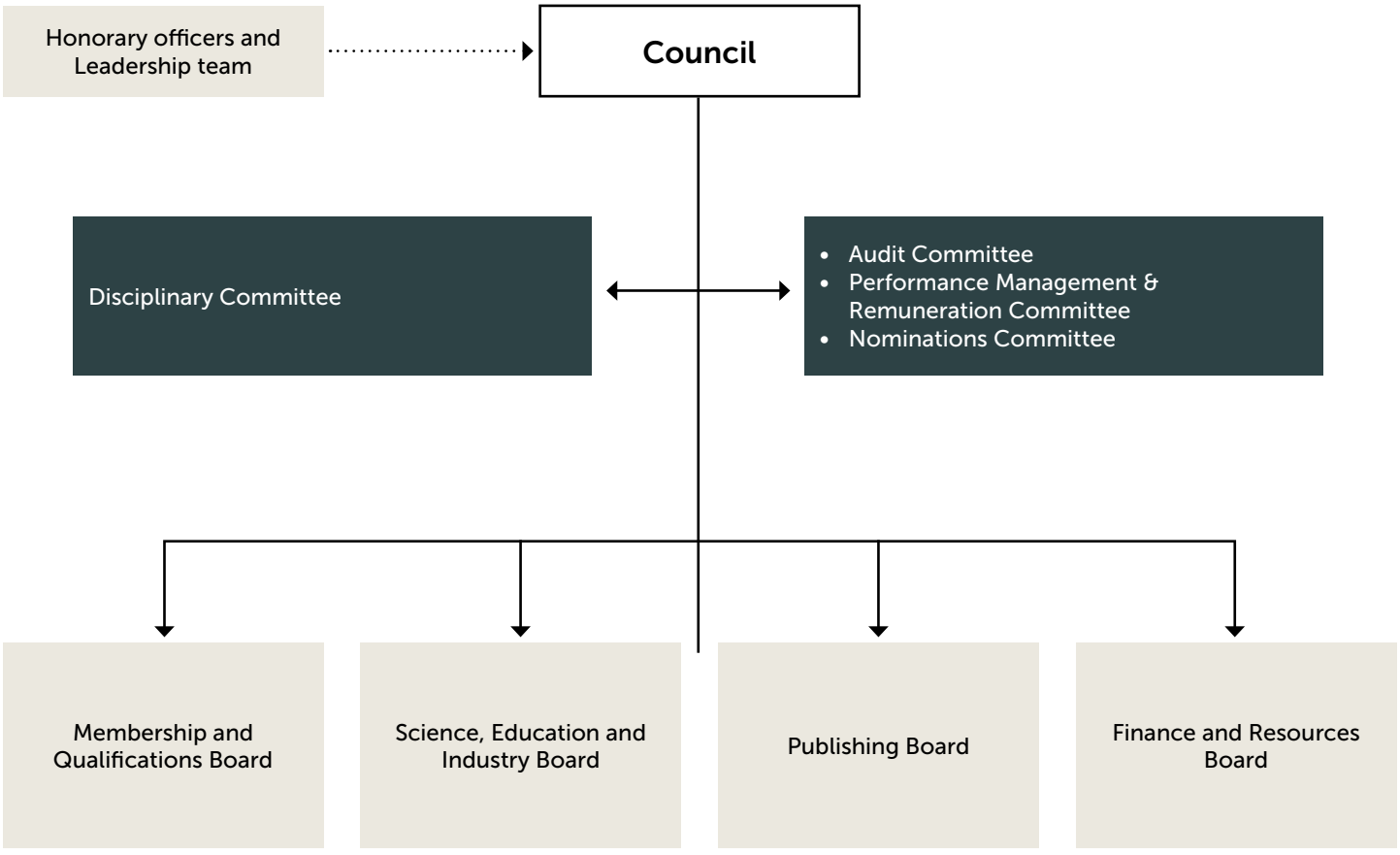
Our Council comprises:

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

In accordance with our by-laws, the trustees are elected to position at the Annual General Meeting. Any member of the Royal Society of Chemistry may stand for election as an Ordinary Member of Council and any Fellow may stand for election as President or Honorary Treasurer. All members are eligible to nominate candidates and vote in elections. Council itself may also make nominations. Voting takes place by post or electronically and is managed by an external provider approved by Council. Election of Ordinary Members of Council normally takes place every two years. The next election will be for Ordinary Members to take office after the 2017 AGM.

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

Our governance structure



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

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

Council has oversight of the 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

Our Leadership Team, led by the CEO, manages the implementation and operational delivery of the Royal Society of Chemistry's agreed strategy and programmes of activity by promoting leadership and direction, and works closely with Council to ensure we are governed effectively. The Performance Management and Remuneration Committee is responsible for:

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

Remuneration for the CEO, DCEOs and the LT is reviewed on an annual basis at the same time as the annual pay review for all staff.

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 2016 to the date of this report is shown on page 37.

We take governance very seriously and have an induction programme for all new trustees to inform them about their duties 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.

All Council members are required to attend trustee training sessions covering the responsibilities of trustees, including financial and business planning and strategy development. Trustees are also offered external training.

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

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

All members of Council and its Boards and committees give their time voluntarily to the 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 £334k (2015: £173k). The profit on ordinary activities before taxation for RSC Worldwide Limited was £542k (2015: £3.4m).

The principal activity of RSC Worldwide Limited is to facilitate the Royal Society of Chemistry's activities overseas. It also holds the ChemSpider asset, a database providing fast text and structure search access to over 58 million chemical structures from hundreds of data sources.

In 2016, RSC Worldwide Limited continued to facilitate operations in the US, China, India, Japan, Brazil and Germany. The expenditure associated with RSC Worldwide Limited is the result of our continued activities to advance the chemical sciences internationally.

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

Consolidation shown on page 42.

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

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

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.

Connected charities

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

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

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

Reference and Administrative Details

Charity Number

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

Leadership team for the year 1 January 2016 to 31 December 2016

Chief Executive
Dr Robert Parker CSci CChem FRSC

Deputy Chief Executive
Dr Helen Pain CSci CChem FRSC

Deputy Chief Executive
Stephen Hawthorne

Finance Director
Stephen Joyce FCPFA (from 25 July 2016)
Martin Dachs FCA (to 14 July 2016)

Commercial Director
Dan Dyer

Director of Technology
Dr Frank Gibson

Director of Human Resources and Organisation Development
Karen Roberts MCIPD

Director of Publishing, Journals and Databases
Dr Emma Wilson MRSC

Director of Education
Sarah Robertson

Director of Communications and Marketing
Kate Tonge

Director of Membership & External Affairs
Clare Viney CSci CChem FRSC (to 30 September 2016)

Auditors, Bankers and other Professional Advisors

Auditor

RSM UK Audit LLP
25 Farringdon Street
London
EC4A 4AB

Bankers

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

Nationwide Building Society
Nationwide House
Pipers Way
Swindon
SN38 1NW

Co-operative Bank plc
P.O. Box 101
1 Balloon Street
Manchester
M60 4EP

C. Hoare & Co
37 Fleet Street
London
EC4P 4DQ

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

Citizens
One Citizens Plaza,
Providence, RI 02903
USA

Investment managers

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

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

Investment Adviser

JLT Benefit Solutions
36 Ridgemont Road
St Albans
AL1 3AB

Legal Advisers

Charity, intellectual property and employment matters:
Taylor Vinters
Merlin Place
Milton Road
Cambridge
CB4 0DP

Commercial and employment matters:
Mills & Reeve LLP
Botanic House
100 Hills Road
Cambridge
CB2 1PH

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

Charity's community 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 2016 to 31 December 2016

Honorary Officers

President
Professor Sir John Holman CChem FRSC
(from 6 July 2016)

Past President
Professor Dominic Tildesley CBE FRSC
(term ended 6 July 2016)

Honorary Treasurer
Professor David Grayson CChem FRSC

Appointed Members

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

Chair, Publishing Board
Professor Geoffrey Maitland CChem FRSC
(from 6 July 2016)

Professor Helen Fielding CChem FRSC
(retired 6 July 2016)

Chair, Membership and Qualifications Board
Professor Tom Welton CChem FRSC
Professor Dr Ben Feringa CChem FRSC
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 CChem FRSC

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

Responsibilities of the Trustees

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

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

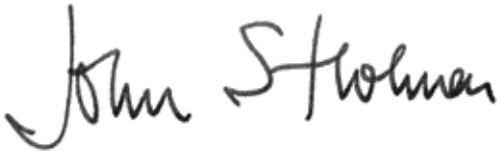
The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the group, the charity, the incoming resources and the application of resources of the group for that period. In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

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

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

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

On behalf of the Trustees



Professor Sir John Holman CChem FRSC

Independent Auditors' Report to the Members of the Royal Society of Chemistry

Opinion on the financial statements

We have audited the financial statements of the Royal Society of Chemistry (the 'charity') and its subsidiaries (the 'group') for the year ended 31 December 2016 which comprise the Consolidated Statement of Financial Activities, the Consolidated and parent charity Balance Sheets, the Consolidated and parent charity Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 2016 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 2014, 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.

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**

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
- sufficient accounting records have not been kept by the parent charity; or
- the parent charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 38 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.

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 opinion we have formed.

RSM UK Audit LLP

RSM UK Audit LLP

Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

10 May 2017

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

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

	Note	Unrestricted Funds					
		General funds	Designated funds	**Total general and designated funds**	Hedge reserve	Pension reserve	**Total unrestricted funds**
		2016	2016	**2016**	2016	2016	**2016**
		£000	**£000**	**£000**	**£000**	**£000**	**£000**
Income and endowments from:							
Donations and legacies	2	2	20	**22**	-	-	**22**
Other trading activities	3	716	-	**716**	-	-	**716**
Investment income	4	1,443	102	**1,545**	-	-	**1,545**
Charitable activities							
Membership		3,664	-	**3,664**	-	-	**3,664**
Chemistry World		1,094	-	**1,094**	-	-	**1,094**
Scientific conferences and events		571	562	**1,133**	-	-	**1,133**
Education and professional practice		351	-	**351**	-	-	**351**
Publishing		45,670	-	**45,670**	-	-	**45,670**
Advocacy and awareness		91	-	**91**	-	-	**91**
Other income		12	-	**12**	-	-	**12**
Total income and endowments		53,614	684	**54,298**	-	-	**54,298**
Expenditure on:							
Raising funds							
Donations and legacies		459	98	**557**	-	8	**565**
Other trading activities		382	-	**382**	-	-	**382**
Investment management costs		210	6	**216**	-	-	**216**
Charitable activities							
Membership		3,930	208	**4,138**	-	69	**4,207**
Chemistry World		2,833	-	**2,833**	-	32	**2,865**
Scientific conferences and events		2,203	768	**2,971**	-	19	**2,990**
Education and professional practice		6,077	-	**6,077**	-	63	**6,140**
Publishing		33,887	-	**33,887**	-	434	**34,321**
Advocacy and awareness		3,494	-	**3,494**	-	42	**3,536**
Total expenditure	8	53,475	1,080	**54,555**	-	667	**55,222**
Net (expenditure)/income before investment gains		139	(396)	**(257)**	-	(667)	**(924)**
Gains on investment assets	16	6,262	247	**6,509**	-	-	**6,509**
Net (expenditure)/income		6,401	(149)	**6,252**	-	(667)	**5,585**
Transfer between funds	25	(1,347)	360	**(987)**	-	987	**-**
Net group (expenditure)/income before other recognised gains and losses		5,054	211	**5,265**	-	320	**5,585**
Remeasurement on defined benefit pension scheme	12	-	-	**-**	-	(23,655)	**(23,655)**
Losses on forward contracts	22	-	-	**-**	(1,261)	-	**(1,261)**
Net movement in funds increase/(decrease)		5,054	211	**5,265**	(1,261)	(23,335)	**(19,331)**
Reconciliation of funds							
Fund Balances brought forward (Restated)	31	68,608	6,893	**75,501**	-	(17,579)	**57,922**
Fund Balances carried forward		73,662	7,104	**80,766**	(1,261)	(40,914)	**38,591**

Notes 1 - 31 form an integral part of these Financial Statements. All activities in 2016 are continuing.

A separate statement of financial activities has not been presented for the Charity alone. Refer to note 26 for further disclosure on the Charity's financial outturn for 2016.

		Restricted Funds			
Restricted income funds	Endowment funds	**Total restricted funds**	**Total**	Total
2016	2016	**2016**	**2016**	2015
£000	**£000**	**£000**	**£000**	**£000**
129	551	**680**	**702**	222
-	-	**-**	**716**	661
399	-	**399**	**1,944**	2,488
1	-	**1**	**3,665**	3,701
-	-	**-**	**1,094**	1,190
-	-	**-**	**1,133**	1,664
266	-	**266**	**617**	763
596	-	**596**	**46,266**	43,132
-	-	**-**	**91**	114
-	-	**-**	**12**	54
1,391	551	**1,942**	**56,240**	53,989
5	-	**5**	**570**	455
-	-	**-**	**382**	353
2	33	**35**	**251**	180
358	-	**358**	**4,565**	4,729
-	-	**-**	**2,865**	2,562
14	-	**14**	**3,004**	4,165
307	-	**307**	**6,447**	7,234
524	-	**524**	**34,845**	36,066
-	-	**-**	**3,536**	4,362
1,210	33	**1,243**	**56,465**	60,106
181	518	**699**	**(225)**	(6,117)
64	912	**976**	**7,485**	781
245	1,430	**1,675**	**7,260**	(5,336)
-	-	**-**	**-**	-
245	1,430	**1,675**	**7,260**	(5,336)
-	-	**-**	**(23,655)**	7,903
-	-	**-**	**(1,261)**	-
245	1,430	**1,675**	**(17,656)**	2,567
2,358	19,262	**21,620**	**79,542**	76,975
2,603	20,692	**23,295**	**61,886**	79,542

Consolidated and Charity balance sheet as at 31 December 2016

	Note	Group 2016 £000	Group 2015 Restated £000	Charity 2016 £000	Charity 2015 Restated £000
Fixed assets					
Intangible assets	14	1,155	1,717	1,155	1,717
Tangible assets	15	8,689	9,704	8,655	9,652
Investments	16	90,433	82,606	90,433	82,606
Total fixed assets		**100,277**	94,027	**100,243**	93,975
Current assets					
Stock - books and paper		572	617	572	617
Debtors	18	15,333	15,650	16,835	15,664
Cash at bank and in hand		17,160	14,173	15,705	13,386
Total current assets		**33,065**	30,440	**33,112**	29,667
Current liabilities					
Creditors	19	(7,644)	(5,469)	(8,913)	(4,944)
Deferred income					
Journal subscriptions	20	(21,257)	(20,459)	(21,232)	(20,358)
Membership subscriptions	20	(1,641)	(1,418)	(1,641)	(1,418)
Total current liabilities		**(30,542)**	(27,346)	**(31,786)**	(26,720)
Total net current assets less current liabilities		**2,523**	3,094	**1,326**	2,947
Long-term liabilities					
Defined benefit pension liability	12	(40,914)	(17,579)	(40,914)	(17,579)
Total long-term liabilities		**(40,914)**	(17,579)	**(40,914)**	(17,579)
Net assets	21	**61,886**	79,542	**60,655**	79,343
Accumulated funds					
Unrestricted funds:					
Usable funds					
General funds	25	72,466	68,482	72,466	68,482
Funds retained within non-charitable subsidiaries	25	1,196	126	-	-
Designated funds	25	7,104	6,893	7,104	6,893
Total usable funds		**80,766**	75,501	**79,570**	75,375
Unusable funds					
Hedge reserve	25	(1,261)	-	(1,261)	-
Pension reserve	12, 25	(40,914)	(17,579)	(40,914)	(17,579)
Total unusable funds		**(42,175)**	(17,579)	**(42,175)**	(17,579)
Total unrestricted funds		**38,591**	57,922	**37,395**	57,796
Restricted Funds:					
Restricted income funds	24	2,603	2,358	2,568	2,285
Endowment funds	24	20,692	19,262	20,692	19,262
Total restricted funds		**23,295**	21,620	**23,260**	21,547
Total Charity funds		**61,886**	79,542	**60,655**	79,343

Approved by Council and authorised for issue on 27 April 2017

Professor Sir John Holman, President

Notes 1 - 31 form an integral part of the Financial Statements.

Consolidated and Charity statement of cash flows for the year ended 31 December 2016

	Note	Group 2016 £000	Group 2015 £000	Charity 2016 £000	Charity 2015 £000
Reconciliation of net income/(expenditure) to net cash outflow from operating activities					
Net income/(expenditure) for the reporting period		7,260	(5,336)	6,230	(9,296)
Adjustments for:					
Depreciation and amortisation		2,751	2,881	2,727	2,855
Loss on disposal of fixed assets		144	-	144	-
Gains on investments		(7,485)	(781)	(7,485)	(781)
Investment income	4	(1,944)	(2,488)	(2,117)	(2,509)
Investment management fees deducted from investments		130	-	130	-
Decrease in stock		45	271	45	271
Decrease/(increase) in debtors		317	(2,297)	(1,171)	1,580
Increase/(decrease) in creditors and accruals		2,046	(186)	3,839	212
Movement on forward exchange contracts taken directly to the hedge reserve		(1,261)	-	(1,261)	-
Increase in deferred income		1,021	888	1,097	799
Exchange rate movements on cash and cash equivalents		(1,657)	164	(818)	174
Employer's contributions payable to the defined benefit pension scheme	12	(987)	(958)	(987)	(958)
Net pension interest expense	12	667	878	667	878
Net cash inflow/(outflow) from operating activities		**1,047**	(6,964)	**1,040**	(6,775)
Cash flows from investing activities:					
Investment income	4	1,944	2,488	2,117	2,509
Investment income re-invested	16	(472)	-	(472)	-
Purchase of investments	16	(86,770)	(20,226)	(86,770)	(20,226)
Proceeds from sale of investments	16	86,770	27,226	86,770	27,226
Net movements on cash held for investment		-	1	-	1
Purchase of intangible fixed assets	14	(220)	(483)	(220)	(483)
Purchase of tangible fixed assets		(969)	(1,001)	(964)	(985)
Net cash (outflow)/inflow from investing activities		**283**	8,005	**461**	8,042
Increase in cash and cash equivalents		1,330	1,041	1,501	1,267
Cash and cash equivalents at the beginning of the reporting period		14,173	13,296	13,386	12,293
Change in cash and cash equivalents due to exchange rate movements		1,657	(164)	818	(174)
Cash and cash equivalents at the end of the reporting period		**17,160**	14,173	**15,705**	13,386

Notes 1 - 31 form an integral part of the financial statements.

Notes to the financial statements

1 Accounting policies

Accounting convention

The Royal Society of Chemistry is a company established by Royal Charter and limited by guarantee, and domiciled in England and Wales, registration number RC000524. The registered office is Burlington House, Piccadilly, London, W1J 0BA.

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

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

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

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 Royal Society of Chemistry (henceforth referred to as "the RSC") to continue as a going concern.

Basis of consolidation

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

Accounting policies are consistent across the group.

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

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

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

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

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

Prior year restatement

Following a detailed review in 2016, the RSC has identified restricted trust and lecture funds requiring reclassification between fund categories, with the prior year figures restated accordingly. Notes 24 and 25 show the results of this work and note 31 contains the impact of the restatement on prior period comparatives.

General funds

The General funds mainly represent undesignated monies earned from publishing activities that are held in the form of investments. They also comprise financial or other gifts bequeathed in a Will without any restriction upon their use, or stated as being for 'general use'. The funds are managed in accordance with the RSC's reserves policy.

Designated funds

Designated funds are unrestricted funds that have been internally 'ring fenced' for a specific purpose. The purpose of these funds can be varied by internal resolution.
The member network designated funds relate to the large number of member-led groups that allow the wider community to connect with fellow chemists based on either geographical location or subject interest. The geographical network consists of 35 local sections in the UK and Ireland and 23 sections based outside the UK. Divisions and Interest Groups are subject specific covering the breadth of the chemical sciences research, education, innovation and policy. The groups are run by members and organise annual programmes of events, award portfolios and bursaries. The income within the designated funds is taken and held directly by the Interest Groups and used solely for the purposes of that group. As such it is classified as designated fund income and not recognised as general fund income.

Restricted funds

Restricted income funds can comprise a financial or other gift bequeathed in a Will or Trust Deed with a specific direction as to use.

An expendable endowment fund allows both the capital and income of the fund to be applied in accordance with specific conditions. However, income generated from expendable endowment is no different from income generated from permanent endowment, and should be spent in accordance with any restriction within a reasonable time of receipt. Capital is held in perpetuity unless expended at the discretion of trustees.

A permanent endowment fund requires the permanent investment of the capital of the Fund, with only the income being applied in accordance with any conditions.

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

The Chemists' Community Fund provides financial and non-financial assistance to the RSC's members. The Chemists' Community Fund holds contracts that allow it to nominate occupation of 22 units of sheltered housing. In accordance with FRS 102, the value is held as zero as these rights have no realisable value.

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

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

Voluntary income, including donations and legacies

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

Trading income

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

Investment income

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

Deferred Income

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

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

Membership

Membership subscription income is treated as income in the year the subscription covers. Any receipts in respect of future years is shown as deferred income on the balance sheet. Life membership subscriptions are accounted for on a received basis. In 2016 these subscriptions amounted to £10k relating to 23 members (2015: £7k, 14 members).

Conference income

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

Publishing income

Revenue from publishing activities, including *Chemistry World*, 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.

Government grants

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

Intangible income

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

Resources expended

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

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

Staff Costs

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

Employees are entitled to carry forward up to five days of any unused holiday entitlement at the reporting date. The cost of any unused entitlement is recognised in the period in which the employee's services are received.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the RSC is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Apportionment of support costs

Support costs are those which provide indirect support to front-line activites. Support costs not attributable to a single activity have been apportioned on the basis of head count for each of the respective departments. Refer to note 9 for details.

Grants

Grants made by the RSC in relation to the Chemists' Community Fund are treated as outgoing resources as soon as they are approved by the Benevolent Fund Grants Committee as there is an expectation of receipt by the Beneficiary. Other grants made from Designated Funds represent grants made to Local, Regional and Interest Groups, which are treated on a cash payment basis.

Leases

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

Taxation

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

Foreign currency

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

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

The balance sheet values of subsidiaries have been translated at the closing rate on 31 December 2016. The profit and loss transactions have been translated at the rate of exchange ruling at the date of transaction or at an exchange rate that approximates the actual rate.

Intangible fixed assets

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

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

Tangible fixed assets and depreciation

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

Leasehold land and buildings:

Thomas Graham House	2%
Burlington House	5%

Fixtures, fittings and equipment:

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

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

Investments

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

Investment in subsidiary undertakings

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

Stocks

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

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

Reversals of impairment losses are also recognised in profit or loss.

Heritage assets

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

Recognition of liabilities

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

Derivative instruments

The RSC uses forward foreign currency contracts to reduce exposure to foreign exchange rates. Derivative financial instruments are initially measured at fair value on the date the derivative contract is entered into and are subsequently re-measured to fair value, at each reporting date. Fair value gains and losses are recognised in profit or loss unless hedge accounting is applied and the hedge is a cash flow hedge.

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

Pension

The RSC has two types of pension scheme:

Defined contribution plan

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

Defined benefit plan

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

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

The pension costs for the scheme are recognised as follows: (i) the change in the net defined benefit liability arising from employee service rendered during the reporting

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

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

Financial assets and liabilities

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

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

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

Cash and cash equivalents

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

Key judgements and assumptions

The cost of the defined benefit pension plan has been determined by updating the results of the 31 December 2013 full actuarial valuation to 31 December 2016. This was carried out by a qualified actuary independent of the RSC. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of the scheme, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, the management considers the market yields of AA corporate bonds consistent with the currency and term of the defined benefit obligation. The mortality rate is based on publicly available mortality tables, which uses data for UK self-administered pension schemes and allowing for expected future improvements in longevity. Future salary increases and pension increases are based on expected future inflation rates as determined by the Bank of England spot rate with a consistent term of the defined benefit obligation at the valuation date. Further details are given in Note 12.

2. Donations and legacies

	General funds £000	Designated funds £000	Restricted income funds £000	Endowment funds £000	2016 Total £000	2015 Total £000
Donations	2	20	51	34	**107**	121
Bequests and legacies	-	-	78	517	**595**	101
Total	2	20	129	551	**702**	222

3. Income from other trading activities

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

4. Investment income

	General funds £000	Designated funds £000	Restricted income funds £000	2016 Total £000	2015 Total £000
Assets in the UK					
Fixed interest	397	52	206	**655**	1,479
Unit trusts	410	7	26	**443**	389
Equities	216	-	-	**216**	99
Interest	37	-	-	**37**	54
Assets outside the UK					
Fixed interest	153	22	84	**259**	241
Unit trusts	26	3	12	**41**	-
Equities	187	15	58	**260**	226
Interest	17	3	13	**33**	-
Total	1,443	102	399	**1,944**	2,488

A substantial restructuring and consolidation of the RSC's investment portfolio took place in 2016. The impact of the restructure is shown in more detail in note 16 to these accounts.

5. Government grants

The RSC receives grant funding from national and international governmental bodies. In 2016 £764k of government funding was recognised in the statement of financial activities (2015: £244k) for education related and teaching training programmes and for chemical database services.

Funds have been used for the RSC's Initial Teacher Training Scholarship scheme which offers tax-free funding and packages of support to individuals who want to become exceptional chemistry teachers. Funding has also been used for the continuation of the RSC's National Chemical Database Service which brings together tools and resources for UK researchers in chemistry and related fields. Finally the Spectroscopy in a Suitcase programme, which gives school students the chance to learn about spectroscopy through hands-on experience, has been supported for Ireland and Wales.

6. Analysis of grant expenditure (Group and Charity)

	Grants to institutions 2016 £000	Grants to individuals 2016 £000	Support costs 2015 £000	Total 2016 £000	Grants to institutions 2015 £000	Grants to individuals 2015 £000	Support costs 2015 £000	Total 2015 £000
Membership								
Hardship	-	34	16	**50**	-	145	14	**159**
Prizes, awards and related events	-	197	6	**203**	-	105	13	**118**
Travel grants	-	41	-	**41**	-	83	3	**86**
Research	70	-	4	**74**	46	-	1	**47**
Total	70	272	26	**368**	46	333	31	**410**

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

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

The RSC operate a research fund which provides grants to promote original research in the science of chemistry, as discussed in note 27. No individual institution was rewarded more than £5k for research during 2016 (2015: £Nil), with the £70k of total research grants split between multiple beneficiaries.

7. Total staff costs

	2016 £000	2015 £000
Gross wages and salaries	20,482	20,792
National insurance	2,045	2,254
Pension and related cost	1,706	1,729
Redundancy payments	149	58
Other payments	372	384
Temporary staff and contractors	66	96
Total	**24,820**	25,313

As required by FRS 102, an amount of £192k (2015; £177k) relating to holiday pay owed to staff at 31 December 2016 has been accrued for.

An amount of £12k (2015: £0k) was paid in relation to compensation for loss of earnings under an agreed settlement agreement. There were no outstanding obligations at year end.

In 2016 the RSC paid a total of £149k (2015: £58k) in respect of statutory and other employment severance-related payments.

The number of employees across the Group who earned more than £60k during the year (including taxable benefits in kind, but excluding employer pension costs) is shown below:

Number of employees

	2016	2015
Employee earnings:		
£60,000 - £69,999	15	13
£70,000 - £79,999	4	2
£80,000 - £89,999	5	7
£90,000 - £99,999	4	5
£100,000 - £109,999	4	3
£110,000 - £119,999	3	1
£130,000 - £139,999	1	1
£140,000 - £149,999	-	1
£160,000 - £169,999	1	-
£170,000 - £179,999	2	-
£180,000 - £189,000	-	1
£230,000 - £239,999	1	1

The number of employees who earned more than £60k, for whom pension benefits are accruing under the RSC defined contribution scheme is 27 (2015: 25).

The employer contributions made to the RSC defined contribution scheme for employees who earned more than £60k were £201k (2015: £211k).

The key management personnel of the RSC comprises the trustees and the leadership team. Key management personnel are in charge of directing and controlling the charity and running and operating the charity on a day to day basis. All trustees give their time freely and no trustee remuneration was paid in the year. Details of trustee expenses and related party transactions are disclosed in note 30 to the accounts. Total employee benefits of £1,545k (2015: £1,023k) were paid to the RSC's leadership team personnel in 2016. The leadership team consisted of 11 personnel in 2016 (2015: 9 personnel, with 2 joining the RSC middle to late 2015).

Average monthly number of employees

	2016	2015
Membership	36	36
Chemistry World	17	17
Scientific conferences and events	12	10
Education and professional practice	45	50
Publishing	264	306
Advocacy and awareness	22	25
Support	144	136
Fundraising	4	4
Total	**544**	584

8. Total resources expended

Unrestricted funds

	General funds				Designated funds			
	Direct Staff Costs £000	Direct Costs £000	Support Costs £000	**Total general fund costs £000**	Direct Costs £000	**Total designated fund costs £000**	**2016 Total £000**	2015 Total £000
Expenditure on raising funds								
Donations and legacies	248	36	183	**467**	98	**98**	**565**	446
Other trading activities	64	314	4	**382**	-	**-**	**382**	353
Investment management costs	-	210	-	**210**	6	**6**	**216**	162
Total	312	560	187	**1,059**	104	**104**	**1,163**	961
Charitable activities								
Membership	1,292	1,057	1,650	**3,999**	208	**208**	**4,207**	4,211
Chemistry World	744	1,342	779	**2,865**	-	**-**	**2,865**	2,562
Scientific conferences and events	462	1,301	459	**2,222**	768	**768**	**2,990**	4,165
Education and professional practice	1,509	3,116	1,515	**6,140**	-	**-**	**6,140**	6,573
Publishing	11,070	12,836	10,415	**34,321**	-	**-**	**34,321**	35,627
Advocacy and awareness	1,256	1,272	1,008	**3,536**	-	**-**	**3,536**	4,362
Total	16,333	20,924	15,826	**53,083**	976	**976**	**54,059**	57,500
Total resources expended	16,645	21,484	16,013	**54,142**	1,080	**1,080**	**55,222**	58,461

Total direct costs includes foreign exchange gains of £478k (2015: Loss of £368k) which is charged to publishing. Direct costs also include a decrease to the stock provision of £286k (2015: Increase of £382k) and cost of sales for stock of £548k (2015: £374k). Stock-related costs are charged against publishing.

Restricted funds

	Restricted income funds				Endowment funds			
	Direct Staff Costs £000	Direct Costs £000	Support Costs £000	**Total restricted income fund costs £000**	Direct Costs £000	**Total endowment fund costs £000**	**2016 Total £000**	2015 Total £000
Expenditure on raising funds								
Donations and legacies	-	5	-	**5**	-	**-**	**5**	9
Other trading activities	-	-	-	**-**	-	**-**	**-**	-
Investment management costs	-	2	-	**2**	33	**33**	**35**	18
Total	-	7	-	**7**	33	**33**	**40**	27
Charitable activities								
Membership	125	233	-	**358**	-	**-**	**358**	518
Chemistry World	-	-	-	**-**	-	**-**	**-**	-
Scientific conferences and events	-	14	-	**14**	-	**-**	**14**	-
Education and professional practice	65	242	-	**307**	-	**-**	**307**	661
Publishing	39	485	-	**524**	-	**-**	**524**	439
Advocacy and awareness	-	-	-	**-**	-	**-**	**-**	-
Total	229	974	-	**1,203**	-	**-**	**1,203**	1,618
Total resources expended	229	981	-	**1,210**	33	**33**	**1,243**	1,645

Defined contributions and other pension-related costs totalling £1,706k (2015: £1,729k) are included within direct staff costs charged to general funds and restricted income funds.

9. Support costs – General fund

	Management	Finance	Information technology	Comms	Human resources	Accomm.	Governance	**2016 Total**	2015 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	19	22	65	14	22	38	3	**183**	139
Other trading activities	-	-	-	-	-	-	4	**4**	4
Membership	167	194	590	126	195	352	26	**1,650**	1,409
Chemistry World	79	92	278	60	92	166	12	**779**	672
Scientific conferences and events	46	54	164	35	54	98	8	**459**	408
Education and professional practice	153	178	541	116	178	323	26	**1,515**	1,565
Publishing	1,052	1,224	3,723	795	1,227	2,219	175	**10,415**	10,568
Advocacy and awareness	102	119	360	77	119	215	16	**1,008**	1,006
Total	1,618	1,883	5,721	1,223	1,887	3,411	270	**16,013**	15,771

10. Governance costs

	Note	**2016 £000**	2015 £000
Trustee expenses	30	79	78
Legal fees		3	11
Audit and accounting fees	See below	67	126
Support staff costs		121	170
Total		270	385

Analysis of auditor's remuneration

	2016 £000	2015 £000
Fees payable to:		
RSM UK Audit LLP for audit of the current year RSC and consolidated accounts	49	47
RSM UK Audit LLP for other audit work, including grant audits and FRS 102 implementation (2015)	9	14
RSM UK Tax and Accounting Limited for tax advisory services	3	33
Auditors other than RSM UK Audit LLP	6	32
Total	**67**	126

11. Outturn per charitable activity

	2016			**2015**		
	Income	Expenditure	**Total**	Income	Expenditure	**Total**
	£000	£000	**£000**	£000	£000	**£000**
Membership	3,665	(4,565)	**(900)**	3,701	(4,729)	**(1,028)**
Chemistry World	1,094	(2,865)	**(1,771)**	1,190	(2,562)	**(1,372)**
Scientific conferences and events	1,133	(3,004)	**(1,871)**	1,664	(4,165)	**(2,501)**
Education and professional practice	617	(6,447)	**(5,830)**	763	(7,234)	**(6,471)**
Publishing	46,266	(34,845)	**11,421**	43,132	(36,066)	**7,066**
Advocacy and awareness	91	(3,536)	**(3,445)**	114	(4,362)	**(4,248)**
Total	52,866	(55,262)	**(2,396)**	50,564	(59,118)	**(8,554)**

12. Pension fund

Group and Charity

The RSC operates a defined benefit scheme in the UK. This is a fund, administered by independent and separate trustees, holding the pension scheme assets to meet long term pension liabilities. A full actuarial valuation was carried out at 31 December 2013 and updated to 31 December 2016 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown in this note. The most recent actuarial valuation showed a deficit of £9,415k. The RSC has agreed with the trustees that it will aim to eliminate the deficit by annual payments of £958k from 1 January 2015, increasing each year by 3%, until 28 February 2023.

The RSC also operates a defined contribution scheme. The contributions are administered by investment managers on behalf of the employees. The cost for the year to the employer was £1,649k (2015; £1,625k).

Defined benefit scheme: Employee benefit obligations

	2016	2015
	£000	£000
Present value of funded obligations	(139,162)	(112,398)
Fair value of scheme assets	98,248	94,819
Net liability	**(40,914)**	(17,579)

Defined benefit scheme: Statement of financial activities impact

	2016	2015
	£000	£000
Net interest cost	(667)	(878)
Total expense	**(667)**	(878)

Defined benefit scheme: Amount recognised in the Statement of financial activities after net (outgoing)/incoming resources

	2016	2015
	£000	£000
Net actuarial (losses)/gains recognised in year	(23,655)	7,903
Net cumulative actuarial losses	(35,006)	(11,351)

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

	2016	2015
	£000	£000
Change in the present value of the defined benefit obligation:		
Opening defined benefit obligation	(112,398)	(119,207)
Interest expense	(4,324)	(4,118)
Actuarial (losses)/gains	(25,516)	7,816
Benefits paid	3,076	3,111
Closing defined benefit obligation	**(139,162)**	(112,398)
Change in the fair value of plan assets:		
Opening fair value of plan assets	94,819	93,645
Interest Income	3,657	3,240
Actuarial gains	1,861	87
Contributions by employer	987	958
Benefits paid	(3,076)	(3,111)
Closing fair value of plan assets	**98,248**	94,819

The actual return on the plan assets over the period ended 31 December 2016 was £5,518k (31 December 2015: £3,327k).

12. Pension fund (continued)

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

	At 31/12/16 %	At 31/12/15 %
Rate of discount	2.70	3.90
Inflation (RPI)	3.35	3.35
Inflation (CPI)	2.35	2.35
Salary increases	4.00	4.00
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	2.35	2.35
Allowance for revaluation of deferred pensions of CPI or 2.5% p.a. if less	2.35	2.35
Allowance for pension in payment increases of RPI or 5% p.a. if less	3.25	3.25
Allowance for pension in payment increases of RPI or 3.5% p.a. if less	2.95	2.95
Allowance for commutation of pension for cash at retirement	90% of Post A Day	90% of Post A Day

Defined benefit scheme: The mortality assumptions adopted at 31 December 2016 imply the following life expectancies:

	Life expectancy at age 60 (Years) At 31/12/16	Life expectancy at age 60 (Years) At 31/12/15
Male retiring in 2016 (2015)	27.8	27.7
Female retiring in 2016 (2015)	29.9	29.8
Male retiring in 2036 (2035)	29.7	29.6
Female retiring in 2036 (2035)	31.9	31.8

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

	At 31/12/16	At 31/12/15
Equities and Diversified Growth Funds	62%	62%
Bonds	37%	37%
Cash	1%	1%

Defined benefit scheme: Movement in net liability during the year

	2016 £000	2015 £000
Net liability at beginning of the year	(17,579)	(25,562)
Movement in year		
Employer's contributions	987	958
Interest Income	3,657	3,240
Actuarial gains	1,861	87
Interest on pension liabilities	(4,324)	(4,118)
Experience losses/(gains) arising on the plan liabilities	(12)	18
Changes in assumptions underlying the plan liabilities	(25,504)	7,798
Total movement	**(23,335)**	7,983
Deficit in plan at end of the year	**(40,914)**	(17,579)

Defined Contribution Scheme

	2016 £000	2015 £000
Employer contributions	**1,649**	1,625

13. Operating leases

Charges under operating leases to the Statement of Financial Activities during the year was £72k (2015: £36k).

At 31 December 2016 the Group was committed to making the following payments for each of the following periods:

	2016	2015
	£000	£000
Leases payments:		
Within a year	71	54
Within two to five years	21	27
Later than five years	1,094	1,100
Total	**1,186**	1,181

The RSC, along with the four other courtyard societies, continues to be in negotiation with the landlord on the renewal of the lease of Burlington House. The accounts have been prepared on the assumption that the RSC will retain use of the property for the foreseeable future, but the financial commitments have not yet been finalised and therefore are not included above.

14. Intangible fixed assets

Group

	Index and databases £000	Web platform £000	**Total £000**
Cost			
Balance at 1 January 2016	1,737	3,293	**5,030**
Additions	-	220	**220**
Disposals	-	(58)	**(58)**
Balance at 31 December 2016	**1,737**	**3,455**	**5,192**
Accumulated amortisation			
Balance at 1 January 2016	1,400	1,913	**3,313**
Disposals	-	(27)	**(27)**
Charge for Year	138	613	**751**
Balance at 31 December 2016	**1,538**	**2,499**	**4,037**
Net book value at 31 December 2016	**199**	**956**	**1,155**
Net book value at 31 December 2015	337	1,380	1,717

Charity

	Index and databases £000	Web platform £000	**Total £000**
Cost			
Balance at 1 January 2016	695	3,293	**3,988**
Additions	-	220	**220**
Disposals	-	(58)	**(58)**
Balance at 31 December 2016	695	3,455	**4,150**
Accumulated amortisation			
Balance at 1 January 2016	358	1,913	**2,271**
Disposals	-	(27)	**(27)**
Charge for Year	138	613	**751**
Balance at 31 December 2016	**496**	**2,499**	**2,995**
Net book value at 31 December 2016	**199**	**956**	**1,155**
Net book value at 31 December 2015	337	1,380	1,717

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 Marin Lit owned by the RSC. RSC Worldwide Limited is a wholly owned subsidiary of the RSC.

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

The amortisation charge for the year is included as part of support costs which in turn are allocated across expenditure headings in the consolidated statement of financial activities, as detailed in notes 8 and 9.

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

15. Tangible fixed assets

Group

	Leasehold land and buildings	Fixtures, fittings and equipment	Total
	£000	£000	£000
Cost			
Balance at 1 January 2016	8,472	13,947	**22,419**
Additions	-	1,098	**1,098**
Disposals	-	(1,688)	**(1,688)**
Balance at 31 December 2016	**8,472**	**13,357**	**21,829**
Accumulated depreciation			
Balance at 1 January 2016	4,532	8,183	**12,715**
Disposals	-	(1,575)	**(1,575)**
Charge for Year	283	1,717	**2,000**
Balance at 31 December 2016	**4,815**	**8,325**	**13,140**
Net book value at 31 December 2016	**3,657**	**5,032**	**8,689**
Net book value at 31 December 2015	3,940	5,764	9,704

Charity

	Leasehold land and buildings	Fixtures, fittings and equipment	Total
	£000	£000	£000
Cost			
Balance at 1 January 2016	8,470	13,676	**22,146**
Additions	-	1,092	**1,092**
Disposals	-	(1,688)	**(1,688)**
Balance at 31 December 2016	**8,470**	**13,080**	**21,550**
Accumulated depreciation			
Balance at 1 January 2016	4,553	7,941	**12,494**
Disposals	-	(1,575)	**(1,575)**
Charge for Year	262	1,714	**1,976**
Balance at 31 December 2016	**4,815**	**8,080**	**12,895**
Net book value at 31 December 2016	**3,655**	**5,000**	**8,655**
Net book value at 31 December 2015	3,917	5,735	9,652

Heritage Assets

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

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

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

Due to the importance of the collection the RSC has a policy to not dispose of any items held within it. There were no disposals and 37 new additions to the collection during 2016 (2015: 12). All additions in the period were donated to the collection.

16. Fixed asset investments

Group and Charity

	Unrestricted funds		Restricted funds		2016	2015
	General funds	Designated funds	Restricted income funds	Endowment funds	**Total**	Total
	£000	£000	£000	£000	**£000**	£000
Investments listed on recognised stock exchange in the UK						
Fixed income	-	-	-	-	**-**	33,876
Equities	9,502	101	38	428	**10,069**	11,670
Mixed Funds	1,586	-	-	-	**1,586**	11,275
Investments listed on recognised stock exchange outside the UK						
Fixed income	13,914	935	356	4,645	**19,850**	2,836
Equities	25,245	1,580	602	7,851	**35,278**	22,576
Mixed Funds	13,488	1,353	515	6,723	**22,079**	-
Total investments listed on recognised stock exchange	63,735	3,969	1,511	19,647	**88,862**	82,233
Cash held for investment	879	68	26	329	**1,302**	373
FX Hedging	216	8	3	42	**269**	-
Total liquid investments	1,095	76	29	371	**1,571**	373
Total investments	64,830	4,045	1,540	20,018	**90,433**	82,606

Movement in market value

	Unrestricted funds		Restricted funds		2016	2015
	General funds	**Designated funds**	**Restricted income funds**	**Endowment funds**	**Total**	Total
	£000	**£000**	**£000**	**£000**	**£000**	£000
Investments listed on recognised stock exchange						
Market value at 1 January 2016	64,697	2,762	1,052	13,722	**82,233**	87,831
Realised and unrealised gains	6,046	239	61	870	**7,216**	780
Less: Disposal proceeds including share exchanges	(68,849)	(2,865)	(1,061)	(13,995)	**(86,770)**	(27,226)
Add: Purchases at cost including share exchanges	62,334	3,849	1,465	19,122	**86,770**	20,226
Net transfers to to cash held for investment	(493)	(16)	(6)	(72)	**(587)**	622
Market value at 31 December 2016	63,735	3,969	1,511	19,647	**88,862**	82,233
Cash and liquid assets held for Investment						
Market value at 1 January 2016	141	37	14	181	**373**	995
Transfers from investments listed on recognised stock exchange	493	16	6	72	**587**	(622)
Investment management costs	(210)	(6)	(2)	(33)	**(251)**	-
Add back: Investments management costs paid externally	119	-	-	2	**121**	-
Investment income retained	336	21	8	107	**472**	-
Movements on FX Hedging	216	8	3	42	**269**	-
Market value at 31 December 2016	1,095	76	29	371	**1,571**	373
Total investments at 31 December 2016	64,830	4,045	1,540	20,018	**90,433**	82,606

16. Fixed asset investments (continued)

During the year the RSC transferred £86,301k between different investments managed through an external investment advisor. During 2016 the RSC withdrew £Nil (2015: £7,000k) from investments to fund operating activities and this has been included within the cash flow statement.

The historical cost of investments held at fair value as at 31 December 2016 is £87,163k (2015: £70,363k).

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

	2016	2015
	£000	£000
BlackRock UK Fixed Interest Corporate Bonds	-	7,835
Royal London Asset Management Corporate Bonds	-	8,483
Royal London Asset Management Sterling Extra Yield Bond Fund	-	9,108
Schroder QEP Global Active Fund	-	10,959
Schroder Exempt Property Units	-	11,275
Kames Global Equity Income Fund	-	10,486
Newton Real Return Exempt Fund (Inc)	-	11,670
Payden Absolute Return Bond Fund	-	8,451
Vanguards Funds plc. Vanguard S&P 500 UCITS ETF	4,614	-

17. Investment in subsidiaries

Charity

	Investment £	Capital and Reserves £000
RSC Worldwide Limited*	100	239
RSC Worldwide (US) Inc**	6,431	254
Chemistry Limited*	2	455
RSC (Beijing) Chemical and Science Technology Consulting Co., Ltd.**	120,000	226
Royal Chemistry India Private Limited***	157,272	284
Royal Society of Chemistry Japan K.K.**	69,729	92
Royal Chemistry India Foundation****	150	-
Friends of the RSC, Inc.	-	35

* Royal Society of Chemistry owns 100% of the Issued Share Capital.

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

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

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

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

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

The activities of RSC Worldwide Limited span across publishing, scientific conferences and events.

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

2016 profit and loss and balance sheet for the Charity's controlled subsidiaries

	Chemistry Innovation Limited Registered No. 05952414		RSC Worldwide Limited Registered No. 6702733		Chemistry Limited Registered No. 3801760	
	2016 £000	2015 £000	**2016 £000**	2015 £000	**2016 £000**	2015 £000
Profit and loss account						
Gross income	-	49	4,894	7,206	716	532
Total expenditure	-	(83)	(4,377)	(3,777)	(382)	(359)
Profit/(loss)	-	(34)	**517**	3,429	**334**	173
Gift aid distributed	-	-	-	-	(173)	(21)
Balance sheet						
Aggregate assets	-	15	2,411	640	1051	459
Aggregate liabilities	-	(30)	(2,172)	(918)	(596)	(165)
Total funds	-	(15)	**239**	(278)	**455**	294

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. Chemistry Innovation Limited ceased activities in 2015 and the directors, along with the shareholders, agreed to dissolve the company.

The directors of RSC Worldwide Limited and Chemistry Limited have passed a resolution to pay any taxable profits made to the RSC under Gift Aid. In 2016 £173k (2015: £21k) was paid over to the RSC under Gift Aid.

18. Debtors

	Group 2016 £000	Group 2015 £000	Charity 2016 £000	Charity 2015 £000
Trade debtors	11,236	12,213	11,029	11,866
Other debtors	2,500	1,434	2,258	1,242
Amounts due from group undertakings	-	-	1,990	643
Prepayments and accrued income	1,597	2,003	1,558	1,913
Total	**15,333**	15,650	**16,835**	15,664

Trade debtors are shown net of doubtful debt provision which totals £945k (2015: £242k) for the Group and £887k (2015: £185k) for the Charity.

19. Creditors

Amounts falling due within one year

	Group 2016 £000	Group 2015 £000	Charity 2016 £000	Charity 2015 £000
Trade creditors	(990)	(798)	(933)	(777)
Other creditors	(428)	(332)	(370)	(215)
Forward exchange contracts	(1,261)	(385)	(1,261)	(385)
Taxation and social security	(553)	(64)	(450)	-
Amounts due to group undertakings	-	-	(1,758)	(28)
Accruals	(4,412)	(3,890)	(4,141)	(3,539)
Total	**(7,644)**	(5,469)	**(8,913)**	(4,944)

20. Deferred income

Amounts falling due within one year

	Group 2016 £000	Group 2015 £000	Charity 2016 £000	Charity 2015 £000
Journal subscriptions				
Balance at 1 January 2016	(20,459)	(19,644)	(20,358)	(19,632)
Amounts released in year	20,459	19,644	20,358	19,632
Amounts deferred in year	(21,257)	(20,459)	(21,232)	(20,358)
Balance at 31 December 2016	**(21,257)**	(20,459)	**(21,232)**	(20,358)
Membership subscriptions				
Balance at 1 January 2016	(1,418)	(1,345)	(1,418)	(1,345)
Amounts released in year	1,418	1,345	1,418	1,345
Amounts deferred in year	(1,641)	(1,418)	(1,641)	(1,418)
Balance at 31 December 2016	**(1,641)**	(1,418)	**(1,641)**	(1,418)
Total	**(22,898)**	(21,877)	**(22,873)**	(21,776)

21. Analysis of net assets between funds

Group

	Unrestricted funds				Restricted funds		2016	2015
	General funds	Designated funds	Hedge reserve	Pension reserve	Restricted income funds	Endowment funds	**Total**	Total
	£000	£000	£000	£000	£000	£000	**£000**	£000
Fund balances at 31 December 2016 are represented by:								
Tangible fixed assets	8,689	-	-	-	-	-	**8,689**	9,704
Intangible fixed assets	1,155	-	-	-	-	-	**1,155**	1,717
Investments	64,830	4,045	-	-	1,540	20,018	**90,433**	82,606
Net current assets/(liabilities)	(1,012)	3,059	(1,261)	-	1,063	674	**2,523**	3,094
Pension liability	-	-	-	(40,914)	-	-	**(40,914)**	(17,579)
Total net assets	73,662	7,104	(1,261)	(40,914)	2,603	20,692	**61,886**	79,542

Charity

	Unrestricted funds				Restricted funds		2016	2015
	General funds	Designated funds	Hedge reserve	Pension reserve	Restricted income funds	Endowment funds	**Total**	Total
	£000	£000	£000	£000	£000	£000	**£000**	£000
Fund balances at 31 December 2016 are represented by:								
Tangible fixed assets	8,655	-	-	-	-	-	**8,655**	9,652
Intangible fixed assets	1,155	-	-	-	-	-	**1,155**	1,717
Investments	64,830	4,045	-	-	1,540	20,018	**90,433**	82,606
Net current assets/(liabilities)	(2,174)	3,059	(1,261)	-	1,028	674	**1,326**	2,947
Pension liability	-	-	-	(40,914)	-	-	**(40,914)**	(17,579)
Total net assets	72,466	7,104	(1,261)	(40,914)	2,568	20,692	**60,655**	79,343

22. Financial derivatives

Forward exchange contracts are used to manage exposure to currency exchange risk. Contracts to the value of US$24,900k were entered into during the year ended 31 December 2016 (2015: US$19,050k and €375k). Contacts totalling US$22,200k (2015: US$25,590k) matured during 2016. As at 31 December 2016 there were contracts totalling US$18,000k which will mature in 2017. The year end marked to market valuation on the open contracts resulted in a loss of £1,261k (2015: £nil).

Cumulative losses on forward contracts

	2016	2015
	£000	£000
Cumulative losses on forward contracts maturing in the year	(1,656)	(444)

23. Financial assets and liabilities

	Group 2016 £000	Group 2015 £000	**Charity 2016 £000**	Charity 2015 £000
Financial assets measured at fair value through income and expenditure	90,433	82,606	90,433	82,606
Financial assets measured at amortised cost	13,511	13,761	15,125	13,914
Financial liabilities measured at fair value through income and expenditure	(1,261)	(385)	(1,261)	(385)
Financial liabilities measured at amortised cost	(5,671)	(4,867)	(7,090)	(4,407)

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

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

24. Restricted funds

Group - movement in funds

	Restricted income funds				
	Chemists' Community Fund	Trust funds	Grant income	Friends of the RSC, Inc.	Royal Chemistry India Foundation
	£000	£000	£000	£000	£000
Balance at 1 January 2015 (Restated)	315	1,201	445	40	-
Incoming resources	412	235	999	-	175
Expenditure	(158)	(213)	(967)	(2)	(140)
Gains on investment assets	-	16	-	-	-
Balance at 31 December 2015 (Restated)	569	1,239	477	38	35
Incoming resources	262	216	769	-	144
Expenditure	(176)	(199)	(653)	(3)	(179)
Gains on investment assets	-	64	-	-	-
Balance at 31 December 2016	655	1,320	593	35	-

Charity - movement in funds

	Restricted income funds		
	Chemists' Community Fund	Trust funds	Grant income
	£000	£000	£000
Balance at 1 January 2015 (Restated)	315	1,201	445
Incoming resources	412	235	999
Expenditure	(158)	(213)	(967)
Gains on investment assets	-	16	-
Balance at 31 December 2015 (Restated)	569	1,239	477
Incoming resources	262	216	769
Expenditure	(176)	(199)	(653)
Gains on investment assets	-	64	-
Balance at 31 December 2016	655	1,320	593

Chemists' Community Fund

The RSC Chemists' Community Fund, which has the legal title of the RSC Benevolent Fund, Chemists' Community Fund was established to provide financial relief of its beneficiaries, and insofar as the income is not required for such relief, to carry out such other legally charitable purpose as the RSC shall in its absolute discretion think fit. The Chemists' Community Fund operates within a well defined strategy to provide a flexible range of financial and non-financial help to members and their dependants to relieve poverty. We have a network of 101 volunteers, predominantly in the UK. Some are actively involved in visiting existing or potential beneficiaries to help them with the application process. Others provide peer support, and are a local point of contact for isolated members of our community.

Trust and lecture funds

A detailed review of restricted Trust and lecture funds took place in 2016. This review identified £3,612k (2015: £3,498k) worth of Trust and lecture funds previously classified as restricted which should be re-classified as unrestricted designated. The analysis above reflects the reclassified amounts and expands on the disclosures for the remaining restricted funds in line with the Charities SORP requirements. Note 27 to these financial statements provides a detailed breakdown of each Trust and lecture fund and note 31 details the impact of the prior period adjustment.

Total restricted income funds	Endowment funds		Total endowment funds	Total restricted funds
	Chemists' Community Fund	Trust funds		
£000	£000	£000	£000	£000
2,001	13,551	5,349	18,900	20,901
1,821	141	-	141	1,962
(1,480)	(9)	(5)	(14)	(1,494)
16	157	78	235	251
2,358	13,840	5,422	19,262	21,620
1,391	551	-	551	1,942
(1,210)	(25)	(8)	(33)	(1,243)
64	624	288	912	976
2,603	14,990	5,702	20,692	23,295

Total restricted income funds	Endowment funds		Total endowment	Total restricted
	Chemists' Community Fund	Trust funds	funds	funds
£000	£000	£000	£000	£000
1,961	13,551	5,349	18,900	20,861
1,646	141	-	141	1,787
(1,338)	(9)	(5)	(14)	(1,352)
16	157	78	235	251
2,285	13,840	5,422	19,262	21,547
1,247	551	-	551	1,798
(1,028)	(25)	(8)	(33)	(1,061)
64	624	288	912	976
2,568	14,990	5,702	20,692	23,260

25. Unrestricted funds

Group and Charity

Movement in unrestricted funds	General funds	Funds held within non-charitable activities	Designated funds	Hedge reserve	Pension reserve	**Total**
	£000	£000	£000	£000	£000	**£000**
Balance at 1 January 2015 (Restated)	78,299	(3,447)	6,784	-	(25,562)	**56,074**
Incoming resources	41,529	9,566	932	-	-	**52,027**
Expenditure	(50,480)	(5,993)	(1,261)	-	(878)	**(58,612)**
Gains on investment assets	427	-	103	-	-	**530**
Transfers	(1,293)	-	335	-	958	**-**
Actuarial gain	-	-	-	-	7,903	**7,903**
Balance at 31 December 2015 (Restated)	68,482	126	6,893	-	(17,579)	**57,922**
Incoming resources	47,841	5,773	684	-	-	**54,298**
Expenditure	(48,772)	(4,703)	(1,080)	-	(667)	**(55,222)**
Gains on investment assets	6,262	-	247	-	-	**6,509**
Transfers	(1,347)	-	360	-	987	**-**
Losses on forward contracts	-	-	-	(1,261)	-	**(1,261)**
Actuarial loss	-	-	-	-	(23,655)	**(23,655)**
Balance at 31 December 2016	**72,466**	**1,196**	**7,104**	**(1,261)**	**(40,914)**	**38,591**

Group and Charity

Designated funds - movement in funds	Member networks	Trust and lecture funds	**Total**
	£000	£000	**£000**
Balance at 1 January 2015 (Restated)	1,968	4,816	**6,784**
Incoming resources	776	156	**932**
Expenditure	(1,099)	(162)	**(1,261)**
Gains on investment assets	-	103	**103**
Transfers from general funds	335	-	**335**
Balance at 31 December 2015 (Restated)	1,980	4,913	**6,893**
Incoming resources	582	102	**684**
Expenditure	(936)	(144)	**(1,080)**
Gains on investment assets	-	247	**247**
Transfers from general funds	360	-	**360**
Balance at 31 December 2016	**1,986**	**5,118**	**7,104**

Member networks

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

Trust and lecture funds

£3,612k (2015: £3,498k) of Trust and lecture funds have been reclassified in 2016 from restricted funds to unrestricted designated funds to reflect the wishes of the original donor. Note 27 to these financial statements provides a detailed breakdown of each Trust and lecture fund and note 31 details the impact of the prior period adjustment. There is no time frame for usage of the funds.

Transfers

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

The £987k transfer from general funds to the pensions reserve (2015: £958k) reflects the employer defined benefit recovery plan contributions paid in the year. The £360k transfer from general funds to designated funds (2015: £335k) reflects the grants made by the RSC to member networks to support activities at that level.

26. Royal Society of Chemistry

Included in the accounts is income of £55,033k (2015: £53,127k) from the RSC as a single entity and surplus of £6,230k (2015: £9,296k deficit).

27. Trust and lecture funds

Fund balances as at 31 December 2016

	2016 Opening balance	2016 Donations	2016 Income	2016 Expenditure	2016 Accumulated investment movement	**2016 Closing balance**	2015 Closing balance Restated
	£000	£000	£000	£000	£000	**£000**	£000
Designated funds							
Appleyard Fund	60	-	1	-	3	**64**	60
Chemical Council Fund	47	-	1	(24)	3	**27**	47
Faraday Lecture Fund	25	-	1	(6)	1	**21**	25
Haworth Memorial Fund	23	-	-	(2)	1	**22**	23
Research Fund	1,533	-	31	(63)	82	**1,583**	1,533
Saville Fund	125	-	3	(1)	7	**134**	125
Simonsen Lecture Fund	24	-	-	(2)	1	**23**	24
Ronald Nyholm Lecture Fund	17	-	-	(5)	1	**13**	17
Christopher Ingold Lecture Fund	31	-	1	(2)	2	**32**	31
Spiers Memorial Fund	24	-	-	(5)	1	**20**	24
Bourke Lecture and Medal Fund	6	-	-	(4)	-	**2**	6
Ludwig Mond Trust	103	-	2	(5)	5	**105**	103
Industrial Division Endowment Lecture Fund	135	-	3	(4)	7	**141**	135
E Frankland Prize and Lecture Fund	26	-	1	(1)	1	**27**	26
Barrer Award	34	-	1	-	2	**37**	34
A Spinks Symposia Fund	120	-	2	(1)	6	**127**	120
Rhône-Poulenc Lectureship	29	-	1	-	2	**32**	29
Marriot Legacy	216	-	4	(4)	12	**228**	216
E Frankland Fellowship	85	-	2	(3)	5	**89**	85
W A Waters	223	-	5	(1)	12	**239**	223
C Sulzbacher	91	-	2	(1)	5	**97**	91
J Chatt Lectureship	59	-	1	(3)	3	**60**	59
Colman-Porter Fund	338	-	7	(2)	18	**361**	338
Memorial Fund	114	-	2	-	6	**122**	114
Lord Lewis Award	10	-	-	(5)	1	**6**	10
Sir Derek Barton Fund	1,415	-	31	-	60	**1,506**	1,415
Total	4,913	-	102	(144)	247	**5,118**	4,913
Restricted income							
Ethel Behrens Fund	35	-	1	-	2	**38**	35
Liversidge Lecture Fund	37	-	1	(2)	2	**38**	37
Pedler Lecture Fund	40	-	1	(5)	2	**38**	40
Tilden Lecture Fund	174	-	4	(20)	9	**167**	174
Whittle Memorial Fund	15	-	-	-	1	**16**	15
A Robertson Bequest	207	-	4	(1)	11	**221**	207
A Albert	633	-	14	(18)	34	**663**	633
Bill Carruthers Lectureship	24	-	-	(3)	1	**22**	24
Harry Shalgosky Bequest	36	-	1	-	2	**39**	36
P Meares Legacy	-	78	-	-	-	**78**	-
Total	1,201	78	26	(49)	64	**1,320**	1,201

27. Trust and lecture funds (continued)

Fund Balances as at 31 December 2016

	2016 Opening balance	2016 Donations	2016 Income	2016 Expenditure	2016 Accumulated investment movement	**2016 Closing balance**	2015 Closing balance Restated
	£000	£000	£000	£000	£000	**£000**	£000
Expendable endowment							
William Briggs Fund	204	-	-	(1)	10	**213**	204
Marlow Medal and Award Fund	79	-	-	-	4	**83**	79
John Jeyes Lectureship Fund	49	-	-	-	3	**52**	49
BOC (Gases Division) Trust	196	-	-	-	10	**206**	196
Edward Horton Bequest	70	-	-	-	4	**74**	70
PF Frankland Memorial Lecture Fund	70	-	-	-	4	**74**	70
R A Robinson Memorial Fund	187	-	-	-	10	**197**	187
J O Cutter	763	-	-	(1)	41	**803**	763
G Wilkinson Lectureship	77	-	-	-	4	**81**	77
Brian Scarlett Memorial Fund	3	-	-	-	-	**3**	3
Charles Rees Award	107	-	-	-	6	**113**	107
Total	1,805	-	-	(2)	96	**1,899**	1,805
Permanent endowment							
Centenary Fund	498	-	-	(1)	28	**525**	498
Corday Morgan Medal and Prize Fund	200	-	-	-	11	**211**	200
Corday Morgan Memorial Fund	781	-	-	(1)	44	**824**	781
Robert John Flintoff Trust	37	-	-	-	2	**39**	37
Edward Frank Harrison Memorial Trust	34	-	-	-	2	**36**	34
Robert Robinson Lecture Fund	122	-	-	-	7	**129**	122
Henderson Memorial Lecture Fund	42	-	-	-	2	**44**	42
W J Hickinbottom Bequest	1,649	-	-	(3)	86	**1,732**	1,649
S F Boys – A Rahman Lecture Fund	26	-	-	-	1	**27**	26
Sir Derek Barton Award Fund	228	-	-	(1)	9	**236**	228
Total	3,617	-	-	(6)	192	**3,803**	3,617
Total trust funds	11,536	78	128	(201)	599	**12,140**	11,536

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

A Albert

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

Sir Derek Barton Fund and Sir Derek Barton Award Fund

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

Centenary Fund

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

Colman–Porter Fund

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

Corday Morgan Memorial Fund

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

J O Cutter

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

Hickinbottom Fund

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

Research Fund

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

28. Post balance sheet events

The financial statements were authorised for issue on 27 April 2017. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 December 2016, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There were no adjusted post balance sheet events for the 2016 financial statements.

Where events taking place before this date did not relate to conditions at the balance sheet date but provided information that is relevant to an understanding of the Group's financial position, these events are disclosed as part of this note.

There were no non-adjusted post balance sheet events to disclose.

29. Connected charities

Sir George Beilby memorial fund

	2016	2015
	£000	£000
Accumulated fund	**59**	59
Represented by:		
Investments	73	73
RSC creditor	(14)	(14)
Total	**59**	59

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

30. Transactions with Trustees and related parties

Trustees' royalty payments

	2016 £	2015 £
Name of Member:		
Professor A Rodger	34	-
Total Trustees' royalty payments	**34**	-

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

No Trustees received or waived remuneration during the 2016 year (2015: £nil).

Trustees' expenses

The total amount of expenses reimbursed to 12 (2015: 13) trustees or paid directly to third parties in respect of travel to meetings and related expenses in 2016 was £78,720 (2015: £78,253).

Donations from Trustees

Total donations received without conditions from trustees was £15 in 2016 (2015: £72).

Trustees' indemnity insurance

The amount paid in 2016 for Trustees' Indemnity Insurance was £16,973 (2015: £16,430).

Related parties

In 2016 the following transactions took place between the RSC and its subsidiaries:

	2016 £000	2015 £000
Management fee charged to subsidiaries	-	14
Service payments to RSC Worldwide Limited	(4,641)	(7,919)
Service charges to Chemistry Limited	34	72
Interest received on loans to subsidiaries	-	21
Loans due from subsidiaries	-	21
Gift aid received from Chemistry Limited	173	21
Debtor amounts due from subsidiaries		
Chemistry Limited	498	103
RSC Worldwide (US) Inc	1,487	535
Friends of the RSC, Inc.	6	6
Creditor amounts due to subsidiaries		
RSC Worldwide Limited	(1,745)	(16)
Royal Society of Chemistry Japan K.K.	(13)	(11)
Chemistry Innovation Limited debts written off	(15)	-

There have been no other related party transactions in 2016.

31. Prior period adjustment

A detailed review of restricted Trust and lecture funds took place in 2016, to identify and clarify the nature of all restricted funds, their legal foundation and solutions for future use and management. The result of this review determined a number of changes to the classification of funds which the RSC has corrected retrospectively by amending the comparative amounts for the prior period. The impact of this restatement on the accumulated funds position is shown opposite. There were no changes made to the net assets comparatives and there were no changes to the total Charity Funds balances overall.

31. Prior period adjustment (continued)

The impact of the restatement on the accumulated funds position as at 31 December 2015 and 31 December 2014 is as follows:

	Group 2015 per 2015 accounts £000	Reclassification of restricted funds	**Group 2015 Restated £000**	Charity 2015 per 2015 accounts £000	Reclassification of restricted funds	**Charity 2015 Restated £000**
Accumulated funds - 31 December 2015						
Unrestricted funds:						
Usable funds						
General funds	70,133	(1,651)	**68,482**	70,133	(1,651)	**68,482**
Funds retained within non-charitable subsidiaries	126	-	**126**	-	-	**-**
Designated funds	1,980	4,913	**6,893**	1,980	4,913	**6,893**
Total usable funds	**72,239**	3,262	**75,501**	**72,113**	3,262	**75,375**
Unusable funds						
Pension reserve	(17,579)	-	**(17,579)**	(17,579)	-	**(17,579)**
Total unusable funds	**(17,579)**	-	**(17,579)**	**(17,579)**	-	**(17,579)**
Total unrestricted funds	**54,660**	3,262	**57,922**	**54,534**	3,262	**57,796**
Restricted Funds						
Restricted income funds	24,882	(22,524)	**2,358**	24,809	(22,524)	**2,285**
Endowment funds		19,262	**19,262**		19,262	**19,262**
Total restricted funds	**24,882**	(3,262)	**21,620**	**24,809**	(3,262)	**21,547**
Total Charity Funds	**79,542**	-	**79,542**	**79,343**	-	**79,343**

	Group 2014 per 2015 accounts £000	Reclassification of restricted funds	**Group 2014 Restated £000**	Charity 2014 per 2015 accounts £000	Reclassification of restricted funds	**Charity 2014 Restated £000**
Accumulated funds - 31 December 2014						
Unrestricted funds:						
Usable funds						
General funds	79,861	(1,562)	**78,299**	80,175	(1,522)	**78,653**
Funds retained within non-charitable subsidiaries	(3,447)	-	**(3,447)**	-	-	**-**
Designated funds	1,968	4,816	**6,784**	1,968	4,816	**6,784**
Total usable funds	**78,382**	3,254	**81,636**	82,143	3,294	**85,437**
Unusable funds						
Pension reserve	(25,562)	-	**(25,562)**	(25,562)	-	**(25,562)**
Total unusable funds	**(25,562)**	-	**(25,562)**	(25,562)	-	**(25,562)**
Total unrestricted funds	**52,820**	3,254	**56,074**	56,581	3,294	**59,875**
Restricted funds						
Restricted income funds	24,155	(22,154)	**2,001**	24,155	(22,194)	**1,961**
Endowment funds		18,900	**18,900**		18,900	**18,900**
Total restricted funds	**24,155**	(3,254)	**20,901**	24,155	(3,294)	**20,861**
Total Charity Funds	**76,975**	-	**76,975**	80,736	-	**80,736**

Part of the prior period adjustment has resulted in the re-classification of funds from restricted to designated funds due to being incorrectly classified on receipt. These items were disclosed as restricted but the terms of the donation did not meet the definition of 'restricted' under the Charities SORP. However, upon receipt, the RSC designated these funds for specific purposes. The prior period adjustment is therefore correcting this classification error.

31. Prior period adjustment (continued)

The impact of the restatement on the consolidated statement of financial activities for the year ended 31 December 2015, including the analysis of income and expenditure per fund, is shown below. There were no changes made to the total income and expenditure for the year ended 31 December 2015. The values which have changed compared to the prior year financial statements are highlighted as follows:

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

	Unrestricted funds				
	General funds	Designated funds	Total general and designated funds	Pension reserve	Total unrestricted funds
	2015	2015	**2015**	2015	**2015**
	£000	**£000**	**£000**	**£000**	**£000**
Income and endowments from:					
Donations and legacies	10	71	**81**	-	**81**
Other trading activities	661	-	**661**	-	**661**
Investment income	1,666	164	**1,830**	-	**1,830**
Charitable activities					
Membership	3,692	9	**3,701**	-	**3,701**
Chemistry World	1,190	-	**1,190**	-	**1,190**
Scientific conferences and events	976	688	**1,664**	-	**1,664**
Education and professional practice	143	-	**143**	-	**143**
Publishing	42,589	-	**42,589**	-	**42,589**
Advocacy and awareness	114	-	**114**	-	**114**
Other income	54	-	**54**	-	**54**
Total income and endowments	51,095	932	**52,027**	-	**52,027**
Expenditure on:					
Raising funds					
Donations and legacies	438	-	**438**	8	**446**
Other trading activities	353	-	**353**	-	**353**
Investment management costs	162	-	**162**	-	**162**
Charitable activities					
Membership	4,140	162	**4,302**	71	**4,373**
Chemistry World	2,529	-	**2,529**	33	**2,562**
Scientific conferences and events	3,035	1,099	**4,134**	20	**4,154**
Education and professional practice	6,475	-	**6,475**	98	**6,573**
Publishing	35,028	-	**35,028**	599	**35,627**
Advocacy and awareness	4,313	-	**4,313**	49	**4,362**
Total expenditure	56,473	1,261	**57,734**	878	**58,612**
Net (expenditure)/income before investment gains	(5,378)	(329)	**(5,707)**	(878)	**(6,585)**
Gains on investment assets	427	103	**530**	-	**530**
Net (expenditure)/income	(4,951)	(226)	**(5,177)**	(878)	**(6,055)**
Transfer between funds	(1,293)	335	**(958)**	958	**-**
Net group (expenditure)/income before other recognised gains and losses	(6,244)	109	**(6,135)**	80	**(6,055)**
Remeasurement on defined benefit pension scheme	-	-	**-**	7,903	**7,903**
Net movement in funds increase/(decrease)	(6,244)	109	**(6,135)**	7,983	**1,848**
Reconciliation of funds					
Fund Balances brought forward (Restated)	74,852	6,784	**81,636**	(25,562)	**56,074**
Fund Balances carried forward	68,608	6,893	**75,501**	(17,579)	**57,922**

Highlighted values represent changes compared to the 2015 financial statements

Restricted funds				
Restricted income funds	Endowment funds	**Total restricted funds**	**Total**	Total
2015	2015	**2015**	**2015**	2014
£000	**£000**	**£000**	**£000**	£000
-	141	**141**	**222**	237
-	-	**-**	**661**	493
658	-	**658**	**2,488**	3,140
-	-	**-**	**3,701**	3,612
-	-	**-**	**1,190**	1,072
-	-	**-**	**1,664**	1,395
620	-	**620**	**763**	505
543	-	**543**	**43,132**	40,736
-	-	**-**	**114**	900
-	-	**-**	**54**	1
1,821	141	**1,962**	**53,989**	52,091
9	-	**9**	**455**	436
-	-	**-**	**353**	445
4	14	**18**	**180**	71
356	-	**356**	**4,729**	4,458
-	-	**-**	**2,562**	2,091
11	-	**11**	**4,165**	4,647
661	-	**661**	**7,234**	5,182
439	-	**439**	**36,066**	33,698
-	-	**-**	**4,362**	4,806
1,480	14	**1,494**	**60,106**	55,834
341	127	**468**	**(6,117)**	(3,743)
16	235	**251**	**781**	5,759
357	362	**719**	**(5,336)**	2,016
-	-	**-**	**-**	-
357	362	**719**	**(5,336)**	2,016
-	-	**-**	**7,903**	(22,677)
357	362	**719**	**2,567**	(20,661)
2,001	18,900	**20,901**	**76,975**	97,636
2,358	19,262	**21,620**	**79,542**	76,975

31. Prior period adjustment (continued)

The restated analysis of the RSC's Trust and lecture funds as at 31 December 2015 is as follows:

Fund balances as at 31 December 2015

	2015 Reclassified to designated funds £000	2015 Reclassified to restricted income funds £000	2015 Reclassified to expendable endowment funds £000	2015 Reclassified to permanent endowment funds £000
The following were classified within restricted funds in 2015				
Appleyard Fund	60	-	-	-
Chemical Council Fund	47	-	-	-
Faraday Lecture Fund	25	-	-	-
Haworth Memorial Fund	23	-	-	-
Research Fund	1,533	-	-	-
Saville Fund	125	-	-	-
Simonsen Lecture Fund	24	-	-	-
Ronald Nyholm Lecture Fund	17	-	-	-
Christopher Ingold Lecture Fund	31	-	-	-
Spiers Memorial Fund	24	-	-	-
Bourke Lecture and Medal Fund	6	-	-	-
Ludwig Mond Trust	103	-	-	-
Industrial Division Endowment Lecture Fund	135	-	-	-
E Frankland Prize and Lecture Fund	26	-	-	-
Barrer Award	34	-	-	-
A Spinks Symposia Fund	120	-	-	-
Rhône-Poulenc Lectureship	29	-	-	-
Marriot Legacy	216	-	-	-
E Frankland Fellowship	85	-	-	-
W A Waters	223	-	-	-
C Sulzbacher	91	-	-	-
J Chatt Lectureship	59	-	-	-
Colman-Porter Fund	338	-	-	-
Memorial Fund	114	-	-	-
Lord Lewis Award	10	-	-	-
Ethel Behrens Fund	-	35	-	-
Liversidge Lecture Fund	-	37	-	-
Pedler Lecture Fund	-	40	-	-
Tilden Lecture Fund	-	174	-	-
Whittle Memorial Fund	-	15	-	-
A Robertson Bequest	-	207	-	-
A Albert	-	633	-	-
Bill Carruthers Lectureship	-	24	-	-
Harry Shalgosky Bequest	-	36	-	-
William Briggs Fund	-	-	204	-
Marlow Medal and Award Fund	-	-	79	-
John Jeyes Lectureship Fund	-	-	49	-
BOC (Gases Division) Trust	-	-	196	-
Edward Horton Bequest	-	-	70	-
PF Frankland Memorial Lecture Fund	-	-	70	-
R A Robinson Memorial Fund	-	-	187	-
J O Cutter	-	-	763	-
G Wilkinson Lectureship	-	-	77	-
Brian Scarlett Memorial Fund	-	-	3	-
Charles Rees Award	-	-	107	-
Centenary Fund	-	-	-	498
Corday Morgan Medal and Prize Fund	-	-	-	200
Corday Morgan Memorial Fund	-	-	-	781
Robert John Flintoff Trust	-	-	-	37
Edward Frank Harrison Memorial Trust	-	-	-	34
Robert Robinson Lecture Fund	-	-	-	122
Henderson Memorial Lecture Fund	-	-	-	42
Hickinbottom Fund	-	-	-	1,649
S F Boys – A Rahman Lecture Fund	-	-	-	26
Total trust funds before reclassification from general fund	**3,498**	**1,201**	**1,805**	**3,389**
The following were classified within general funds in 2015				
Sir Derek Barton Fund	1,415	-	-	-
Sir Derek Barton Award Fund	-	-	-	228
Total trust funds	**4,913**	**1,201**	**1,805**	**3,617**

31. Prior period adjustment (continued)

The restated analysis of net assets between funds as at 31 December 2015 is as follows:

Group

	Unrestricted funds			Restricted funds		2015
	General funds	Designated funds	Pension reserve	Restricted income funds	Endowment funds	Total
	£000	£000	£000	£000	£000	**£000**
Fund balances at 31 December 2015 are represented by:						
Tangible fixed assets	9,704	-	-	-	-	**9,704**
Intangible fixed assets	1,717	-	-	-	-	**1,717**
Investments	64,838	2,799	-	1,066	13,903	**82,606**
Net current assets/(liabilities)	(7,651)	4,094	-	1,292	5,359	**3,094**
Pension liability	-	-	(17,579)	-	-	**(17,579)**
Total net assets	68,608	6,893	(17,579)	2,358	19,262	**79,542**

Charity

	Unrestricted funds			Restricted funds		2015
	General funds	Designated funds	Pension reserve	Restricted income funds	Endowment funds	Total
	£000	£000	£000	£000	£000	**£000**
Fund balances at 31 December 2015 are represented by:						
Tangible fixed assets	9,652	-	-	-	-	**9,652**
Intangible fixed assets	1,717	-	-	-	-	**1,717**
Investments	64,838	2,799	-	1,066	13,903	**82,606**
Net current assets/(liabilities)	(7,725)	4,094	-	1,219	5,359	**2,947**
Pension liability	-	-	(17,579)	-	-	**(17,579)**
Total net assets	68,482	6,893	(17,579)	2,285	19,262	**79,343**

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