Trustees' report and financial statements 2018

2018 marks the year in which I took up my full o f ice as

We focused much of our activity in 2018 on delivering our roles for the chemistry community. As a global and diverse

We helped chemists – and aspiring chemists – make better career choices

90,000 people visited our Future in Chemistry careers

More people used and enjoyed our education resources
Downloads from our Learn Chemistry education resource website increased, with total downloads in Q4 2018 reaching 60,000 – a 50% increase year-on-year. The site's Net Promoter Score (NPS) hit a high of +35 in 2018, a significant improvement on its 2017 peak of +7.

For our teaching magazine *Education in Chemistry*, numbers of registered users per month and total articles opened increased by 86% and 79% year-on-year respectively. The magazine's NPS hit an all-time high of +56, up from +41 in 2017 (37% year-on-year increase).

We improved the customer experience of our Learn Chemistry Partnership scheme
Changes to our school support service and underlying systems improved the overall customer experience. In particular, we made it easier for teachers to claim the benefits of the service, which led to an increase in engagement with complimentary RSC membership and online CPD discounts.

We secured our continued delivery of government Initial Teacher Training scholarships
Following a competitive grant process, we were awarded a contract by the Department of Education to administer chemistry initial teacher training for the next three years – the first multi-year contract awarded since our first in 2012. In 2018 we awarded 109 chemistry teacher training scholarships, which include a government cash bursary with additional mentoring, networking and support from the Royal Society of Chemistry.

We brought future teaching leaders to London for an inspirational event
Ninety early career teachers from across the UK and Ireland took time out of their hectic schedules to join us in our London headquarters for an event whose aim was to celebrate, energise and support these future teaching leaders. Speakers included Nobel laureate Ben Feringa and Ofsted Chief Inspector Amanda Spielman, alongside networking, a panel discussion, and a suite of resources and support to help them become inspiring leaders in chemistry teaching.

Findings from education research we funded were reported in the media
The latest research from the RSC-funded Chemistry for All project has been published in the *International Journal of Science Education*. The paper was featured in the Tes and looks at how teachers can encourage students from disadvantaged backgrounds to engage more with science. For more information, please visit the Chemistry for All website.

"The pupils displayed more favourable attitudes towards science – and specifically chemistry – if they took part in hands-on learning and extra-curricular science clubs, finds [the Chemistry for All research]"

Tes.com 16 March 2018

"Knowing that the RSC and my school are supporting my development makes me feel more valued, and if [teachers] feel valued they will stay in the profession!"

Attendee

Provider of high quality chemical science knowledge

Accelerating the growth, dissemination, application and impact of chemical science knowledge

Maintain high publishing standards

With the volume and accessibility of scientific research increasing across the world, it has never been more important to uphold our role as an ethical and high quality publisher.

Our reputation for quality, built over more than 175 years, is hugely important to the scientists who publish with us from around the world – and so through our journals, books, databases and everything we publish, we never compromise on that quality.

We published 35,000 high quality chemical research articles
We attracted 123,000 submissions – a 6% year-on-year increase – and published 35,000 articles across our journal portfolio.

We saw impact factor increases across our journals, with individual highlights including *Journal of Materials Chemistry A* to 9.9 (up 12% on 2017), *Materials Horizons* to 13.2 (up 23% on 2017), category-leading *Energy & Environmental Science* to 30.1 (up 2% on 2017) and our flagship, open access journal *Chemical Science* to 9.1 (up 4.5% on 2017).

Our Frontiers series of journals, jointly run in partnership with the Chinese Chemical Society, became a fully established series, with the impact factor of *Inorganic Frontiers* reaching 5.1 – higher than leading competitors such as *Inorganic Chemistry*.

And our journal *Nanoscale Horizons*, published in partnership with the National Center for Nanoscience and Technology (NCNST) in Beijing, China, gained our highest ever first impact factor of 9.4.

We celebrated 50 years of book publishing
We've published more than 1,000 books in the last 50 years, from leading professional reference texts to more accessible titles like *Molecules of Murder*, *The Secret Science of Superheroes*, and *Kitchen Chemistry* with triple Michelin-starred chef Heston Blumenthal.

2018 was a year of many series anniversaries too: our 20th book in New Developments in NMR, 30th book in Monographs in Supramolecular Chemistry, 50th book in Nanoscience & Nanotechnology, 60th book in Green Chemistry, and 70th book in Drug Discovery.

"This book will no doubt stand as the definitive work in this field for some time to come... you will be able to give it to every future PhD student on their first day and say 'start here'."

Review of Dynamical Astrochemistry published in The Observatory magazine

We expanded our agreement with Publons

We brought together thousands of chemical scientists at hundreds of events
We and our members ran more than 200 scientific events, attracting 14,500 delegates in total. These events were held in dozens of countries and covered a wide range of topics and disciplines, facilitating international networking and collaboration.

We ran many successful joint events and symposia with many of our international partner chemical societies, including the Chemical Research Society of India, the Chemical Society of Japan, the Chinese Chemical Society, the German Chemical Society and the European Chemical Society.

We hosted 1,500 delegates from 60 countries at the 7th EuChemS Chemistry Congress in Liverpool
Having won our bid to the European Chemical Society more than five years ago to host the congress, the five-day event included more than 450 talks, plenary lectures and satellite events, and more than 650 presenters at our poster exhibition. Speakers included Nobel laureates Professor Ben Feringa and Professor Frances Arnold, as well as our President Professor Dame Carol Robinson.

"As active members of EuChemS, it is a real honour to bring the EuChemS Chemistry Congress to the UK for the first time, continuing the EuChemS traditions of collaboration, advancement and communication."

Dr Robert Parker, CEO Royal Society of Chemistry

"The Royal Society of Chemistry has been, from the very beginning, at the heart of EuChemS and has always provided full support to its initiatives... The fact that so many European and worldwide chemists will be meeting precisely in Liverpool can be regarded as a symbol of the close links that exist between UK and EU researchers that everyone hopes will remain after Brexit."

Professor Pilar Goya Laza President of EuChemS

Delegate quotes:

"I learned a lot at this inspiring and well-organised conference."

"Great experience for my first event. Perfectly organised between sessions, networking, talks and leisure. Thank you!"

"I will definitively recommend the next EuChemS."

"Great city, great venue, great speakers, great people. Inspirational for me as PhD student [working out] what to do after my defense."

"That was the scientific Woodstock! Fabulous!"

Facilitate collaboration across disciplines, sectors and borders

Science has always been about pushing boundaries. Some of the most profound and bene f cial scienti f c discoveries have been the product of people in di f erent f elds combining their expertise to understand a problem or design a solution.

Headlines around the world report the rhetoric of protectionism and isolation, but the global scienti f c community proudly continues to collaborate – and we proudly enabled that throughout 2018.

student research bursaries

Our pilot programme gives students from institutions outside the UK at which we accredit chemistry courses an opportunity to travel to another Royal Society of Chemistry-accredited institution in the UK or Ireland, in support of the international knowledge-sharing and collaboration that leads to so many important developments in the chemical sciences. Our CEO Dr Robert Parker welcomed the recipients to a celebration event at our headquarters in Burlington House, London.

We hosted an initial forum for Commonwealth chemistry representatives

Participants from 24 countries representing more than 20 chemical societies, scienti f c academies and federations across the Commonwealth enthusiastically concluded that there are signi f cant opportunities to create a Federation of Commonwealth Chemical Societies. The uniqueness of bringing this group of diverse couniA00290032 4o so many-10 (-shf Che (o)] EMC /Span <Lang (en-US)/MCID 932 BDC BT0 0 0 10 39.685 48.831 789 [(acr)10 (on umband, in la0 (nd, i-106)-5 ison)-20 ( )will mirrCommonwe(] EMC /Span <Lang (en-US)/MCID 93 BDC50BT0 0 0 10 39.685 48.831 75 [(of bring4-e)

- Stephen Metcalfe, Conservative MP and Science and Technology and Select Committee member, quoted our stats and policy objectives in his speech in Parliament as part of a debate on Brexit, Science and Innovation
- The UK Chemical Stakeholder Forum, run by the Department for Environment, Food and Rural Affairs (DEFRA), welcomed our policy document *Principles for the management of chemicals in the environment*, which provides an overview of principles our community considers essential for managing chemicals in the environment – an area that will need new laws and regulation once the UK leaves the EU

"The Royal Society of Chemistry... says that the UK must continue to work in an uninterrupted full partnership with the European Chemicals Agency from March 2019 onwards."

Stephen Metcalfe MP Science & Technology Select Committee

We engaged with the devolved UK administrations and communities

We held our 7th annual Science and Stormont event in Belfast, which brought together 100 delegates including Members of the Legislative Assembly (MLAs) and featured two panels of external speakers and a panel of three MLAs, an exhibition with 25 exhibitors, and networking opportunities.

In Wales, scientists and Welsh Assembly members met at the Senedd and Pierhead for our annual Science and the Assembly meeting, which is designed to foster close relations with the National Assembly and the Welsh Government. We organise it on behalf of, and in cooperation with, the Welsh science and engineering community, and it is sponsored by Assembly Members David Rees, Nick Ramsay and Simon Thomas.

"It was encouraging to see the high level of engagement and discussion between delegates, Assembly Members and exhibitors."

Sarah Maddocks Cardiff Metropolitan University

We hosted the Director-General of the Organisation for the Prohibition of Chemical Weapons (OPCW)

His Excellency Ahmet Üzümcü gave a lecture on the importa d the AssemblEMC / B(4 Ahme)10 EEMng (pan /4ng (en-Con on)2nan :o5)Spa

The Chemists' Community Fund (CCF) *is the working name of the Royal Society of Chemistry Benevolent Fund, a linked charity to the Royal Society of Chemistry.*

The work of the Fund is managed on a daily basis by a specialist team. The members of the Royal Society of Chemistry's Council are the CCF Trustees, and they have delegated their authority for decisions within defined criteria to the Chemists' Community Fund Grants Committee (CCFGC), including decisions on financial support. The CCFGC reports to the Member Communities Board (MCB).

The primary purpose of the Chemists' Community Fund is the relief and prevention of poverty for members or past members of the Royal Society of Chemistry; as well as support for their partners, children and other dependants, including those of deceased RSC members. We use the Charity Commission's definition of "poverty" and have complied with our duty as a charity to have regard to "public benefit".

Our 2018 priorities under this remit were to:

- Provide holistic support, advice and guidance
- Research and develop new services to increase our impact
- Expand our reach by raising awareness of our services
- Develop our network of volunteers to support the Fund
- Provide and increase financial support
- Integrate our support through RSC established networks

Overview

We increased our charitable impact in 2018 as we expanded the services we offer, increased the number of new beneficiaries receiving support, increased the levels of financial and non-financial support, and made significant developments towards increasing the future impact of the Fund.

We provided holistic support to 183 people

Holistic tailored support and advice is provided to every individual to meet their particular needs and to foster independence. This extends beyond important financial support and involves referrals to specialist services or support visits from volunteers. The variety and complexity of enquiries can involve caseworkers undertaking detailed research into the options of support provided by other specialist organisations, to which we can introduce or signpost our beneficiaries.

"I would say, do not hesitate in contacting the fund as you are given so much help and support, both emotionally and financially, it's the best thing

All of these enquiries were given a level of signposting

We planned for the future

We are initiating new mechanisms of support for both our youngest and oldest members, and relaxing the criteria requiring three years of membership in exceptional instances, where students or apprentices may have faced illness, bereavement or other circumstances leading to unforeseen hardship. We are also introducing supplementary grants for care home top-up fees, where beneficiaries are unable to meet reasonable costs through statutory funding routes.

"I was treated so well and with such kindness and understanding. The caseworkers were so supportive and they instantly put me at ease. I will never ever forget their help and kindness. I had hit the bottom, but I knew they were there for me,

We have also been considering the needs of our members who might be adversely impacted by the UK leaving the EU. Planned interventions include partnering with specialists to provide the latest legal information on immigration status through a helpline and online workshops. We will also consider financial support where appropriate.

The combination of generous contributions from our community and investment growth over nearly 100 years means that the Fund is in a strong financial position and the CCF Trustees have been seeking to ensure we continue to increase our charitable impact. The demand from our community on our primary purpose of the prevention and relief of poverty has remained relatively low, so we have sought specialist counsel and guidance from the Charity Commission on appropriate wider charitable use, as described through the Trust Deed. The CCF Trustees have agreed principles to expand the scope of our charitable activity aligned with the ethos of supporting individuals with the most need. Planning and implementation of this will continue in 2019 with direct input from CCF Trustees.

The activities undertaken in the year were carried out within the budget approved by our Trustees, and all the income of the charity has been spent on our charitable activities, raising funds or retained in our charitable reserves (see notes 25 and 26).

Overall we achieved a net operating surplus of £3.9m (2017: net operating surplus of £5.5m) and a net deficit of £0.7m after investment movements (2017: net surplus of £12.1m). The table below reconciles this back to the operating surplus of £3.7m reported in our internal management accounts.

Our usable reserves, consisting of general funds, funds retained in non-charitable subsidiaries and designated funds, remain healthy with a balance of £91.5m (2017: £92.2m).

Our working capital position remains strong, with a net current asset position of £8.4m (2017: £10.6m) owing to the large cash and debtors balances offsetting the creditor balances and advance payments received for 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 returns. Our investment portfolio is designed to ensure long-term growth and to provide additional funding to support our charitable objectives.

Following review and amendment in 2018, the long-term investment objectives for general funds and restricted funds are to achieve an annual rate of return of 2.0% (2017: 4% and 2.5% respectively) in excess of the rate of UK inflation, as measured by the Retail Price Index (RPI), after fees and costs at an acceptable level of risk for the investment portfolio [illegible] chartCID 1s beloen-Uwen10(. 10 9

Trustees adopt an investment time horizon of at least 10 years, over which they aim to achieve their objectives and expect the portfolio to rema0s and restricted

A portion of the unrestricted general fund balance is locked up within fixed assets. After deducting intangible and tangible assets of £0.4m and £6.6m respectively from the unrestricted general fund balance of £51.9m, £44.9m remains as the 'free reserves' available to the charity.

For 2019, a revised target level of available reserves has been adopted. The revised target is £40.7m, a lower figure than the 2018 target of £65.9m, reflecting the transfers made to designated funds in 2018 and increased confidence in financial planning and risk management. After deducting the target of £40.7m from our 'free reserves' of £44.9m, the remaining 'free reserves' available to the charity amounts to £4.2m.

The Reserves Policy states that any excess of free reserves above the target level should be used to fund impactful charitable activities, consistent with strategic goals, within a five year period. The RSC will evaluate options in 2019.

Designated funds

The designated funds consist of earmarked funds totalling £31.0m (2017: £1.1m), designated trust and lecture funds totalling £4.8m (2017: £5.3m) as well as reserves totalling £2.0m (2017: £2.0m) 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. Earmarked funds are specific amounts set aside for future contingency or policy purposes. Earmarked funds are established by appropriating amounts out of the general funds and are subject to Council approval.

Restricted funds

The total restricted funds, including restricted income and endowment funds, held at 31 December 2018 were £22.8m (2017: £24.1m) and represents income for restricted purposes specified by the donor that are not available for the general purposes of the charity.

Of this, £15.7m (2017: £16.5m) relates to the Chemists' Community Fund, which provides a flexible range of financial and non-financial help to members and their dependants. The remainder comprises other restricted income and endowment trust funds totalling £1.7m (2017: £1.8m) and £5.4m (2017: £5.8m) 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 who joined from January 2003 are entitled to join a defined contribution pension scheme. For employees who joined prior to that date, we operate a defined benefit scheme, which commits to pay a pension based on the number of years worked and the final salary of the members. This was closed to new members in 2002 and the scheme was closed to future accrual for existing members in 2011.

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).

We agreed a recovery plan with the Pension Fund Trustees to address the deficit, following the triennial valuation of the pension scheme as at 31 December 2016. The funding valuation method is used to determine the recovery plan and the annual deficit payments made by the RSC, and therefore this method has a direct impact on the actual costs falling upon the RSC. This has resulted in annual payments of £1.9m from 1 January 2018 each year to 2025 inclusive, when the shortfall is expected to be eliminated.

Accounting rules require the use of an accounting valuation method, which measures the pension fund's assets and liabilities on a different basis to the funding valuation method, and results in a larger deficit. 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 (accounting valuation) of the deficit on the Defined Benefit Pension Scheme was £29.9m at the end of 2018 (2017: £31.2m). This followed a decrease in the liabilities of the scheme of £11.7m, attributable to changes in the actuarial assumptions, most notably the increase in the discount rate from 2.5% to 2.8%, as well as a corresponding decrease in the assets of the scheme of £10.4m.

The accounting valuation results in a notional deficit that does not directly impact on the actual costs falling upon the RSC. The funding valuation is considered the real figure and this, along with the agreed recovery plan, will remain until the next triennial valuation process in 2020.

Remuneration of key management personnel

Citizens
One Citizens Plaza,
Providence, RI 02903
USA

Barclays Bank plc
1 Churchill Place
London
E14 5HP

Lloyds Bank plc
25 Gresham Street
London
Ec2V 7HN

Investment managers

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

Consolidated statement of financial activities for the year ended 31 December 2018

	Note	Unrestricted funds General funds	Designated funds	Total general and designated funds	Pension reserve	Total unrestricted funds	Restricted funds Restricted income funds	Endowment funds	Total restricted funds	Total	Total
		2018	2018	**2018**	2018	**2018**	2018	2018	**2018**	**2018**	2017
		£000	£000	**£000**	£000	**£000**	£000	£000	**£000**	**£000**	£000
Income and endowments from:											
Donations and legacies	1	25	57	82	-	82	-	44	44	**126**	242
Other trading activities	2	661	-	661	-	661	-	-	-	**661**	637
Investment income	3	763	39	802	-	802	202	-	202	**1,004**	1,041
Charitable activities											
Membership		3,985	-	3,985	-	3,985	7	-	7	**3,992**	3,856
Chemistry World		737	-	737	-	737	-	-	-	**737**	1,188
Scienti f c conferences and events		999	965	1,964	-	1,964	153	-	153	**2,117**	2,265
Education and professional practice		216	-	216	-	216	391	-	391	**607**	588
Publishing		53,869	-	53,869	-	53,869	406	-	406		

1. Donations and legacies

	General funds £000	Designated funds £000	Restricted income funds £000	Endowment funds £000	Total 2018 £000	Total 2017 £000
Donations	25	57	-	20	102	134
Bequests and legacies	-	-	-	24	24	108
Total	25	57	-	44	**126**	242

3. Investment income

	General funds £000	Designated funds	Restricted income funds	Total 2018	Total 2017

6. Funding activities outturn analysis

	Note	General funds	Designated funds	Restricted income funds	Endowment funds	2018 Total	2017 Total
		£000	£000	£000	£000	£000	£000
Funding activity income							
Donations and legacies	1	25	57	-	44	126	242
Restricted grant income	25	-	-	950	-	950	540
Total		25	57	950	44	**1,076**	782
Funding activity costs							
Direct sta f costs	8	(323)	-	-	-	(323)	(197)
Direct and support costs	8	(334)	(144)	-	-	(478)	(315)
Total		(657)	(144)	-	-	**(801)**	(512)
Net income/(expenditure) from funding activities		(632)	(87)	950	44	**275**	270

8. Total expenditure

Unrestricted funds

	General funds				Designated funds			
	Direct sta f	Direct	Support	**Total general**	Direct	**Total designated**	**Total**	Total
	Costs	Costs	Costs	**fund costs**	Costs	**fund costs**	**2018**	2017
	£000	£000	£000	**£000**	£000	**£000**	**£000**	£000
Expenditure on raising funds								
Donations and legacies	323	33	301	657	144	144	**801**	498
Other trading activities	72	385	5	462	-	-	**462**	330
Investment management costs	-	541	-	541	27	27	**568**	303
Total	395	959	306	**1,660**	171	**171**	**1,831**	1,131
Charitable activities								
Membership	1,374	926	1,710	4,010	410	410	**4,420**	4,029
Chemistry World	764	982	855	2,601	-			

15. Tangible fixed assets

Group

	Leasehold land and buildings		Total
	£000	£000	£000
Cost			
Balance at 1 January 2018	8,435	13,678	22,113
Additions	-	524	524
Disposals	-	(559)	(559)
Balance at 31 December 2018	**8,435**	**13,643**	**22,078**
Accumulated depreciation			
Balance at 1 January 2018	5,059	9,727	14,786
Disposals	-	(559)	(559)
Charge for year	263	985	1,248
Balance at 31 December 2018	**5,322**	**10,153**	**15,475**
Net book value at 31 December 2018	**3,113**	**3,490**	**6,603**
Net book value at 31 December 2017	3,376	3,951	7,327

Charity

	Leasehold land and buildings		Total
	£000	£000	£000
Cost			
Balance at 1 January 2018	8,433	13,398	21,831
Additions	-	523	523
Disposals	-	(558)	(558)
Balance at 31 December 2018	**8,433**	**13,363**	**21,796**
Accumulated depreciation			
Balance at 1 January 2018	5,059	9,455	14,514
Disposals	-	(558)	(558)
Charge for Year	263	981	1,244
Balance at 31 December 2018	**5,322**	**9,878**	**15,200**
Net book value at 31 December 2018	**3,111**	**3,485**	**6,596**
Net book value at 31 December 2017	3,374	3,943	7,317

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 bac

17. Investment in subsidiaries

Charity

	Investment £	Capital and reserves £000
RSC Worldwide Limited*	100	529
RSC Worldwide (US) Inc**	6,431	382
Chemistry Limited*	2	320
RSC (Beijing) Chemical and Science Technology Consulting Co., Ltd.**	120,000	455
Royal Chemistry India Private Limited***	157,272	376
Royal Society of Chemistry Japan K.K.**	69,729	152
Royal Chemistry India Foundation****	151	7
Friends of the RSC, Inc.	-	33

[redacted]

25. Restricted funds

Group – movement in funds

	Restricted income funds					Total restricted income funds	Endowment funds		Total endowment funds	Total restricted funds
	Chemists' Community Fund	Trust and lecture funds	Grant income	Friends of the RSC, Inc.	Royal Chemistry India Foundation		Chemists' Community Fund	Trust and lecture funds		

	2018	

	Unrestricted funds						Restricted funds			
	General funds	Designated funds	**Total general and designated funds**	Hedge reserve	Pension reserve	**Total unrestricted funds**	Restricted income funds	Endowment funds	Total restricted funds	**Total**
	2017	2017	**2017**	2017	2017	**2017**	2017	2017	2017	2017
	£000	£000	**£000**	£000		**£000**	£000	£000	£000	£000
Income and endowments from:										
Donations and legacies	67	42	109	-	-	109	28	105	133	**242**
Other trading activities	637	-	637	-	-	637	-	-	-	**637**
Investment income	729	56	785	-	-	785	256	-	256	**1,041**
Charitable activities										
Membership	3,850	4	3,854	-	-	3,854	2	-	2	**3,856**
Chemistry World	1,188	-	1,188	-	-	1,188	-	-	-	**1,188**

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, past members and their dependents. 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: income 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 US private foundation which was incorporated to offer a tax efficient way for US citizens to make donations to support scientific research and projects at educational institutions in the United Kingdom.

Income recognition
Income 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. Income 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 Activities when any conditions for receipt have been met and when the entitlement is probable and measurable.

Trading income
Trading income relates to income 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. Investment income is reinvested into the investment portfolio and not withdrawn to defray operating expenditure.

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 are shown as deferred income on the balance sheet. Life membership subscriptions are accounted for on a received basis. In 2018 these subscriptions amounted to £11k relating to 18 members (2017: £13k, 20 members).

Conference income
Income for conferences is recognised in the year of the event.

Publishing income
Income from publishing activities, including Chemistry World, is recognised in two separate ways, dependent on the specific product:

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.

Expenditure
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 5 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 RSC in relation to the Chemists’ Community Fund are treated as expenditure 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 sections, divisions 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 to which they relate.

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 income and cash balances.

The balance sheet values of subsidiaries have been translated at the closing rate on 31 December 2018. 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 £5,000. [illegible]

The RSC has applied 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 the SoFA. When the hedge relationship ends, fair value gains or losses accumulated in the hedge reserve are reclassified to income or expenditure.

The RSC discontinued the application of hedge accounting in 2017 so that all gains and losses were recognised in the SoFA.

Pensions

The RSC has two types of pension scheme:

Defined contribution plan

The RSC operates a defined } ʟ Ȟation sch q n p ľ e

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