

SOCIETY OF CHEMICAL INDUSTRY

**Report and financial statements
31 December 2012**

SOCIETY OF CHEMICAL INDUSTRY

Report of the Trustees for the year ended December 2012

Contents	Page
Trustees' Report	2
Auditor's Report	20
Consolidated statement of financial activities	22
Consolidated balance sheet	23
Consolidated cash flow statement	24
Notes to the financial statements	25
SCI Benevolent Fund and Rideal Trust	36

SOCIETY OF CHEMICAL INDUSTRY

Report of the Trustees for the year ended December 2012

The Trustees of the Society of Chemical Industry (SCI) have pleasure in presenting their report and financial statements for the year ended 31st December 2012.

REFERENCE AND ADMINISTRATIVE DETAILS

Charity number 206883

Principal Office 14-15 Belgrave Square, London, SW1X 8PS

Auditors
RSM Tenon Audit Limited
66 Chiltern Street
London, W1U 4JT

Principal Bankers
HSBC Bank Plc
The Park, 333 Vauxhall Bridge Road
Victoria, London, SW1V 1EJ

Lawyers
Stone King LLP
28 Ely Place
London, EC1N 6TD

Investment Advisers
Thomas Miller Investment Limited
90 Fenchurch Street
London, EC3M 4ST

SOCIETY OF CHEMICAL INDUSTRY

Report of the Trustees for the year ended December 2012 (continued)

Trustees

The Trustees serving during the year and since the year end were as follows:

Position	At 31st December 2011	At 31st December 2012
Chairman of Board of Trustees	Dr Jack Melling	Dr Jack Melling
Honorary Secretary & Chair of Membership Affairs Committee	Dr Len Copping	Dr Len Copping
Honorary Treasurer & Chair of Finance & Investments Advisory Committee	Mr John Brown	Mr John Brown
Chair of Marketing & Development Advisory Committee	Mr Colin Borg	Mr Colin Borg
Chair of Publications Advisory Committee	Dr Peter Hambleton	Dr Peter Hambleton
Ordinary Members	Mrs Diane Brown Prof. Alan Heaton Mr Derek Heywood Dr Brian Iddon Dr Prabhu Kulkarni Mr Thomas Moore Prof. A.J. Mordue-Luntz Dr Frederick Parrett Prof. K. Clive Thompson	Mrs Diane Brown Dr Roger Gilmour Prof. Alan Heaton Mr Derek Heywood Dr Brian Iddon Dr Prabhu Kulkarni Mr Thomas Moore Prof. A.J. Mordue-Luntz Dr Frederick Parrett Prof. K. Clive Thompson
Co-opted Members	Dr David Evans Mr Thimo Schmitt-Lord	Dr David Evans Mr Thimo Schmitt-Lord

The day-to-day management of SCI is delegated by the Trustees to the following senior staff members:

Executive Director:	Ms Joanne Lyall
Director of Finance & IT:	Mr Hamza Ali
Director of Operations:	Mr Anthony Ramgobin

SOCIETY OF CHEMICAL INDUSTRY

Report of the Trustees for the year ended December 2012 (continued)

A) STRUCTURE, GOVERNANCE & MANAGEMENT

Governing Document

The Society of Chemical Industry was founded in 1881 as a registered Charity, incorporated by Royal Charter in 1907 and governed by its Board of Trustees (whose names are given on page 3).

Specific Restrictions imposed by the Governing Document

Under Article 2 of the Charter, SCI has no powers to act as an examining body for the purpose of prescribing or holding examinations whereby degrees, qualifications or authority to practice or to use any distinctive title can or may be conferred upon practising chemists or any other persons whatsoever whether or not Members of the Society.

Under Article 4 of SCI's Royal Charter, the property and funds of the Society shall be used only for promoting the objects and do not belong to Members of SCI except as provided for in the By-laws.

Organisation

The Board of Trustees (BoT) is supported by four Board Standing Committees which oversee the specific activities of SCI's work. The Chairs of each of the Standing Committees are also members of the Board of Trustees. The Board of Trustees meets at least five times a year and the Standing Committees meet as often as needed, not less than twice a year.

The Finance and Investments Advisory Committee (FIAC) advises the Board on all financial matters relating to the Society including investments, investment policy issues, reserves policy, budgets (annual and project-related), IT policy and premises utilisation and refurbishment.

The Membership Affairs Committee (MAC) is responsible for the needs and interests of SCI Members. Its overall aim is to advise the Board of Trustees (BoT) and the Executive on ways and means of enhancing the value of SCI membership from the members' perspective. In order to do this, it works with SCI's Interest Groups to ensure they are aligned with, and contribute to, SCI's charitable objectives and goals. MAC has a focus on expanding membership, meeting members' needs and the creation of new groups, as well as looking after the interests the individual Groups through continuous support.

The Marketing and Development Advisory Committee (MDAC) advises the Board on marketing strategies and objectives for SCI and planning of marketing activity. It liaises with MAC regarding member recruitment and retention.

In January 2013, the Board resolved to merge the functions of MDAC and MAC into a unified standing committee covering membership and marketing and development matters. This will take effect from immediately prior to the elections on 3 July 2013. At this time MDAC will be stood down and the members of MDAC will be given the opportunity for special co-option by the Board onto MAC so that they can contribute their skills and experience to fulfill the expanded remit, until the end of their original term.

SOCIETY OF CHEMICAL INDUSTRY

Report of the Trustees for the year ended December 2012 (continued)

The Publications Advisory Committee (PAC) is responsible for advising the Board on all SCI publishing activities and strategies, the strategic and business development of the existing portfolio and the development of new publication products across the full range of publishing platforms.

PAC, together with SCI Directors, monitors the performance of our publishing partners and works closely with them to identify and appraise publishing opportunities and threats, to ensure that editorial policies are aligned with SCI's policies and strategy, and to monitor the quality and impact of SCI's publications.

The purpose of the Remuneration Committee, a sub-committee of the Board of Trustees, created in 2005, is to review the Executive Director's remuneration package. Its remit was extended in 2006 to review recommendations for the recruitment of Directors. In mid-2010 the Board appointed Ms Joanne Lyall as the Executive Director.

The Early Career Support Sub-Committee (ECSSC) was created by the Board in April 2011 to advise the Board on services and initiatives to support early career members of SCI and to oversee early career related awards. In November 2012, the Board agreed that this sub-committee would report to MAC rather than directly to BoT.

The Executive Director is responsible for the efficient conduct of SCI's affairs in accordance with the Royal Charter, By-laws and Rules. Under the By-laws, the Executive Director is responsible for engaging all other staff.

The day-to-day management of SCI is directed by the Executive Director and further delegated to the functional Directors and Managers.

The staff work to an agreed operational plan, targets and budget agreed with the Trustees at the beginning of the year and report progress to the Board of Trustees on a regular and formal basis. The management and staff work within a framework of delegated authority.

SCI pursues an overall policy of transparency and clear communication. Minutes are taken at all meetings of governance. SCI also communicates with its membership and other audiences through the SCI Member News pages in *Chemistry & Industry* magazine, via its website, www.soci.org and through electronic newsletters that promote our conference programme and other membership activities. SCI also has a presence in social media, such as LinkedIn, Facebook and Twitter.

Appointment of Trustees, Induction & Training

Trustee and Standing Committee elections are held each year to ensure the succession management of governance and compliance with the stated period of office. This process is directed by the Board of Trustees and supported by the Executive. In addition to 15 elected positions on the Board, 3 co-opted positions are available to attract Trustees with skills and talent to complement the Trustees elected by the Membership of the society. Trustees and others involved in SCI's governance are kept up-to-date with best practice standards and developments in governance by the Executive Team which maintains their awareness through training and professional advice as necessary. SCI complies with the Good Governance code for the voluntary and community sector.

SOCIETY OF CHEMICAL INDUSTRY

Report of the Trustees for the year ended December 2012 (continued)

New Trustees and those taking office on Standing Committees are made aware of the responsibilities of Trustees and Office Bearers under the Charities Act 2011 and under the Society's governing documents. External training is provided for Trustees periodically.

Related Parties

SCI's wholly owned subsidiary company, SCI Business Limited (registered number 2994541), undertakes trading activities which are ancillary to, but not part of, SCI's core activities, and donates all its yearly profits to SCI in the form of a Gift Aid donation. The activities undertaken by SCI Business Limited include:

- Sale of advertising space in SCI publications;
- Hire of meeting rooms and related facilities;
- Management services to kindred bodies;
- Other trading activities within SCI's expertise that do not conflict with SCI's charitable objects.

SCI Business Limited's accounts are consolidated in this report, but also prepared separately and filed in accordance with company law.

Risk Management

The Trustees pursue a system of risk management through the Finance & Investments Advisory Committee, the Executive and the Board of Trustees. Regular risk review is carried out and reported to the Board and Committees. As part of this process, Finance and Investments Advisory Committee reviewed the Society's risk register at its meeting on 6th September 2012.

The Trustees regularly review the high level risks to which the charity is exposed, in particular those related to the operations and finances of the charity, and are satisfied that systems are in place to mitigate exposure to the major risks. A Disaster Recovery Plan is in place and test runs are carried out annually. The plan provides emergency recovery of the network servers in case of an accident or local disaster and remote web access to all applications for all users. During the year, Terminal Services have been set up in order to provide remote access of the critical applications for users from their home computers and from any device with a Windows platform and an internet connection.

B) OBJECTIVES & ACTIVITIES

The Object of the charity under Article 2 of the Royal Charter is to advance the science of applied chemistry and related sciences for the public benefit by:

- (a) furthering the practical application of discoveries in the field of chemistry and related sciences to the products and processes of industry;
- (b) providing a forum in which multidisciplinary discussions on the opportunities and problems of industry can take place, and publishing appropriate journals, books and other communications;
- (c) granting medals, lectureships, scholarships and other awards;
- (d) carrying out, or assisting in the carrying out of, investigations into matters of public concern relating to the practical application of chemistry and related sciences;

SOCIETY OF CHEMICAL INDUSTRY

Report of the Trustees for the year ended December 2012 (continued)

- (e) bringing to public notice the benefits accruing from the practical application of chemistry and related sciences; and
- (f) all such other charitable means.

A copy of the Royal Charter, By-laws and Rules may be obtained on request from the office, 14-15 Belgrave Square, London SW1X 8PS or viewed on our website www.soci.org.

SCI reviews its vision and purpose on an annual basis to ensure that it is relevant to the current environment while remaining true to the spirit of our Charitable Objectives.

SCI Vision, Purpose and Positioning

Vision

SCI to be recognised by key influencers in industry, academia and government as a valuable source of multi-disciplinary knowledge and networking, encouraging innovation based on chemistry and related sciences for the benefit of society.

Purpose

SCI is an open, multi-disciplinary forum connecting scientists and business people in order to advance the application of chemistry and related sciences for the benefit of society.

Positioning

- SCI connects science and business for the benefit of society
- SCI adds value to the resolution of key global challenges
- SCI is a vibrant, growing membership community
- SCI is an authoritative provider of knowledge-based services to a wider user community
- SCI promotes awareness of the benefits of the application of chemistry and related sciences

Scope and Activities

SCI is a multi-disciplinary membership organisation which connects scientists and business people in order to advance the application of chemical and related sciences for public benefit. We aim to harness our knowledge and networks to improve society by tackling challenges in areas such as food & bio-renewables, water, waste & environment, energy, materials & manufacturing and health & wellbeing.

SCI has over 3,000 members drawn from academia and industry. Members include chemists and other scientists, engineers and business people (Senior Executives, R&D Managers, Marketers, IP professionals) from a wide range of the chemistry-using industries. 80% of our members are based in the UK and the rest are spread across more than 70 countries. SCI shares knowledge and create networks through:

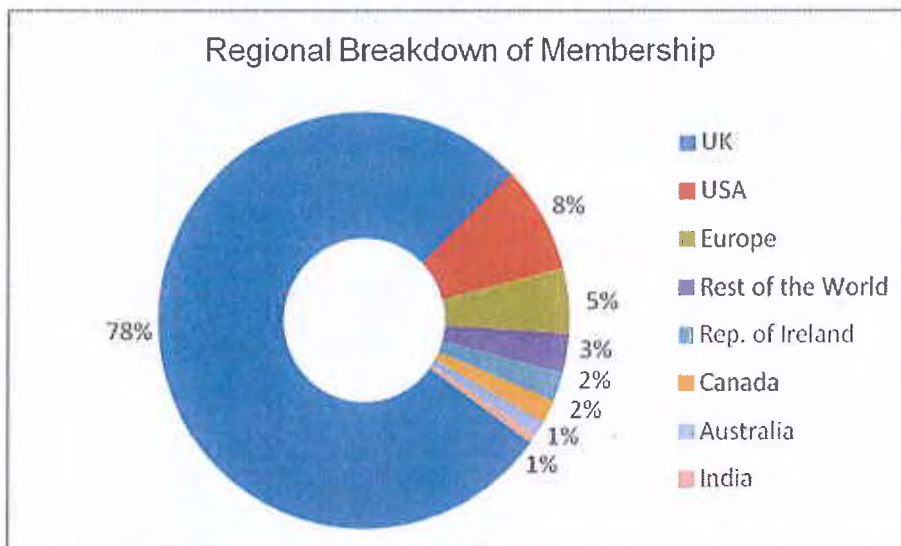
Membership

SCI membership at 31 December 2012 was 3,068 representing a decrease of 8.4% (2011: 3348). Reduction in SCI's membership base was largely due to members allowing their subscriptions to lapse. Additionally, our corporate membership, particularly organisations in

SOCIETY OF CHEMICAL INDUSTRY

Report of the Trustees for the year ended December 2012 (continued)

the Pharmaceutical sector, suffered from plant closures and staff redundancies. Similarly, universities continue to suffer from budgetary constraints and where the institutions have passed on the cost of membership within the academic scheme to the students, this has often resulted in them cancelling membership.



Despite the downturn in overall members, SCI's active membership has remained more active than ever, as demonstrated by number of interest group meetings and the success of our conferencing activity.

Quote from SCI Member, **Dr Dave Hallett, Executive VP of Chemistry, Evotec:**

SCI is a truly translational organisation – it supports the needs of our sector with the right blend of academic and industrial input. Its meetings are relevant and timely and the networking opportunities are second to none. I've never been a big fan of clubs and societies but this is one of the few organisations I believe delivers and with which I've consistently renewed my membership.

A number of early career members have been involved in governance committees during 2012 and SCI is seeking to nurture this trend.

Total income from membership subscriptions was £147K (2011: £151k) and the total cost, including support costs of membership activities was £1,142k (2011: £1,257k).

SCI also has 13 regional interest groups including SCI America, SCI Canada, SCI Australia, the Chinese-UK Group and groups covering regions in the UK. During 2012, SCI Canada was merged with the CIC Economics and Business Management Division. The merged association is known as SCI Canada – a Forum of the CIC. The new forum will enable SCI Canada to fulfil more effectively the SCI mission of connecting science and business.

The Groups held 109 member events during the year (in addition to the conferences covered below).

Group activity expenditure was £49K against a budget of £55K (2011: £53K against a budget of £100K).

SOCIETY OF CHEMICAL INDUSTRY

Report of the Trustees for the year ended December 2012 (continued)

Conference Programme

During 2012, SCI hosted 39 conferences across a broad range of science and business topics, attracting 2638 attendees, of which 34 were organised through SCI's conference team (2011: 35 conferences were organised attracting 2694 delegates). Two events were cancelled during the year due to a low number of registrations. The split between non-members and members attending conferences has remained the same over the two years at 70% vs. 30% respectively. SCI's Fine Chemicals Group continues to produce the highest output of events and surpluses. The Group's flagship event, the Process Development Symposium, has been running successfully for 30 years and is an internationally attended event. However, attendance was down by approximately 30% on 2011's event due to a reduction of employees attending from a number of major pharmaceuticals as a result of ongoing financial pressures in the sector.

Some quotes from those attending and/or involved with conferences organised by the conference team:

"The conference was great. Excellent talks, very well organised and a good opportunity to meet people" (Catalysis and Synthesis using Cheaper Metals, April 2012, Fine Chemicals Group) **Dr. Sven Schröter, Senior Manager Sales EMEA, Rockwood Lithium**

"Many, many thanks for all of your excellent organisation and stellar attention to detail. I had a wonderful time at the event. The quality of the science was internationally leading. Accordingly, the Scientific Committee should be warmly congratulated". (A Celebration of Organic Chemistry, September 2012, Fine Chemicals Group)
Professor William J. Kerr BSc, PhD, CChem, FRSC, Professor of Organic Chemistry, University of Strathclyde

"In my opinion, this was one of the most successful major international events that I have been fortunate enough to be involved with and the SCI conference secretariat did a really brilliant job" (IEX, September 2012, Separation, Science and Technology Group)
Professor K. Clive Thompson, Chief Scientist, ALcontrol Laboratories / SCI Trustee

Conference activity during 2012 generated a surplus of £64k (2011: £73k).

Publishing

SCI publishes the following journals: Journal of the Science of Food and Agriculture, Pest Management Science, Journal of Chemical Technology and Biotechnology, Polymer International, Biofuels, Bioproducts and Biorefining, Greenhouse Gases, Energy Science & Engineering.

SCI also publishes Chemistry & Industry magazine - the business voice of chemistry and the leading source of news and opinion related to chemical technology.

During 2012 publication income was £2,017k (2011: £1,858k) – up 8.5%

SOCIETY OF CHEMICAL INDUSTRY

Report of the Trustees for the year ended December 2012 (continued)

Public Outreach activities

SCI continued to build on a highly successful series of public lectures in Belgrave Square (4 lectures attracted nearly 500 attendees) and throughout the UK, our regional group network held a large number of public lectures. During 2012, we launched videos of public lectures on our website to make them available to a global audience.

Awards

SCI reviewed its awards programme during 2012 to ensure the best possible impact, while streamlining administration. During the review period of 2012, SCI did not award any travel bursaries or scholarships, with the exception of the Rideal bursaries and Seligman fellowship. SCI continues to offer society awards to recognise service to SCI and over 60 awards for endeavour in particular fields of science, engineering and technology.

During 2012, SCI formed an agreement with the Royal Society to offer a new studentship programme. See Section C, Objective 5 for details.

C. PERFORMANCE AGAINST STRATEGIC OBJECTIVES DURING 2012

Objective 1: Focus SCI activities on areas where SCI has the knowledge and networks to add value: food and bio-renewables, water, waste & environment, energy, materials & manufacturing and health & wellbeing

Achievements

- SCI focuses our efforts on areas of societal need, where we have the expertise to contribute to solutions by drawing on our multi-disciplinary network and knowledge. Members contribute by getting actively involved in SCI interest groups, sharing knowledge in meetings and via online forums. Members also collaborate to create conferences and webinars that spread knowledge about advances in these fields to an even wider audience of academics and business people. SCI publications and our public lectures also support our selected priorities.
- SCI conferences increasingly result from collaboration between SCI groups and external partners, thereby reaching new audiences. For example, *More Crop per Drop – Raising Water Use Efficiency* on 29 November 2012 was organised by SCI's BioResources, Environment and Science & Enterprise Groups, partnering with technology transfer expert, Aqua Enviro and supported by three SCI journals, Biofuels, Bioproducts & Biorefining (Biofpr), Science of Food & Agriculture and Pest Management Science, as well as the Centre for Ecology & Hydrology.
- During 2012, SCI has encouraged closer working between technical interest groups as well as collaborations between technical and regional groups (eg. the London Regional Group and the Biotechnology Group have partnered with University of Westminster to offer a regular series of biotechnology workshops).
- SCI publications have continued to build on the energy theme with a book series and the introduction of a new online journal in 2012: Energy Science and Engineering.

SOCIETY OF CHEMICAL INDUSTRY

Report of the Trustees for the year ended December 2012 (continued)

Objective 2: Strengthen SCI's business voice through development of C&I as a multi-media platform and strengthen our international reputation as a trusted provider of knowledge to industry and academia by enhancing and expanding our publishing portfolio and related services

Achievements

- During 2012, we introduced the iPad/iPhone and Android apps to enable Chemistry and Industry to be read on mobile devices. The C&I section of the website has been improved and will be further developed in 2013 including a digital e-book available to members.
- The Wiley-SCI Energy, Science and Engineering journal was launched in late 2012. This is SCI's first open access journal and is dedicated to the highly topical area of future energy supply and use, further strengthening SCI's reputation in the energy field. During 2012, SCI also agreed for the Journal of Science, Food & Agriculture to act as a feeder journal for a new Wiley open access journal focused on food.

Journal impact factors continue to be very strong.. The **impact factor** (IF) of an [academic journal](#) is a measure reflecting the average number of [citations](#) to recent articles published in the journal. It is frequently used as a [proxy](#) for the relative importance of a journal within its field, with journals with higher impact factors deemed to be more important than those with lower ones. The 2012 impact factors for the respective journals are (when 2011 citation reports were released):

Journal	2012
Biofuels, Bioproducts and Biorefining (Biofpr)	4.738
Journal of Chemical Technology and Biotechnology (JCTB)	2.168
Pest Management Science (PMSci)	2.251
Polymer International (PI)	1.902
Journal of the Science of Food and Agriculture (JSFA)	1.436

JCTB has climbed in the rankings in its various subject categories and is now:

- In top 25% of journals in Engineering, Chemical.
- In top third of journals in Chemistry, Multidisciplinary.
- In top half of journals in Biotechnology and Applied Microbiology.

Three SCI journals continue to feature in the top 10 of at least one of their categories:

- Biofpr: ranked tenth in Energy & Fuels (total 81 journals)
- PS: ranked eighth in Entomology (total 85 journals)
- JSFA: ranked tenth in Agriculture, Multidisciplinary (total 57 journals)

A more recent Wiley-SCI journal, Greenhouse Gases: Science and Technology, has been accepted for indexing by Thomson Reuters and the journal should receive a "half" impact factor in June (based on one year of publications instead of two).

SOCIETY OF CHEMICAL INDUSTRY

Report of the Trustees for the year ended December 2012 (continued)

Objective 3: Be proactive in leveraging technology, media and collaborations to expand and improve our service delivery worldwide

Achievements

- SCI has upgraded its IT infrastructure to improve reliability and quality of service and technical support for the website and CRM has been outsourced.
- Implement Terminal Services that provide remote access 24/7 via an internet access.
- Improvements to the website content and customer journeys are being implemented and a programme of continuing web development is underway with important features due for delivery in 2013 eg. Members' Directory.
- Videos of SCI public lectures now available freely to a global audience via the website
- A dedicated Marketing Manager appointed during 2012
- SCI has developed a collaboration plan to identify key partners and planned forward activity and this is being implemented. SCI is increasingly collaborating with other bodies in our sector to promote the benefits of chemical sciences as a driver for sustainable economic growth.
- SCI has collaborated with the Canadian Institute of Chemistry (CIC) to relaunch SCI Canada as a refreshed group with stronger membership.

Objective 4: Strengthen our impact by increasing engagement with key business influencers in the chemistry-using industries as members, partners and sponsors

- Paul Booth OBE, Chairman of SABIC UK Petrochemicals, was appointed as Hon. President of SCI in 2012
- SCI is engaging with senior influencers from key chemistry-using organisations such as BASF, Unilever, Dow Corning, INEOS, GSK, Thomas Swan.
- A senior representative of Styron recently joined the Editorial Advisory Board of Chemistry & Industry magazine
- SCI has attracted many senior industry representatives to speak at public lectures and conferences during the year

Objective 5: Develop services tailored to the needs of particular groups of members including early career, mid-career and mature career/retired

- Agreed focus for 2012-13 is on early career members
- SCI College of Scholars programme being expanded to offer career development services to a wider audience of early career members and regional groups also offering career support events.
- Initial research has been undertaken to understand what types of services are being offered by comparable organisations
- A sample survey of early career people has been undertaken and a fuller survey is now being designed for implementation in 2013 to form the basis for new service development
- Early career awards (scholarships and travel bursaries) have been reviewed and relaunched to improve flexibility and impact

SOCIETY OF CHEMICAL INDUSTRY

Report of the Trustees for the year ended December 2012 (continued)

- The Royal Society and Society of Chemical Industry studentship programme has been agreed and will be implemented in early 2013 with SCI drawing on the Sydney Andrew legacy to fund three PhD studentships to complement the Royal Society Industry Fellowship Programme.

Objective 6: Ensure the long-term sustainability of SCI by enhancing the value of our assets (financial, premises, people and IP)

SCI has controlled costs effectively during 2012 and is now investing in areas to enhance the sustainability of the organisation:

- building SCI membership supported by the appointment of a dedicated Membership Manager in 2012 and the efforts of a very active Membership Affairs Committee
- marketing the SCI brand supported by the appointment of a dedicated Marketing Manager in 2012 and the input of the Marketing & Development Committee
- developing the SCI web site and e-communications
- developing existing SCI services eg. Publishing, conferences and seeking opportunities for new service development
- ensuring we have an Executive team that can support our aspirations
- refurbishment of our well-located, heritage buildings
- continuing to maintain the value of our capital reserves

D. PLANS FOR FUTURE PERIODS

SCI Strategic Objectives for 2013-15:

1. Inform, influence and interact on issues where SCI has the knowledge and networks to add value to society:

- Focus SCI activities including publishing, conferences, lectures and awards, around:
 - a. Key topics: food and bio-renewables, water, waste & environment, energy, materials & manufacturing and health & wellbeing
 - b. Key themes: innovation, sustainability, wealth-creation, industry transformation and efficiency
- Actively promote SCI's areas of focus and opportunities for engagement to stimulate interest from new and existing members, partners and sponsors
- Create group hubs around key societal topics and themes to build communities of interest that will foster multi-disciplinary innovation

2. Inspire and support a growing, active, multi-disciplinary community of members from business, academia and the public sector who will create networks, share knowledge and be ambassadors for SCI

- Develop a suite of products and services that attract, engage and retain members, especially in the early career and active industry stages
- Engage with more key business influencers as members, partners and sponsors
- Develop membership models that support growth, such as e-membership, corporate and academic partnership and partnership deals with other societies for international growth
- Use e-communications, media and collaborations to raise awareness of SCI and improve our service delivery

SOCIETY OF CHEMICAL INDUSTRY

Report of the Trustees for the year ended December 2012 (continued)

3. Strengthen SCI's reputation as a trusted source of multi-disciplinary knowledge for industry and academia

- Strengthen our business voice through the development of C&I as a multi-media platform delivering knowledge and views round our core themes and topics
- Expand our publications portfolio around selected key themes & topics, using new models which take account of open access and advantage of new technology platforms
- Develop our e-communications capability and content to attract new audiences especially early-career and key business influencers

4. Promote the benefits of the application of chemistry and related sciences to the government, industry, media and the public

- Promote existing outreach activities eg. public lecture programme (HQ & regional)
- Collaborate with partners to promote our key messages to government, industry and media in order to inform and influence a wider audience

5. Enhance the value of our assets (financial, premises, people and IP) to improve the long-term sustainability of SCI

- Develop new sources of income generation
- Maintain and enhance our premises for the benefit of SCI members and to generate revenue from our customers
- Source and develop the skills and capabilities we need to deliver on our plan
- Continually review governance to ensure it supports our forward plan
- Invest in the SCI brand by using and promoting it widely and consistently.

SOCIETY OF CHEMICAL INDUSTRY

Report of the Trustees for the year ended December 2012 (continued)

E) FINANCIAL REVIEW

Statement of Financial Activities

SCI finances continue to improve its core business in 2012 in difficult economic conditions. The planned budget deficit was £49k but a surplus of £604k was achieved. This was due mainly to investment gains of £332k. The budget does not attempt to forecast gains/(losses) on investments. The legacy income in 2012 was £158k and was not included in the budget. In 2011, £1.1m of legacy income was recognised. A further £45k is expected in 2013, making a total of £1.3m. The legacy from Dr Sydney Andrew is restricted income to fund a lecture and research focused on 'Neglected Science'.

The Society's wholly owned trading subsidiary, SCI Business Limited, which undertakes the commercial trading activities, reported a profit on sales of £34k (2011: £41k). Total profit generated is paid over to the charity under Gift Aid in order to assist in meeting its objectives.

The Director of Finance and I T is authorised to undertake hedge contracts in order to minimise the potential losses arising from the fluctuations in the US \$ exchange rates. The revenues from the royalties on journals publications originate in US\$. The hedge contracts are placed with our bankers, HSBC. The Society has provided a collateral deposit of £800k to HSBC for the hedge facilities.

The Consolidated Statement of Financial Activities for SCI is set out on page 22. A summary of the financial results is set out below:

	<i>General Funds</i>	<i>Designated Funds</i>	<i>Restricted Funds</i>	<i>Total Funds 2012</i>	<i>Total Funds 2011</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>Income</i>	2,830	461	197	3,488	4,267
<i>Expenditure</i>	2,765	426	25	3,216	3,379
<i>Surplus/(Deficit)</i>	65	35	172	272	888

The principal funding sources, apart from the profits from SCI Business Limited, were: Information Provision and Forum £2,524k, Investment income £187k, income from letting and licensing of premises £393k; and Member subscriptions £147k.

In 2012, 93% of expenditure incurred in the year was spent on charitable activities, which includes directly attributable costs, project costs and overhead costs supporting core charitable objectives.

Other expenditures incurred were 1% on trading activities, 2% on governance of the charity, 3% on letting and hiring of premises and 1% on investment management.

SOCIETY OF CHEMICAL INDUSTRY

Report of the Trustees for the year ended December 2012 (continued)

Reserves Policy

The Finance and Investments Advisory Committee has discussed the level of reserve requirements over the past year. The members have a consensus to ensure the Society preserves the value of its capital in line with the long term rate of inflation. In 2008 the Committee agreed to maintain a minimum level of free reserves at £6 million. The RPI inflation adjusted value in 2012 is £7.0 million, based on an inflation rate of 16.0% over the past four years.

The Committee is mindful of the potential impairment repairs necessary to maintain in good condition the Grade I listed buildings at Belgrave Square. The capital expenditure repairs and refurbishments in 2013 is estimated at £1.2m. Also, SCI has indemnified the SCI Pension Scheme Trustees in respect of the pension buy-out against any potential claims.

The level of free reserves at 31st December 2012 was £7.7 million. The Committee considers it prudent to retain the present level of free reserves with a limited flexibility to accommodate additional funding requirements.

Designated Funds

Designated funds reported in the accounts represent the Building fund to be maintained at the net book value of the property.

At the end of the year the balance carried forward for the Building fund was £2,847k.

The Building fund will be expendable over the life of the leasehold on the property, which is 125 years from 2001; the unexpired life is 114 years.

Investment Powers, Policy and Performance

All funds of the Society not immediately required to be used or applied for the ordinary purposes of or in carrying out the objects of the Society and any property held by the Society, subject to the terms of any trust, may be invested by the Board of Trustees on behalf of the Society in any permitted investment.

The Board of Trustees may appoint and terminate the appointment of one or more Investment Manager(s) upon such terms and conditions as Board may from time to time determine, except that no person shall be appointed Investment Manager unless authorised for this purpose in accordance with the Financial Services Act 2010 or any statutory modification thereof or replacement thereof.

Under delegated authority from the Board of Trustees, administration of the funds of the Society and all financial matters relating to the Society, subject to the overall authority of the Board, are conducted by the Finance and Investment Advisory Committee (FIAC), usually through the Director of Finance and I.T. FIAC members have taken advice on the investment portfolio and performance by an independent adviser, Thomas Miller Investments Limited. They will assist the Committee to review the investment policy, asset allocation and risk level. The Committee reviewed the policy at its meeting on 8th March 2012 and agreed to the recommended changes by the advisers.

SOCIETY OF CHEMICAL INDUSTRY

Report of the Trustees for the year ended December 2012 (continued)

The market value of investments at 31st December 2012 is £8.8 million compared with £7.3 million at 31st December 2011.

Income from investments during the year amounted to £174k, representing a yield of 2.2%. The gains on investment in 2012 were £332k, of which realised losses on sales of investments were £24k and unrealised gains on revaluation were £356k. SCI has adopted a modestly optimistic view of the financial markets in 2012 and continues to do so in the near term.

The total return on the portfolio for the year to 31st December 2012 was 6.55% compared to the benchmark return of 5.89%.

The benchmark portfolio allocation agreed by the Committee is;

Asset Class (%)	Benchmark	Minimum	Maximum
Cash	15	5	40
Fixed Income	40	10	70
Equities	30	0	60
- UK	15		
- Overseas	15		
Absolute Return Funds	15	0	25
Sterling	100	80	100

The combined minimum in cash and fixed income is set at 20%

SCI's policy is to pay its debts and meet other commitments when they fall due, and it maintains adequate funds in the short and medium term deposits to ensure that this policy is carried out.

Management of Investment

The principal custodian of investment securities is Bank of New York Mellon. The total costs of managing investments during the year were £35k.

Investment assets

The investments are held in cash - 7%, gilts/fixed income - 48%, equities - 31% and absolute return funds - 14%. The Society does not invest in derivatives, does not undertake credit swaps contracts and does not invest in leveraged products.

Working capital cash is held in deposit account with SCI's bankers HSBC.

SOCIETY OF CHEMICAL INDUSTRY

Report of the Trustees for the year ended December 2012 (continued)

F) FUNDS HELD AS CUSTODIAN TRUSTEES

The Society acts as Custodian Trustee for the SCI Benevolent Fund and Rideal Trust. The financial results of these two charities are consolidated into SCI's Accounts, and full accounts for the trust funds are produced on page 36 in compliance with Charity Commission guidelines.

SCI Benevolent Fund

The object of SCI's Benevolent Fund (now known as SCI Members' Association Fund) is to provide financial relief to persons who are or have been members of the Society and to their wives, children and dependents and to the widows, children and dependents of deceased members. The assets as at 31 December 2012 are investments which amounted to £99k. During the year, the SCI Benevolent Fund was promoted to members and potential recipients.

Rideal Trust

The object of the above trust is the general advancement of chemical science and, in particular, branches relating to chemisorption, colloid science, interface science, catalysis and related topics. The Rideal Trust is jointly administered by SCI and the Royal Society of Chemistry. The activities of the trust directly support the overall object of the Society which is to advance the science of applied chemistry and related sciences for the public benefit by providing information, granting bursaries, awards etc.

The assets of the above trust as at 31 December 2012 are investments which amounted to £34k.

SOCIETY OF CHEMICAL INDUSTRY

Report of the Trustees for the year ended December 2012 (continued)

STATEMENT OF TRUSTEES' RESPONSIBILITIES

Charity law requires Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Charity and the Group and of the surplus or deficit of the Charity and the Group for that period. In preparing those financial statements, the Board of Trustees is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Follow applicable accounting standards; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

The Board of Trustees is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Charities Act. They are also responsible for safeguarding the assets of the Charity and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- There is no relevant Audit information of which the Company's Auditor is unaware; and
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant information and to establish that the Auditor is aware of that information.

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

Auditor

RSM Tenon was appointed as Auditor of the Society. A resolution to reappoint RSM Tenon will be proposed at the forthcoming Annual General Meeting on 3 July 2013.

Approved by the Board of Trustees on 24 April 2013 and signed on their behalf by:


J. Brown
Honorary Treasurer

SOCIETY OF CHEMICAL INDUSTRY

Independent auditor's report to the Trustees of Society of Chemical Industry

We have audited the consolidated financial statements of Society of Chemical Industry for the year ended 31 December 2012 on pages 22 to 37. 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).

This report is made solely to the charity's trustees, as a body in accordance with Section 144 of the Charities Act 2011 and regulations made under Section 154 of that Act. 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 its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 21, the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

SOCIETY OF CHEMICAL INDUSTRY

Independent auditor's report to the Trustees of Society of Chemical Industry

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, of the state the charity's affairs as at 31 December 2012, and of its 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.

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' Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

RSM Tenon Audit Limited

RSM Tenon Audit Limited

Statutory Auditor

66 Chiltern Street

London W1U 4JT

30 April 2013.

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

SOCIETY OF CHEMICAL INDUSTRY

Consolidated Statement of Financial Activities
For the year ended 31 December 2012

Income and expenditure	Note	General Funds £'000	Designated funds £'000	Sub-total £'000	Restricted funds £'000	Total 2012 £'000	Total 2011 £'000
Incoming resources:	6						
Incoming resources from generated funds							
Voluntary income							
Donations and Legacies		3	-	3	162	165	1,105
Activities for generating funds							
Commercial Trading Operations		4	68	72	-	72	92
Contracted Admin Services		-	-	-	-	-	3
Letting & Licensing of premises		-	393	393	-	393	353
Investment income	6	152	-	152	35	187	188
Total Incoming resources from generated funds		159	461	620	197	817	1,741
Incoming Resources from Charitable Activities	6						
Information provision & Forum		2,524	-	2,524	-	2,524	2,375
Members Subscriptions		147	-	147	-	147	151
Total Incoming resources from charitable activities		2,671	-	2,671	-	2,671	2,526
Total Incoming resources		2,830	461	3,291	197	3,488	4,267
Resources expended:	7						
Commercial Trading Costs		12	26	38	-	38	45
Cost of Letting and Hiring of Premises		21	85	106	-	106	83
Cost of managing investment		35	-	35	-	35	32
Cost of generating funds		68	111	179	-	179	160
Charitable expenditure	7						
Information provision & Forum		1,678	105	1,783	-	1,783	1,825
Membership activities		932	210	1,142	-	1,142	1,257
Awards, Bursaries and Scholarships		11	-	11	25	36	61
Governance costs	7c	76	-	76	-	76	76
Total Resources expended		2,765	426	3,191	25	3,216	3,379
Net incoming/(outgoing) resources before transfers		65	35	100	172	272	888
Transfers		61	(61)	-	-	-	-
Net incoming/(outgoing) resources after transfers		126	(26)	100	172	272	888
Unrealised gain on revaluation of Investments	9	285	-	285	71	356	(56)
Realised gain/(loss) on sale of Investments		(19)	-	(19)	(5)	(24)	(41)
Net movements in funds for the year		392	(26)	366	238	604	791
Fund balances brought forward as at 1 Jan 2012		7,878	2,873	10,751	1,968	12,719	11,928
Fund balances carried forward as at 31 Dec 2012		8,270	2,847	11,117	2,206	13,323	12,719

The statement of financial activities included all gains and losses recognised in the year.
All incoming resources and resources expended derive from continuing activities

Notes 1 - 19 on pages 25 to 37 form part of the financial statements.


SOCIETY OF CHEMICAL INDUSTRY

Consolidated Balance Sheet
At 31 December 2012

	Note	Group 2012 £'000	Charity 2012 £'000	Group 2011 £'000	Charity 2011 £'000
Fixed Assets					
Tangible assets	8	3,457	3,457	3,501	3,501
Other investments	9	8,788	8,788	7,276	7,276
		<u>12,245</u>	<u>12,245</u>	<u>10,777</u>	<u>10,777</u>
Current Assets					
Debtors	10	651	688	1,717	1,780
Cash at bank, deposits and in hand		1,397	1,357	1,367	1,281
		<u>2,048</u>	<u>2,045</u>	<u>3,084</u>	<u>3,061</u>
Creditors: amounts falling due within one year	11	<u>(734)</u>	<u>(731)</u>	<u>(819)</u>	<u>(796)</u>
Net current assets		1,314	1,314	2,265	2,265
Creditors: amounts falling due in more than one year	12	<u>(236)</u>	<u>(236)</u>	<u>(323)</u>	<u>(323)</u>
Net assets		<u>13,323</u>	<u>13,323</u>	<u>12,719</u>	<u>12,719</u>
Restricted income funds	15	2,206	2,206	1,968	1,968
Unrestricted funds					
Designated funds	14	2,847	2,847	2,873	2,873
General Fund		8,270	8,270	7,878	7,878
		<u>13,323</u>	<u>13,323</u>	<u>12,719</u>	<u>12,719</u>

The notes on pages 25 to 37 form part of the financial statements.

Approved by the Board of Trustees on 24 April 2013 and signed on their behalf by :


J Brown

Honorary Treasurer

SOCIETY OF CHEMICAL INDUSTRY

**Consolidated Cashflow Statement
For the year ended 31 December 2012**

	2012 £'000	2011 £'000
Reconciliation of outgoing resources to net cash flow resources from operating activities		
Net incoming/(outgoing) resources	272	888
Depreciation and amortisation	240	222
Loss on disposal of assets	3	2
(Increase)/decrease in debtors	1,066	(1,235)
Increase/(decrease) in creditors	(172)	(28)
Investment income	(187)	(188)
Net cash outflow from operating activities	1,222	(339)
Returns on investments and servicing of finance		
Dividend income	174	176
Interest received	13	12
	187	188
Capital expenditure and financial investments		
Purchase of investments	(30,887)	(3,999)
Sales of investments	29,684	4,881
Purchases of fixed assets	(199)	(119)
Sales of fixed assets	-	-
	(1,402)	763
Net cash (outflow)/inflow	7	612

Analysis of changes in net funds

	At 1 January 2012 £'000	Cash flows £'000	At 31 December 2012 £'000
Cash at bank and on deposit	1,367	30	1,397
Cash held for investment	581	(23)	558
	1,948	7	1,955

SOCIETY OF CHEMICAL INDUSTRY

Notes to the Financial Statement For the year ended 31 December 2012

1 ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared under the historical cost convention, with the exception of listed investments which are included on a market value basis. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005 (revised May 2008), and applicable UK accounting standards.

b) Group financial statements

These financial statements consolidate the results of the charity, its subsidiary, groups, sections and applicable trust funds, made up to the balance sheet date. The results of the wholly-owned subsidiary, SCI Business Limited, are consolidated on a line-by-line basis.

The results of all the Groups and Section were fully incorporated into the Society's account with the exception of the Macro group which is jointly administered with the Royal Society of Chemistry, where only 50% of the group's result was included in the Society's group Account.

The charity has availed itself of paragraph 3 (3) of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the Charity's activities. No separate SOFA or Income and Expenditure Account have been presented for the Charity alone as permitted by section 408 of the Companies Act 2006 and paragraph 397 of the SORP 2005.

c) Fund accounting

Restricted funds - these are funds that have restrictions imposed by contributors and can only be applied for the particular purposes specified by contributors. The funds are available for work performed by SCI as part of its charitable activities and comprises of eight trust funds.

Unrestricted funds - these are accumulated surpluses and deficits on general funds which can be used in furtherance of the general objectives of the charity at the discretion of the trustees. This excludes any restricted funds but includes free reserves, property and designated fund.

Designated funds - these are unrestricted funds which have been set aside by trustees for specific future purposes or projects.

d) Incoming resources

All incoming resources are accounted for in the SOFA when the charity is legally entitled to the income and the amount can be quantified with reasonable certainty, where entitlement occurs before income is received the income is accrued. Income received in advance is deferred until entitlement to the income has arisen at which time it is credited to the SOFA. The society's income comprises mainly members' subscriptions, conferences, royalties, publications, rental income, investment income and other donations & grants. Legacy income is recognised when the Trustees have received confirmation of a specific bequest and where that bequest can be quantified.

SOCIETY OF CHEMICAL INDUSTRY

Notes to the Financial Statement For the year ended 31 December 2012

1 ACCOUNTING POLICIES (contd)

e) Resources expended

Expenditure is accounted for on an accruals basis and classified under headings in the accounts that aggregate all costs related to the category.

Costs of generating funds include the costs incurred in generating commercial trading revenue, letting & hiring of premises and investment management costs. These costs are regarded as necessary to generate funds that are needed to finance charitable activities. They do not include the costs of disseminating information.

Charitable activities expenditure includes the costs identified as wholly or mainly attributable to achieving the charitable objects of the charity, including the costs of disseminating information to members in support of charitable activities. These costs include direct staff costs, wholly or mainly attributable support costs and an apportionment of general overheads allocated on a basis consistent with the use of resources.

Bursaries and Awards granted are accounted for on an accruals basis.

Governance costs are associated with the governance arrangements of the charity. These costs include audit, legal advice for Trustees and costs associated with meeting constitutional and statutory requirements such as the cost of Trustee meetings and the preparation of the statutory accounts. This category also includes costs associated with the strategic management of the charity's activities.

Support costs are those costs which enable commercial and charitable activities to be undertaken. These costs include central office functions such as accounting & payroll administration, human resources, information systems, marketing, facilities management etc. They have been allocated to an activity cost on a basis consistent with the use of resources. The basis is explained in the notes to the accounts.

f) Tangible fixed assets

Tangible fixed assets costing less than £500 are not capitalised, and are written off in the year of purchase. Tangible fixed assets which are capitalised are included at cost (including any incidental expenses of acquisition), with the exception of the cost of leasehold land, stated at cost less accumulated depreciation. The terms for the leasehold property was negotiated at a premium of £1.05m over 125 years. The society has opted to take advantage of transition rules under FRS15 and will not be revaluing the asset. The property will be subject to an annual impairment review. Depreciation is provided on all tangible fixed assets, on a straight line basis over its expected useful economic life. The rates are as follows:

Leasehold property	by equal instalments over the life of the lease(125 years)
Leasehold improvements	ten years straight line
Furniture	five years straight line
Office Equipment	three - five years straight line

g) Investments

Investments are stated at market value.

Unrealised gains and losses represent the movement in market values during the year. Realised and unrealised gains are combined in the appropriate section of the SOFA.

h) Leases

The group has no finance leases. All operating leases are charged to the Statement of Financial Activities over the life of the lease.

SOCIETY OF CHEMICAL INDUSTRY

Notes to the Financial Statement For the year ended 31 December 2012

1 ACCOUNTING POLICIES (contd)

i) Foreign Currency

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the rate is covered by a forward exchange contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. All differences are taken to the SOFA.

j) Life Composition Fees

Life membership can be purchased based on 10 years standing and aged 60 or over on a sliding scale, depending on age. To reflect the costs of providing future membership benefits to such members, a provision is calculated multiplying the annual membership subscription by the estimated number of years that the benefits will be provided for each life member.

k) Grants

Grants are awarded from the various restricted funds by the Awards Committee to successful applicants. Each fund has its own particular criteria. They are accounted for in the SOFA in the period in which they are paid.

l) Taxation

No corporation tax has been provided for in these accounts as the charity is within the exemption granted by section 505 of the Income and Corporation Taxes Act 1988.

SCI Business Ltd passes all its taxable profit as Gift Aid to the Society.

SOCIETY OF CHEMICAL INDUSTRY

**Notes to the Financial Statement
For the year ended 31 December 2012**

2 CONTRIBUTIONS FROM VOLUNTEERS

Members of SCI, its Trustees, Committees and many other volunteers make major practical contributions to SCI's meetings, publications and other operations as well as to its overall governance. The Trustees consider that there is no objective way of putting a financial value on this effort but record their gratitude to these volunteers (and in many cases, their employers) for this considerable and essential contribution.

3 GRANTS AND AWARDS	2012	2011
Grants and awards individuals:		
Grants and awards of £1,000 or over	1	7
Grants and awards under £1,000	<u>13</u>	<u>33</u>
Total Number of grants awarded	<u>14</u>	<u>40</u>
4 EMPLOYEES AND COUNCIL REMUNERATION	2012	2011
	Number	Number
(a) The number of employees during the year were as follows:		
Full time (average in year):		
Information provision & forum	3	3
Membership Support	8	8
Awards, Bursaries & Scholarships	-	-
Administration & Support (Including ED)	<u>10</u>	<u>12</u>
Total	<u>21</u>	<u>23</u>
Part time (average in year):		
Information provision & forum	1	1
Administration & Support (Including ED)	<u>4</u>	<u>3</u>
Total	<u>5</u>	<u>4</u>
The number of employees receiving remuneration		
Between £80,000 - £90,000	2	3
Between £90,000 - £100,000	<u>1</u>	<u>-</u>
	2012	2011
	£'000	£'000
Gross salaries	788	862
Pension	70	50
Pension final salary, buyout cost & annual contributions	-	(30)
Social Security Costs	79	88
Other	<u>9</u>	<u>10</u>
Total salaries and all employment costs	<u>946</u>	<u>980</u>
Movement in pension deficit	<u>-</u>	<u>-</u>
	<u>946</u>	<u>980</u>

A salary sacrifice to pension scheme was introduced during 2012. Under the scheme, staff members can choose to sacrifice part of their gross salary. The amount sacrificed is paid into the individual's pension plan directly by SCI, together with the associated Employer National Insurance saving. The new scheme has resulted in a lower gross salary and higher pension figure for the year.

SOCIETY OF CHEMICAL INDUSTRY

**Notes to the Financial Statement
For the year ended 31 December 2012**

(b) Trustee remuneration and reimbursed expenses

None of the trustees received remuneration during the year in respect of their services as trustees. 16 trustees (2011:18) were reimbursed for travelling expenses totalling £15,803 (2011: £17,829) during the year.

5 RESULTS OF TRADING SUBSIDIARY

SCI Business Limited is a wholly owned trading subsidiary of SCI incorporated in the UK. The main activities of the company are advertising in SCI's publications and hiring of meeting rooms. The company donates all its taxable profits to SCI.

	2012 £'000	2011 £'000
Sales		
Advertising in <i>Chemistry and Industry</i>	4	26
Information provision and forum - Conference	-	90
Room hire and associated services	68	66
	<u>72</u>	<u>182</u>
Costs, including service charges from SCI		
Advertising in <i>Chemistry and Industry</i>	1	8
Information provision and forum - Conference	-	78
Room hire and associated services	27	28
Accounting and general administration	10	27
	<u>38</u>	<u>141</u>
Gross profit	34	41
Gift Aid	(34)	(41)
	<u>-</u>	<u>-</u>
Net result	<u>-</u>	<u>-</u>
	2012 £'000	2011 £'000
Balance Sheet		
Fixed Assets	-	-
Current Assets	56	110
Current Liabilities	<u>(56)</u>	<u>(110)</u>
Net Assets	<u>-</u>	<u>-</u>
Represented by Share Capital	<u>-</u>	<u>-</u>

SOCIETY OF CHEMICAL INDUSTRY

Notes to the Financial Statement
For the year ended 31 December 2012

6 ANALYSIS OF TOTAL INCOMING RESOURCES

	Voluntary Income £'000	Generated funds £'000	Investment £'000	Information provision & Forum £'000	Membership £'000	Total 2012 £'000	Total 2011 £'000
Donations and Legacy*	165	-	-	-	-	165	1,105
<i>Commercial trading operations:</i>							
Advertisement	-	4	-	-	-	4	26
Room & Lecture theatre hire	-	68	-	-	-	68	66
Contracted Admin Services	-	-	-	-	-	-	3
<i>Letting & Hire of premises:</i>							
Rental Contribution	-	241	-	-	-	241	213
Service Charges	-	152	-	-	-	152	140
<i>Investment Income:</i>							
Interest on cash deposits	-	-	13	-	-	13	4
Income from investments	-	-	174	-	-	174	184
<i>Charitable Activities:</i>							
Information Provision & Forum:							
Conferences	-	-	-	507	-	507	517
Publications	-	-	-	2,017	-	2,017	1,858
Members subscriptions	-	-	-	-	147	147	151
Total	165	465	187	2,524	147	3,488	4,267

- During 2011, the Trustees were notified that the The Society had been named as the recipient of a significant legacy. An unconfirmed estimate of £1.327 million was given at the time and a prudent £1.1m was recognised in 2011. The Society has received a total of £1.258 million to date, with the remaining £158k being included in the 2012 accounts.

SOCIETY OF CHEMICAL INDUSTRY

Notes to the Financial Statement
For the year ended 31 December 2012

7 ANALYSIS OF TOTAL RESOURCES EXPENDED

a) Resources expended	Direct Costs	Grants Payable	Support Costs	Total 2012	Total 2011
	£'000	£'000	£'000	£'000	£'000
<i>Cost of generating funds</i>					
Commercial Trading Costs	31	-	7	38	45
Cost of Letting and Licensing of Premises	85	-	21	106	83
	<u>116</u>	<u>-</u>	<u>28</u>	<u>144</u>	<u>128</u>
<i>Cost of managing investment</i>					
Investment management fees	35	-	-	35	32
	<u>151</u>	<u>-</u>	<u>28</u>	<u>179</u>	<u>160</u>
<i>Charitable activities</i>					
Information provision & Forum	1,305	-	478	1,783	1,825
Membership activities	659	-	483	1,142	1,257
Awards, Bursaries and Scholarships	4	25	7	36	61
	<u>1,968</u>	<u>25</u>	<u>968</u>	<u>2,961</u>	<u>3,143</u>
<i>Governance</i>					
	<u>44</u>	<u>-</u>	<u>32</u>	<u>76</u>	<u>76</u>
Total resources expended	<u>2,163</u>	<u>25</u>	<u>1,028</u>	<u>3,216</u>	<u>3,379</u>

b) Support Costs	Finance	IT & Personnel	Facilities Management and shared premises	Executive Director	Total
	£'000	£'000	£'000	£'000	£'000
<i>Basis of Allocation</i>	Cost	Head Count	Floor Space & Head Count	Head Count	
<i>Generated Fund Activities</i>					
Commercial Trading Activities	7	-	-	-	7
Letting & Licensing of Premises	21	-	-	-	21
<i>Governance</i>					
	<u>14</u>	<u>-</u>	<u>-</u>	<u>18</u>	<u>32</u>
<i>Charitable Activities</i>					
Information provision & Forum	318	15	105	42	478
Membership activities	160	30	209	84	483
Awards, Bursaries and Scholarship	7	-	-	-	7
	<u>525</u>	<u>45</u>	<u>314</u>	<u>144</u>	<u>1,028</u>
Total support costs 2012	<u>525</u>	<u>45</u>	<u>314</u>	<u>144</u>	<u>1,028</u>
Total support costs 2011	<u>464</u>	<u>90</u>	<u>379</u>	<u>218</u>	<u>1,151</u>

c) Governance costs	2012	2011
	£'000	£'000
Audit fees	10	10
Trustees costs	9	10
Legal and professional	11	14
AGM, Accounts & Annual Review	14	11
Support Costs allocated to governance	<u>32</u>	<u>31</u>
	<u>76</u>	<u>76</u>

d) Net incoming/(outgoing) resources	2012	2011
	£'000	£'000
These are stated after charging:		
Auditor's remuneration (current year)	10	10
Depreciation	<u>240</u>	<u>222</u>

SOCIETY OF CHEMICAL INDUSTRY

Notes to the Financial Statement
For the year ended 31 December 2012

8 FIXED ASSETS	Leasehold Premises	Furniture, Computers & Equipment	Total
	£'000	£'000	£'000
GROUP AND CHARITY			
Cost/Valuation			
At 1st January 2012	3,400	1,352	4,752
Additions during the year	-	199	199
Disposal during year	-	(92)	(92)
At 31st December 2012	<u>3,400</u>	<u>1,459</u>	<u>4,859</u>
Depreciation			
At 1st January 2012	527	724	1,251
Charged during the year	26	214	240
Disposal during year	-	(89)	(89)
At 31st December 2012	<u>553</u>	<u>849</u>	<u>1,402</u>
Net Book Value			
At 31st December 2012	<u>2,847</u>	<u>610</u>	<u>3,457</u>
At 31st December 2011	<u>2,873</u>	<u>628</u>	<u>3,501</u>

9 INVESTMENTS	2012 £'000	2011 £'000
(a) Managed by Thomas Miller Investments Ltd		
Market value at 1 January 2012	6,695	7,674
Additions	30,887	3,999
Disposals	(29,684)	(4,881)
Realised gains/(losses) on disposals	(24)	(41)
Unrealised gains/(losses)	356	(56)
Market Value at 31 December 2012	<u>8,230</u>	<u>6,695</u>
Cash held by investment managers	<u>558</u>	<u>581</u>
Total value of investments	<u>8,788</u>	<u>7,276</u>
Investments at cost	<u>8,487</u>	<u>6,973</u>

The investments were managed by Thomas Miller Investments Ltd. Bank of New York Mellon is the principal custodian of the investments held.

(b) Investment in subsidiary

SCI owns 100% of the share capital of SCI Business Limited. The investments in subsidiary are held at cost. The net assets of the subsidiary at 31st December 2012 are £100.

SOCIETY OF CHEMICAL INDUSTRY

Notes to the Financial Statement
For the year ended 31 December 2012

10 DEBTORS

	Group		Charity	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Trade debtors	66	72	52	54
Other debtors	221	165	219	160
Due from subsidiary undertaking	-	-	53	86
Prepayments and accrued income	364	1,480	364	1,480
	<u>651</u>	<u>1,717</u>	<u>688</u>	<u>1,780</u>

11 CREDITORS: Amounts falling due within one year

	Group		Charity	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Trade Creditors	386	391	386	391
Other creditors and accruals	108	163	105	140
Deferred Income	216	234	216	234
Other taxes and Social Security	24	31	24	31
	<u>734</u>	<u>819</u>	<u>731</u>	<u>796</u>

12 CREDITORS: Amounts falling due in more than one year

	Group		Charity	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Life Composition Fees (note 13)	86	98	86	98
Deferred Income (Publications)	150	225	150	225
	<u>236</u>	<u>323</u>	<u>236</u>	<u>323</u>

13 LIFE COMPOSITION FEES

	Group and Charity	
	2012 £'000	2011 £'000
At 1st January	98	109
Decrease in provision	(12)	(11)
At 31st December	<u>86</u>	<u>98</u>

SOCIETY OF CHEMICAL INDUSTRY

Notes to the Financial Statement
For the year ended 31 December 2012

14 ANALYSIS OF UNRESTRICTED FUNDS

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	At 1st January 2012	Income	Expenditure	Transfers	Other gains & losses	At 31st December 2012
	£'000	£'000	£'000	£'000	£'000	£'000
Designated funds						
Building fund	2,873	461	(426)	(61)	-	2,847
Total Designated Funds	<u>2,873</u>	<u>461</u>	<u>(426)</u>	<u>(61)</u>	<u>-</u>	<u>2,847</u>
Other funds						
General	7,878	2,830	(2,765)	61	266	8,270
Total General funds	<u>7,878</u>	<u>2,830</u>	<u>(2,765)</u>	<u>61</u>	<u>266</u>	<u>8,270</u>
Total Unrestricted funds	<u>10,751</u>	<u>3,291</u>	<u>(3,191)</u>	<u>-</u>	<u>266</u>	<u>11,117</u>

The designated building fund represents funds set aside to match the net book value of the Leasehold interest.

SOCIETY OF CHEMICAL INDUSTRY

Notes to the Financial Statement
For the year ended 31 December 2012

15 TRUST FUNDS AND OTHER RESTRICTED FUNDS

	At 1st January 2012	Incoming Resources	Resources Expended	Profit on Investments	At 31st December 2012
Trusts funds:	£'000	£'000	£'000	£'000	£'000
A J Banks	240	4	-	8	252
Commemoration	82	1	-	2	85
Leverhulme prize	14	-	(1)	-	13
Messel	246	4	(7)	8	251
Seligman	109	2	(10)	4	105
Benevolent	93	2	-	4	99
Rideal	32	5	(5)	2	34
S P S Andrew	1,100	177	-	37	1,314
Other funds	52	1	(2)	2	53
	<u>1,968</u>	<u>196</u>	<u>(25)</u>	<u>67</u>	<u>2,206</u>

The following note summarises the main purpose of each fund:

- 1) The AJ Banks Fund was established for research in manufacture of foodstuffs and dissemination of science.
- 2) The Commemoration Fund supports the advancement of public education in science according to the objectives of SCI.
- 3) The Leverhulme Prize fund distributes travel bursaries.
- 4) The Messell Fund was established for the advancement of scientific research.
The Messell fund includes a permanent endowment fund totalling £97k.
- 5) The Sellgman Fund was established for the delivery of any aspect of the food and beverage industries.
- 6) The Benevolent Fund was set up by SCI to assist current or former members of the Society who may be in financial need.
- 7) The Rideal Trust, which is jointly administered by the Royal Society of Chemistry was established for advancement of chemical science and colloids in particular.
- 8) The S P S Andrew Fund is for a lecture and research in Neglected Science.

16 ANALYSIS BY FUND

	General Funds	Designated Funds	Sub - Total	Restricted Funds	Total Funds
	£'000	£'000	£'000	£'000	£'000
Fixed assets	610	2,847	3,457	-	3,457
Investments	6,582	-	6,582	2,206	8,788
Current Assets	2,048	-	2,048	-	2,048
Current Liabilities	(734)	-	(734)	-	(734)
Long term Liabilities	(236)	-	(236)	-	(236)
	<u>8,270</u>	<u>2,847</u>	<u>11,117</u>	<u>2,206</u>	<u>13,323</u>

17 OPERATING LEASE

The amount payable on operating leases withing the next 12 months on lease expiring :

	2012 £'000	2011 £'000
Less than one year	-	-
One to five years	<u>14</u>	<u>13</u>
	<u>14</u>	<u>13</u>

SOCIETY OF CHEMICAL INDUSTRY

Notes to the Financial Statement
For the year ended 31 December 2012

18 JOINT ARRANGEMENTS

SCI Benevolent Fund
Registered Charity No. 277329

Although the results of these two charities are consolidated into SCI's, since they bear separate registration numbers, the Charity Commission recommends that full accounts are produced.

Rideal Trust
Jointly administered by the Society of
Chemical Industry and the Royal Society of
Chemistry.
Registered Charity No. 251558

Statements of Financial Activities	<i>All resources are restricted by the Trust Deeds</i>			
	Benevolent Fund 12 months to to 31st December		Rideal Trust 12 month to 31st December	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Incoming Resources				
Investment income	2	2	5	1
Direct Charitable Expenditure				
Grants and Awards	-	-	5	2
Net incoming/(outgoing) resources	2	2	-	(1)
Gains and losses on investment assets	4	(1)	2	-
Net movement in funds	6	1	2	(1)
Total funds brought forward	93	92	32	33
Total funds carried forward	99	93	34	32
BALANCE SHEETS AT 31 DECEMBER				
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Investments at market value				
Stake in SCI's managed equity portfolio	96	93	32	32
Total Net Assets	96	93	32	32
Note: Investments at cost				
Stake in SCI's managed equity portfolio	48	46	16	16

SOCIETY OF CHEMICAL INDUSTRY

Notes to the Financial Statement For the year ended 31 December 2012

19 FORWARD CURRENCY CONTRACTS

The Charity uses forward currency contracts to reduce exposure to foreign exchange risks. As at 31 December 2012, the value of future transactions hedged by the organisation was £2m (2011: £3.3m). Gains and losses on hedging instruments are recognised in the financial statements when the hedged transaction takes place.

20 CONTROLLING PARTY

The Charity is incorporated by Royal Charter, governed by its Board of Trustees, with no individual member having control.

BREAKDOWN OF INCOME AND EXPENDITURE

	2012	2011
	£'000	£'000
Income		
Publications & Royalties	2,017	1,858
Conferences	507	517
Membership	147	151
Advertising	4	26
Rental Contribution from Licensees	241	213
Service Charges from Licensees	152	140
Room Hire & Premises Services	68	66
Investment Income	187	188
Management Charges	-	3
Donations and Legacy	165	1,105
	3,488	4,267
Expenditure		
Salaries etc.	946	1,011
Staff Costs (inc. Recruitment / Training)	14	17
Refreshments & Catering / Entertainment	11	15
Committees & Members	31	31
Postage & Telephone	24	23
Printing & Engraving	4	20
Supplies	6	5
Software & Equipment Maintenance	93	70
New Equipment / Furniture	3	2
Sales Promotion & Advertising	1	1
Books / Subscriptions	2	3
Outsourcing	1,080	1,101
Legal Fees, Insurances, Consultants etc.	119	218
Rent / Rates / Utilities / Cleaning	153	150
Premises Maintenance & Decoration	35	40
Security & Health/Safety	4	5
Venue Hire	7	6
Groups & Sections Expenditure	49	53
Conferences Expenditure	311	320
Depreciation & Lease Amortisation	242	223
Miscellaneous	-	-
Banking	13	17
Irrecoverable VAT	43	34
Bad debts	-	-
Trust Funds Expenditure	25	44
Adjust for movement in Pension provisions	-	(30)
	3,216	3,379
Surplus/(Deficit) for the year before Gains & Losses	272	888
Unrealised/Realised gains/(losses)	332	(97)
Actuarial (losses)/gain on Pension Scheme	-	-
Surplus/(Deficit) for the year	604	791