



SCI

where science meets business

Annual Review 08



Statement from the Chairman & Chief Executive

Investing in a Broader Base



Chairman's Commentary

The SCI Board of Trustees regularly reviews the society's strategy and compliance with its charitable objects and operational objectives. It has a firm commitment and is pleased this has been achieved with the ongoing development of SCI India and collaborative arrangements with the American Chemical Society (ACS). Together with the knowledge-sharing activities from our technical and regional interest groups, particularly in the UK, SCI is able to demonstrate a comprehensive achievement in the 'provision of public benefit'.

The Society has benefited substantially during recent years from high quality executive management and from its modernisation and now, refurbishment programmes. The Society is in sound financial health (see later) and has taken action to ensure that it is well placed to weather the stormy financial conditions that it currently faces. The Board of Trustees is committed to protecting the appropriate level of hard-earned reserves and this will be achieved by re-modelling the way the business and charity is run.

The Society has invested substantially during the last two years in information technology and associated skills. The management and staff base is shaped and sized to take SCI forward and to reflect the limitations we can expect on our income streams during the foreseeable future. Whilst preserving the best of current practice, SCI's future business and operational model will rely increasingly on self-service provision, a hallmark of a modern society.

I believe that SCI's modern governance, strong management and financial health will enable it to thrive in the foreseeable future and leverage the opportunities that will undoubtedly emerge. I close by thanking the full executive team for the wholly professional approach they have taken facing the substantial challenges of the difficult current economic situation.

Sandy Gray
Chairman of SCI Board of Trustees



CEO's Commentary

Investing in the Society

SCI invested substantially in its infrastructure during 2008 in pursuit of its commitment to provide services 'fit for the 21st Century'. Specifically, substantial IT improvements coming on line in 2009, will accommodate the different ways by which members, customers and users seek to engage and benefit from the Society.

SCI invested too, in its international headquarters in Belgrave Square with a total external refurbishment and the same on the internal ground floor. The new-style reception and members' lounge provide a modern 'look and feel' but retain the classic atmosphere of our beautiful heritage building.

Collaborations and Reach

The Society has long recognised the value of collaborations. During 2008, SCI collaborated with organisations on many fronts and with varied activities. These ranged from joint meetings and conferences with kindred organisations such as the Royal Society of Chemistry, to strategic linkage with leading kindred bodies in the form of SUSCHEM UK which seeks to encourage and co-ordinate activities relating to sustainable chemistry and industrial solutions.

A further important collaboration is shared with the American Chemical Society through our joint venture activity 'Global Innovation Imperatives' (Gii). This aims to create community and knowledge transfer to stimulate global scientific innovations that meets societal imperatives.

Biosciences and Earth Science

SCI's interface with bioscience and bio-based industries continues to grow in importance. The technical interest groups covering food, agriculture, horticulture, bio resources and the environment had a very active year and expect this trend to continue. The new SCI Horticulture Group, established in 2008, has grown rapidly and held several successful meetings and visits. On a similar theme, SCI's new journal 'Biofpr' (Biofuels, Bioproducts and Biorefining) made excellent introductory progress in the learned journals market place and exceeds expectations regarding article downloads and citations.

Relevance and Impact

SCI's relevance to its members, customers and users continues to grow during these challenging economic times. Its broad spectrum of knowledge sharing and valuable networking is enabling the organisation to 'thrive, not just survive' and for this to all happen, I must thank my Directors, Managers, and staff for their tremendous efforts and to SCI's Trustees, Advisory Committees and wonderful volunteers for their valued contribution.

Andrew Ladds
Chief Executive Officer

The Bigger Picture: Adapting to a very Different World

SCI's Business Model Develops Towards 2020

Unprecedented Change

SCI is positioned in a varied market place that has changed substantially during the last 30 years. The global chemical industry is vast, complex and diverse and increasingly merges with the arena of bio industry. SCI's long association and involvement with food, agriculture and horticulture, the environment and chemical engineering also illustrates the broad spectrum of the society's reach and delivery of knowledge transfer.

The massive economic downturn will undoubtedly drive change and global positioning of many segments of the markets we serve. Geographic re-positioning will continue and possibly not just eastwards as further rationalisation occurs and climatic advantage is leveraged in the production of food and bio-energy. 'Change is a certain constant' in a modern day life and as the economic downturn subsides and economies and surviving businesses recover, the market place we serve will be very different.

SCI must recognise the fundamental forces of change and whilst protecting its valuable reserves, must adapt and model its business to meet a very different world just ahead.

Societal Change and Opportunity

Many member-based organisations have hitherto been largely insulated from benign economic conditions of the last few years. But now, increasing competition from commercially-run organisations offering similar services combined with factors such as the economic downturn, modern ways of working and the overwhelming shift to a global economy has already begun to alter the status quo and will result in a much changed societal and association landscape in the future.

SCI has evolved substantially during recent times; it has maintained a strategy of development and evolution and has invested in its future. The society recognises the way the landscape is changing and has explored mechanisms by which to capitalise upon this change. However the economic imperatives imposed by the current climate mean that the society has to work in smarter and more efficient ways and with a lower cost base. Member and customer value and effective communications remain at the centre of SCI's operational perspective.

Global Reach

SCI India represents a significant investment. The organisation and independent charity, whilst still in its infancy, is already evolving into a customer-focussed model rather than one of membership. Whilst a growing core of members has been recruited, the preference for 'pay as you go' in the acquisition of knowledge is quickly growing. SCI India is also acting as a catalyst for knowledge-sharing between Indian trade associations, chambers of commerce and the Indian Government. Most importantly, SCI India will act as a conduit to southern Asia and to SE Asia when the economic downturn conditions substantially improve. In the meantime our engagement with China and SE Asia will remain on an arms length basis and through collaboration.

SCI's European activities are now modelled on a 'country hub'

basis with the new Benelux Group acting as an exemplar and supported from London. Likewise, the long-established Canada and Australia International Groups are supported from HQ in London. International reach will also be enhanced through collaborations and alliances. In this respect the potential merger with the Textiles Institute represents further global connection with those epicentres of the world to which the textile industry has migrated, and where sustainable raw materials are produced.

One Size Doesn't Fit All

Recognition of the different needs of its members and customers will influence the future model of SCI. The large technical and regional group structure prevalent in the UK requires a different support resource to the membership groupings elsewhere in the world. Likewise the activities of SCI members and SCI users require different resources. However, the underlying needs for all who seek to engage with SCI are 'knowledge and networks' and the future business model will be reflecting a capable and embracing combination of people and information technology. Whilst SCI is 'where science meets business' it's really all about people.



Review of 2008 Accounts

A Year of Sound Financial Management for SCI

In 2008, the Society reported total net outgoing resources of £182k (2007; £1,251k). This difference was primarily due to savings on pensions and outsourcing of publications. The expenditure on development projects in 2008 was £403k. The capital expenditure in 2008 was £779k.

The total fund balances at 31 December 2008 stood at £11,646k (2007; £13,309k). The balance on the general fund was £7,824k on 31 December 2008. The summary audited accounts are presented. Designated funds for project activities have been transferred to the general reserves in order to protect the capital.

The turmoil in the stock markets produced investment unrealised losses of £1,402k in 2008 (2007; £315k). The losses would have been worse were it not for the high

cash balances held by the Society as a result of instigating earlier sales of investments. The appointment of a new investment adviser is aimed to enhance the returns on investment. New investment policies and objectives have been approved by the Board during the year for implementation in 2009.

The budget for 2009 shows a forecast deficit of £108k. The capital expenditure budget is £383k. The Society has been closely monitoring its financial performance and has taken deliberate, ongoing steps to preserve capital during the coming year.

Finally, I would like to thank all colleagues, SCI staff, members and supporters for their contribution during a challenging 2008.

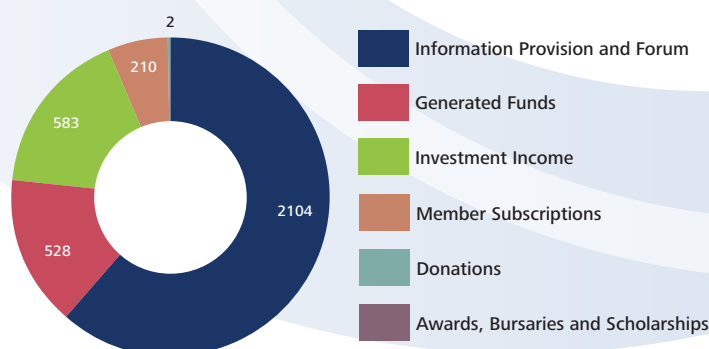


Jack Melling
Honorary Treasurer

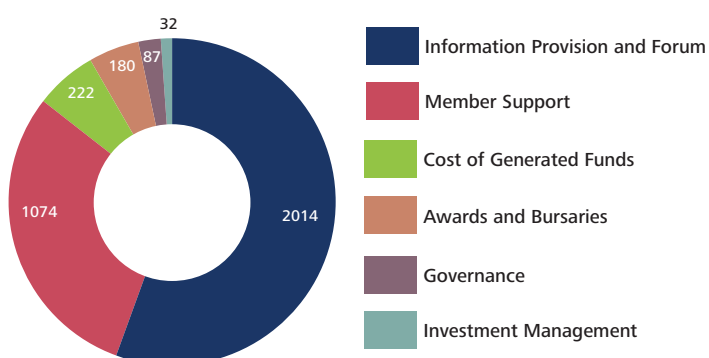
Consolidated Statement of Financial Activities for the year ended 31 December 2008

Income and Expenditure	General Funds £'000	Designated Funds £'000	Restricted Funds £'000	Total 2008 £'000	Total 2007 £'000
Incoming resources	2773	598	57	3428	3760
Resources expended	3071	479	60	3610	5011
Net (outgoing)/incoming resources before transfers	(298)	119	(3)	(182)	(1251)
Transfers	2098	(2098)	-	-	-
Net (outgoing)/incoming resources after transfers	1800	(1979)	(3)	(182)	(1251)
Unrealised (losses) / gains on revaluation of investments	(954)	(310)	(138)	(1402)	(315)
Realised gain/(loss)	(48)	(15)	(7)	(70)	(25)
Actuarial (losses)/ gain on pension scheme	(9)	-	-	(9)	16
Net movements in funds for the year	789	(2304)	(148)	(1663)	(1575)
Fund balances brought forward	7035	5255	1019	13309	14884
Fund balances carried forward	7824	2951	871	11646	13309
Summary Consolidated Balance Sheet as at 31 December 2007					
Fixed assets	854	2951	-	3805	3136
Investments	4701	-	871	5572	8482
Net current asset	2866	-	-	2866	2371
Long term liabilities	(597)	-	-	(597)	(680)
	7824	2951	871	11646	13309

Income £'000



Expenditure £'000



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