

**Registered charity: 206883**

**SOCIETY OF CHEMICAL INDUSTRY**

**Report and financial statements  
31 December 2013**

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# **SOCIETY OF CHEMICAL INDUSTRY**

## **Report of the Trustees for the year ended December 2013**

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## **SOCIETY OF CHEMICAL INDUSTRY**

### **Report of the Trustees for the year ended December 2013**

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The Trustees of the Society of Chemical Industry have pleasure in presenting their report and the financial statements for the year ended 31 December 2013.

#### **REFERENCE AND ADMINISTRATIVE DETAILS**

<b>Charity number</b>	206883
<b>Principal Office</b>	14-15 Belgrave Square London, SW1X 8PS
<b>Auditors</b>	Baker Tilly UK Audit LLP 25 Farringdon Street London, EC4A 4AB
<b>Principal Bankers</b>	HSBC Bank plc The Peak, 333 Vauxhall Bridge Road London, SW1V 1EJ
<b>Solicitors</b>	Stone King LLP 16 St John's Lane London, EC1M 4BS
<b>Investment Advisers</b>	Thomas Miller Investment Limited 90 Fenchurch Street London, EC3M 4ST

## SOCIETY OF CHEMICAL INDUSTRY

### Report of the Trustees for the year ended December 2013 (continued)

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#### Trustees

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

Position	At 31 December 2012	At 31 December 2013
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	n/a
Chair of Publications Advisory Committee	Dr Peter Hambleton	Dr Peter Hambleton
Ordinary Members	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	Dr Inna Baigozina-Goreli Mrs Diane Brown Dr Geoff Fowler Dr Roger Gilmour Prof. Alan Heaton Mr Derek Heywood Dr Brian Iddon 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 Mike Bushell Dr Mark Harrison Mr Harry Swan

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 & I.T:	Mr Hamza Ali
Director of Operations:	Mr Anthony Ramgobin

**Note:** Ms Joanne Lyall resigned with effect from 30 November 2013 and Mr Hamza Ali and Mr Anthony Ramgobin were appointed as Joint Interim Executive Director to the end of 2013. Dr Juliet Corbett takes up the Executive Director role from 1 January 2014.

## **SOCIETY OF CHEMICAL INDUSTRY**

### **Report of the Trustees for the year ended December 2013 (continued)**

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#### **A) STRUCTURE, GOVERNANCE & MANAGEMENT**

##### **Governing Document**

The Society of Chemical Industry (SCI) was founded in 1881 as a registered Charity, incorporated by Royal Charter in 1907 and is 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 ("the Board") is supported by three 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 & Investments Advisory Committee 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 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 of individual Groups through continuous support. From 3 July 2013, MAC also encompasses the functions of the former Marketing & Development Advisory Committee (MDAC) by advising the Board on marketing strategies and objectives for SCI and planning of marketing activity.

At the time of the merger, members of MDAC were 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.

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 SCI's 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.

## SOCIETY OF CHEMICAL INDUSTRY

### Report of the Trustees for the year ended December 2013 (continued)

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The purpose of the Remuneration & Senior Appointments Committee (RSAC), 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. At the end of 2013, the Committee appointed Dr Juliet Corbett as the Executive Director, with effect from 1 January 2014.

The Early Career Support Sub-Committee 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 the Board.

The Executive Director is responsible for implementing and conducting the operational activities of the Society.

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](http://www.soci.org), and through electronic newsletters that promote its 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 stated periods of office. This process is directed by the Board of Trustees and supported by the Executive. In addition to fifteen elected positions on the Board, three co-opted positions are currently available to attract Trustees with skills and talent to complement the Trustees elected by the Membership of the Society.

At the 2013 AGM, the Society's Membership resolved to increase the maximum number of co-opted Trustees to five and to increase the term of co-opted Trustees to up to three years which brings them into line with elected Trustees. This change to the By-Laws was ratified by the Privy Council on 7 November 2013 and is therefore now in effect. During the year, SCI also resolved to increase the maximum number of co-optees on Standing Committees up to five and increased the term to three years to equate to the term for Trustees.

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 2013 (continued)**

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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; and
- 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, the Finance & Investments Advisory Committee reviewed the Society's risk register at its meeting on 7 November 2013.

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

## **SOCIETY OF CHEMICAL INDUSTRY**

### **Report of the Trustees for the year ended December 2013 (continued)**

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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](http://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 its 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 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. It aims to harness its 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 nearly 3000 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 its Members are based in the UK with 20% spread across more than 70 other countries. SCI shares knowledge and creates networks through:

##### **Membership**

SCI membership at 31 December 2013 was 2,682 representing a decrease of 12.6% (2012: 3,068). Membership retention rates are healthy at 84%. Reduction in SCI's membership base was due to Members allowing their subscriptions to lapse as they changed roles, moved addresses etc. Additionally, its corporate membership, particularly organisations in the Pharmaceutical sector, continued to suffer 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 memberships lapsing.

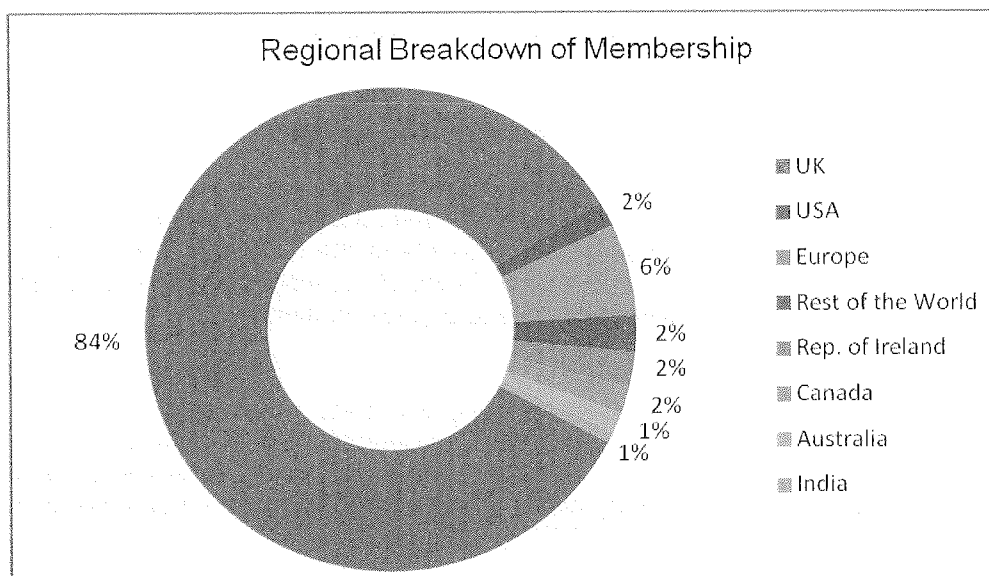


## SOCIETY OF CHEMICAL INDUSTRY

### Report of the Trustees for the year ended December 2013 (continued)

During 2013, SCI also agreed to a change in the way that membership for SCI America is administered so that only one individual Member is recorded as the contact for each company. This resulted in a reduction of 130 Members, however it continues to engage with a range of company employees via distribution of C&I magazine through the central contact.

The regional breakdown of membership as at December 2013 is shown below.



Despite the downturn in overall Members, SCI's active Membership has continued to participate and support the Society strongly, as demonstrated by the number of Interest Group meetings and the success of its conferencing activity.

An increasing number of early career Members have been involved in governance committees during 2013 and SCI is seeking to nurture this trend.

Total income from Membership subscriptions was £144k (2012: £147k) and the total cost, including support costs of Membership activities, was £1,117k (2012: £1,142k).

SCI also has thirteen Regional Interest Groups including SCI America, SCI Canada, SCI Australia, the All-Ireland Group, the Chinese-UK Group and Groups covering regions in the UK. The Groups held 122 Member events during the year in addition to the conferences covered below.

Group activity expenditure was £47k against a budget of £75k (2012: £49k against a budget of £55k).

#### Conference Programme

During 2013, SCI hosted 31 conferences across a broad range of science and business topics, attracting 1,890 attendees, of which 25 were organised through SCI's conference team (2012: 39 conferences were organised attracting 2,638 delegates).

Conference activity during 2013 showed a deficit of £390k (2012: deficit £203k).

## SOCIETY OF CHEMICAL INDUSTRY

### Report of the Trustees for the year ended December 2013 (continued)

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#### **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 regarding innovation based on chemistry and related sciences.

During 2013 publication income was £1,975k (2012: £2,017k).

#### **Public Outreach activities**

SCI continued to build on a highly successful series of public lectures in Belgrave Square (four lectures, attracting nearly 300 attendees) and throughout the UK its Regional Group network also held a large number of public lectures. From 2012, videos of public lectures were launched on the website to make them available to a global audience.

#### **Awards**

SCI has reviewed its awards programme to ensure the best possible impact while streamlining administration. 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 as well as a programme of early career awards including travel bursaries and scholarships.

During 2013 the Royal Society and Society of Chemical Industry Studentships were launched and the first studentship has been awarded.

During 2013, SCI funded a Daphne Jackson Fellow.

See Section C, Objective 2 for details.

### **C) PERFORMANCE AGAINST STRATEGIC OBJECTIVES DURING 2013**

<b>Objective 1: Inform, influence and interact on issues where SCI has the knowledge and networks to add value to society: food and bio-renewables, water, waste &amp; environment, energy, materials &amp; manufacturing and health &amp; wellbeing</b>
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#### **Achievements**

- SCI has focused its efforts on areas of societal need, where it has the expertise to contribute to solutions by drawing on its multi-disciplinary network and knowledge. Members have contributed by getting actively involved in SCI Interest Groups, sharing knowledge in meetings and via online forums. Members also collaborated 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 the public lectures have also supported its selected priorities, reaching even larger audiences.
- SCI conferences increasingly result from collaboration between SCI Groups and external partners, thereby reaching new audiences.
- During 2013, SCI supported the development of an SCI Energy Group by hosting a reception to bring together a diverse group of Members and partners with an interest in

## SOCIETY OF CHEMICAL INDUSTRY

### Report of the Trustees for the year ended December 2013 (continued)

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harnessing the potential for the application of chemistry and related sciences to support technological advances in this critical field.

- SCI publications have also continued to build on the energy theme with the introduction of a new online journal in 2012: *Energy Science and Engineering* (ESE). The Editor of ESE, Professor Tomas Káberger, was a key speaker at the Energy Reception.
- A digital SCI brochure is being published in early 2014, to clarify SCI purpose and priorities for new audiences such as prospective members and partners.

**Objective 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**

- During 2013, SCI achieved its aim of attracting new industry representatives onto the Board of Trustees with one new elected Trustee and three new co-opted Trustees from the industrial sector.
- Overall engagement with senior influencers in industry was improved during 2013 including regular engagement with companies such as BASF, Akzo Nobel, Unilever, Dow Corning, INEOS, SABIC in the UK as well as other multi-nationals such as Du Pont, Honeywell, Dow and Styron via SCI America. SCI has also continued to attract industrial sponsorship for events and activities despite the economic pressures on companies.
- SCI networks internationally have also been strengthened with the establishment of SCI Canada as a forum of the Chemical Institute of Canada. In April 2013, it held its flagship awards dinner, attracting sponsorship and attendance from a wide range of industrial and academic partners throughout Canada.
- During the year, SCI America launched its own website to increase its visibility, [www.sci-america.org](http://www.sci-america.org), with links back to the main SCI website.
- During 2013, SCI commenced a programme of establishing SCI representatives (students and staff) in universities with relevant degrees in chemistry and related sciences.
- SCI continues to enhance its early career programme with new activities such as a very successful Day of Science and Careers which complements well established regional careers events. Research has commenced and will continue in early 2014 to understand the needs of current and prospective early career Members better so that SCI can tailor its offer to attract and retain the next generation of Members.
- Early career awards were reviewed and reintroduced in 2013 with greater flexibility and improved impact. During 2013, SCI agreed to award three one-year PhD scholarships in addition to the usual three two-year PhD scholarships. This exception was agreed due to the fact that no scholarships were awarded in 2012. During 2013, SCI awarded sixteen travel bursaries as well as the Seligman Fellowship. Details of all awardees can be found at [www.soci.org/awards](http://www.soci.org/awards).
- The Royal Society and Society of Chemical Industry studentships were launched and the first one was awarded to Dr Neville Reid of the Thin Film Centre at the University of the West of Scotland who will undertake research into high performance optical filters for use in gas sensors. This work has a wide range of potential industrial applications.
- In 2013, SCI sponsored a Daphne Jackson Fellowship to enable Dr Ruramayi Nzuma-Mswaka to research a novel magnetic separation method for *Campylobacter*. Dr Mswaka has become an SCI Member and looks forward to a close involvement with the SCI Food Group.

## SOCIETY OF CHEMICAL INDUSTRY

### Report of the Trustees for the year ended December 2013 (continued)

- In September 2013, SCI launched e-Membership to enable those who wish simply to keep in touch with SCI electronically to do this at low cost. This product, which does not confer the benefits or obligations of full membership, is expected to be of particular interest to those based outside the UK as well as those who do not have the time to engage fully in SCI activities.
- The launch of e-Membership coincided with the launch of the Members' Directory which allows SCI Members to profile themselves and communicate easily with each other, enabling the development of communities of interest throughout the world.

#### **Objective 3: Strengthen SCI's reputation as a trusted source of multi-disciplinary knowledge for industry and academia**

##### **Achievements**

- The C&I section of the website has been enhanced with a new home page and the launch of a digital e-book available to Members. A first webinar has been trialled with further improvements planned.
- A C&I newsletter is being planned for launch in 2014 to communicate with a growing digital audience.
- The *Energy, Science and Engineering* journal, a new journal in collaboration with SCI's publishers, John Wiley & Sons Ltd, 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. The journal is developing well and SCI looks forward to strong interest once it is established.
- 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 2013 impact factors for the respective journals are (when 2012 citation reports were released):

<b>Journal</b>	<b>IF</b>
<i>Biofuels, Bioproducts and Biorefining</i> (Biofpr)	<b>4.035</b>
<i>Greenhouse Gases Science &amp; Technology</i>	<b>2.679</b>
<i>Journal of Chemical Technology and Biotechnology</i> (JCTB)	<b>2.504</b>
<i>Pest Management Science</i> (PMSci)	<b>2.594</b>
<i>Polymer International</i> (PI)	<b>2.125</b>
<i>Journal of the Science of Food and Agriculture</i> (JSFA)	<b>1.759</b>

## SOCIETY OF CHEMICAL INDUSTRY

### Report of the Trustees for the year ended December 2013 (continued)

#### **Objective 4: Promote the benefits of the application of chemistry and related sciences to the government, industry, media and the public**

- During the year, SCI has continued to offer a programme of public lectures at Belgrave Square with high profile speakers including Tom Crotty of INEOS (on the subject of biofuels), Prof John Pickett (on GM foods), Prof David Nutt (on drug laws) and Prof Lord Krebs (on "feeding the 9 billion") attracting a combined audience of around 300 and reaching a much wider audience via videos available at [www.soci.org/events/public-evening-lectures](http://www.soci.org/events/public-evening-lectures).
- SCI Regional Groups also hosted a diverse range of public lectures around the UK covering thought provoking subjects such as "Life at Extremes" and "Belief and Faith, what goes on in our Brain?"
- SCI has collaborated with the Royal Society of Chemistry (RSC), the Institution of Chemical Engineers, the Chemistry Innovation Knowledge Transfer Network and the Chemical Industries Association to support the *Chemistry means Business* campaign promoting the importance of chemistry and related sciences to the UK economy. SCI has collaborated with the same group to support the launch of the Chemistry Growth Strategy and the formation of a new industry council, the Chemistry Growth Partnership.
- SCI has contributed to a number of policy debates during the year including Technical Skills (with Salters, RSC and Gatsby Foundation), Skills for Drug Discovery (with Society of Biology, British Pharmacological Society, RSC and others) and food and agriculture issues via the DEFRA Food Partnership.
- SCI is an active member of the UK Chemical Stakeholder Forum which helps to promote safe, sustainable use of chemicals. The forum has produced practical guidance on issues such as Substitution, Chemical Leasing and making REACH legislation more accessible for SMEs which SCI has disseminated to its Members. SCI has also contributed scientific information on issues such as Palm Oil and Mercury via its Membership.
- In 2013, SCI also joined the Campaign for Science and Engineering (CaSE) and the Parliamentary and Scientific Committee. Members have attended meetings and lectures hosted by these organisations during the year.
- SCI has sponsored a Voice of Young Science Workshop held by Sense about Science to educate and encourage young scientists on how to share their work with the media. SCI has also disseminated guidance produced by Sense about Science to its Membership and wider audiences.

#### **Objective 5: Ensure the long-term sustainability of SCI by enhancing the value of our assets (financial, premises, people and IP)**

During 2013 SCI has reduced operating costs wherever possible while also investing in areas to enhance the sustainability of the organisation:

- developing the SCI web site and e-communications.
- enhancing existing SCI services e.g. publishing, conferences and seeking opportunities for new service development such as early career services.
- ensuring it has an Executive team that can support its aspirations.
- refurbishment of its well-located, heritage buildings has commenced and will be completed in mid 2014.
- continuing to maintain the value of its capital reserves.
- supporting the SCI brand by putting in place brand user licence agreements for SCI Canada and SCI America and continuing to defend its trademarks where necessary.

## **SOCIETY OF CHEMICAL INDUSTRY**

### **Report of the Trustees for the year ended December 2013 (continued)**

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#### **D) PLANS FOR FUTURE PERIODS**

##### **SCI Strategic Objectives for 2014-16:**

##### **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.

##### **During 2014:**

- SCI will carry out research, including a survey of Members and a specific survey of prospective early career Members to better understand where it can best focus its efforts to add distinctive value.
- Energy will be an important focus area for SCI and it will help to contribute to the delivery of the Chemistry Growth Strategy Energy objectives by connecting diverse chemical and related science knowledge and networks.
- SCI will support the development of Member Hubs and conferences around key topics and work with its publishing partners to select the next priority topic to introduce to complement its current energy focus.

##### **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 its service delivery.

##### **During 2014:**

- SCI will continue to enhance conferences, publications and awards as well as developing new products and services such as digital content, working with partners where possible to speed up the process and increase its reach.
- SCI will develop tailored products to suit the vitally important next generation of active Members who are currently at early career stage and will establish a network of SCI representatives in relevant universities and research institutions.
- SCI will review its corporate partnership model, aiming to tailor it to present needs, taking account of overseas ownership of most corporate and an increasing number of SMEs in our sector.

## SOCIETY OF CHEMICAL INDUSTRY

### Report of the Trustees for the year ended December 2013 (continued)

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

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

#### **During 2014:**

- SCI, in partnership with John Wiley & Sons Ltd, will build on the reputation of C&I magazine by developing a strong digital offering and starting to build a large, diverse international community.
- The newly launched SCI Members' Directory and the e-Membership offering will be developed as important tools to develop these communities.

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

- Promote existing outreach activities e.g. 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.

#### **During 2014:**

- SCI will continue to offer high quality outreach programmes via public lectures, video content on our website and by supporting partners.
- SCI will work collaboratively with other organisations in the chemistry related sector to achieve the delivery against the Chemistry Growth Strategy to boost the economic value and societal contribution of our sector.
- SCI will promote its offering more clearly to its diverse audiences by enhancing its website, introducing a new SCI brochure and improving its use of social media channels as well as developing other digital communication tools e.g. webinars and rich content via mobile apps.

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

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

#### **During 2014:**

- SCI will complete a major refurbishment of Belgrave Square to enhance facilities for Members and clients and ensure a sustainable source of revenue to support its work.
- Via the newly established Revenue Generation Working Party, SCI will also be actively seeking to diversify its sources of income to offset potential downturns in existing income streams.
- SCI will continue to invest in technology platforms such as its website and a new CRM system to ensure that it can serve and engage with SCI communities fully.

## SOCIETY OF CHEMICAL INDUSTRY

### Report of the Trustees for the year ended December 2013 (continued)

#### E) FINANCIAL REVIEW

##### Statement of Financial Activities

The outcome for 2013 is a surplus of £146k compared to a budget forecast of a deficit of £174k. The budget for 2013 did not include investment gains, which were £370k in 2013. The surplus in 2013 of £146k is down £458k from £604k in 2012. This was mainly due to a drop in conference activity of £187k due to cancelled meetings, publications down £152k and an increase in awards disbursed of £157k. The legacy income in 2013 was £66k; the total 2011-13 legacy income is £1,324k. 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 of £1k (2012: £34k). 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 its 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 2013</i>	<i>Total Funds 2012</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>Income</i>	2,542	517	109	3,168	3,488
<i>Expenditure</i>	2,841	427	124	3,392	3,216
<i>Surplus/(Deficit)</i>	(299)	90	(15)	(224)	272

The principal funding sources were: publications £1,975k, conferences £253k, investment income £196k, income from letting and licensing of premises £475k; and Member subscriptions £144k.

In 2013, 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 2013 (continued)**

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#### **Reserves Policy**

The Finance & 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 2013 is £6.9 million, based on an inflation rate of 15.3% over the past five 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 budget is £2.1 million. 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 31 December 2013 was £7.3 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 £2,822k.

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 113 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 the 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 & Investments 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 last reviewed the policy at its meeting on 8th March 2012 and agreed to recommended changes by the advisers.

## SOCIETY OF CHEMICAL INDUSTRY

### Report of the Trustees for the year ended December 2013 (continued)

The market value of investments at 31 December 2013 is £8.3 million compared with £8.8 million at 31 December 2012.

Income from investments during the year amounted to £180k, representing a yield of 2.2%. The gains on investment in 2013 were £370k, of which realised gains on sales of investments were £99k and unrealised gains on revaluation were £271k. The total return on the portfolio for the year to 31 December 2013 was 6.46% compared to the benchmark return of 5.68%.

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 short and medium term deposits to ensure that this policy is accomplished.

#### Management of Investments

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

#### Investment assets

The investments are held in: cash - 10%, gilts/fixed income - 44%, equities - 34% and absolute return funds - 12%. 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 a deposit account with SCI's bankers, HSBC.

## **SOCIETY OF CHEMICAL INDUSTRY**

### **Report of the Trustees for the year ended December 2013 (continued)**

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#### **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 35 in compliance with Charity Commission guidelines.

##### **SCI Benevolent Fund**

The object of SCI's Benevolent 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 2013 are investments which amounted to £103k. During the year, the SCI Benevolent Fund was promoted to Members and potential recipients.

##### **Rideal Trust**

The object of the Rideal Trust is the general advancement of chemical science and, in particular, branches relating to chemisorption, colloid science, interface science, catalysis and related topics. The 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 as at 31 December 2013 are investments which amounted to £32k.

## **SOCIETY OF CHEMICAL INDUSTRY**

### **Report of the Trustees for the year ended December 2013 (continued)**

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#### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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

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


#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

The trustees who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the trustees have confirmed that they have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

#### **Auditor**

Baker Tilly Audit Ltd (formerly RSM Tenon) resigned as auditor on 31 March 2014. Baker Tilly UK Audit LLP was appointed as Auditor of the Society on 1 April 2014. A resolution to reappoint Baker Tilly UK Audit LLP will be proposed at the forthcoming Annual General Meeting on 2 July 2014.

Approved by the Board of Trustees on 30 April 2014 and signed on their behalf by:

  
\_\_\_\_\_  
J Brown  
Honorary Treasurer

## **INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE SOCIETY OF CHEMICAL INDUSTRY**

We have audited the financial statements of the Society of Chemical Industry for the year ended 31 December 2013 on pages 22 to 35. 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 the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees' responsibilities set out on page 19, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditors under section 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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx)

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2013 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.

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE SOCIETY OF CHEMICAL INDUSTRY (Continued)**

**Matters on which we are required to report by exception**

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

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

Baker Tilly UK Audit LLP

**Baker Tilly UK Audit LLP  
Statutory Auditor  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB**

8 May 2014

Date

**SOCIETY OF CHEMICAL INDUSTRY**

**Consolidated Statement of Financial Activities  
For the year ended 31 December 2013**

Income and expenditure	Note	General Funds £'000	Designated funds £'000	Sub-total £'000	Restricted funds £'000	Total 2013 £'000	Total 2012 £'000
<b>Incoming resources:</b>							
<b>Incoming resources from generated funds</b>							
Voluntary income							
Donations and Legacies		1	-	1	71	72	165
Activities for generating funds							
Commercial Trading Operations		11	42	53	-	53	72
Letting & Licensing of premises		-	475	475	-	475	393
Investment income	6	158	-	158	38	196	187
<b>Total Incoming resources from generated funds</b>		<b>170</b>	<b>517</b>	<b>687</b>	<b>109</b>	<b>796</b>	<b>817</b>
<b>Incoming Resources from Charitable Activities</b>							
Conferences		253	-	253	-	253	507
Publications		1,975	-	1,975	-	1,975	2,017
Members Subscriptions		144	-	144	-	144	147
<b>Total Incoming resources from charitable activities</b>		<b>2,372</b>	<b>-</b>	<b>2,372</b>	<b>-</b>	<b>2,372</b>	<b>2,671</b>
<b>Total Incoming resources</b>		<b>2,542</b>	<b>517</b>	<b>3,059</b>	<b>109</b>	<b>3,168</b>	<b>3,488</b>
<b>Resources expended:</b>							
Commercial Trading Costs	7	10	25	35	-	35	38
Cost of Letting and Hiring of Premises		23	88	111	-	111	106
Cost of managing investment		35	-	35	-	35	35
<b>Cost of generating funds</b>		<b>68</b>	<b>113</b>	<b>181</b>	<b>-</b>	<b>181</b>	<b>179</b>
<b>Charitable expenditure</b>							
Conferences	7	521	122	643	-	643	710
Publications		1,178	5	1,183	-	1,183	1,073
Membership activities		944	173	1,117	-	1,117	1,142
Awards, Bursaries and Scholarships		55	14	69	124	193	36
<b>Governance costs</b>	7c	<b>75</b>	<b>-</b>	<b>75</b>	<b>-</b>	<b>75</b>	<b>76</b>
<b>Total Resources expended</b>		<b>2,841</b>	<b>427</b>	<b>3,268</b>	<b>124</b>	<b>3,392</b>	<b>3,216</b>
<b>Net incoming/(outgoing) resources before transfers</b>		<b>(299)</b>	<b>90</b>	<b>(209)</b>	<b>(15)</b>	<b>(224)</b>	<b>272</b>
<b>Transfers</b>		<b>115</b>	<b>(115)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net incoming/(outgoing) resources after transfers</b>		<b>(184)</b>	<b>(25)</b>	<b>(209)</b>	<b>(15)</b>	<b>(224)</b>	<b>272</b>
Unrealised gain on revaluation of Investments	9	214	-	214	57	271	356
Realised gain/(loss) on sale of Investments		78	-	78	21	99	(24)
<b>Net movements in funds for the year</b>		<b>108</b>	<b>(25)</b>	<b>83</b>	<b>63</b>	<b>146</b>	<b>604</b>
Fund balances brought forward as at 1 Jan 2013		8,270	2,847	11,117	2,206	13,323	12,719
<b>Fund balances carried forward as at 31 Dec 2013</b>		<b>8,378</b>	<b>2,822</b>	<b>11,200</b>	<b>2,269</b>	<b>13,469</b>	<b>13,323</b>

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 - 20 on pages 25 to 35 form part of the financial statements.

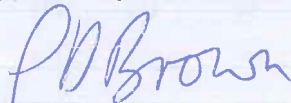
**SOCIETY OF CHEMICAL INDUSTRY**

**Consolidated Balance Sheet  
At 31 December 2013**

	Note	Group 2013 £'000	Charity 2013 £'000	Group 2012 £'000	Charity 2012 £'000
<b>Fixed Assets</b>					
Tangible assets	8	3,879	3,879	3,457	3,457
Other investments	9	<u>8,276</u>	<u>8,276</u>	<u>8,788</u>	<u>8,788</u>
		<u>12,155</u>	<u>12,155</u>	<u>12,245</u>	<u>12,245</u>
<b>Current Assets</b>					
Debtors	10	738	776	651	688
Cash at bank, deposits and in hand		<u>1,708</u>	<u>1,668</u>	<u>1,397</u>	<u>1,357</u>
		<u>2,446</u>	<u>2,444</u>	<u>2,048</u>	<u>2,045</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(988)</u>	<u>(986)</u>	<u>(734)</u>	<u>(731)</u>
<b>Net current assets</b>		<b>1,458</b>	<b>1,458</b>	<b>1,314</b>	<b>1,314</b>
<b>Creditors: amounts falling due in more than one year</b>	12	<u>(144)</u>	<u>(144)</u>	<u>(236)</u>	<u>(236)</u>
<b>Net assets</b>		<b><u>13,469</u></b>	<b><u>13,469</u></b>	<b><u>13,323</u></b>	<b><u>13,323</u></b>
<b>Restricted income funds</b>	15	2,269	2,269	2,206	2,206
<b>Unrestricted funds</b>					
Designated funds	14	2,822	2,822	2,847	2,847
General Fund		<u>8,378</u>	<u>8,378</u>	<u>8,270</u>	<u>8,270</u>
		<b><u>13,469</u></b>	<b><u>13,469</u></b>	<b><u>13,323</u></b>	<b><u>13,323</u></b>

The notes on pages 25 to 35 form part of the financial statements.

Approved by the Board of Trustees on 30 April 2014 and signed on their behalf by :



J Brown  
Honorary Treasurer



**SOCIETY OF CHEMICAL INDUSTRY**

**Consolidated Cashflow Statement  
For the year ended 31 December 2013**

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
<b>Reconciliation of outgoing resources to net cash flow resources from operating activities</b>		
Net incoming/(outgoing) resources	(224)	272
Depreciation and amortisation	259	240
Loss on disposal of assets	1	3
(Increase)/decrease in debtors	(87)	1,066
Increase/(decrease) in creditors	162	(172)
Investment income	(196)	(187)
<b>Net cash outflow from operating activities</b>	<b>(85)</b>	<b>1,222</b>
<b>Returns on investments and servicing of finance</b>		
Dividend income	180	174
Interest received	16	13
	<b>196</b>	<b>187</b>
<b>Capital expenditure and financial investments</b>		
Purchase of investments	(3,572)	(30,887)
Sales of investments	4,454	29,684
Purchases of fixed assets	(682)	(199)
Sales of fixed assets	-	-
	<b>200</b>	<b>(1,402)</b>
<b>Net cash inflow</b>	<b>311</b>	<b>7</b>

**Analysis of changes in net funds**

	<b>At 1 January 2013</b>	<b>Cash flows</b>	<b>At 31 December 2013</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash at bank and on deposit	1,397	311	1,708
Cash held for investment	558	267	825
	<b>1,955</b>	<b>578</b>	<b>2,533</b>

## SOCIETY OF CHEMICAL INDUSTRY

### Notes to the Financial Statement For the year ended 31 December 2013

#### 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 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 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.

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 and grants. Legacy income is recognised when the Trustees have received confirmation of a specific bequest and where that bequest can be quantified.

##### 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 and 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

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.

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.

## SOCIETY OF CHEMICAL INDUSTRY

### Notes to the Financial Statement For the year ended 31 December 2013

#### 1 ACCOUNTING POLICIES (cont<sup>d</sup>)

##### e) Resources expended (cont<sup>d</sup>)

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 were 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
Furniture	five years
Office Equipment	three - five years

##### 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.

##### 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 Early Careers and Support Sub-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 2013

#### 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

	2013 Number	2012 Number
<b>Grants and awards individuals:</b>		
Grants and awards of £1,000 or over	9	1
Grants and awards under £1,000	20	13
Total Number of grants awarded	<u>29</u>	<u>14</u>

#### 4 EMPLOYEES AND COUNCIL REMUNERATION

	2013 Number	2012 Number
<b>a) The number of employees during the year were as follows:</b>		
Full time (average in year):		
Conferences	4	3
Membership Support	8	8
Administration & Support (Including ED)	10	10
Total	<u>22</u>	<u>21</u>

Part time (average in year):

Conferences	1	1
Awards, Bursaries & Scholarships	1	-
Administration & Support (Including ED)	4	4
Total	<u>6</u>	<u>5</u>

The number of employees receiving remuneration

Between £80,000 - £90,000	-	2
Between £90,000 - £100,000	1	1
Between £100,000 - £110,000	1	-
Between £110,000 - £120,000	1	-
	<u>3</u>	<u>3</u>

	2013 £'000	2012 £'000
Gross salaries	893	788
Pension	113	70
Social Security Costs	93	79
Other	10	9
Total salaries and all employment costs	<u>1,109</u>	<u>946</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.

#### b) Trustee remuneration and reimbursed expenses

None of the trustees received remuneration during the year in respect of their services as trustees. 14 trustees (2012:16) were reimbursed for travelling expenses totalling £15,766 (2012: £15,803) during the year.

**SOCIETY OF CHEMICAL INDUSTRY**

**Notes to the Financial Statement  
For the year ended 31 December 2013**

**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.

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
<b>Sales</b>		
Advertising in <i>Chemistry and Industry</i>	8	4
Room hire and associated services	<u>42</u>	<u>68</u>
	50	72
	<hr/>	<hr/>
<b>Costs, including service charges from SCI</b>		
Advertising in <i>Chemistry and Industry</i>	2	1
Room hire and associated services	25	27
Accounting and general administration	<u>21</u>	<u>10</u>
	48	38
	<hr/>	<hr/>
<b>Gross profit</b>	1	<b>34</b>
<b>Gift Aid</b>	<b>(1)</b>	<b>(34)</b>
	<hr/>	<hr/>
<b>Net result</b>	-	-
	<hr/> <hr/>	<hr/> <hr/>

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance Sheet</b>		
Fixed Assets	-	-
Current Assets	42	56
Current Liabilities	<u>(42)</u>	<u>(56)</u>
<b>Net Assets</b>	<hr/> <hr/>	<hr/> <hr/>
Represented by Share Capital	<hr/> <hr/>	<hr/> <hr/>

<b>6 INVESTMENT INCOME</b>	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Interest on cash deposits	16	13
Income from investments	180	174
	<hr/>	<hr/>
	<u>196</u>	<u>187</u>
	<hr/> <hr/>	<hr/> <hr/>

**SOCIETY OF CHEMICAL INDUSTRY**

Notes to the Financial Statement  
For the year ended 31 December 2013

**7 ANALYSIS OF TOTAL RESOURCES EXPENDED**

a) Resources expended	Direct Costs	Grants Payable	Support Costs	Total 2013	Total 2012
	£'000	£'000	£'000	£'000	£'000
<i>Cost of generating funds</i>					
Commercial Trading Costs	28	-	7	35	38
Cost of Letting & Licensing of Premises	88	-	23	111	106
	<u>116</u>	<u>-</u>	<u>30</u>	<u>146</u>	<u>144</u>
<i>Cost of managing investment</i>					
Investment management fees	35	-	-	35	35
	<u>151</u>	<u>-</u>	<u>30</u>	<u>181</u>	<u>179</u>
<i>Charitable activities</i>					
Conferences	342	-	301	643	710
Publications	931	-	252	1,183	1,073
Membership activities	647	-	470	1,117	1,142
Awards, Bursaries and Scholarships	41	93	59	193	36
	<u>1,961</u>	<u>93</u>	<u>1,082</u>	<u>3,136</u>	<u>2,961</u>
<i>Governance</i>	38	-	37	75	76
<b>Total resources expended</b>	<b><u>2,150</u></b>	<b><u>93</u></b>	<b><u>1,149</u></b>	<b><u>3,392</u></b>	<b><u>3,216</u></b>

b) Support Costs	Finance	IT & Human Resources	Facilities Man. 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	23	-	-	-	23
<i>Governance</i>	14	-	-	23	37
<i>Charitable Activities</i>					
Conferences	90	19	122	70	301
Publications	243	1	5	3	252
Membership activities	170	27	173	100	470
Awards, Bursaries and Scholarships	35	2	14	8	59
	<u>582</u>	<u>49</u>	<u>314</u>	<u>204</u>	<u>1,149</u>
<b>Total support costs 2013</b>	<b><u>582</u></b>	<b><u>49</u></b>	<b><u>314</u></b>	<b><u>204</u></b>	<b><u>1,149</u></b>
Total support costs 2012	<u>525</u>	<u>45</u>	<u>314</u>	<u>144</u>	<u>1,028</u>

**SOCIETY OF CHEMICAL INDUSTRY**

**Notes to the Financial Statement  
For the year ended 31 December 2013**

**7 ANALYSIS OF TOTAL RESOURCES EXPENDED (cont<sup>d</sup>)**

<b>c) Governance costs</b>	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Audit fees	12	10
Trustees costs	12	9
Legal and professional	3	11
AGM, Accounts & Annual Review	11	14
Support Costs allocated to governance	37	32
	<u>75</u>	<u>76</u>

**d) Net incoming/(outgoing) resources**

These are stated after charging:	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Auditor's remuneration (current year)	12	10
Depreciation	259	240
	<u>259</u>	<u>240</u>

**8 FIXED ASSETS**

<b>GROUP AND CHARITY</b>	<b>Leasehold Premises</b>	<b>Furniture, Computers &amp; Equipment</b>	<b>Assets in the Course of Construction</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost/Valuation</b>				
At 1st January 2013	3,400	1,439	21	4,860
Additions during the year	-	119	563	682
Disposal during year	-	(24)	-	(24)
At 31st December 2013	<u>3,400</u>	<u>1,534</u>	<u>584</u>	<u>5,518</u>
<b>Depreciation</b>				
At 1st January 2013	553	850	-	1,403
Charged during the year	25	234	-	259
Disposal during year	-	(23)	-	(23)
At 31st December 2013	<u>578</u>	<u>1,061</u>	<u>-</u>	<u>1,639</u>
<b>Net Book Value</b>				
At 31st December 2013	<u>2,822</u>	<u>473</u>	<u>584</u>	<u>3,879</u>
At 31st December 2012	<u>2,847</u>	<u>589</u>	<u>21</u>	<u>3,457</u>

**SOCIETY OF CHEMICAL INDUSTRY**

Notes to the Financial Statement  
For the year ended 31 December 2013

**9 INVESTMENTS**

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
<b>(a) Managed by Thomas Miller Investments Ltd</b>		
<b>Movement in fixed asset investments</b>		
Market value at 1 January 2013	8,788	7,276
Additions at cost	3,572	26,384
Disposals	(4,454)	(25,204)
Realised gains/(losses) on disposals	99	(24)
Unrealised gains/(losses)	271	356
	<hr/>	<hr/>
<b>Market Value at 31 December 2013</b>	<b>8,276</b>	<b>8,788</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Investments at market value comprised:</b>		
Cash and cash equivalents	825	558
Fixed Income	3,645	2,724
Equities	2,845	4,191
Alternatives	961	1,315
	<hr/>	<hr/>
<b>Total</b>	<b>8,276</b>	<b>8,788</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Investments at cost</b>	<b>7,699</b>	<b>8,487</b>
	<hr/> <hr/>	<hr/> <hr/>

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 2013 are £100.



**SOCIETY OF CHEMICAL INDUSTRY**

**Notes to the Financial Statement  
For the year ended 31 December 2013**

**10 DEBTORS**

	Group		Charity	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Trade Debtors	24	66	24	52
Other Debtors	188	221	188	219
Due from Subsidiary Undertaking	-	-	40	53
Prepayments and Accrued Income	526	364	524	364
	<u>738</u>	<u>651</u>	<u>776</u>	<u>688</u>

**11 CREDITORS: Amounts falling due within one year**

	Group		Charity	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Trade Creditors	478	386	478	386
Other Creditors and Accruals	180	108	178	105
Deferred Income	303	216	303	216
Other Taxes and Social Security	27	24	27	24
	<u>988</u>	<u>734</u>	<u>986</u>	<u>731</u>

**12 CREDITORS: Amounts falling due in more than one year**

	Group		Charity	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Life Composition Fees (note 13)	69	86	69	86
Deferred Income (Publications)	75	150	75	150
	<u>144</u>	<u>236</u>	<u>144</u>	<u>236</u>

**13 LIFE COMPOSITION FEES**

	Group and Charity	
	2013 £'000	2012 £'000
At 1st January	86	98
Receipts during the year	-	-
Decrease in provision	(9)	(12)
At 31st December	<u>77</u>	<u>86</u>
Amounts falling due within one year	8	
Amounts falling due after one year	<u>69</u>	
	<u>77</u>	

## SOCIETY OF CHEMICAL INDUSTRY

Notes to the Financial Statement  
For the year ended 31 December 2013

### 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 2013 £'000	Income £'000	Expenditure £'000	Transfers £'000	Other Gains & Losses £'000	At 31st December 2013 £'000
<b>Designated funds</b>						
Building fund	2,847	517	(427)	(115)	-	2,822
<b>Total Designated Funds</b>	<b>2,847</b>	<b>517</b>	<b>(427)</b>	<b>(115)</b>	<b>-</b>	<b>2,822</b>
<b>Other funds</b>						
General	8,270	2,542	(2,841)	115	292	8,378
<b>Total General funds</b>	<b>8,270</b>	<b>2,542</b>	<b>(2,841)</b>	<b>115</b>	<b>292</b>	<b>8,378</b>
<b>Total Unrestricted funds</b>	<b>11,117</b>	<b>3,059</b>	<b>(3,268)</b>	<b>-</b>	<b>292</b>	<b>11,200</b>

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

### 15 TRUST FUNDS AND OTHER RESTRICTED FUNDS

	At 1st January 2013 £'000	Incoming Resources £'000	Resources Expended £'000	Profit on Investments £'000	Transfers & Adjustments £'000	At 31st December 2013 £'000
A J Banks	252	4	(2)	9	1	264
Commemoration	85	1	-	3	4	93
Leverhulme prize	13	1	(3)	1	1	13
Messell	251	4	(19)	9	(3)	242
Seligman	105	3	(11)	4	-	101
Benevolent	99	2	-	3	(1)	103
Rideal	34	4	(5)	1	(2)	32
S P S Andrew	1,314	89	(58)	46	-	1,391
BCCB	25	-	(1)	1	(25)	-
ISEC	28	1	-	1	-	30
	<b>2,206</b>	<b>109</b>	<b>(99)</b>	<b>78</b>	<b>(25)</b>	<b>2,269</b>

The following note summarises the main purpose of each fund:

- 1) AJ Banks Fund - supports research in the manufacture of foodstuffs and dissemination of science.
- 2) Commemoration Fund - supports the advancement of public education in science according to the objectives of SCI.
- 3) Leverhulme Prize Fund - distributes travel bursaries.
- 4) Messell Fund - supports the advancement of scientific research and includes a permanent endowment fund of £97k.
- 5) Seligman Fund - supports research in the delivery of any aspect of the food and beverage industries.
- 6) Benevolent Fund - assists current or former members of the Society who may be in financial need.
- 7) Rideal Trust - jointly administered with the Royal Society of Chemistry, supporting advancement of chemical science and colloids in particular.
- 8) S P S Andrew Fund - lecture and research in Neglected Science.
- 9) The BCCB Fund was transferred to the Society of Biology during 2013.
- 10) ISEC - a restricted fund, funds relating to conferences on solvent extraction run by the International Committee for Solvent Extraction.
- 11) Adjustments in AJ Banks, Commemoration, Leverhulme, Messell, Benevolent and Rideal are to correct historical rounding differences.

## SOCIETY OF CHEMICAL INDUSTRY

### Notes to the Financial Statement For the year ended 31 December 2013

#### 16 ANALYSIS BY FUND

	General	Designated	Sub - Total	Restricted	Total Funds
	£'000	£'000	£'000	£'000	£'000
Fixed assets	(2,238)	2,822	584	-	584
Investments	6,007	-	6,007	2,269	8,276
Current Assets	2,446	-	2,446	-	2,446
Current Liabilities	(988)	-	(988)	-	(988)
Long term Liabilities	(144)	-	(144)	-	(144)
	<u>5,083</u>	<u>2,822</u>	<u>7,905</u>	<u>2,269</u>	<u>10,174</u>

#### 17 FINANCIAL AND OTHER COMMITMENTS

##### (a) Operating Leases

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

	2013	2012
	£'000	£'000
Less than one year	11	-
One to five years	3	14
Over five years	-	-
	<u>14</u>	<u>14</u>

##### (b) Other commitments

The charity committed to a major refurbishment of the premises at 14/15 Belgrave Square during the year. The total value of the refurbishment project is expected to be £2.1M of which £584k has been recognised to date in fixed assets. The project is expected to be completed in July 2014.

#### 18 FORWARD CURRENCY CONTRACTS

The Charity uses forward currency contracts to reduce exposure to foreign exchange risks. As at 31 December 2013, the contract value of future transactions hedged by the organisation was £1.3M (2012: £2M). The market value of these transactions at 31 December 2013 was £1.2M (2012: £1.9M).

#### 19 CONTROLLING PARTY

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

## SOCIETY OF CHEMICAL INDUSTRY

Notes to the Financial Statement  
For the year ended 31 December 2013

### 20 REGISTERED TRUST FUNDS AND JOINT ARRANGEMENTS

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.

#### SCI Benevolent Fund

Registered Charity No. 277329

#### Rideal Trust

Registered Charity No. 271558

Jointly administered by the Society of Chemical Industry and the Royal Society of Chemistry.

Statements of Financial Activities	<i>All resources are restricted by the Trust Deeds</i>			
	Benevolent Fund		Rideal Trust	
	12 months to to 31st December 2013	12 months to to 31st December 2012	12 months to to 31st December 2013	12 months to to 31st December 2012
	£'000	£'000	£'000	£'000
<b>Incoming Resources</b>				
Donations and Grants	-	-	3	4
Investment income	2	2	1	1
<b>Total</b>	<u>2</u>	<u>2</u>	<u>4</u>	<u>5</u>
<b>Direct Charitable Expenditure</b>				
Grants and Awards	-	-	4	4
Support Costs	-	-	1	1
<b>Total</b>	<u>-</u>	<u>-</u>	<u>5</u>	<u>5</u>
<b>Administration</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditure</b>	<u>-</u>	<u>-</u>	<u>5</u>	<u>5</u>
<b>Net incoming/(outgoing) resources</b>	2	2	(1)	-
<b>Gains and losses on investment assets</b>	<u>3</u>	<u>4</u>	<u>1</u>	<u>2</u>
<b>Net movement in funds</b>	5	6	-	2
<b>Total funds brought forward</b>	<u>99</u>	<u>93</u>	<u>34</u>	<u>32</u>
<b>Total funds carried forward</b>	<u>104</u>	<u>99</u>	<u>34</u>	<u>34</u>
<b>BALANCE SHEETS AT 31 DECEMBER</b>				
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
<b>Investments at market value</b>				
Stake in SCI's managed equity portfolio	103	96	32	32
<b>Total Net Assets</b>	<u>103</u>	<u>96</u>	<u>32</u>	<u>32</u>
<b>Note: Investments at cost</b>				
Stake in SCI's managed equity portfolio	<u>103</u>	<u>96</u>	<u>16</u>	<u>16</u>